Fidelity™ INTERNATIONAL

FIDELITY EMERGING MARKETS LIMITED

Half Year Report for the six months ended 31 December 2023

We speak the language of opportunity – wherever it emerges

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

Contents

Chairman's Statement
Read more on pages 5 to 7

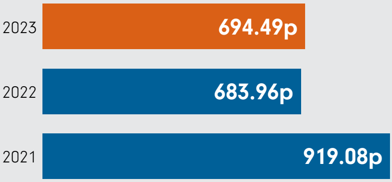
Investment Manager's Half Year Review
Read more on pages 8 to 14

Directors' Reports

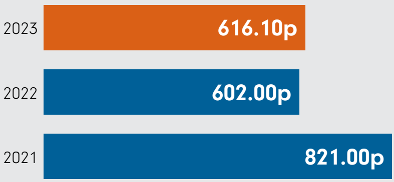
Financial Statements (unaudited)

Information for Shareholders

Net Asset Value per Share as at 31 December



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 total number of Participating Preference Shares in issue is 91,100,066 which includes 637,175 shares held in treasury as at 31 December 2023 (30 June 2023: 91,100,066 with nil shares held in treasury).

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 2023 (Total Return in GBP)

Share Price Total Return[1,2]

+7.5%

Net Asset Value per Participating Preference Share Total Return[1,2]

+3.2%

MSCI Emerging Markets Index[1,3]

+4.4%

Active Share[2]

+122.3%

Source: Fidelity.

1 Includes reinvested income.

2 Alternative Performance Measure – refer to Glossary of Terms on pages 39 to 43.

3 The Company's Benchmark Index.

As at 31 December 2023

Equity Shareholders' Funds

£628.3m

Market Capitalisation

£557.3m

Capital Structure
Number of Participating Preference Shares in issue excluding held in Treasury

90,462,891

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.

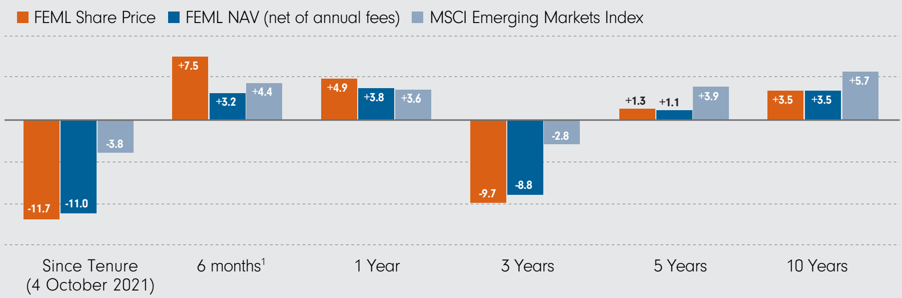
The Company may also invest in other transferable securities, investment companies, money market instruments, unlisted shares, cash and deposits. It is able to use derivatives for efficient portfolio management, to gain additional market exposure (gearing), to seek a positive return from falling asset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

Financial Highlights

	31 December 2023	30 June 2023
Assets		
USD		
Gross Asset Exposure[1]	**$1,220.2m**	$1,185.0m
Equity Shareholders' Funds	**$800.9m**	$796.7m
NAV per Participating Preference Share[2]	**$8.85**	$8.75
Gross Gearing[2,3]	**52.3%**	48.7%
Net Gearing[2,4]	**(1.7)%**	(3.9)%
GBP		
Gross Asset Exposure[1,5]	**£957.2m**	£932.1m
Equity Shareholders' Funds[5]	**£628.3m**	£626.7m
NAV per Participating Preference Share[2,5]	**£6.94**	£6.88
Participating Preference Share Price and Discount Data		
Participating Preference Share Price at the period end	**£6.16**	£5.88
Discount to NAV per Participating Preference Share at period end[2]	**11.29%**	14.61%
Number of Participating Preference Shares in issue	**90,462,891**	91,100,066
Earning for the six months ended 31 December	**2023**	**2022**
Revenue Earnings per Participating Preference Share[6]	**$0.06**	$0.09
Capital Earnings/(Loss) per Participating Preference Share[6]	**$0.23**	($0.45)
Total Earnings/(Loss) per Participating Preference Share[6]	**$0.29**	($0.36)
Ongoing charges ratio[2]	**0.82%**	0.84%

1 The value of the portfolio exposed to market price movements.
2 Alternative Performance Measures. See Glossary of Terms on pages 39 to 43.
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.

Annualised Total Returns GBP to 31 December 2023 (%)



Source: JPMorgan and Datastream.
1 Six months figure not annualised.

Chairman's Statement

Heather Manners, Chairman

I am pleased to present your Company's half-year report, covering a period in which portfolio performance has been encouraging with the share price total return increasing by 7.5% in spite of continued geopolitical volatility.

Overview

In the six months under review, China – the largest emerging market, yet an underweight in the Company's portfolio compared with the benchmark – continued to struggle amid a slower-than-expected post-Covid reopening and an ongoing debt crisis in the property market. Conversely, less prominent areas such as South East Asia and Latin America have been reaping the benefits of the trend towards developed market companies relocating manufacturing capacity away from China, while an uptick in the semiconductor cycle has been positive for leading chipmakers in Taiwan. The Company's retained holdings in Russian entities have been written down to $Nil in the balance sheet. For further information please refer to the Portfolio Manager's review and to Note 10 of the financial statements on page 36.

Against this backdrop, net asset value ('NAV') total return performance for the six months ended 31 December 2023 was positive, at 3.2%. While this was slightly behind the 4.4% sterling return of the Company's benchmark, the MSCI Emerging Markets Total Return Index ('the Index'), the share price total return per Participating Preference Share notably outperformed the Index, rising by 7.5%. This is particularly pleasing not just because it suggests an improvement in sentiment towards emerging markets as an asset class, but also as it underlines the hard work of your Board and Fidelity's efforts to promote the Company's enhanced investment proposition and narrow the share price discount to NAV.

