

A photograph of four people (two men and two women) of diverse backgrounds, smiling and looking towards the right. They are wearing winter clothing like scarves and coats. The background is a warm, golden light, suggesting a sunset or sunrise.

FIDELITY EMERGING MARKETS LIMITED

Half Year Report for the six months ended
31 December 2022

We speak the language of opportunity – wherever it emerges



**Ithuba
Elingavinjelwe**



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从来不是机会



दुनिया के
उभरते बाज़ारों
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.

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.



Fidelity
INTERNATIONAL

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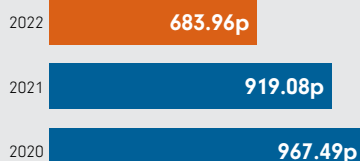
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Investment Manager's Half Year Review

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Net Asset Value per Share as at 31 December



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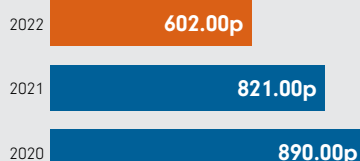
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Share Price as at 31 December



Company Overview

Investment Objective

The investment objective of Fidelity Emerging Markets Limited (the 'Company' or 'FEML') 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 Approach

Fidelity International believes 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, Fidelity International defines high-calibre companies as those that exhibit: quality, consistency of returns, and are available at a reasonable price.

Structure

FEML is a Guernsey based Authorised Closed-Ended Investment Scheme with the ability to issue additional shares. The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority, traded on the London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares in issue is 91,100,066 as at 31 December 2022 (30 June 2022: 91,100,066).

Manager and Investment Manager

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'.

At a Glance

for the six months ended 31 December 2022 (Total Return in GBP)

**Share Price
Total Return^{1,2}**

-2.9%

**Net Asset Value per
Participating Preference
Share Total Return^{1,2}**

-3.2%

**MSCI Emerging
Markets Index^{1,3}**

-2.1%

Active Share²

119.8%

Source: Fidelity.

1 Includes reinvested income.

2 Alternative Performance Measure – refer to Glossary of Terms on pages 38 to 42.

3 The Company's Benchmark Index.

As at 31 December 2022

Equity Shareholders' Funds

£623.1m

Market Capitalisation

£548.4m

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 in 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

	31 December 2022	30 June 2022
Assets		
USD		
Gross Asset Exposure ¹	\$1,115.5m	\$1,120.1m
Equity Shareholders' Funds	\$749.5m	\$796.8m
NAV per Participating Preference Share ²	\$8.23	\$8.75
Gross Gearing ^{2,3}	48.8%	40.6%
Net Gearing ^{2,4}	(1.0%)	(7.6%)
GBP		
Gross Asset Exposure ^{1,5}	£927.3m	£922.2m
Equity Shareholders' Funds ⁵	£623.1m	£656.0m
NAV per Participating Preference Share ^{2,5}	£6.84	£7.20
Participating Preference Share Price and Discount Data		
Participating Preference Share Price at the period end	£6.02	£6.34
Discount to NAV per Participating Preference Share at period end ²	11.99%	12.00%
Number of Participating Preference Shares in issue	91,100,066	91,100,066
Results for the six months ended 31 December		
	2022	2021
Revenue Earnings per Participating Preference Share ⁶	\$0.09	\$0.02
Capital (Loss)/Earnings per Participating Preference Share ⁶	(\$0.45)	(\$1.49)
Total (Loss)/Earnings per Participating Preference Share ⁶	(\$0.36)	(\$1.47)
Ongoing charges ratio ²	0.84%	0.49%

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

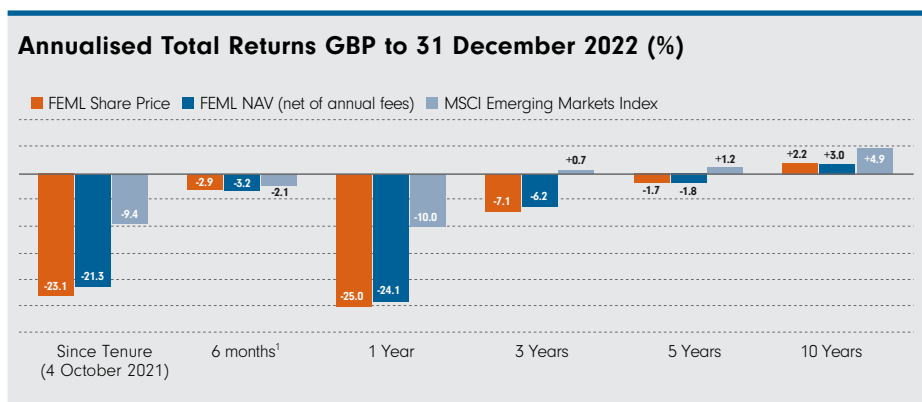
2 Alternative Performance Measures. See Glossary of Terms on pages 38 to 42.

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

6 Calculated based on weighted average number of participating preference shares in issue during the period.



Source: JPMorgan and Datastream.

1 Six months figure not annualised.

Chairman's Statement



I present to the shareholders the Half Year Report of the Company for the six months ended 31 December 2022.

Heather Manners, Chairman

I present my first report as Chair of Fidelity Emerging Markets Limited. As an experienced Chief Investment Officer and career investor in Asia and Emerging Markets, I look forward to working with my colleagues on the Board of the Company and the investment teams at Fidelity to deliver strong results for you, our shareholders. I would like to express my deep thanks to H       Ploix, the outgoing Chairman for her commitment, energy, and wisdom over many years and to the outgoing Director Sujit Banerji, also, for his long dedication to the Company and its shareholders.

Overview

Amid slowing growth, rising global inflation, geopolitical tensions and a market driven by sentiment rather than fundamentals, the environment in which our portfolio managers, Nick Price and Chris Tennant, operated in the period under review remained testing. At an especially difficult time for emerging market equities, the portfolio faced a challenging year and lagged the index in the fourth quarter of 2022. Russian assets remain within the portfolio. However, sanctions on such assets remain in force making them untradeable and, as such, written down to zero.

During the six-month period to the end of 31 December 2022 the net asset value ("NAV") total return of the Company fell by 3.2% (in GBP terms) and the share price by

2.9%, compared with a 2.1% decline for the benchmark index (all figures stated on a total returns basis). Weakness in Chinese material companies amid property sector challenges, was the primary cause for the lag. The discount saw some volatility. It stood at 12.0% at the end of June and widened for much of the period under review, before narrowing in December and ending the year also at 12.0%.

