

FIDELITY JAPAN TRUST PLC

Half-yearly results for the 6 months ended 30 June 2018

Financial Highlights:

- **Fidelity Japan Trust PLC's NAV increased by 8.3% in sterling terms over the six months to June 2018.**
- **The Company ranked first in its peer group over the same period.**
- **Stock selection contributed 8.4 percentage points to performance in the six months.**
- **Core holdings in services, retail and healthcare related stocks were the key drivers of performance**

Contacts

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Performance Review

Performance Review

The net asset value (“NAV”) of the Company increased by 8.3% in sterling terms over the six month period to 30 June 2018, significantly outperforming the Reference Index, which returned 0.5% during the same period. However, the discount to NAV widened over the same period such that the share price return was only 6.8%. Nevertheless, the Company ranked first in the Association of Investment Companies’ (“AIC”) Japan peer group over the six month period.

The attribution analysis below shows how the increase in NAV was achieved.

Analysis of change in NAV for six months ended 30 June 2018

Impact of:	%
Reference Index* (in yen terms)	-4.0
Reference Index* income (in yen terms)	+0.4
Gearing (in yen terms)	-0.5
Stock selection (relative to the Reference Index (in sterling terms))	+8.4
Exchange rate	+4.5
Expenses	-0.7
Cash	+0.2

Total return for the six months ended 30 June 2018	+8.3
	=====

* Prior to 22 May 2018, the Company’s Reference Index was the Russell Nomura Mid/Small Cap Index (in sterling terms). Thereafter it has been the TOPIX Index (in sterling terms). The Reference Index in the table above is a blend of the two Indices for the relevant reporting period.

Company Changes

At the Annual General Meeting (“AGM”) in May, shareholders voted almost unanimously, with 99.94% of proxy votes cast, in favour of the Company adopting a revised investment policy, which better reflects the Portfolio Manager’s investment approach to investing across all sectors of the market.

The revised policy allows the Portfolio Manager greater flexibility to move between market capitalisation segments as opportunities arise in the future, but with a particular emphasis on micro, small and large sized stocks. It also increases the allocation allowed in unlisted investments from 5 to 10% of gross assets to enable the Portfolio Manager to invest in companies before they are brought to the wider stock market in an Initial Public Offering (“IPO”). The Company’s name has now changed to Fidelity Japan Trust PLC and it has moved to the wider Association of AIC’s Japan peer group. In addition, the TOPIX Index (“Tokyo Stock Exchange TOPIX Total Return Index”) was formally adopted as the Company’s Reference Index.

Market review

The first six months of 2018 experienced escalating global risk factors that have impeded the Japanese equity market. Tightening financial conditions in the US, concerns over the momentum of global growth, political tensions in the Eurozone and the threat of a US-led trade war generated significant headwinds. However, increased risk aversion combined with Brexit uncertainties and weaker economic data in the UK saw the yen appreciate to ¥146 against the pound, which was positive for sterling-based returns.

Defensive domestic and small/mid cap stocks that are typically insulated from external macro risks were standout performers during the period, whereas trade-related sectors such as shipping, mining and materials, along with financials, sustained the steepest declines. The overall market’s style focus has remained on growth and quality, whereas value turned even weaker.

The Japanese economy experienced negative growth for the first time in two years in the quarter ended 31 March 2018, but returned to positive growth in the second quarter thanks to a modest rebound in consumption and an acceleration in business investment and exports. Corporate earnings continued to grow despite the temporary soft patch and the stronger yen, while full-year results came in ahead of consensus forecasts.

Whilst projected guidance for the year to March 2019 is especially cautious, valuations still look relatively attractive. Moreover, Japanese companies answered calls to return surplus cash to shareholders by increasing share buybacks by more than 20% compared with the previous year.

