

## **Fidelity Asian Values PLC**

### **Half-Yearly results for the 6 months ended 31 January 2017**

#### **Financial Highlights:**

- Fidelity Asian Values PLC's NAV returned +10.2% (total return) over the six months to 31 January 2017
- The discount narrowed from 11.1% to 5.5% in the six months to 31 January 2017
- The share price total return was +17.2%, outperforming the Comparative Index by +6.9%

#### **Contacts**

##### **For further information, please contact:**

Natalia de Sousa - Company Secretary

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## Portfolio Manager's Half-Yearly Review

### Markets

Small-cap equities in the Asia Pacific ex Japan region generated positive returns over the six months to 31 January 2017, but underperformed the Asian regional large-cap index. I view quarterly returns as an ebb and flow of the market. As I invest over a three to five year investment horizon, I prefer not to look at short term market movements and speculate on what may have caused the underperformance.

My working assumption is that the world economy over the next five years will be bumpy at best. Hence, it is even more important to back winning businesses and buy them at valuations that leave sufficient margin for safety. It has never been easy to do this and it is definitely not getting any easier. It requires hard work to unearth successful businesses and patience before one makes money in them. I am ready for both. Additionally, the strength of our 52 Asian equity research analysts, including 4 designated small-cap analysts, will continue to provide us with an edge over the market when it comes to identifying attractive investment opportunities.

### Performance Review

Over the six month period ended 31 January 2017, the Company's net asset value ("NAV") very marginally underperformed the Asian regional large-cap index, but outperformed the small-cap index. The Company's NAV returned 10.2%, compared to a return of 10.3% for the MSCI All Countries Asia ex Japan Index (the Company's Comparative Index). During the same period, the Company's share price rose by 17.2%. All figures are in Sterling and on a total return basis.

	NAV per share (undiluted)	Comparative Index	Peer Group*
<b>Total Returns (%)</b>			
<b>Performance since Portfolio Manager appointment (1 April 2015)</b>			
<b>1 Year</b>	+43.0	+19.5	+23.8
<b>6 Months</b>	+42.9	+36.7	+31.7
	+10.2	+10.3	+8.8
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\* The Peer Group consists of the companies in the AIC Sector: Asia Pacific – excluding Japan

Sources: Fidelity and Morningstar. Performance is net of fees and all returns are in Sterling terms

### Portfolio Review

#### Five Key Contributors and Detractors

	Average Active Weight (%)	Gain/(Loss) (%)	Contribution to Relative Returns (%)
<b>Top five securities</b>			
Luen Thai Holdings	+0.6	+195.6	+0.9
SK Hynix	+1.2	+59.3	+0.5
Power Grid Corp of India	+3.8	+23.5	+0.5
Clinuvel Pharmaceuticals	+0.8	+79.0	+0.5
Gulf Marine Services	+0.5	+108.5	+0.3
<b>Total</b>			<b>+2.7</b>
	=====	=====	=====
<b>Bottom five securities</b>			
Samsung Electronics	-4.9	+31.5	-1.0

LT Group	+2.1	-16.0	-0.6
Alibaba Group	-3.1	+29.6	-0.5
Pou Sheng International	+0.6	-15.0	-0.3
Yowie Group	+0.5	-29.4	-0.3
<b>Total</b>			<b>-2.7</b>
	=====	=====	=====

Lack of exposure to large-cap stocks such as Samsung Electronics and Alibaba Group detracted the most from the Company's relative performance as technology stocks gained sharply. However, this helped the Company's holding in SK Hynix as higher DRAM (dynamic random access memory) prices due to tight demand/ supply conditions buoyed the South Korean memory chip maker's fourth quarter earnings.

High conviction holdings in LT Group and Pou Sheng International also detracted. Shares in LT Group declined amid concerns about a rise in excise taxes. However, the company, which owns the Marlboro brand in the Philippines, continues to benefit from secular consumption growth and a shift towards premium brands. Meanwhile, the holding in Chinese sportswear retailer Pou Sheng International declined following concerns around management changes over the accounting treatment of its December 2016 sales data. The company should continue to benefit from its strong brand portfolio including Nike, Adidas, Reebok and Puma, as well as from new store roll-outs.