While this is disappointing in the near-term, our longer-term prospects remain compelling. Viewed in aggregate, the long book exhibits particularly attractive, high-quality characteristics, comprising of companies with well above average returns on assets and strong balance sheets. Periods of underperformance are inevitable in almost any investment strategy and a committed and disciplined focus on a strong process – one which has proven itself at Fidelity over a multi-year period – remains critical for future success. In an environment where recessionary risks are front of mind, the prudent approach of our managers is reassuring, as is their acknowledgement of the importance of value in the prevailing environment of uncertainty. The ability to short, too, is a helpful lever. The investment team's successful analysis of a weakening consumer environment and thus reduced demand in the Apple supply chain is just one successful example.

Chairman's Statement continued

After many months of travel restrictions, fellow Board members and I had the privilege of travelling to Singapore and Indonesia in September 2022 to visit Fidelity's office as part of our due diligence visit. We met with investment risk specialists, ESG professionals and senior management within the investment team in Asia to discuss how equity analysts are best placed to deliver alpha for your Company's portfolio. We gained tremendous insight by accompanying senior analysts, alongside Nick Price, to observe Fidelity's powerful corporate access and thorough research process, meeting with Sea Ltd and GoTo in Singapore. We also saw how far Fidelity's research capabilities extend and their deep penetration in markets by meeting Bank Rakyat Indonesia, Bank Central Asia and Unilever Indonesia, as well as some less well known but very interesting opportunities in Jakarta. The prospects in Indonesia are an exciting and differentiated way to diversify the portfolio. The Board and I were impressed with Fidelity's bottom-up stock picking approach. To read the latest investment thinking of the team, please refer to the website fidelity.co.uk/emergingmarkets.

2022 AGM and Final Dividend

The Company held its Annual General Meeting ('AGM') on 8 December 2022, and I appreciate the shareholders' support and thank you for your approval of all resolutions presented at the meeting. A final dividend of \$0.16 per Participating Preference Share was approved by shareholders and paid on 16 December 2022.

Changes to the Board of Directors

In the period under review, we welcomed Julian Healy to the Board after Sujit Banerji and Hélène Ploix stepped down at the AGM on 8 December 2022.

Outlook

Coming to the portfolio with 'fresh eyes' it is clear there are considerable opportunities and potential upside in the companies we hold and, in the months and years ahead we will be engaging closely with our investment managers to strive to deliver excellent results for you, our shareholders. We, and they, will also be closely monitoring the progress, and most importantly risk management, of geopolitical events. Consequently, country positioning and diversification will be core to future positioning. Against a backdrop of the recent and global large-scale stock deratings and volatility, the portfolio managers are looking to capitalise the underlying inherent value in the portfolio going forward. Despite global gloom, there is much at a local level to be encouraged by, not least China's reopening post - Covid and new supportive policies there around property. This combined with now falling inflation and the pullback in the US dollar, should prove a supportive environment in the coming months.

I look forward to reporting on our progress.

Heather Manners

Chairman

13 March 2023

Investment Manager's Half Year Review

Macroeconomic review

During the second half of 2022, oscillating sentiment continued to act as the main determinant of market direction. The decline in emerging market stocks over the period was concentrated in Q3, when the index fell by 3.8%, before rallying by 1.8% (in GBP terms) in the final quarter.

The Q3 decline marked the sharpest fall in emerging markets since the pandemic outbreak in the first quarter of 2020. Consecutive interest rate hikes from the Federal Reserve rattled nerves and triggered a particularly severe sell-off in September. Emerging market central banks also continued to tighten.

Unsurprisingly given volatile conditions, there were significant differences in regional performance over the second half of the year. Latin America led the gains, supported by its strength during the first part of the period, although the region's equities lost their shine in Q4. Emerging Europe, the Middle East and Africa (EMEA) equities made some gains towards the end of the period, but performance was lacklustre over the six-month period, while emerging Asian equities performed broadly in line with the broader benchmark. Increased optimism following China's National Congress, and signs that Beijing would start to rein back regulation on a beleaguered internet sector brought further relief. This, coupled with supportive property policies and indications that China's zero-Covid policy was coming to an end, resulted in emerging market equities outperforming their developed market counterparts over the year's final quarter. Value stocks fared marginally better than their growth counterparts over the period.

Portfolio performance for the six months to 31 December 2022

Over the six-month period ending 31 December 2022, the net asset value ("NAV") total return of Fidelity Emerging Markets Limited

fell by 3.2% (in GBP terms) and the share price declined by 2.9%, compared with a 2.1% decline for the benchmark index (all figures are stated on a total return basis).

When sentiment, rather than fundamentals, influences the market in the short-term this is a challenging backdrop for stock pickers. The portfolio underperformed the benchmark index, largely due to weakness in Chinese material names. As a counter to this, the financials holdings in the portfolio added considerable value over the period, as did stock picking in Kazakhstan, South Africa, and India.

Financials positions drive gains in a rising rate environment

With central bank policy front and centre across the developed and emerging world, exposure to a series of banks across all regions made a meaningful contribution to portfolio performance.

The most significant contribution came from Kaspi, the dominant consumer finance, e-commerce, and payments platform in Kazakhstan. Strong earnings also drove significant gains for this highly innovative company, which has transformed from a traditional universal bank to an app for personal lending, credit cards, bill payments, P2P payments, e-commerce, and retail deposits.

India's HDFC Bank also rose after it grew its net interest income at the fastest pace in nine years, and at levels that were much higher than market expectations. Higher rates also provided a tailwind for Brazil's Bradesco, although ultimately, we decided to sell out of the stock, as we saw a deterioration in net interest income and the cost of risk as the period progressed.

Investment Manager's Half Year Review continued

Key Contributors

Order	Security	Average Active Weight (%)	Contribution to Relative Returns (%)
Top 5 Contributors			
1	Kaspi.KZ	4.39	+2.04
2	HDFC Bank	7.38	+1.27
3	Banco Bradesco	1.13	+0.74
4	Cielo SA	1.09	+0.64
5	TotalEnergies	2.64	+0.47
Total			+5.16

Key Detractors

Order	Security	Average Active Weight (%)	Contribution to Relative Returns (%)
Top 5 Detractors			
1	Beijing Oriental	1.22	-1.19
2	Daqo New Energy	1.00	-0.65
3	Itaú Unibanco	0.26	-0.60
4	Zhongsheng Group Holdings	1.49	-0.58
5	Kweichow Moutai	2.01	-0.52
Total			-3.54

Source: Fidelity International, as at 31 December 2022. Based on actual attribution. Attribution is gross of fees and exclude expenses. Holdings in different securities issued by the same company are aggregated, therefore country/region classification is according to that of the main issuer.