Core holdings in services, retail and healthcare-related stocks were the key drivers of the recent outperformance versus the Reference Index (in sterling terms). Musical instrument and audio equipment maker Yamaha was the standout contributor to the outperformance of the Company. It commands a high share of the global digital piano industry due to its strong technological competitiveness. The company is also expanding in China, a relatively underpenetrated yet increasingly sophisticated market that is becoming a key earnings driver. The position in printing services company Raksul, which successfully listed on the TSE Mothers Index at the end of May, also made a substantial contribution to returns. Indeed, the value of the Company's original investment in Raksul quadrupled following the IPO, showing the success that can be had from investing in companies at the pre IPO stage. Among services companies, staffing and media specialist Recruit Holdings continued to generate strong earnings in its HR technology business, centred on employment search engine, Indeed, and utilised acquisitions to capture new sources of growth. M3, a pioneer in internet-based medical services, also exhibited steady growth when its core medical platform business entered new healthcare-related fields through acquisitions.

Conversely, a number of holdings that contributed to the strong performance of the Company in 2017 faced a combination of profit taking and earnings headwinds. Tokyo Base, a speciality fashion retailer with a focus on domestic brands, experienced a slowdown in sales during the winter season due to an unsuccessful merchandising strategy. This led to a significant increase in markdowns and diminished margins. As valuations were relatively high, the position in Tokyo Base was recently sold. Shares in pharmaceuticals company Nippon Shinyaku fell sharply at the start of the year amid negative newsflow related to the anticipated emergence of a rival treatment for myelofibrosis. The stock had already performed well and was sold in February. Meanwhile, the underweight stance in defensive sectors such as utilities and consumer staples, which outperformed the broader market amid heightened risk aversion, constrained returns.

While there have been no significant changes to the overall weightings of the Company's holdings, the Portfolio Manager increased positions in services companies tied to secular growth trends and in globally competitive machinery-related names. For example, he identified further attractive opportunities in online recruitment and outsourcing, as well as in marketing research and funeral planning. In the machinery sector, he increased positions in companies with leading global shares in power tools and mining equipment. Conversely, he selectively sold positions in financials and industrials where the risk/reward balance had deteriorated and near-term upside appeared limited. The Portfolio Manager also actively trimmed holdings in strong performers, including brokerage business Nihon M&A Center and cosmetics company Kose.

With valuations in certain positions reaching target prices and the outlook for the market generally becoming more uncertain, gearing was reduced from 18.7% to 13.1% over the period.

Outlook

While global economic expansion is moderating at this late stage of the cycle, growth is expected to remain relatively robust. The trend of central bank balance sheet expansion is starting to reverse, but both fiscal and monetary policy remain supportive of growth in Japan. Employment conditions are strong and the recent pickup in wage growth is promising and more supportive of Japan's move towards reflation. There have also been signs of the government gradually relaxing restrictions on foreign workers in Japan, which could create stock picking opportunities among recruitment/staffing companies and providers of services for foreign residents.

While the fiscal 2017 results season proceeded largely in line with expectations, the risk of trade frictions and a stronger yen are potential headwinds for business sentiment and earnings. Earnings momentum clearly slowed in the first quarter of 2018, but results generally look quite healthy considering the sharp appreciation in the yen that occurred. Japanese companies are also delivering higher returns on equity as a result of their efforts to reduce costs and restructure low-margin businesses, leading to better profitability. At the same time, the move towards greater capital efficiency continues and we are seeing more companies adopt proactive shareholder return policies. While forward guidance is typically cautious (particularly among automakers and other exporters that are using conservative currency assumptions) valuations still look attractive.

By order of the Board

FIL Investments International

31 July 2018

Interim Management Report

Board Changes

As mentioned in the Annual Report for the year ended 31 December 2017, Mami Mizutori resigned as a non-executive Director of the Company on 1 February 2018 to take up a high profile position with the United Nations.

Sarah MacAulay and David Graham were appointed to the Board on 22 May 2018. They will also serve as members of the Management Engagement, Nomination and Audit Committees of the Board.

Sarah has twenty years of Asian investment experience in London and Hong Kong, managing and marketing portfolios across numerous jurisdictions. She was formerly a director of Baring

Asset Management (Asia) Limited in Hong Kong and Asian investment manager at Kleinwort Benson and Eagle Star in London. She is a non-executive Director of Schroder Asian Total Return Investment Company plc, Aberdeen New Thai Investment Trust plc and JPMorgan Multi-Asset Trust plc.