Conversely, the position in Hong Kong-listed apparels and accessories manufacturer Luen Thai Holdings surged after receiving a takeover offer from state-owned Shangtex. The company's decision to dispose of its non-core businesses and factory properties was also well received by investors.

#### **Investment strategy**

I continue to manage the Company's portfolio from an absolute returns perspective. Each security is owned for what it can contribute to returns rather than on whether it is part of an index. I look for companies with strong competitive advantages and good management teams, and try to buy them at reasonable prices. The core to the investment philosophy is the idea that if we lose less money during market drawdowns, then we should be able to compound money at higher rates in the long term. The key to this is to avoid risky stocks. The Company avoids unproven business models, highly geared companies, cyclical businesses on peak margins and stocks trading on high earnings or cash flow multiples. Given that Asia has more than 17,500 listed companies, the opportunity to find hidden gems is immense.

I continued to find attractive long term investment opportunities across the region over the review period. As a result, the number of stocks in the portfolio increased from 155 at the end of July 2016 to 171 at the end of January 2017. However, there were no major changes to the portfolio's overall positioning at the country and sector levels, except for minor adjustments driven by stock-specific opportunities.

With regards to the use of gearing - as always, returns will be driven by stock picking and I will use gearing when I have more ideas than money. I have, therefore, not used gearing in any meaningful way so far.

#### **Outlook**

There is certainly no shortage of market commentators who will provide a soundbite as to where they believe global financial markets are heading over the coming months. I do not wish to make such predictions. As Warren Buffet often says, "Forecasts may tell you a great deal about the forecaster, they tell you nothing about the future."

I pay little attention to forecasts which are aired 24/7 on business channels. They do not help in making money. I feel our time is better spent understanding the businesses that I invest in. However, as I said at the start, I feel that it is difficult to say how the current unorthodox macro-economic policies as well as ongoing political changes will shape the world. Further, given the significant economic and political uncertainty currently present more widely across the globe, it is possible that there may even be a bear market in the coming two or three years (to be clear, I am not predicting a bear market; I am just not excluding the possibility of one). Hence, we have bought a significant amount of protection in terms of long dated out of the money put options. It is good to be fearful when others are greedy. However in my opinion, any kind of major pullback in the market, if it were to happen, would be an opportunity to accumulate more interesting

businesses, as long-term fundamentals of Asia are good with rising education levels and the potential for improved productivity which follows. As is often said, “You make your money in the bear market; you just realise the profits in a bull market”.

## **Nitin Bajaj**

Portfolio Manager

12 April 2017

## **Interim Management Report and Responsibility Statement**

### **Bonus issue of subscription shares**

At the Company's General Meeting held on 2 December 2016, shareholders approved the bonus issue of subscription shares on the basis of one subscription share for every five ordinary shares held by qualifying investors. Each subscription share gives the holder the right, but not the obligation, to subscribe for one ordinary share on the annual exercise dates. The subscription shares can be exercised annually in the 25 business days preceding the last business day in November this year, and in 2018 and 2019. The exercise price is equal to the published NAV of 366.88 pence per ordinary share on 2 December 2016 plus a premium of 1% if exercised this year (370.75 pence), a premium of 4% if exercised in 2018 (381.75 pence) and a premium of 7% (392.75 pence) if exercised in 2019, rounded up to the nearest quarter penny.

### **Share Repurchase and Treasury Shares**

Repurchases of ordinary shares are made at the discretion of the Board and within guidelines set by it from time to time and in light of prevailing market conditions. Shares will only be repurchased when it results in an enhancement to the NAV of the ordinary shares for the remaining shareholders. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury any ordinary shares repurchased by the Company, rather than cancelling them. Any shares held in Treasury would only be re-issued at NAV per share or at a premium to NAV per share.

During the six months to 31 January 2017, no ordinary shares were repurchased for cancellation or holding in Treasury and none have been repurchased since this date and as at the date of this report.

### **Principal risks and uncertainties**

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key risks faced by the Company. The Board believes that the principal risks and uncertainties faced by the Company continue to fall in the following categories: market risk; performance risk; discount control risk; gearing risk; derivatives risk; and currency risk. Other risks include tax and regulatory risks; and operational risks (service providers). Information on each of these risks can be found in the Strategic Report section of the Annual Report for the year ended 31 July 2016. A copy of the Annual Report can be found on the Company's pages of the Manager's website at [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com).