Fundamental to this is Fidelity's unique investment process. The managers' ability to hold short as well as long positions – investing in well financed, well managed businesses that can drive growth, while also making money from identifying those at risk of disruption – is a key differentiating factor that is increasingly feeding into positive performance for the Company.

Chairman's Statement continued

While we are yet to reach a three-year track record under the management of Fidelity's Nick Price and Chris Tennant (appointed in September 2021), performance for the 12 months ended 31 December 2023 was ahead of the benchmark on both a share price and a NAV total return basis. As well as having a full investment toolkit, your Company also benefits from Fidelity's large and experienced team of portfolio managers and analysts, the majority of whom are based in the markets they cover, giving them an invaluable advantage in terms of identifying new investment opportunities.

At Board level, your Directors and I have continued to focus on building awareness of the strength of Fidelity's approach, as well as keeping costs in check (our ongoing charges ratio is the lowest in the AIC Global Emerging Markets sector, at 0.82%) and taking deliberate action to limit the discount to NAV. During the period under consideration, the discount narrowed from 14.6% to 11.3%. While a 3.3% narrowing is not inconsiderable, the discount remains wider than we would like. We have the authority to repurchase up to 14.99% of the issued share capital each year in order to manage the discount, and in November 2023 we launched a buyback programme under which 637,175 shares (c. 0.7% of the total) were bought back into treasury between 13 November and 31 December. Since then, a further 458,056 shares have been repurchased, bringing the total bought back to date under the current programme to 1,095,231 (c. 1.2%). In addition, we have announced our intention to implement a tender offer for up to 15% of the issued share capital, expected to be at a 2% discount to the prevailing NAV. We expect the tender offer to conclude in the first quarter of 2024.

2023 AGM and final dividend

The Company held its Annual General Meeting ('AGM') on 7 December 2023, and I appreciate the shareholders' support and thank you for your approval of all resolutions presented at the meeting. A final dividend of $0.19 (15.27p) per Participating Preference Share (2022: $0.16) was approved by shareholders and paid on 15 December 2023.

Shareholders should note that the Board will review the final dividend payment later in the year based on dividend receipts from the companies held in the portfolio.

Board changes

Following the December 2023 AGM, Julian Healy, Chairman of the Audit Committee, announced his intention to step down from the Board for personal reasons. We wish him well and thank him for his significant contribution to the Company. On 17 January we announced the appointment to the Board of Mark Little, who replaces Julian both as a Director and as Chairman of the Audit and Risk Committee with immediate effect. Mark is a Chartered Accountant with extensive financial services experience in fund management, research and private banking, and has a strong understanding of compliance and regulation in the modern financial services world, as well as a successful track record as an investment company director. He will stand for election at the next AGM in December 2024.

Outlook
Although developed markets (particularly the US, driven by the 'magnificent seven' major technology stocks) once again performed better than emerging markets in 2023, we continue to believe there are compelling reasons to consider a long-term allocation to emerging markets. In contrast with many Western economies, emerging nations largely did not undertake massive fiscal support programmes during the Covid pandemic, and as such they have not been subject to the same inflationary pressures as restrictions have eased. Away from China, and as noted above, the trend towards deglobalisation and the relocation of manufacturing capacity is boosting markets from India to Vietnam to Mexico. All of these factors are positive for potential investment returns from emerging markets, with the added bonus that (with the notable exception of some areas of the Indian stock market) valuations generally look very favourable compared with developed markets. Furthermore, the global push towards a lower-carbon future provides a tailwind for commodity prices, which should benefit developing nations across the EMEA and Latin America regions which are rich in natural resources.

With an improving trend of performance, solid action to manage the discount, continued efforts to raise your Company's profile and decent prospects for investment returns in an arena that boasts significant hidden value, your Board and I are hopeful that the remainder of the financial year will build further on the progress the Company has achieved over the last year.

Heather Manners
Chairman
11 March 2024

Investment Manager's Half Year Review

Macroeconomic Review

Emerging markets rose over the second half of 2023, closing out the first calendar year of positive performance for the index since 2020. Sentiment oscillated over the period as emerging markets continued to grapple with tighter monetary policy and continued weakness in China. Markets declined from the end of the summer, with October another weak month as rising government bond yields dented risk appetite. The market then rebounded significantly in November as the dollar pulled back and bond yields came down, and it appeared that the Fed was reaching the end of its rate tightening cycle, with this rally continuing into December.

Performance across regions was mixed. Latin America rallied significantly as interest rates came down, most notably in Brazil. Emerging Asia was weaker, largely due to the underwhelming recovery in China, although this was somewhat offset by strength in India as the country benefited from higher spending in advance of an election year and improving consumer confidence. Several emerging European markets also rallied following a market-friendly election result in Poland and interest-rate cuts both there and in Hungary.

We also saw dispersion between sectors. Technology stocks continued to perform well, enjoying the tailwind from the improved outlook for AI-related demand, while energy stocks also rallied in a relatively high oil price environment. Returns across other sectors were more varied, with the communication services and real estate sectors impacted by weakness in China. The US dollar was broadly flat, rallying through the late summer, and then falling back as the outlook for interest-rate rises moderated.

Portfolio performance for the six months to 31 December 2023

Over the six-month period ending 31 December 2023, the net asset value ("NAV") total return of Fidelity Emerging Markets Limited was 3.2% (net of fees, in GBP terms), while the share price rose by 7.5%. This was relative to a 4.4% increase for the benchmark index (all figures are stated on a total return basis, in GBP terms).

The portfolio's small underperformance relative to the index over the last six months of the year followed a strong first half of the year, which meant the portfolio outperformed the index over the calendar year in aggregate. While the long book detracted overall, the short book performed well, and added over 100bps to relative returns over the six-month period.

Weakness in the second half of the year was largely due to the continued derating of the high-quality Chinese consumer names we hold. This was despite our underweight exposure to China (which we view as China and Hong Kong combined). Although this underweight positioning helped, our positioning in the country detracted overall as many of the Hong Kong listed names that we hold sold off much more than the broader market as foreign investors looked to exit the region.