David is a Chartered Accountant by training (PwC) whose career has been in investment management, firstly as a Japanese and Asian fund manager with Lazards in London, Hong Kong and Tokyo and then building businesses, establishing offices and managing client relationships across Japan, Asia Pacific, UK, Europe, Middle East and Africa for BlackRock. He is currently a non-executive Director of both Templeton Emerging Markets Investment Trust plc and JPMorgan Chinese Investment Trust plc as well as an Advisor to BlackRock in Asia Pacific.

Principal Risks and Uncertainties

The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited (the “Manager”)), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key risks and uncertainties faced by the Company. These principal risks and uncertainties fall into the following categories: market risk; performance risk; geopolitical risk; discount control risk; gearing risk; currency risk; cybercrime risk; tax and regulatory risks; and operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2017 and can be found on the Company’s pages of the Manager’s website at www.fidelityinvestmenttrusts.com.

Share Repurchases and Treasury Shares

In the six months to 30 June 2018, no ordinary shares were repurchased for cancellation or for holding in Treasury and none have been repurchased since then and as at the date of this report.

Transactions with the Manager and Related Parties

The Manager has delegated the Company’s portfolio management and company secretarial services to FIL Investments International. The transactions with the Manager and related parties with the Directors are disclosed in Note 12 to the Financial Statements.

Going Concern

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 (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

Continuation votes are held every three years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2019.

By order of the Board

FIL Investments International

31 July 2018

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:

- 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
- the Interim Management Report, together with the Portfolio Manager’s Review, include 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 31 July 2018 and the above responsibility statement was signed on its behalf by David Robins, Chairman.

Twenty Largest Holdings as at 30 June 2018

The Portfolio Exposures shown below measure the 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 on the Balance Sheet. Where a contract for difference (“CFD”) is held, the Balance Sheet Value reflects the profit or loss on the contract since it was opened and is based on how much the price of the underlying share has moved.

	Portfolio Exposure £'000	% ¹	Balance Sheet Value £'000
Long exposures – shares unless otherwise stated			
Makita (shares and long CFD) Manufacturer of power tools	14,922	6.2	6,765
Recruit Holdings (shares and long CFD) Provider of information services, staffing services and advertising	14,153	5.9	8,400
M3 (shares and long CFD) Provider of medical related internet services	12,972	5.4	3,870
Yamaha Musical instrument and audio equipment maker	11,244	4.7	11,244
Daikin Industries Air conditioning equipment manufacturer	10,472	4.3	10,472
Symex Corporation (shares and long CFD) Producer of clinical laboratory testing equipment	9,696	4.0	5,388
MISUMI Group Mail order distributor of precision machinery parts	7,672	3.2	7,672
Ryohin Keikaku Operator of the MUJI brand of general merchandise stores	7,438	3.1	7,438
Keyence (shares and long CFD) Maker of factory automation-related sensors	6,586	2.7	4,332
Asahi Intecc Development, manufacturing and sale of medical devices	6,233	2.6	6,233
Shimano Development, production and distribution of bicycle components, fishing tackle and rowing equipment	5,976	2.5	5,976
Start Today Operator of a fashion e-commerce website	5,940	2.5	5,940
Shinoken Group Provider of property management and consulting services	5,363	2.2	5,363
UT Group Manufacturer of semiconductor machinery	5,062	2.1	5,062
Shimadzu Manufacturer of precision instruments, measuring instruments and medical equipment	4,922	2.0	4,922
Yume No Machi Souzou Linkai Operator and manager of a food delivery website	4,864	2.0	4,864
Kotobuki Spirits Producer of confectionery	4,648	1.9	4,648
TV Asahi Operation of a television network	4,459	1.8	4,459
Nojima Electronic equipment chain stores operator specialising in computers and communication products	4,250	1.8	4,250
Aruhi Provision and brokerage of home loans	4,244	1.8	4,244
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Twenty largest long exposures	151,116	62.7	121,542

Other long exposures	121,510	50.4	118,185
Total Portfolio Exposure²	272,626	113.1	
Total Portfolio Fair Value³			239,727
Net current assets excluding derivative instruments ⁴			1,264
Shareholders' Funds (per the Balance Sheet)			240,991

1 Portfolio Exposure is expressed as a percentage of Shareholders' Funds.

2 Total Portfolio Exposure comprises market exposure to investments of £234,997,000 plus market exposure to long CFDs of £37,629,000.