Past performance is not a reliable indicator of future results. The fund invests in overseas markets and so the value of investments can be affected by changes in currency exchange rates. Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.

High oil prices boost energy holdings

Our holdings in energy stocks reaped benefits over the period as oil prices remained elevated, with oil major TotalEnergies adding value after it reported stellar results. The fourth largest global oil major, the company has a low-cost upstream portfolio with volumes tilted to conventional on and offshore oil in the likes of west Africa and the Middle East.

A smaller position in an Austrian-listed oil and gas company OMV also contributed to returns after it announced strong results and a change in its long-standing progressive dividend policy. It trades at attractive valuations and offers healthy free cash flow and compelling shareholder returns.

Commodity producers deliver strong returns

The period was mixed for the portfolio's materials holdings, as a strong contribution from commodity producers was counterbalanced by weakness from Chinese building related names. Companies such as Adriatic Metals and Southern Copper were among the top contributors to relative returns as copper prices were relatively stable over the six months. Adriatic Metals is a UK-listed company with a world-class zinc development project in Bosnia and a strong pipeline of growth opportunities, with the company gaining over the review period after it announced strong exploration results.

A volatile period for Chinese stocks

Property sector woes weighed on Chinese materials companies early in the period, and although the People's Bank of China cut mortgage rates to invite more real estate investment, Beijing's initial hesitance to scale back its zero-Covid policy had an impact on many companies in the sector. Beijing Oriental Yuhong Waterproofing, China Overseas Land and Zhejiang Weixing (which we later sold out of) all detracted.

Online travel agent Trip.com and e-commerce group Pinduoduo were among the top contributors over the period. South Africa's Naspers, which holds a key stake in Chinese social media giant Tencent, also added notable value. Finally, the decision to add exposure to the Chinese market swiftly, via a long position on the Hang Seng Index, added value.

Mid-cap companies drive returns

One of the key benefits of the portfolio is the ability to invest in companies further down the market cap spectrum. Among these we witnessed a strong contribution from names such as Brazilian IT services company Cielo. Cielo revealed that quarterly earnings had tripled due to better volumes and a favourable pricing environment during

the period. TBC Bank, the largest banking group in Georgia, also rose as it benefited from a higher interest-rate environment.

Portfolio positioning as of 31 December 2022

We continue to focus on owning well capitalised businesses with under-levered balance sheets. However, we have acknowledged the importance of value in the current environment and have taken steps to capitalise on this, while remaining cognisant of the continued macroeconomic uncertainty.

Balance sheets are liquid and solvent across all portfolio holdings, while also looking for value – shorter duration and compelling dividends – we do so on a highly selective basis. Areas such as banking, and energy have offered up attractive opportunities. The search for value does not compromise on quality, and attributes such as high ROE businesses remain prevalent among these additional holdings.

We have also been adding breadth and have focused on ensuring we don't become too fixated on the macroeconomic environment, given how unpredictable conditions are. Country diversification has therefore been a focal point.

Regional positioning

Over the second half of 2022, our positioning in China shifted in response to the rapidly changing policy landscape. While exposure was initially reduced over the course of Q3, as visibility started to improve and policy eased following the National Congress in October, we started to add to China, and continued to do so after it became clear that the country was abandoning its zero- Covid policy. Elsewhere in the emerging Asia region we raised exposure to Indonesia following a September trip, together with the board. Here, our research on the ground gave rise to greater conviction in select consumer facing businesses and the banking sector.

Investment Manager's Half Year Review continued

We trimmed exposure to Latin America; the primary drivers here were a deterioration in the loan books of the banks and the completion of the election cycle with the re-election of Brazil's President Lula in October. With a clear move to the left across the region, we think it is important to be vigilant about the risks that populist policies can pose to corporate activity. We have added shorts in Brazilian retailers, as more public spending and more debt could result in higher rates for longer.

We continue to see opportunities in other areas of the market, including India, which we believe remains a great structural growth story. Our exposure is centred on financial holdings; HDFC Bank is a very high-quality bank that has been held in the strategy for close to a decade, as well as newer additions such as ICICI Bank, the largest private sector bank in India that has significantly strengthened its balance sheet in recent years.

Sector positioning

Financials remain our largest sector overweight. A more hawkish European Central Bank has given rise to new opportunities among financial institutions with operations in Central Eastern Europe (CEE), with examples such as Erste Group, an Austrian bank.

Overall, we are confident that financials have the potential to be advantaged in the current environment, given their cheap valuations and decent dividend yield. While we are nearer to the end of the rate-rising cycle than the beginning, rates are likely to remain higher than the preceding five years.

In energy, there are limited stocks in emerging markets that offer broad energy price exposure but that are not expensive or carry policy risk. As a result, we own French oil major TotalEnergies and initiated a new position in Austrian oil and gas company OMV.

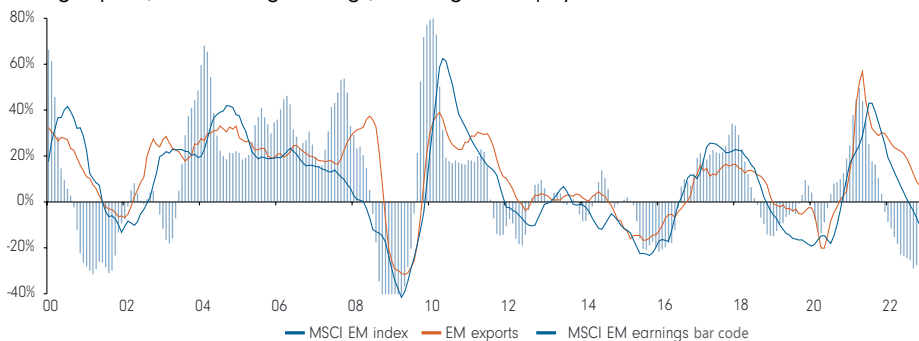
Market outlook

A recession is largely priced in

Inflation, geopolitical tensions and slowing growth all wreaked havoc on markets throughout 2022, and investors continue to grapple with recessionary risks. Earnings downgrades in certain industries will come, and some companies will be particularly vulnerable. However, it's easy to become fixated on the past and forget that the market is a forward discounting mechanism. We think a lot is already reflected in the price given that the emerging market asset class has derated significantly (see figure 1).

Figure 1. EM equities appear to have priced in the downturn

Falling exports, mean falling earnings, and negative equity returns



Source: Jonathon Anderson, Emerging Advisors, as at 31 December 2022. Growth rate (USD, % y/y 3mma). Exports growth and earnings growth.