There was marked dispersion among consumer companies, however, and some of the strong performers over the period included consumer discretionary names outside of China, for example in India and Poland. Consumer names accounted for half of both the top ten contributors and detractors, emphasising just how much variation there was within the sector. The portfolio's underweight exposure to the communication services sector also helped us as the industry came under pressure from new regulations on Chinese gaming companies. There was also a contribution from Russia as we took steps to reduce exposure when liquidity was offered up (see page 14).

Top five contributors and detractors, six months ending 31 December 2023

Order	Security	Sector	Relative (%)	Actual CRR (bps)
Top 5				
1	MakeMyTrip Limited	Consumer Discretionary	1.56	73
2	Short position	Information Technology	-0.36	66
3	Tencent Holdings Ltd	Communication Services	-3.97	65
4	Kaspi.KZ JSC	Financials	4.84	64
5	Short position	Consumer Discretionary	-0.33	62
Bottom 5				
1	Li Ning Co Ltd	Consumer Discretionary	1.64	-138
2	China Mengniu Dairy Co	Consumer Staples	2.89	-126
3	First Quantum Minerals Ltd	Materials	1.40	-90
4	AIA Group Ltd	Financials	3.36	-80
5	PDD Holdings Inc	Consumer Discretionary	-0.89	-61

Source: Fidelity International, 31 December 2023.

High-quality Chinese consumer stocks derate
A persistent feature of the last six months has been continued weakness in Chinese consumption as the economic reopening remains lacklustre and the property market continues to come under pressure, which has significant implications for consumer confidence. The portfolio's weakest performers over the period were largely China positions, with sportswear company Li Ning and dairy company China Mengniu among the most significant detractors. There is no doubt that the consumer environment has been weaker than expected against the soft economic backdrop. However, it is important to say that these moves can primarily be attributed to multiple compression, as opposed to disappointing results. Many of these names are also blue-chip H-shares with high foreign ownership that have suffered from international shareholders exiting the region.

Stock specific weakness in the materials sector
One of the weaker performers over the period was the Canada listed copper miner First Quantum Minerals, which sold off after the closure of its Cobre mine in Panama, due to a contested government contract. Although we believe that the expropriation of the mine without full compensation is unlikely, we are closely monitoring the situation and have trimmed the portfolio's exposure to the company.

Dispersion among financials holdings
The performance of the portfolio's financials positions was mixed. The weakest performer was Hong Kong listed insurer AIA Group, which sold off as investors looked to reduce exposure to China, and in particular high-quality H shares. We are of the view that this is largely sentiment driven, as AIA has had a strong year, with upgrades to premiums

Investment Manager's Half Year Review continued

earned and a rising value of new business. India's largest private sector bank, HDFC Bank, also declined due to some short-term concerns about its recent merger, although it performed better towards the tail-end of the year following a strong showing for the incumbent party at the local elections in India.

More positive was the performance of Kazakhstan's ecommerce and payments platform Kaspi, which has continued to deliver very strong earnings growth, and has kept paying out dividends and buying back shares. Russia's TCS Group, a provider of online retail financial services, also contributed after we partially exited the position in Q4.

A positive six months for the short book

It was a strong period for the short book. This was in part due to the market backdrop during the first part of the period, with several highly shorted stocks unwinding after an unprecedented squeeze in June and July. However, strong stock picking was also in evidence, with short positions accounting for two of the portfolio's top five contributors to performance, a notable achievement given that short positions are capped at 100bps.

The best performer was a US-listed Indian technology company that carried out an unsuccessful equity raise and later filed for bankruptcy. A short position in a Latin America-based retailer also performed well after it carried out a failed rights issue and continued to lose market share. The rallying market at the end of Q4 created a less favourable environment for shorting and meant that two short positions in Asian technology businesses detracted as they rose with the broader market.

Consumer discretionary names outside China rally

As inflation moderates and rates come down, the backdrop for the consumer has improved in many emerging economies. Several consumer holdings outside of China performed well over the period, with Indian online travel agency MakeMyTrip a particularly strong performer, after it posted strong results and benefited from a recovery in international travel. We think that the travel industry in India has huge scope for growth, and that MakeMyTrip, as the dominant operator in the market, should be a direct beneficiary of this. Polish auto components distributor Auto Partner also did well after demonstrating continually strong monthly sales data pointing to market share gains. Russia's Detsky Mir, a children's retailer, also contributed after we exited the position in the latter half of the year (see later).*

Portfolio positioning as of 31 December 2023

In the long book we continue to look for well capitalised businesses with under-levered balance sheets. We are conservatively positioned, meaning that the companies we own should be better prepared for what could remain a challenging environment. Although the long book remains quality focused, a deliberate, continued search for value (without compromising on quality) has remained central to our thinking.

Looking to the portfolio's extended toolkit, the ability to venture further down the market cap spectrum remains vital, allowing us to gain exposure to companies benefiting from excellent structural growth drivers, including those in smaller, frontier markets such as Kazakhstan and Vietnam.

When identifying ideas for the short book, we continue to make use of our excellent research team to identify companies with characteristics such as poor corporate governance, weak balance sheets, or deteriorating competitive positions.

Regional positioning

Positioning changes in China have continued to centre around stocks that have clear programs of cash returning to shareholders, generally via share buybacks. This demonstrates a clear alignment of interest with shareholders, and it means we have a buyer of equity in the market in the absence of buyers of Chinese equity.

The derating in Chinese stocks has largely been driven by multiple compression rather than earnings downgrades and has been much more extreme in H shares given their high foreign ownership. We do see significant value in the China market, and a growing prevalence of companies that are returning capital to shareholders. China Mengniu Dairy, Zhongsheng Group, Vipshop and AIA Group are just some examples of companies with progressive buyback policies that are trading on very attractive valuations given weak sentiment towards the Chinese market.

We do, however, remain conscious of the more muted backdrop for the consumer. It is likely that China's property market will not be the strong driver of economic growth that it has been in the past, which has a knock-on effect on consumer confidence. With an eye on managing risk and country level exposures, we have looked to reduce our aggregate position in the country (which we view as China and Hong Kong combined). As part of this we have a basket of short positions in indebted, privately owned Chinese real estate developers, which is paired against a position in a leading state-owned developer that stands to gain as its private peers exit the market.