These risks and uncertainties have not materially changed during the six months to 31 January 2017 and are equally applicable to the remaining six months of the Company's financial year.

### **Transactions with the Manager and Related Parties**

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated the Company's portfolio management to FIL Investments International. The transactions with the Manager and related party transactions with the Directors are disclosed in Note 12.

### **Going concern**

The Directors have considered the Company's investment objective, policy and strategy and the Company's projected income and expenditure and that the portfolio of investments is considered to be mainly readily realizable securities. Therefore, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

Continuation votes are held every five years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2021.

By Order of the Board

**FIL Investments International**

12 April 2017

## Directors' Responsibility Statement

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard, FRS 104:Interim Financial Reporting; and
- b) the Interim Management Report, together with the Portfolio Manager's Half-Yearly Review, includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

The Half-Yearly Report has not been audited or reviewed by the Company's independent Auditor.

The Half-Yearly Report was approved by the Board on 12 April 2017 and the above responsibility statement was signed on its behalf by Kate Bolsover, Chairman.

## Twenty Largest Holdings

as at 31 January 2017

The Gross Asset Exposures shown below measure exposure to market price movements as a result of owning shares and derivative instruments. The Balance Sheet Value is the actual value of the portfolio. Where a contract for difference ("CFD") is held, the value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying share has moved.

	Gross Asset Exposure		Balance Sheet Value
	£'000	% <sup>1</sup>	£'000
<b>Long exposures – shares unless otherwise stated</b>			
<b>Power Grid Corp of India</b> Operator of the Indian national electricity grid	10,098	3.9	10,098
<b>Tisco Financial Group</b> Auto finance bank	7,522	2.9	7,522
<b>WPG Holdings</b> Semiconductor and core components distributor	5,892	2.3	5,892
<b>RHT Health Trust</b> Hospital operator in India	5,825	2.3	5,825
<b>Housing Development Finance</b> Provider of housing finance to individual households and corporates in India	5,788	2.2	5,788
<b>LT Group</b> Banking, beverages, spirits, tobacco and property development group	5,433	2.1	5,433
<b>Taiwan Semiconductor Manufacturing (shares and long CFD)</b> Integrated circuit related products developer, manufacturer and distributor	5,293	2.0	3,392
<b>Ascendas India Trust</b> Real estate investment company	4,987	1.9	4,987
<b>International Housewares Retail</b> Housewares retail chain	4,916	1.9	4,916
<b>SK Hynix</b> Semiconductor and memory chip manufacturer and supplier	4,466	1.7	4,466
<b>G8 Education</b> Day care centre operator	4,457	1.7	4,457

<b>WT Microelectronics</b>			
Semiconductor products distributor	3,956	1.6	3,956
<b>HDFC Bank</b>			
Private sector bank	3,601	1.4	3,601
<b>Philippine Seven</b>			
Convenience store chain operator	3,592	1.4	3,592
<b>Zhaopin</b>			
Careers website operator	3,456	1.3	3,456
<b>Convenience Retail Asia</b>			
Convenience store chain operator	3,286	1.3	3,286
<b>Essei Propack</b>			
Tube packaging manufacturer	3,176	1.2	3,176
<b>LPN Development</b>			
Property developer	3,077	1.2	3,077
<b>Pepsi-Cola Products Philippines</b>			
Soft drinks manufacturer and distributor	2,944	1.1	2,944
<b>Cognizant Technology Solutions (shares and written put option)</b>			
Information technology consulting and applications provider	2,418	1.0	1,705
<b>Twenty largest long exposures</b>	<b>94,183</b>	<b>36.4</b>	<b>91,569</b>
Other long exposures	150,415	58.2	150,415
<b>Total long exposures before hedges (157 holdings)</b>	<b>244,598</b>	<b>94.6</b>	<b>241,984</b>
	=====	=====	=====
<b>Less: hedging exposures</b>			
Hang Seng Index (put option)	(2,791)	(1.1)	561
Hang Seng China Enterprises Index (put option)	(1,995)	(0.8)	247
KOSPI 200 Index (put options)	(1,567)	(0.6)	119
	=====	=====	=====
<b>Total hedging exposures</b>	<b>(6,353)</b>	<b>(2.5)</b>	<b>927</b>
	=====	=====	=====
<b>Total long exposures after the netting of hedges</b>	<b>238,245</b>	<b>92.1</b>	<b>242,911</b>
<b>Add: short exposures</b>			
<b>Short CFDs (14 holdings)</b>	<b>10,655</b>	<b>4.1</b>	<b>(349)</b>
	=====	=====	=====
<b>Gross Asset Exposure<sup>2</sup></b>	<b>248,900</b>	<b>96.2</b>	
<b>Portfolio Fair Value<sup>3</sup></b>			<b>242,562</b>
Net current assets (excluding derivative assets and liabilities)			16,070
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<b>Total Shareholders' Funds</b>			<b>258,632</b>
	=====	=====	=====

1. Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds
2. Gross Asset Exposure comprises market exposure to shares of £241,312,000 plus market exposure to derivative instruments of £7,588,000.
3. Portfolio Fair Value comprises Investments of £241,312,000 plus derivative assets of £1,882,000 less derivative liabilities of £632,000 (per the Balance Sheet)

## Financial Statements

### Income Statement

for the six months ended 31 January 2017

		six months ended 31 January 2017 unaudited			six months ended 31 January 2016 unaudited			year ended 31 July 2016 audited		
	Notes	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Gains on investments at fair value through profit or loss		–	21,935	21,935	–	3,139	3,139	–	53,659	53,659
Gains on derivative instruments		–	17	17	–	205	205	–	1,928	1,928
Income	4	4,455	–	4,455	2,766	–	2,766	6,441	–	6,441
Investment management fee	5	(1,167)	–	(1,167)	(822)	–	(822)	(1,847)	–	(1,847)
Other expenses		(403)	(165)	(568)	(359)	–	(359)	(674)	–	(674)
Foreign exchange gains		–	49	49	10	700	710	72	583	655
<b>Net return on ordinary activities before finance costs and taxation</b>		<b>2,885</b>	<b>21,836</b>	<b>24,721</b>	<b>1,595</b>	<b>4,044</b>	<b>5,639</b>	<b>3,992</b>	<b>56,170</b>	<b>60,162</b>
Finance costs		(163)	–	(163)	(13)	–	(13)	(94)	–	(94)
<b>Net return on ordinary activities before taxation</b>		<b>2,722</b>	<b>21,836</b>	<b>24,558</b>	<b>1,582</b>	<b>4,044</b>	<b>5,626</b>	<b>3,898</b>	<b>56,170</b>	<b>60,068</b>
Taxation on return on ordinary activities	6	(338)	(96)	(434)	(197)	65	(132)	(284)	174	(110)
<b>Net return on ordinary activities after taxation for the period</b>		<b>2,384</b>	<b>21,740</b>	<b>24,124</b>	<b>1,385</b>	<b>4,109</b>	<b>5,494</b>	<b>3,614</b>	<b>56,344</b>	<b>59,958</b>
<b>Return per ordinary share – basic and diluted</b>	7	<b>3.53p</b>	<b>32.21p</b>	<b>35.74p</b>	<b>2.05p</b>	<b>6.09p</b>	<b>8.14p</b>	<b>5.36p</b>	<b>83.49p</b>	<b>88.85p</b>

The Company does not have any other comprehensive income. Accordingly the net return on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

### Statement of Changes in Equity

for the six months ended 31 January 2017

	Note	share capital £'000	share premium account £'000	capital redemption reserve £'000	other non-distributable reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total shareholders' funds
<b>Six months ended 31 January 2017 (unaudited)</b>									
<b>Total shareholders' funds at 31 July 2016</b>		<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>176,840</b>	<b>4,424</b>	<b>237,545</b>
Net return on ordinary activities after taxation for the period		–	–	–	–	–	21,740	2,384	24,124
Dividend paid to shareholders	8	–	–	–	–	–	–	(3,037)	(3,037)