Inflation should ease in the near term but longer term the outlook is less clear cut

Although markets have been buffeted by highly unusual levels of inflation over the past year, and inflation figures have been stickier than anticipated, we expect inflation to fall, driven by a sharp decline in M2 money supply, restrictive monetary policies, and high levels of inventories. This should provide a better backdrop for equities in the near term.

We should, however, acknowledge that the price trajectory of key commodities is very hard to predict. There is currently a lot of uncertainty about the direction of oil prices, which could range from \$50 to \$130 a barrel in 2023 and will have very different outcomes for the level of inflation and the direction of markets.

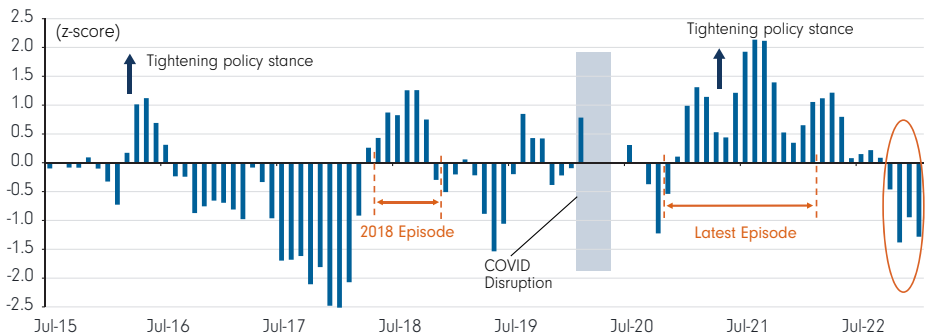
We are mindful that inflationary pressures can reignite over the medium term, driven by China's economic reopening and the resumption of exports, as well as the inability of central banks to live with higher rates. Deglobalisation, ageing populations and shrinking workforces should also prove inflationary over the longer term, as will the shift to green energy and the impact of climate change in agriculture, soft commodities, and supply chain security.

China's reopening and accommodative policy set to buoy markets

We are currently seeing a considerably more accommodative backdrop and Chinese policy is expected to remain supportive throughout 2023. A rollback of regulation on internet companies follows an extended period of tightening (see figure 2).

Figure 2: China relaxes its stance

Privately-owned-enterprise regulation proxy: Bars above the line indicate regulation policy tightening



Note: POE Regulation Proxy reflects the text-mining results or news among POE-heavy sectors. Data points during Mar-Jun 2020 have been removed due to COVID disruptions. Latest bar shows the preliminary reading in early Jan 2022.

Source: Goldman Sachs Global Investment Research, January 2023. The proxy is derived from key-word searches from +1.5m online news articles among POE heavy sectors. Bars above the line indicate regulation policy tightening. Data mining points in the grey box (March-June 2020) were removed due to COVID disruptions.

Investment Manager's Half Year Review continued

Policy loosening can be seen in the property market, evidenced by increasing provisions and more local relaxations, including looser purchase restrictions and lower down payments introduced in high-tier cities. With the relaxation of China's zero-Covid policy and domestic mobility recovering, there appears to be ample room for a consumer recovery, with excess household savings and cheap mortgages offering additional fuel as China reopens.

Over the next year, market participants will need to be vigilant and judge how the situation is evolving, given that China plays a central role in driving sentiment towards the emerging market asset class and its influence on returns.

Looking ahead

Although as a risk asset, emerging market equities could come under pressure in a recessionary environment, we have witnessed bouts of dollar weakening in recent months which lends support to the asset class and should mitigate this to some extent.

With the emergence of more pronounced country risks, we have spent more time examining exogenous threats – and will continue to do so this year. Deglobalisation and geopolitics have a more profound impact, in some cases impairing the corporate activity or weighing heavily on sentiment.

We've remained focused on what we do best, and we've been active in repositioning and diversifying the portfolio as the period unfolded. Exposures to banks across all regions is an area which has worked well against a backdrop of synchronised rate hikes, as has the move to increase exposure to China as the country eases policies and regulatory pressure on key sectors.

We are in a secular bear market, and our focus is on trying to ensure that we buy the dips and sell the rallies. However, we see scope for the rest of the world to outperform the US, where net profit margins have been at record levels (and will revert), valuations are extended, and high sovereign debt levels will serve to constrain growth and hamper the ability to fight inflation. By contrast EM benefits from low valuation multiples by any standard.

The market will gradually accept that the age of free money is over, and while this volatility persists, we will continue to cast the net wide and look for opportunities in areas of the market that offer up quality at an attractive price.

Nick Price
Portfolio Manager
13 March 2023

Spotlight on the Top 5 Holdings

as at 31 December 2022

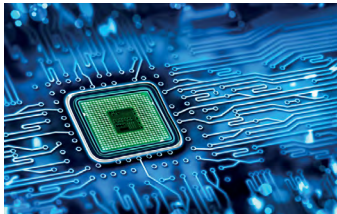
The top five holdings comprise 30.1% of the Company’s Net Assets.

Industry: Information Technology
Country: Taiwan

Taiwan Semiconductor Manufacturing

% of Net Assets

8.2%



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
Country: India

HDFC Bank

% of Net Assets

7.6%



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.

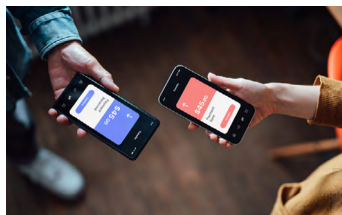
Spotlight on the Top 5 Holdings continued

Industry: Financials
Country: Kazakhstan

Kaspi.KZ

% of Net Assets

5.1%



Kaspi.KZ is the dominant consumer finance, e-commerce and payments platform in Kazakhstan. It provides interconnected technology and products and services that help people to pay, shop, and manage their finances. Its ecosystem connects consumers and merchants, enabling digital payments, e-commerce, and financial services. The Company's gateway to its ecosystem is the mobile app, which is powered by the company's proprietary technology and enables users to navigate between interconnected products and services. Kaspi.KZ serves customers in Kazakhstan and Azerbaijan.

Industry: Financials
Country: Hong Kong

AIA Group

% of Net Assets

4.7%



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 Discretionary
Country: South Africa

Naspers

% of Net Assets

4.5%



Naspers is a global internet and entertainment group and one of the world's largest technology investors. It is a South African holding company specialising in internet investments and operates in more than 120 countries and markets with long-term growth potential. It runs some of the world's leading internet, video entertainment, and media platforms. The company owns a sizeable stake in Tencent – the Chinese multinational technology and entertainment conglomerate. Naspers operates in various sectors, including online classifieds, food delivery, payments, travel, education, health, and social and internet platforms.