We see a multitude of opportunities beyond China, too. India is a strong long-term structural growth story and there are also several near-term tailwinds. Following an extended period of underinvestment, the country will benefit from the current capex cycle, and could also see an uptick in activity as some international companies move their manufacturing operations from China to India. Exposure to the Indian market is predominantly via financials, given that these trade on more attractive valuations than the broader market, but there are also positions in companies across IT services, online travel, motorcycles, and private security.

While the portfolio has an underweight exposure to South Korea and Taiwan, we retain our core positions in semiconductor and memory names, where there has been disciplined profit taking following the significant market rally last year. Despite this bout of strong performance, these names trade on very cheap multiples relative to their developed market peers.

We increased exposure to Latin America over the period. We have a positive view on Mexico, which has a positive macroeconomic backdrop and is set to benefit from the nascent trend of nearshoring as the US looks to shift its supply chains closer to its own borders. The macro environment in Brazil is also very strong, with a trade balance that is close to the highest level in two decades. With inflation under control and interest rates coming down,

Investment Manager's Half Year Review continued

we expect a positive tailwind for consumers and corporates over the next year. The Latin America exposure is broad-based and spans banks, retailers, airlines, transportation businesses, and miners, among others.

Sector positioning

Financials remains the largest sector overweight for the portfolio. A significant portion of this exposure is not interest-rate sensitive, and we have looked to add exposure to banks that are beneficiaries of falling rates – including those that should benefit from improving loan growth or investment banking activity as interest rates come down. Here, our ability to look for ideas across a broad investable universe and examine underexplored areas of the market is important, with names such as Kazakhstan's ecommerce and payments platform Kaspi and Brazilian challenger bank Nu Holdings being two examples of stocks that were unearthed through our intense, bottom-up research process.

The portfolio also has an overweight exposure to consumer companies, which is well diversified across markets. Although the consumer recovery in China has certainly been weaker than expected, we are seeing green shoots across other markets as inflation moderates and interest rates come down. The Chinese consumer names we hold include internet platforms, and those operating in the luggage and sportswear markets, and are all companies that are returning capital to shareholders. Beyond China, our exposure includes Latin American retailers, Indian travel and motorcycle businesses, and discount food retailers in emerging Europe and South Africa. There are also several short positions in companies across markets that are exposed to competitive threats or have broken balance sheets, including retailers and electric vehicle makers.

Outlook

Interest rates are coming down across emerging markets...

Although emerging markets continued to underperform developed markets over 2023, with weakness in China explaining part of this, the discount at which emerging markets are trading relative to both history and developed markets remains at odds with the improving fundamental picture – particularly given the improving backdrop for inflation and interest rates. Emerging market central banks have been some of the most proactive in the world, with Brazil the poster child of this trend, as both inflation and interest rates in the country come down. We see a similar picture in other emerging economies, with Chile, Poland and Hungary having all cut rates, and other countries set to follow.

...Although rates will likely remain higher over the long term

Falling interest rates should provide a measure of support for longer-duration growth assets over 2024. However, rates will likely remain more elevated than they have been over the past 15 years – which continues to underpin our view that some form of value exposure has a continued role to play in actively managed portfolios. In an environment where structurally higher inflation continues to challenge the outlook for growth, evidence of companies returning cash to shareholders also remains vital. One key aspect of the portfolio's enhanced toolkit is the ability to short companies, and in a higher interest-rate environment this has the potential to offer a particularly good source of alpha, as the unsustainable debt levels of many companies come into focus, and they pay the price of carrying too much leverage.

Weakness in China, but signs of shareholder-friendly activity

As the largest single constituent of the emerging market universe, China plays a significant role in determining the outlook for the asset class in 2024. There remains marked weakness in the Chinese property market, which has implications for both consumer confidence and commodity demand. In an environment where growth is likely to be weaker than it has been historically, and where demographics are worsening as the population ages, evidence that companies are returning capital to shareholders is critical. Valuations are attractive and the extent of the derating, especially in H shares, means there is potential for a rebound, although what the catalyst will be and exactly when it will emerge is unclear.

A diverse opportunity set, with dispersion apparent

Elsewhere, we see pockets of the market overlooked, while dispersion is very broad, as valuations differ significantly across regions. This throws up some interesting opportunities and offers the potential to unlock attractive shareholder returns in the year ahead. 2024 will be a busy election year for emerging markets, with polls due in India, South Africa, Mexico, and Taiwan, among many other countries. These are the types of events we continue to scrutinise closely, drawing on external strategists to help us make sense of the elevated unpredictability we see in markets.

While valuations have derated significantly, as the rally throughout November and December showed, bouts of stronger performance can result in rapid re-rating, underlining the importance of active management and disciplined position size management. Given the derating in Chinese H shares, the extent of any market move in this area could be significant, for example.

The emerging market universe still presents compelling opportunities and the relative attractiveness of emerging market valuations compared to developed markets, particularly the US market, is clear. However, discipline is critical, as not all markets and not all sectors and regions are (or will remain) cheap, making an active approach vital.

Strong fundamentals and attractive valuations

The macroeconomic backdrop is uncertain, and it remains to be seen whether the US will achieve a soft landing or when consumer confidence in China will start to recover – two factors that will have a significant influence on the outlook for emerging markets in 2024. Nonetheless, falling interest rates will act as a tailwind for companies and consumers, and should also create a shift in mindset as investors retreat from safe-haven assets and start to consider opportunity costs, looking at the value on offer in markets, including in risk assets such as emerging market equities.

Investment Manager's Half Year Review continued

A go-anywhere approach to emerging markets

The extent of the derating within emerging markets over the last few years means that there are many high-quality names trading at very attractive valuations. In the portfolio's long book, we continue to look for companies that should be better prepared for what could remain a challenging environment. We are also focused on putting to work the portfolio's extended toolkit, scouring the entire breadth of the market cap spectrum for ideas, and making use of our excellent team of global research analysts to identify candidates for the short book – taking a truly 'go anywhere' approach to ensure we maximise our ability to profit from businesses of all kinds.