<b>Total shareholders' funds at 31 January 2017</b>	<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>198,580</b>	<b>3,771</b>	<b>258,632</b>
<b>Six months ended 31 January 2016 (unaudited)</b>								
<b>Total shareholders' funds at 31 July 2015</b>	16,872	20,232	3,197	7,367	8,613	120,496	2,160	178,937
Net return on ordinary activities after taxation for the period	–	–	–	–	–	4,109	1,385	5,494
Dividend paid to shareholders	8	–	–	–	–	–	(1,350)	(1,350)
<b>Total shareholders' funds at 31 January 2016</b>	<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>124,605</b>	<b>2,195</b>	<b>183,081</b>
<b>Year ended 31 July 2016 (audited)</b>								
<b>Total shareholders' funds at 31 July 2015</b>	16,872	20,232	3,197	7,367	8,613	120,496	2,160	178,937
Net return on ordinary activities after taxation for the year	–	–	–	–	–	56,344	3,614	59,958
Dividend paid to shareholders	8	–	–	–	–	–	(1,350)	(1,350)
<b>Total shareholders' funds at 31 July 2016</b>	<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>176,840</b>	<b>4,424</b>	<b>237,545</b>

## Balance Sheet

at 31 January 2017 Company number 3183919

	Notes	31.01.17 unaudited £'000	31.07.16 audited £'000	31.01.16 unaudited £'000
<b>Fixed assets</b>				
Investments held at fair value through profit or loss	9	<b>241,312</b>	222,424	172,766
<b>Current assets</b>				
Derivative instruments	9	<b>1,882</b>	1,139	189
Other receivables		<b>1,820</b>	1,018	2,917
Amounts held in margin accounts		<b>1,302</b>	991	329
Cash at bank		<b>14,901</b>	14,324	8,203
		<b>19,905</b>	17,472	11,638
<b>Creditors</b>				
Derivative instruments	9	<b>(632)</b>	(542)	(37)
Other payables		<b>(1,953)</b>	(1,809)	(1,286)
		<b>(2,585)</b>	(2,351)	(1,323)
<b>Net current assets</b>		<b>17,320</b>	15,121	10,315
<b>Net assets</b>		<b>258,632</b>	237,545	183,081
<b>Capital and reserves</b>				
Share capital	10	<b>16,872</b>	16,872	16,872
Share premium account		<b>20,232</b>	20,232	20,232
Capital redemption reserve		<b>3,197</b>	3,197	3,197
Other non-distributable reserve		<b>7,367</b>	7,367	7,367
Other reserve		<b>8,613</b>	8,613	8,613
Capital reserve		<b>198,580</b>	176,840	124,605
Revenue reserve		<b>3,771</b>	4,424	2,195
<b>Total shareholders' funds</b>		<b>258,632</b>	237,545	183,081
<b>Net asset value per ordinary share</b>				
Undiluted	11	<b>383.23p</b>	351.98p	271.28p



Diluted

11

**381.15p**

n/a

n/a

## Notes to the Financial Statements

### 1 Principal Activity

Fidelity Asian Values PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 3183919, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

### 2 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Financial Report have not been audited by the Company's independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act"). The financial information for the year ended 31 July 2016 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

### 3 Basis of Preparation

The Company prepares its financial statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The financial statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in November 2014. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 July 2016.

### 4 Income

	<b>six months ended 31.01.17 unaudited £'000</b>	six months ended 31.01.16 unaudited £'000	year ended 31.07.16 audited £'000
<b>Investment income</b>			
Overseas dividends	<b>4,382</b>	2,601	5,847
Overseas scrip dividends	<b>49</b>	159	413
UK dividends	<b>11</b>	–	–
	<b>4,442</b>	2,760	6,260
<b>Derivative income</b>			
Dividends on long CFDs	<b>–</b>	–	165
Interest on short CFDs	<b>8</b>	–	3
	<b>8</b>	–	168
<b>Other income</b>			
Deposit interest	<b>5</b>	6	13
<b>Total income</b>	<b>4,455</b>	2,766	6,441

### 5 Investment Management Fee

six months

six months

year

	<b>ended 31.01.17 unaudited £'000</b>	ended 31.01.16 unaudited £'000	ended 31.07.16 audited £'000
Investment management fee	<b>1,167</b>	822	1,847
	=====	=====	=====

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FIL"). Both companies are Fidelity group companies. FIL charges fees at an annual rate of 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million. Fees are payable quarterly in arrears and are calculated on the last business day of March, June, September and December.