Twenty Largest Investments

as at 31 December 2022

The Asset Exposures shown below measure the exposure of the Company's portfolio to market price movements in the shares and equity linked notes 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 price of the underlying shares has moved (in effect, the unrealised gain or loss on the exposed positions). Where the Company only holds shares, the Fair Value and Asset Exposure will be the same.

	Asset Exposure \$'000	% ¹	Fair value \$'000
Long Exposures – shares unless otherwise stated			
Taiwan Semiconductor Manufacturing (shares and option)			
Information Technology	61,254	8.2	61,081
HDFC Bank			
Financials	56,801	7.6	56,801
Kaspi.KZ			
Financials	38,129	5.1	38,129
AIA Group (shares and long CFD)			
Financials	35,250	4.7	10,517
Naspers			
Consumer Discretionary	33,818	4.5	33,818
Alibaba Group Holding (shares, option and long CFD)			
Consumer Discretionary	33,747	4.5	1,243
China Mengniu Dairy (long CFD)			
Consumer Staples	27,368	3.7	618
TotalEnergies (long CFD)			
Energy	27,012	3.6	(332)
Infosys (long CFD)			
Information Technology	26,930	3.6	120
ICICI Bank			
Financials	26,497	3.5	26,497
Southern Copper (long CFD)			
Materials	20,701	2.8	(230)
MediaTek			
Information Technology	19,867	2.7	19,867
Chailease Holding			
Financials	17,898	2.4	17,898
Li Ning (shares and option)			
Consumer Discretionary	17,835	2.4	17,627

Twenty Largest Investments continued

	Asset Exposure		Fair value
	\$'000	% ¹	\$'000
Samsung Electronics (shares and long CFD)			
Information Technology	17,712	2.4	16,272
OMV			
Energy	17,562	2.3	17,562
Localiza Rent a Car			
Industrials	17,543	2.3	17,543
Bank Central Asia			
Financials	17,061	2.3	17,061
Trip.com Group (option and long CFD)			
Consumer Discretionary	16,555	2.2	481
SK Hynix (shares, option and long CFD)			
Information Technology	16,539	2.1	671
Twenty largest long exposures	546,079	72.9	353,244
Other long exposures	451,601	60.3	363,390
Total long exposures before long futures and hedges	997,680	133.2	716,634
Add: long future contracts			
Hang Seng China Enterprises Index	46,597	6.2	19
Less: hedging exposures			
MSCI Emerging Markets Index (future contract)	(115,416)	(15.5)	963
Total hedging exposures	(115,416)	(15.5)	963
Total long exposures after the netting of hedges	928,861	123.9	717,616
Short exposures			
Short CFDs (66 holdings)	183,908	24.5	(154)
Short options (6 holdings)	2,696	0.4	(206)
Total short exposures	186,604	24.9	(360)
Gross Asset Exposure²	1,115,465	148.8	
Portfolio Fair Value³			717,256
Net current assets (excluding derivative assets and liabilities)			32,260
Total Shareholders' Funds/Net Assets			749,516

1 Asset Exposure (as defined in the Glossary of Terms on page 38) expressed as a percentage of Net Assets.

2 Gross Asset Exposure comprises market exposure to investments of \$720,229,000 plus market exposure to derivative instruments of \$395,236,000.

3 Portfolio Fair Value comprises investments of \$720,229,000 plus derivative assets of \$10,736,000 less derivative liabilities of \$13,709,000 (per the Statement of Financial Position on page 25).

Distribution of the Portfolio

as at 31 December 2022

Geographical	% of Net Assets % ¹	Benchmark %
China	31.8	32.3
India	19.4	14.4
Taiwan	17.4	13.8
South Africa	12.0	3.7
Brazil	9.7	5.3
Hong Kong	7.3	-
South Korea	6.3	11.3
Mexico	5.8	2.3
Kazakhstan	5.1	-
Canada	4.4	-
France	3.6	-
Indonesia	3.5	1.9
United Kingdom	3.4	-
United States of America	3.4	-
Austria	2.8	-
Peru	2.0	0.3
Japan	2.0	-
Poland	1.9	0.7
Zambia	1.8	-
Nigeria	1.7	-
Thailand	1.7	2.2
Chile	1.5	0.6
Vietnam	1.4	-
Georgia	1.3	-
United Arab Emirates	1.2	1.3
Australia	1.1	-
Kuwait	0.8	0.9
Netherlands	0.8	-
Germany	0.7	-
Portugal	0.6	-
Saudi Arabia	0.5	4.1
Turkey	0.4	0.7
Ireland	0.4	-
Singapore	0.3	-
Cyprus	0.1	-
Malaysia	-	1.6
Qatar	-	1.0
Philippines	-	0.7
Greece	-	0.3
Hungary	-	0.2
Czech Republic	-	0.1
Colombia	-	0.1
Egypt	-	0.1
Others	6.2	-
Total excluding hedging	164.3	100.0
Hedging	(15.5)	-
Total including hedging	148.8	100.0

¹ Asset Exposure is expressed as a percentage of Net Assets.

Distribution of the Portfolio continued

Sector	% of Net Assets % ¹	Benchmark %
Financials	37.0	22.1
Consumer Discretionary	31.3	14.1
Information Technology	26.8	18.6
Materials	20.5	8.9
Consumer Staples	13.3	6.4
Industrials	11.8	6.1
Energy	8.6	4.9
Real Estate	4.5	1.9
Utilities	1.7	3.0
Investment Funds	1.3	-
Communication Services	1.2	9.9
Health Care	0.1	4.1
Others	6.2	-
Total excluding hedging	164.3	100.0
Hedging	(15.5)	-
Total including hedging	148.8	100.0

¹ Asset Exposure is expressed as a percentage of Net Assets.

Interim Management Report

Principal and Emerging Risks and Uncertainties, Risk Management

In accordance with the AIC Code, the Board has in place a robust 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, has developed a list of risks which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties faced by the Company. The list of risks includes: volatility of emerging markets and market risk; investment performance risk; cybercrime and information security risk; business continuity and event management risk; gearing risk; discount to net asset value (NAV) risk; unlisted securities risk; foreign currency exposure risk; lack of market liquidity risk; environmental, social and governance (ESG) risk and people risk. Full details of these risks and how they are managed are set out on pages 25 to 27 of the Company's Annual Report for the year ended 30 June 2022 which is available on the Company's website at www.fidelity.co.uk/emergingmarkets. The Audit and Risk Committee continues to identify new emerging risks and take any necessary action 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.