Nick Price
Chris Tennant
Portfolio Managers
11 March 2024

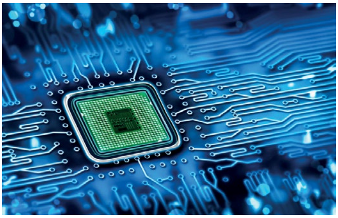
In 2023 we transacted in the shares of two Russian companies, **TCS Group Holdings** and **Detsky Mir**. The contribution from these stocks reflects the realisation of value. In November 2022 Detsky Mir announced that it intended to convert its business into a private company. Subsequently we were informed we were entitled to sell their Detsky Mir shares under a voluntary tender offer. Fidelity elected to participate in the tender offer. The funds were then automatically converted by the custodian and repatriated into the portfolio. In December 2023 we partially sold shares in a Russian company, **TCS Group Holdings**. These decisions were made with the view to protecting the interests of our shareholders, and after close consultation with internal Fidelity teams, we concluded that it would be in the best interest of shareholders to transact.

Spotlight on the Top 5 Holdings

as at 31 December 2023

The top five holdings comprise 28.7% of the Company's Net Assets.

Industry: Information Technology
Country: Taiwan



Taiwan Semiconductor Manufacturing

% of Net Assets	10.4%

TSMC is a 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	5.1%

HDFC Bank is India's largest private bank with a vast banking network spanning over 7,800 branches and almost 20,000 ATMs, 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, while management has consistently delivered growth without compromising on asset quality. HDFC has 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: Information Technology
Country: South Korea

Samsung Electronics

% of Net Assets **4.8%**

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: Financials
Country: Kazakhstan

Kaspi.KZ

% of Net Assets **4.7%**

Kaspi 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.

Industry: Financials
Country: India

Axis Bank

% of Net Assets **3.7%**

Axis Bank is the third largest private sector bank in India. It caters to large companies, small and medium size enterprises, the agricultural sector, and a retail customer base. It has a significant footprint of 5,000 domestic branches spread across the country. The company's return on assets has improved over time and has moved closer to competitors such as HDFC Bank, despite the fact that is still trades at a discount to its peers. Like the other private sector Indian bans, Axis Bank has a very large future growth opportunity as retail credit penetration increases, with branch expansion and market share gains expected to underpin growth in the years ahead.

Twenty Largest Investments

as at 31 December 2023

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
Taiwan Semiconductor Manufacturing (shares and long CFD) Information Technology	83,264	10.4	67,435
HDFC Bank Financials	40,982	5.1	40,982
Samsung Electronics (shares and long CFD) Information Technology	38,366	4.8	9,842
Kaspi.KZ Financials	37,909	4.7	37,909
Axis Bank (shares and long CFD) Financials	29,511	3.7	5,776
NU Holdings (long CFD) Financials	28,133	3.4	(408)
ICICI Bank (shares and long CFD) Financials	27,055	3.4	6,233
AIA Group (shares, option and long CFD) Financials	26,971	3.4	5,515
Bank Central Asia Financials	25,393	3.2	25,393
Naspers Consumer Discretionary	25,332	3.2	25,332
Grupo Mexico (long CFD) Materials	24,357	3.1	1,718
Samsonite International (shares and long CFD) Consumer Discretionary	20,725	2.6	10,566
MakeMyTrip (long CFD) Consumer Discretionary	20,616	2.6	18
China Mengniu Dairy (shares and long CFD) Consumer Staples	20,305	2.5	1,723

Twenty Largest Investments continued

	Asset Exposure $'000	Asset Exposure %[1]	Fair value $'000
AlKhorayef Water & Power Technologies Utilities	19,748	2.5	19,748
SK Hynix (long CFD) Information Technology	16,289	2.0	1,550
Grupo Aeroportuario del Pacifico Industrials	15,400	1.9	15,400
National Bank of Greece Financials	15,359	1.9	15,359
Banco BTG Pactual Financials	15,151	1.9	15,151
Auto Partner Consumer Discretionary	14,419	1.8	14,419
Twenty largest long exposures	**545,285**	**68.1**	**319,661**
Other long exposures	580,245	72.4	452,982
Total long exposures before long futures and hedges	**1,125,530**	**140.5**	**772,643**
Add: long future contracts			
Hang Seng China Enterprises Index	24,049	3.0	429
Total long futures contracts	**24,049**	**3.0**	**429**
Less: hedging exposures			
MSCI Emerging Markets Index (future contract)	(145,390)	(18.2)	(6,414)
Total hedging exposures	**(145,390)**	**(18.2)**	**(6,414)**
Total long exposures after the netting of hedges	**1,004,189**	**125.3**	**766,658**
Short exposures			
Short CFDs	203,570	25.4	(5,776)
Short futures	9,605	1.2	(377)
Short options	2,810	0.4	(173)
Total short exposures	**215,985**	**27.0**	**(6,326)**
Gross Asset Exposure[2]	**1,220,174**	**152.3**	
Portfolio Fair Value[3]			**760,332**
Net current assets (excluding derivative assets and liabilities)			40,568
Total Shareholders' Funds/Net Assets			**800,900**

1 Asset Exposure (as defined in the Glossary of Terms on page 39) expressed as a percentage of Net Assets.

2 Gross Asset Exposure comprises market exposure to investments of $768,579,000 plus market exposure to derivative instruments of $451,595,000.

3 Portfolio Fair Value comprises investments of $768,579,000 plus derivative assets of $12,766,000 less derivative liabilities of $21,013,000 (per the Statement of Financial Position on page 25).

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; changing investor sentiment; cybercrime and information security risk; discount to net asset value (NAV) risk; lack of market liquidity risk; business continuity and event management risk; gearing risk; foreign currency exposure risk; environmental, social and governance (ESG) risk and key person risk. Full details of these risks and how they are managed are set out on pages 23 to 25 of the Company's Annual Report for the year ended 30 June 2023 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.

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. 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 37.

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 continued evolving variants of COVID 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 year 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 during the ongoing pandemic.