3 Total Portfolio Fair Value comprises investments of £234,997,000 plus derivative assets of £4,760,000 less derivative liabilities of £30,000 (per the Balance Sheet).

4 Net current assets excluding derivative instruments comprise debtors of £2,923,000 plus cash at bank of £685,000 less other creditors of £2,344,000 (per the Balance Sheet).

FINANCIAL STATEMENTS

Income Statement

	Notes	Six months ended 30 June 2018 unaudited			Six months ended 30 June 2017 unaudited			Year ended 31 December 2017 audited		
		revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Gains on investments		–	14,660	14,660	–	14,705	14,705	–	44,049	44,049
Gains on derivative instruments		–	3,772	3,772	–	3,164	3,164	–	13,084	13,084
Income	4	1,675	–	1,675	1,475	–	1,475	2,568	–	2,568
Investment management fees	5	(1,150)	–	(1,150)	(943)	–	(943)	(2,016)	–	(2,016)
Other expenses		(294)	–	(294)	(229)	–	(229)	(461)	–	(461)
Foreign exchange gains/(losses)		–	32	32	–	15	15	–	(304)	(304)
Net return on ordinary activities before finance costs and taxation		231	18,464	18,695	303	17,884	18,187	91	56,829	56,920
Finance costs		(79)	–	(79)	(57)	–	(57)	(175)	–	(175)
Net return/(loss) on ordinary activities before taxation		152	18,464	18,616	246	17,884	18,130	(84)	56,829	56,745
Taxation on return on ordinary activities	6	(152)	–	(152)	(121)	–	(121)	(211)	–	(211)
Net return/(loss) on ordinary activities after taxation for the period		–	18,464	18,464	125	17,884	18,009	(295)	56,829	56,534
Return/(loss) per ordinary share	7	0.00p	13.62p	13.62p	0.09p	13.17p	13.26p	(0.22p)	41.88p	41.66p

The Company does not have any other comprehensive income. Accordingly the net return/(loss) on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Other 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

	share capital £'000	share premium account £'000	capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total shareholders' funds £'000
Six months ended 30 June 2018 (unaudited)							
Total shareholders' funds at 31 December 2017	34,041	20,722	2,767	56,474	123,197	(14,674)	222,527
Net return on ordinary activities after taxation for the period	–	–	–	–	18,464	–	18,464
Total shareholders' funds at 30 June 2018	34,041	20,722	2,767	56,474	141,661	(14,674)	240,991
Six months ended 30 June 2017 (unaudited)							
Total shareholders' funds at 31 December 2016	34,041	20,722	2,767	56,886	66,368	(14,379)	166,405
Ordinary shares repurchased and held in Treasury	–	–	–	(413)	–	–	(413)
Net return on ordinary activities after taxation for the period	–	–	–	–	17,884	125	18,009
Total shareholders' funds at 30 June 2017	34,041	20,722	2,767	56,473	84,252	(14,254)	184,001
Year ended 31 December 2017 (audited)							
Total shareholders' funds at 31 December 2016	34,041	20,722	2,767	56,886	66,368	(14,379)	166,405
Ordinary shares repurchased and held in Treasury	–	–	–	(412)	–	–	(412)
Net return/(loss) on ordinary activities after taxation for the year	–	–	–	–	56,829	(295)	56,534
Total shareholders' funds at 31 December 2017	34,041	20,722	2,767	56,474	123,197	(14,674)	222,527

Balance Sheet as at 30 June 2018

Company number 2885584

	Notes	30.06.18 unaudited £'000	31.12.17 audited £'000	30.06.17 unaudited £'000
Fixed assets				
Investments	8	234,997	221,792	175,953
Current assets				
Derivative instruments	8	4,760	1,123	7,223
Debtors		2,923	652	683
Cash at bank		685	908	1,264
		8,368	2,683	9,170
Creditors				
Derivative instruments	8	(30)	(456)	(217)
Other creditors		(2,344)	(1,492)	(905)
		(2,374)	(1,948)	(1,122)
Net current assets		5,994	735	8,048

Net assets		240,991	222,527	184,001
		=====	=====	=====
Capital and reserves				
Share capital	9	34,041	34,041	34,041
Share premium account		20,722	20,722	20,722
Capital redemption reserve		2,767	2,767	2,767
Other reserve		56,474	56,474	56,473
Capital reserve		141,661	123,197	84,252
Revenue reserve		(14,674)	(14,674)	(14,254)
		-----	-----	-----
Total shareholders' funds		240,991	222,527	184,001
		=====	=====	=====
Net asset value per ordinary share	10	177.71p	164.10p	135.69p
		=====	=====	=====

Notes to the Financial Statements

1 Principal Activity

Fidelity Japan Trust 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 2885584, 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 December 2017 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 and updated in January 2017 with consequential amendments. 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 December 2017.