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; 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. Macro and ESG considerations, including climate change have been included into the Company's investment process. The Board continues to monitor these issues.

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, the 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.

Transactions with the Alternative Investment Fund Manager and Related Parties

The Alternative Investment Fund Manager ("AIFM") has delegated the Company's investment management to FIL Investments International. Transactions with the AIFM and related party transactions with the Directors are disclosed in Note 12 on page 36.

Interim Management Report continued

Going Concern

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 by 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.

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. In preparing the Financial Statements, the Directors have measured the impacts of the war in Ukraine and how the conflict has increased the risk for business continuity as well as the impact of climate change risks. The Board has considered the impact of regulatory changes and how this may affect the Company.

The Board has also assessed the ongoing risks posed on the Company by Covid-19 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 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 past twelve months under review, the Board received updates from 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.

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 can continue in operational existence for a period of at least twelve months from the date of this Half Year Report.

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

Responsibility Statement

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

- the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and return of the Company;

Interim Management Report continued

- the Half Year Report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements;
- the Half Year Report includes a description of the principal risk and uncertainties for the remaining six months of the financial year; and
- the Half Year Report includes a fair review of the information concerning related party transactions.

The Half Year Report has not been audited or reviewed by the Company's Independent Auditor.

For and on behalf of the Board

Heather Manners

Chairman

13 March 2023

Statement of Comprehensive Income

for the six months ended 31 December 2022

		Six months ended 31 December 2022 unaudited			Year ended 30 June 2022 audited			Six months ended 31 December 2021 unaudited		
	Note	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Net losses on financial assets at fair value through profit or loss		-	(1,235)	(1,235)	-	(529,993)	(529,993)	-	(182,894)	(182,894)
Net (losses)/gains on derivative instruments		-	(34,477)	(34,477)	-	23,229	23,229	-	24,121	24,121
Net foreign exchange losses		-	(686)	(686)	-	(2,707)	(2,707)	-	(2,478)	(2,478)
Investment income	4	8,476	-	8,476	24,399	-	24,399	12,283	-	12,283
Derivative income	4	7,653	-	7,653	10,849	-	10,849	1,366	-	1,366
Other income	4	344	-	344	137	-	137	118	-	118
Total income and losses		16,473	(36,398)	(19,925)	35,385	(509,471)	(474,086)	13,767	(161,251)	(147,484)
Expenses										
Management fees	5	(452)	(1,810)	(2,262)	(927)	(3,709)	(4,636)	(927)	(3,709)	(4,636)
Other expenses		(910)	(1,608)	(2,518)	(2,451)	(6,357)	(8,808)	(1,170)	(5,155)	(6,325)
Total operating expenses		(1,362)	(3,418)	(4,780)	(3,378)	(10,066)	(13,444)	(2,097)	(8,864)	(10,961)
Profit/(loss) before finance costs and taxation		15,111	(39,816)	(24,705)	32,007	(519,537)	(487,530)	11,670	(170,115)	(158,445)
Finance costs	6	(6,443)	-	(6,443)	(13,946)	-	(13,946)	(7,901)	-	(7,901)
Profit/(loss) before taxation		8,668	(39,816)	(31,148)	18,061	(519,537)	(501,476)	3,769	(170,115)	(166,346)
Taxation		(724)	(797)	(1,521)	(2,954)	6,948	3,994	(1,557)	7,688	6,131
Profit/(loss) after taxation for the period attributable to Participating Preference Shares		7,944	(40,613)	(32,669)	15,107	(512,589)	(497,482)	2,212	(162,427)	(160,215)
Earnings/(loss) per Participating Preference Share (basic and diluted)	7	\$0.09	(\$0.45)	(\$0.36)	\$0.15	(\$5.11)	(\$4.96)	\$0.02	(\$1.49)	(\$1.47)

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 period is also the total comprehensive income for the period.

All the profit/(loss) and total comprehensive income is attributable to the equity shareholders of the Company. There are no minority interests.

No operations were acquired or discontinued in the period and all items in the above statement derive from continuing operations.

Statement of Changes In Equity

for the six months ended 31 December 2022

	Note	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Six months ended 31 December 2022 (unaudited)					
Total equity at 30 June 2022		6,291	741,095	49,375	796,761
(Loss)/profit after taxation for the period		-	(40,613)	7,944	(32,669)
Dividend paid to shareholders	8	-	-	(14,576)	(14,576)
Total equity at 31 December 2022		6,291	700,482	42,743	749,516

Year ended 30 June 2022 (audited)

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		-	(388,300)	-	(388,300)
Dividend paid to shareholders	8	-	-	(16,398)	(16,398)
Total equity at 30 June 2022		6,291	741,095	49,375	796,761

Six months ended 31 December 2021 (unaudited)

Total equity at 30 June 2021		6,291	1,642,118	50,666	1,699,075
(Loss)/profit after taxation for the period		-	(162,427)	2,212	(160,215)
Write off receivable for shares		-	(134)	-	(134)
Repurchase and cancellation of the Company's own shares		-	(388,300)	-	(388,300)
Dividend paid to shareholders	8	-	-	(16,398)	(16,398)
Total equity at 31 December 2021		6,291	1,091,257	36,480	1,134,028

Statement of Financial Position

as at 31 December 2022

	Note	31 December 2022 unaudited \$'000	30 June 2022 audited \$'000	31 December 2021 unaudited \$'000
Non-current assets				
Financial assets at fair value through profit and loss	9	720,229	727,342	1,108,992
Current assets				
Derivative assets	9	10,736	20,515	7,668
Amounts held at futures clearing houses and brokers		23,308	11,901	17,651
Other receivables		2,697	30,419	2,265
Cash at bank		14,277	34,418	22,435
		51,018	97,253	50,019
Current liabilities				
Derivative liabilities	9	13,709	14,408	16,241
Other payables		8,022	13,426	8,742
		21,731	27,834	24,983
Net current assets		29,287	69,419	25,036
Net assets		749,516	796,761	1,134,028
Equity				
Share premium account		6,291	6,291	6,291
Capital reserve		700,482	741,095	1,091,257
Revenue reserve		42,743	49,375	36,480
Total equity		749,516	796,761	1,134,028
Net asset value per Participating Preference Share				
		\$8.23	\$8.75	\$12.45