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

11 March 2024

Statement of Comprehensive Income

for the six months ended 31 December 2023

		Six months ended 31 December 2023 unaudited			Year ended 30 June 2023 audited			Six months ended 31 December 2022 unaudited		
	Note	**Revenue $'000**	**Capital $'000**	**Total $'000**	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Revenue										
Investment income	4	**9,449**	**–**	**9,449**	22,272	–	22,272	8,476	–	8,476
Derivative income	4	**7,656**	**–**	**7,656**	17,709	–	17,709	7,653	–	7,653
Other income	4	**596**	**–**	**596**	620	–	620	344	–	344
Total Income		**17,701**	**–**	**17,701**	40,601	–	40,601	16,473	–	16,473
Net gains/(losses) on financial assets at fair value through profit or loss[1]		**–**	**39,483**	**39,483**	–	36,553	36,553	–	(2,843)	(2,843)
Net losses on derivative instruments		**–**	**(15,667)**	**(15,667)**	–	(37,809)	(37,809)	–	(34,477)	(34,477)
Net foreign exchange losses		**–**	**(522)**	**(522)**	–	(933)	(933)	–	(686)	(686)
Total income and gains/(losses)		**17,701**	**23,294**	**40,995**	40,601	(2,189)	38,412	16,473	(38,006)	(21,533)
Expenses										
Management fees	5	**(469)**	**(1,875)**	**(2,344)**	(923)	(3,690)	(4,613)	(452)	(1,810)	(2,262)
Other expenses[1]		**(860)**	**–**	**(860)**	(1,619)	–	(1,619)	(910)	–	(910)
Profit/(loss) before finance costs and taxation		**16,372**	**21,419**	**37,791**	38,059	(5,879)	32,180	15,111	(39,816)	(24,705)
Finance costs	6	**(10,201)**	**–**	**(10,201)**	(15,653)	–	(15,653)	(6,443)	–	(6,443)
Profit/(loss) before taxation		**6,171**	**21,419**	**27,590**	22,406	(5,879)	16,527	8,668	(39,816)	(31,148)
Taxation		**(1,022)**	**(270)**	**(1,292)**	(2,622)	644	(1,978)	(724)	(797)	(1,521)
Profit/(loss) after taxation for the period attributable to Participating Preference Shares		**5,149**	**21,149**	**26,298**	19,784	(5,235)	14,549	7,944	(40,613)	(32,669)
Earnings/(loss) per Participating Preference Share (basic and diluted)	7	**$0.06**	**$0.23**	**$0.29**	$0.22	($0.06)	$0.16	$0.09	($0.45)	($0.36)

1 Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation in the annual financial statements for the year ended 30 June 2023 to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior accounting periods such directly associated transaction costs were included under 'Other expenses'. The presentation of directly associated transaction costs was consistently applied for both for the current period and comparative reporting periods. This was applied in order to align with best market practice as relevant for investment companies.

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.

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 2023

	Note	Share premium account $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Six months ended 31 December 2023 (unaudited)					
Total equity at 30 June 2023		**6,291**	**735,860**	**54,583**	**796,734**
Profit after taxation for the period		**–**	**21,149**	**5,149**	**26,298**
Repurchase of Participating Preference Shares	9	**–**	**(4,827)**	**–**	**(4,827)**
Dividend paid to shareholders	8	**–**	**–**	**(17,305)**	**(17,305)**
Total equity at 31 December 2023		**6,291**	**752,182**	**42,427**	**800,900**
Year ended 30 June 2023 (audited)					
Total equity at 30 June 2022		6,291	741,095	49,375	796,761
(Loss)/profit after taxation for the year		–	(5,235)	19,784	14,549
Dividend paid to shareholders	8	–	–	(14,576)	(14,576)
Total equity at 30 June 2023		6,291	735,860	54,583	796,734
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

Statement of Financial Position

as at 31 December 2023

	Note	**31 December 2023 unaudited $'000**	30 June 2023 audited $'000	31 December 2022 unaudited $'000
Non-current assets				
Financial assets at fair value through profit and loss	10	**768,579**	778,608	720,229
Current assets				
Derivative assets	10	**12,766**	9,468	10,736
Amounts held at futures clearing houses and brokers		**28,400**	18,210	23,308
Other receivables		**1,989**	6,480	2,697
Cash at bank		**16,435**	18,057	14,277
		59,590	52,215	51,018
Current liabilities				
Derivative liabilities	10	**21,013**	12,847	13,709
Other payables		**6,256**	21,242	8,022
		27,269	34,089	21,731
Net current assets		**32,321**	18,126	29,287
Net assets		**800,900**	796,734	749,516
Equity				
Share premium account		**6,291**	6,291	6,291
Capital reserve		**752,182**	735,860	700,482
Revenue reserve		**42,427**	54,583	42,743
Total Equity Shareholders' Funds		**800,900**	796,734	749,516
Net asset value per Particpating Preference Share	11	**$8.85**	$8.75	$8.23

Statement of Cash Flows

for the six months ended 31 December 2023

	Six months ended 31 December 2023 unaudited $'000	Year ended 30 June 2023 audited $'000	Six months ended 31 December 2022 unaudited $'000
Operating activities			
Cash inflow from investment income	**13,179**	24,214	12,298
Cash inflow from derivative income	**3,890**	6,184	2,560
Cash inflow from other income	**20**	33	–
Cash outflow from taxation paid	**(1,022)**	(1,063)	(724)
Cash outflow from the purchase of investments[1]	**(242,310)**	(928,894)	(570,158)
Cash inflow from the sale of investments[1]	**276,557**	930,627	576,904
Cash outflow from net proceeds from settlement of derivatives	**(5,742)**	(4,819)	(5,401)
Cash outflow from amounts held at futures clearing houses and brokers	**(10,190)**	(6,309)	(11,407)
Cash outflow from bank charges	**–**	–	(80)
Cash outflow from operating expenses[1]	**(3,231)**	(5,150)	(2,641)
Net cash inflow from operating activities	**31,151**	14,823	1,351
Financing activities			
Cash outflow from CFD interest paid	**(8,599)**	(10,111)	(3,061)
Cash outflow from short CFD dividends paid	**(1,539)**	(5,564)	(3,169)
Cash outflow from dividends paid to shareholders	**(17,305)**	(14,576)	(14,576)
Cash outflow from repurchase of Participating Preference Shares	**(4,808)**	–	–
Net cash outflow from financing activities	**(32,251)**	(30,251)	(20,806)
Net decrease in cash at bank	**(1,100)**	(15,428)	(19,455)
Cash at bank at the start of the period	**18,057**	34,418	34,418
Effect of foreign exchange movements	**(522)**	(933)	(686)
Cash at bank at the end of the period	**16,435**	18,057	14,277

1 Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation in the annual financial statements for the year ended 30 June 2023 to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior accounting periods such directly associated transaction costs were included under 'Other expenses'. The presentation of directly associated transaction costs was consistently applied for both for the current period and comparative reporting periods. This was applied in order to align with best market practice as relevant for investment companies.