## 6 Taxation on Return on Ordinary Activities

	<b>six months ended 31.01.17 unaudited £'000</b>	six months ended 31.01.16 unaudited £'000	year ended 31.07.16 audited £'000
Revenue – taxation on overseas dividends	<b>338</b>	197	284
Capital – Indian capital gains tax			
– paid in the period	<b>96</b>	–	–
– deferred tax	<b>–</b>	(65)	(174)
	=====	=====	=====
Total taxation charge for the period	<b>434</b>	132	110
	=====	=====	=====

## 7 Return per Ordinary Share

	<b>six months ended 31.01.17 unaudited</b>	six months ended 31.01.16 unaudited	year ended 31.07.16 audited
Revenue return per ordinary share	<b>3.53p</b>	2.05p	5.36p
Capital return per ordinary share	<b>32.21p</b>	6.09p	83.49p
	=====	=====	=====
Total return per ordinary share – basic and diluted	<b>35.74p</b>	8.14p	88.85p
	=====	=====	=====

The returns per ordinary share are based on net returns on ordinary activities after taxation and the weighted average number of ordinary shares in issue during the period. The returns for the six months ended 31 January 2017 were revenue return £2,384,000 (six months ended 31 January 2016: £1,385,000 and year ended 31 July 2016: £3,614,000), capital return £21,740,000 (six months ended 31 January 2016: £4,109,000 and year ended 31 July 2016: £56,344,000) and total return £24,124,000 (six months ended 31 January 2016: £5,494,000 and year ended 31 July 2016: £59,958,000). The weighted average number of ordinary shares in issue for the six months ended 31 January 2017 was 67,488,213 (six months ended 31 January 2016: 67,488,213 and year ended 31 July 2016: 67,488,213).

There is no dilution as the average ordinary share price, since the subscription shares were issued on 5 December 2016, is below the 370.75 pence first exercise price of the subscription shares.

## 8 Dividends paid to Shareholders

	<b>six months ended 31.01.17</b>	six months ended 31.01.16	year ended 31.07.16
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	<b>unaudited</b>	unaudited	audited
Dividend of 4.50 pence per ordinary share paid for the year ended 31 July 2016	<b>3,037</b>	–	–
Dividend of 2.00 pence per ordinary share paid for the year ended 31 July 2015	–	1,350	1,350
	=====	=====	=====
	<b>3,037</b>	1,350	1,350
	=====	=====	=====

No dividend has been declared in respect of the six months ended 31 January 2017.

## 9 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.

<b>Classification</b>	<b>Valued by reference to</b>
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1
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:

	31 January 2017 unaudited		31 July 2016 audited		31 January 2016 unaudited	
	level 1 £'000	level 2 £'000	level 1 £'000	level 2 £'000	level 1 £'000	level 2 £'000
<b>Financial assets at fair value through profit or loss</b>						
Investments	237,711	3,601	216,658	5,766	172,766	–
Derivative instruments	808	1,074	–	1,139	–	189
	=====	=====	=====	=====	=====	=====
	<b>238,519</b>	<b>4,675</b>	216,658	6,905	172,766	189
	=====	=====	=====	=====	=====	=====
<b>Financial liabilities at fair value through profit or loss</b>						
Derivative instruments	(78)	(554)	(188)	(354)	–	(37)
	=====	=====	=====	=====	=====	=====

## 10 Share Capital

	31 January 2017 unaudited		31 July 2016 audited		31 January 2016 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
<b>Subscription shares of 0.001 pence – issued, allotted and fully paid</b>						
<b>Held outside Treasury</b>						
	=====	=====	=====	=====	=====	=====
Beginning and end of the period	67,488,213	16,872	67,488,213	16,872	67,488,213	16,872
	=====	=====	=====	=====	=====	=====
<b>Ordinary shares of 25 pence each – issued, allotted and fully paid</b>						

<b>Beginning of the period</b>	-	-	-	-	-	-
Subscription shares issued	<b>13,497,642</b>	-	-	-	-	-
<b>End of the period</b>	<b>13,497,642</b>	-	-	-	-	-
<b>Total share capital</b>		<b>16,872</b>		<b>16,872</b>		<b>16,872</b>