Statement of Cash Flows

for the six months ended 31 December 2022

	Six months ended 31 December 2022 unaudited \$'000	Year ended 30 June 2022 audited \$'000	Six months ended 31 December 2021 unaudited \$'000
Operating activities			
Dividend and interest income received	12,298	20,371	15,422
Derivative income received	2,560	3,808	929
Securities lending income received	–	38	38
Taxation paid	(724)	(3,694)	(1,557)
Purchase of investments	(569,308)	(1,645,720)	(1,217,956)
Proceeds from sale of investments	577,662	2,067,514	1,604,773
Net proceeds from the settlement of derivatives	(5,401)	14,119	32,121
Net cash outflow from amounts held at futures clearing houses and brokers	(11,407)	(11,901)	(17,651)
Bank charges	(80)	(63)	(11)
Operating expenses paid	(4,249)	(16,448)	(12,362)
Net cash inflow from operating activities	1,351	428,024	403,746
Financing activities			
CFD interest paid	(3,061)	(4,585)	(1,061)
CFD dividends paid	(3,169)	(8,542)	–
Dividend paid	(14,576)	(16,398)	(16,398)
Repurchase and cancellation of the Company's own shares	–	(388,300)	(388,300)
Net cash outflow from financing activities	(20,806)	(417,825)	(405,759)
Effect of foreign exchange movements	(686)	(2,707)	(2,478)
Net (decrease)/increase in cash at bank	(20,141)	7,492	(4,491)
Cash at bank at the beginning of the period	34,418	26,926	26,926
Cash at bank at the end of the period	14,277	34,418	22,435

Notes to the Financial Statements

for the six months ended 31 December 2022

1. Principal Activity

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 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 at 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.

2. Publication of Non-statutory Accounts

The financial statements in this half year report have not been audited by the Company's Independent Auditor. The financial information for the year ended 30 June 2022 is extracted from the latest published annual report of the Company which was delivered to the Guernsey Financial Services Commission.

3. Accounting Policies

(i) Basis of Preparation

The interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2022, which 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.

(ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 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 conflict between Russia and Ukraine and the risks related to Covid-19, as disclosed in the Going Concern Statement on page 20.

Notes to the Financial Statements continued

4. Income

	Six months ended 31 December 2022 unaudited \$'000	Year ended 30 June 2022 audited \$'000	Six months ended 31 December 2021 unaudited \$'000
Investment income			
UK dividends	542	608	134
Overseas dividends	7,934	23,595	12,082
UK and overseas scrip dividends	–	196	67
	8,476	24,399	12,283
Derivative income			
Dividends received on long CFDs	1,774	4,182	1,096
Interest received on CFDs	519	374	51
Other derivative income	5,360	6,293	219
	7,653	10,849	1,366
Other income			
Securities lending income	–	38	38
Interest received on collateral and deposits	344	99	80
	344	137	118
Total income	16,473	35,385	13,767

5. Management Fees

	Revenue \$'000	Capital \$'000	Total \$'000
Six months ended 31 December 2022 (unaudited)			
Management fees	452	1,810	2,262
Year ended 30 June 2022 (audited)			
Management fees	927	3,709	4,636
Six months ended 31 December 2021 (unaudited)			
Management fees	927	3,709	4,636

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% (2022: 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.

Fidelity International waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment. The Management Fee is payable from 1 July 2022. Fees are payable monthly in arrears and calculated on a daily basis.

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.

Notes to the Financial Statements continued

6. Finance Costs

	Revenue \$'000	Capital \$'000	Total \$'000
Six months ended 31 December 2022 (unaudited)			
Bank charges	80	-	80
CFD dividend expense	2,979	-	2,979
CFD interest expenses	3,384	-	3,384
	6,443	-	6,443
Year ended 30 June 2022 (audited)			
Bank charges	63	-	63
CFD dividend expense	9,097	-	9,097
CFD interest expenses	4,786	-	4,786
	13,946	-	13,946
Six months ended 31 December 2021 (unaudited)			
Bank charges	11	-	11
CFD dividend expense	6,530	-	6,530
CFD interest expenses	1,360	-	1,360
	7,901	-	7,901

7. Earnings/(Loss) per Participating Preference Share

	Six months ended 31 December 2022 unaudited \$'000	Year ended 30 June 2022 audited \$'000	Six months ended 31 December 2021 unaudited \$'000
Revenue earnings per Participating Preference Share	\$0.09	\$0.15	\$0.02
Capital loss per Participating Preference Share	(\$0.45)	(\$5.11)	(\$1.49)
Total loss per Participating Preference Share – basic and diluted	(\$0.36)	(\$4.96)	(\$1.47)

7. Earnings/(Loss) per Participating Preference Share continued

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

	Six months ended 31 December 2022 unaudited \$'000	Year ended 30 June 2022 audited \$'000	Six months ended 31 December 2021 unaudited \$'000
Revenue profit after taxation for the period	7,944	15,107	2,212
Capital loss after taxation for the period	(40,613)	(512,589)	(162,427)
Total loss after taxation for the period	(32,669)	(497,482)	(160,215)

	Number	Number	Number
Weighted average number of Participating Preference Shares in issue	91,100,066	100,251,671	109,254,064

8. Dividend Paid to Shareholders

	Six months ended 31 December 2022 \$'000	Year ended 30 June 2022 \$'000	Six months ended 31 December 2021 \$'000
Dividend of 16.00 cents pence per ordinary share paid for the year ended 30 June 2022	14,576	-	-
Dividend of 18.00 cents pence per ordinary share paid for the year ended 30 June 2021	-	16,398	16,398

No dividend has been declared in respect of the six months ended 31 December 2022 (six months ended 31 December 2021: none).

Notes to the Financial Statements continued

9. Share Capital

	31 December 2022 Number of shares	30 June 2022 Number of shares	31 December 2021 Number of shares
Authorised			
Founder shares of no par value	1,000	1,000	1,000
Issued			
Participating Preference Shares of no par value adjusted for purchase of own shares	91,100,066	121,466,754	121,466,754
Repurchase and cancellation of the Company's own shares	–	(30,366,688)	(30,366,688)
Participating Preference Shares	91,100,066	91,100,066	91,100,066

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 for the year ended 30 June 2022.

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.