Notes to the Financial Statements

for the six months ended 31 December 2023

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 Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ, 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 2023 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 period ended 31 December 2023 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 2023, 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 at least twelve months from the date of approval of these financial statements. In making their assessment the Directors have reviewed the income and expense projections, the liquidity of the investment portfolio, stress testing performed and considered the Company's ability to meet liabilities as they fall due. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Notes to the Financial Statements continued

4. Income

	Six months ended 31 December 2023 unaudited $'000	Year ended 30 June 2023 audited $'000	Six months ended 31 December 2022 unaudited $'000
Investment income			
UK dividends	**325**	798	542
Overseas dividends	**9,109**	21,474	7,934
UK and overseas scrip dividends	**15**	–	–
	9,449	22,272	8,476
Derivative income			
Dividends received on long CFDs	**2,325**	5,220	1,774
Interest received on CFDs	**1,014**	1,414	519
Option income	**4,317**	11,075	5,360
	7,656	17,709	7,653
Other income			
Interest income from cash and cash equivalents and collateral	**576**	587	344
Fee rebate	**20**	33	–
	596	620	344
Total income	**17,701**	40,601	16,473

5. Management Fees

	Revenue $'000	Capital $'000	Total $'000
Six months ended 31 December 2023 (unaudited)			
Management fees	**469**	**1,875**	**2,344**
Year ended 30 June 2023 (audited)			
Management fees	923	3,690	4,613
Six months ended 31 December 2022 (unaudited)			
Management fees	452	1,810	2,262

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.

Management fees incurred by collective investment schemes or investment companies managed or advised by the Investment Manager are reimbursed.

Notes to the Financial Statements continued

6. Finance Costs

	Revenue $'000	Capital $'000	Total $'000
Six months ended 31 December 2023 (unaudited)			
Dividends paid on short CFDs	**1,517**	**–**	**1,517**
Interest paid on CFDs	**8,684**	**–**	**8,684**
	10,201	**–**	**10,201**
Year ended 30 June 2023 (audited)			
Dividends paid on short CFDs	5,270	–	5,270
Interest paid on CFDs	10,383	–	10,383
	15,653	–	15,653
Six months ended 31 December 2022 (unaudited)			
Bank charges	80	–	80
Dividends paid on short CFDs	2,979	–	2,979
Interest paid on CFDs	3,384	–	3,384
	6,443	–	6,443

7. Earnings/(Loss) per Participating Preference Share

	Six months ended 31 December 2023 unaudited $'000	Year ended 30 June 2023 audited $'000	Six months ended 31 December 2022 unaudited $'000
Revenue earnings per Participating Preference Share	**$0.06**	$0.22	$0.09
Capital earnings/(loss) per Participating Preference Share	**$0.23**	$(0.06)	$(0.45)
Total earnings/(loss) per Participating Preference Share – basic and diluted	**$0.29**	$0.16	$(0.36)

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 2023 unaudited $'000	Year ended 30 June 2023 audited $'000	Six months ended 31 December 2022 unaudited $'000
Revenue profit after taxation for the period	**5,149**	19,784	7,944
Capital profit/(loss) after taxation for the period	**21,149**	(5,235)	(40,613)
Total profit/(loss) after taxation for the period attributable to Participating Preference Shares	**26,298**	14,549	(32,669)

	Number	**Number**	**Number**
Weighted average number of Participating Preference Shares in issue	**90,985,735**	91,100,066	91,100,066

8. Dividend Paid to Shareholders

	Six months ended 31 December 2023 Unaudited $'000	Year ended 30 June 2023 audited $'000	Six months ended 31 December 2022 unaudited $'000
Dividend Paid			
Dividend of 19.00 cents pence per ordinary share paid for the year ended 30 June 2023	**17,305**	–	–
Dividend of 16.00 cents pence per ordinary share paid for the year ended 30 June 2022	**–**	14,576	14,576

No dividend has been declared in respect of the six months ended 31 December 2023 (six months ended 31 December 2022: none).

Notes to the Financial Statements continued

9. Share Capital

	31 December 2023 Number of shares	30 June 2023 Number of shares	31 December 2022 Number of shares
Authorised			
Founder shares of no par value	**1,000**	1,000	1,000
Issued			
Participating Preference Shares held outside Treasury			
Beginning of the period	**91,100,066**	91,100,066	91,100,066
Participating Preference Shares repurchased into Treasury	**(637,175)**	–	–
End of the period	**90,462,891**	91,100,066	91,100,066
Participating Preference Shares held in Treasury*			
Beginning of the period	**–**	–	–
Participating Preference Shares repurchased into Treasury	**637,175**	–	–
End of the year period	**637,175**	–	–
Total Participating Preference Shares including held in Treasury	**91,100,066**	91,100,066	91,100,066

* The ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

The Board of Directors is mindful that the Company's shares have traded at a discount to NAV for some time, and frequently deliberates appropriate discount control mechanisms to address the imbalance between the demand and supply of the Company's shares. In recognition of this, on 13 November 2023, the Company implemented a share buyback programme to repurchase up to 14.99% of issued share capital, which was renewed at the Annual General Meeting on 7 December 2023. The Board intends to continue using its buyback programme to address the discount to NAV with the ambition that it may ultimately be maintained in single digits in normal market conditions on a sustainable basis.