A bonus issue of subscription shares to ordinary shareholders on the basis of one subscription share for every five ordinary shares held took place on 5 December 2016. Each subscription share gives the holder the right, but not the obligation, to subscribe for one ordinary share upon payment of the subscription price. The subscription price is based on the published unaudited NAV per ordinary share at 2 December 2016, plus a premium depending upon the year in which the right is exercised. The exercise dates, subscription prices and premiums are as follows:

	<b>Exercise date</b>	<b>Exercise price</b>	<b>Premium</b>
First exercise date	30 November 2017	370.75p	1%
Second exercise date	30 November 2018	381.75p	4%
Final exercise date	29 November 2019	392.75p	7%

After the final exercise date of 29 November 2019, the Company will appoint a trustee who will exercise any rights remaining that have not been exercised by shareholders, providing that by doing so a profit can be realised. To realise a profit the sale proceeds from selling the resulting ordinary shares in the market would need to be in excess of the 392.75 pence per share price of exercising the rights, plus any related expenses and fees. Any resulting profit will be paid to the holders of those outstanding subscription shares, unless the amount payable to an individual holder is less than £5, in which case such sum shall be retained for the benefit of the Company.

Subscription shares carried no rights to vote, to receive a dividend or to participate in the winding up of the Company.

### 11 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £258,632,000 (31 July 2016: £237,545,000 and 31 January 2016: £183,081,000) and on 67,488,213 (31 July 2016: 67,488,213 and 31 January 2016: 67,488,213) ordinary shares, being the number of ordinary shares in issue at the period end.

The diluted net asset value per ordinary share reflects the potential dilution in the net asset value per ordinary share if the rights of the 13,497,642 subscription shares in issue had been exercised on 31 January 2017 at the first exercise date price of 370.75 pence per share. The basis of the calculation is in accordance with the guidelines laid down by the AIC.

Undiluted and diluted net asset values per ordinary share are provided to the London Stock Exchange on a daily basis.

### 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 and the role of company secretary to FIL Investments International ("FIL"). Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5. During the period management fees of £1,167,000 (six months ended 31 January 2016: £822,000 and year ended 31 July 2016: £1,847,000) and secretarial and administration fees of £37,000 (six months ended 31 January 2016: £37,000 and year ended 31 July 2016: £75,000) were payable to FIL. At the Balance Sheet date management fees of £206,000 (31 January 2016: £571,000 and 31 July 2016: £174,000) and secretarial and administration fees of £6,000 (31 January 2016: £30,000 and 31 July 2016: £46,000) were accrued and included in other payables. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £98,000 (six months ended 31 January 2016: £68,000 and year ended 31 July 2016: £122,000). At the Balance Sheet date marketing services of £7,000 (31 January 2016: £57,000 and 31 July 2016: £14,000) were accrued and included in other payables.

As at 31 January 2017, the Board consisted of five non-executive Directors, all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £30,000, the Audit Committee Chairman an annual fee of £25,000 and each other Director an annual fee of £22,750. The following members of the Board held shares in the Company: Kate Bolsover 15,250 ordinary shares and 3,050 subscription shares, Timothy Scholefield 10,000 ordinary shares and 2,000 subscription shares, Philip Smiley 2,500 ordinary shares and 500 subscription shares, Grahame Stott 20,000 ordinary shares and 8,000 subscription shares and Michael Warren, 4,000 ordinary shares and 800 subscription shares.

### 13. PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this Half Yearly Report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 31 January 2017 and 31 January 2016 has not been audited or reviewed.

The information for the year ended 31 July 2016 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the Auditor on those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

#### **14. ANNUAL RESULTS**

The Board expects to announce the annual results for the year ending 31 July 2017 as prepared under UK GAAP in October 2017. The Annual Report should be available by early November 2017, with the Annual General Meeting being held in December 2017.

**For further information, please contact:**

Natalia de Sousa - Company Secretary

01737 837846

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A copy of the Half Yearly Financial Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM)

The Half Yearly Financial Report will also be available on the Company's website at [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com) where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found. Neither the contents of the Manager's website nor the contents of any website accessible from hyperlinks on the Manager's website (or any other website) is incorporated into, or forms part of, this announcement.