10. 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

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 table below sets out the Company's fair value hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022 (unaudited)				
Financial assets at fair value through profit or loss				
Investments in equity securities	697,189	–	–	697,189
Equity linked notes	–	13,603	–	13,603
Investee funds	–	3,641	5,796	9,437
Derivative instrument assets – Futures contracts	982	–	–	982
Derivative instrument assets – Options	14	–	–	14
Derivative instrument assets – CFDs	–	9,740	–	9,740
	698,185	26,984	5,796	730,965
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities – Options	(599)	(90)	–	(689)
Derivative instrument liabilities – CFDs	–	(13,020)	–	(13,020)
	(599)	(13,110)	–	(13,709)

Notes to the Financial Statements continued

10. Fair Value Hierarchy continued

30 June 2022 (audited)	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	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)

31 December 2021 (unaudited)	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Investments in equity securities	1,102,537	-	-	1,102,537
Investee funds	-	-	6,455	6,455
Derivative instrument assets – CFDs	-	7,668	-	7,668
	1,102,537	7,668	6,455	1,116,660

Financial liabilities at fair value through profit or loss

Derivative instrument liabilities – Futures contracts	(256)	-	-	(256)
Derivative instrument liabilities – Options	-	(564)	-	(564)
Derivative instrument liabilities – CFDs	-	(15,421)	-	(15,421)
	(256)	(15,985)	-	(16,241)

10. Fair Value Hierarchy continued

As at 31 December 2022 there were twelve holdings classified as Level 3 investments (year ended 30 June 2022: twelve holdings, six month ended 31 December 2021: five holdings). 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 (year ended 30 June 2022: two investee fund holdings, six months ended 31 December 2021: four investee funds holdings). Ten holdings (year ended 30 June 2022: ten holdings, six month ended 31 December 2021: one holding) had a nil value.

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 user.

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value for the six months ended 31 December 2022, year ended 30 June 2022 and for the six months ended 31 December 2021:

	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Opening balance	5,809	8,770	8,770
Sales	(415)	(1,473)	(2,601)
Realised gains/(loss)	302	889	(150)
Net change in unrealised gains/(losses)	100	(2,377)	436
Closing balance	5,796	5,809	6,455

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 continue to be valued at nil, reflecting the significant uncertainty in the resolution of geopolitical events within the next financial year.

Notes to the Financial Statements continued

11. Net Asset Value per Participating Preference Share

The calculation of the net asset value per Participating Preference Share is based on the following:

	31 December 2022 unaudited	30 June 2022 audited	31 December 2021 unaudited
Net assets	\$749,516,000	\$796,761,000	\$1,134,028,000
Participating Preference Shares in issue	91,100,066	91,100,066	91,100,066
Net asset value per Participating Preference Share	\$8.23	\$8.75	\$12.45

12. Transactions with the Managers and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International. Both companies are Fidelity group companies.

Details of the current fee arrangements are given in Note 5 above. During the period, management fees of \$2,262,000 (year ended 30 June 2022: \$4,636,000 and six months ended 31 December 2021: \$4,636,000) were payable to the Manager. During the period, marketing fees of \$126,000 (year ended 30 June 2022: \$148,000 and six months ended 31 December 2021: \$85,000) were payable to the Manager. Amounts payable at the Balance Sheet date are included in other payables.

At the date of this report, the Board consisted of six non-executive Directors (as shown on page 37) all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company.

The Chairman receives an annual fee of £45,000, the Chairman of the Audit Committee and Senior Independent Director receives an annual fee of £37,500, a Director who is also a member of the Audit and Risk Committee receives an annual fee of £35,000 and each other Director receives an annual fee of £30,000. The following members of the Board hold ordinary shares in the Company at the date of this report: Dr Simon Colson 4,416 shares, Russell Edey 10,000 shares, Katherine Tsang nil shares, Torsten Koster nil shares, Julian Healy* nil shares and Heather Manners nil shares.

* Appointed on 12 December 2022

Additional Information

Board of Directors

Heather Manners (Chairman)
 Russell Edey (Senior Independent Director)
 Dr Simon Colson
 Torsten Koster
 Katherine Tsang
 Julian Healy

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

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
 Gategny Court
 Gategny Esplanade
 St. Peter Port
 Guernsey GY1 1WR

Glossary of Terms

(including Alternative Performance Measures)

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 periodic report, Financial Statements and Notes to the Financial Statements which include.

- Active Share
- Discount/Premium;
- Gearing (Gross and Net);
- Net Asset Value (NAV) per Participating Preference Share
- 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 the **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.

* Alternative Performance Measure

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.

EQUITY 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.

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.

* Alternative Performance Measure

Glossary of Terms continued

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 ASSETS

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

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 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 day of the month that the shares first trade ex-dividend.

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.

* Alternative Performance Measure

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 period under review and has been prepared in accordance with the AIC's recommended methodology.

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).

PREMIUM*

If the share price of the Company is higher than the [net asset value per participating preference 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 participating preference 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 participating preference shares has exceeded the cost of those participating preference 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.
- **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 day of the month that the shares first trade ex-dividend.

* Alternative Performance Measure

Glossary of Terms continued

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.

SHORT EXPOSURE

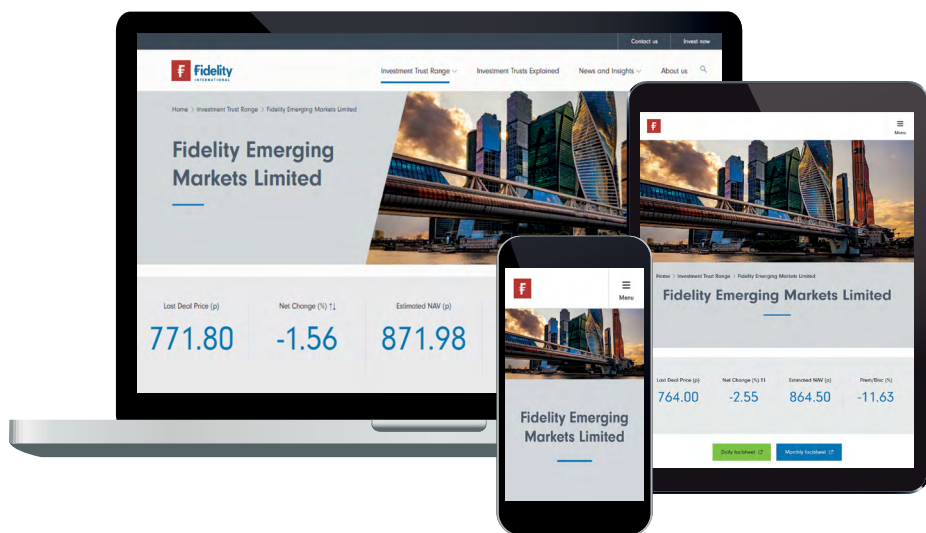
The position of the Company when it has sold a security or [derivative](#) that it does not own but is now committed to eventually purchase in order to satisfy its obligation to sell. It is a strategy used to capitalise on an expected decline in the security's or [derivative's](#) price.

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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