9. Share Capital continued

The costs associated with the repurchase of the shares of $4,827,000 were charged to the capital reserve for the period ended 31 December 2023.

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

Founder Shares

All of the Founder Shares were issued on 6 June 1989. 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.

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

Notes to the Financial Statements continued

10. Fair Value Hierarchy 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 table below sets out the Company's fair value hierarchy:

31 December 2023 (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	760,349	–	810	761,159
Equity linked notes	–	2,334	–	2,334
Investee funds	–	–	5,086	5,086
Derivative instrument assets – Futures contracts	429	–	–	429
Derivative instrument assets – CFDs	–	12,337	–	12,337
	760,778	14,671	5,896	781,345
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities – Futures contracts	6,791	–	–	6,791
Derivative instrument liabilities – Options	200	42	–	242
Derivative instrument liabilities – CFDs	–	13,980	–	13,980
	6,991	14,022	–	21,013

10. Fair Value Hierarchy continued

30 June 2023 (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	751,117	–	1,009	752,126
Equity linked notes	–	17,433	–	17,433
Investee funds	–	3,943	5,106	9,049
Derivative instrument assets – Futures contracts	849	–	–	849
Derivative instrument assets – Options	13	241	–	254
Derivative instrument assets – CFDs	–	8,365	–	8,365
	751,979	29,982	6,115	788,076
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities – Options	1,516	425	–	1,941
Derivative instrument liabilities – CFDs	–	10,906	–	10,906
	1,516	11,331	–	12,847

31 December 2022 (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	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
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 2023: two Investee Fund holdings, six months ended 31 December 2022: two Investee Funds holdings). Eleven holdings (year ended 30 June 2023: nine holdings and six month ended 31 December 2022: ten 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 users of this report.

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 2023, year ended 30 June 2023 and for the six months ended 31 December 2022:

Movements in level 3 investments during the period/year	**31 December 2023 unaudited $'000**	30 June 2023 audited $'000	31 December 2022 unaudited $'000
Opening balance	**6,115**	5,809	5,809
Sales	**(4,178)**	(4,045)	(415)
Transfers into level 3	**–**	1,009	–
Realised (losses)/gains	**(8,900)**	3,112	302
Net change in unrealised gains	**12,859**	230	100
Closing balance	**5,896**	6,115	5,796

During the period the Company participated in a tender offer which was being undertaken in Detsky Mir's restructuring from being a public listed company to a private company. The Company's application was successful and it received proceeds of RUB 300.5 million, (approx. $3.1 million based on exchange rates at that time).

The Company's retained holdings in Russian entities have been written down to $Nil.

11. Net Asset Value per Participating Preference Share

	31 December 2023 unaudited	30 June 2023 audited	31 December 2022 unaudited
Net assets	**$800,900,000**	$796,734,000	$749,516,000
Participating Preference Shares in issue	**90,462,891**	91,100,066	91,100,066
Net Asset Value per Participating Preference Share	**$8.85**	$8.75	$8.23

12. Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investment Management 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 $2,344,000 (year ended 30 June 2023: $4,613,000 and six months ended 31 December 2022: $2,262,000) were payable to the Manager. Amounts payable at the reporting date are included in other payables.

At the date of this report, the Board consisted of five non-executive Directors (as shown on page 38) 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 £50,000, the Chairman of the Audit Committee and Senior Independent Director receives an annual fee of £38,000 and a Director receives an annual fee of £36,000.

The following members of the Board hold Participating Preference Shares in the Company at the date of this report: Heather Manners 10,000 shares, Torsten Koster 15,000 shares, Dr Simon Colson 4,416 shares, Katherine Tsang nil shares and Mark Little* nil shares.

* Appointed 17 January 2024

Additional Information

Board of Directors
Heather Manners (Chairman)
Torsten Koster (Senior Independent Director)
Dr Simon Colson
Mark Little
Katherine Tsang

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Channel Islands

Website
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Alternative Investment Fund Manager
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Investment Manager and Company Secretary
FIL Investments International
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Lower Kingswood
Tadworth
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(Authorised and regulated by the United Kingdom's Financial Conduct Authority)

Administrator
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Independent Auditor
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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 Company uses the following Alternative Performance Measures which are all defined in this Glossary:

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

Glossary of Terms continued

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.

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.

Glossary of Terms continued

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 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
FIL Investments International.

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.

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

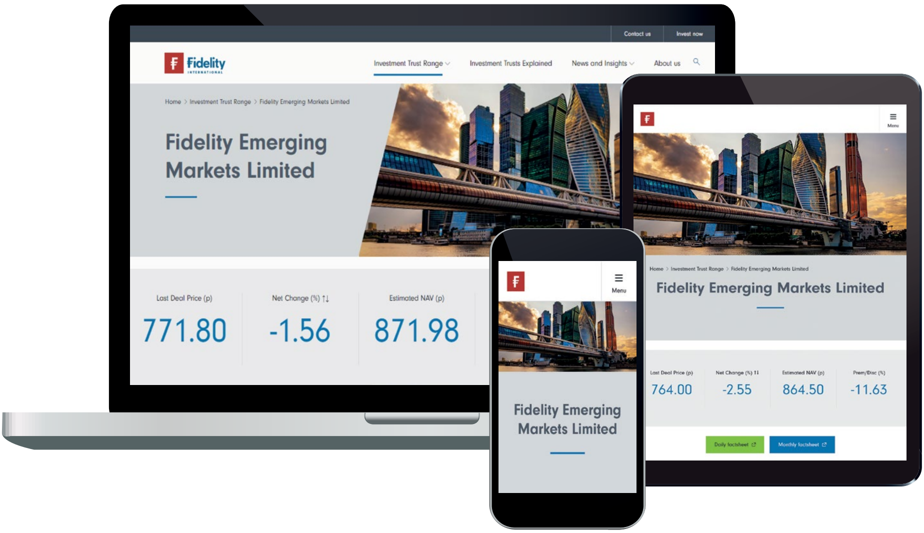
TOTAL ASSETS

Net Assets plus borrowings. The Company does not have any borrowings.

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.

For your notes



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