4 Income

	Six months ended	Six months ended	Year ended
	30.06.18	30.06.17	31.12.17
	unaudited	unaudited	audited
	£'000	£'000	£'000
Investment income			
Overseas dividends	1,520	1,211	2,111
	=====	=====	=====
Derivative income			
Dividends on long CFDs	155	264	457
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Total income	1,675	1,475	2,568

5 Investment Management Fees

	Six months ended 30.06.18 unaudited £'000	Six months ended 30.06.17 unaudited £'000	Year ended 31.12.17 audited £'000
Investment management fees	1,150	943	2,016

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FIL"), the Investment Manager. Both companies are Fidelity group companies. During the current period, FIL charged management services fees at an annual rate of 0.85% of the value of gross assets under management. Fees are payable quarterly in arrears and are calculated on the last business day of March, June, September and December.

With effect from 1 July 2018, the Company has adopted a new fee arrangement which reduces the headline management fee from 0.85% of gross assets to 0.70% of net assets per annum, with a +/- 0.20% variation based on performance relative to the Reference Index (in sterling terms).

6 Taxation on Return on Ordinary Activities

The taxation charge of £152,000 (six months ended 30 June 2017: £121,000 and year ended 31 December 2017: £211,000) is irrecoverable overseas taxation suffered on dividend income.

7 Return/(Loss) per Ordinary Share

	Six months ended 30.06.18 unaudited pence	Six months ended 30.06.17 unaudited pence	Year ended 31.12.17 audited pence
Revenue return/(loss) per ordinary share	0.00p	0.09p	(0.22p)
Capital return per ordinary share	13.62p	13.17p	41.88p
Total return per ordinary share	13.62p	13.26p	41.66p

The return per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares in issue held outside Treasury during the period.

	£'000	£'000	£'000
Net revenue return/(loss) on ordinary activities after taxation for the period	–	125	(295)
Net capital return on ordinary activities after taxation for the period	18,464	17,884	56,829
Net total return on ordinary activities after taxation for the period	18,464	18,009	56,534
Weighted average number of ordinary shares in issue during the period	135,606,695	135,763,601	135,684,503

8 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 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:

	30 June 2018 unaudited				31 December 2017 audited				30 June 2017 unaudited			
	level 1 £'000	level 2 £'000	level 3 £'000	total £'000	level 1 £'000	level 2 £'000	level 3 £'000	total £'000	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets at fair value through profit or loss												
Investments	234,997	–	–	234,997	220,886	–	906	221,792	175,007	–	946	175,953
Derivative instrument assets	–	4,760	–	4,760	–	1,123	–	1,123	–	7,223	–	7,223
	234,997	4,760	–	239,757	220,886	1,123	906	222,915	175,007	7,223	946	183,176
Financial liabilities at fair value through profit or loss												
Derivative instrument liabilities	–	(30)	–	(30)	–	(456)	–	(456)	–	(217)	–	(217)

9 Share Capital

	30 June 2018 unaudited		31 December 2017 audited		30 June 2017 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 25p each held outside Treasury						
Beginning of the period	135,606,695	33,902	135,981,695	33,996	135,981,695	33,996
Ordinary shares repurchased into Treasury	–	–	(375,000)	(94)	(375,000)	(94)
End of the period	135,606,695	33,902	135,606,695	33,902	135,606,695	33,902
Ordinary shares of 25p each held in Treasury*						
Beginning of the period	555,000	139	180,000	45	180,000	45
Ordinary shares repurchased into Treasury	–	–	375,000	94	375,000	94
End of the period	555,000	139	555,000	139	555,000	139
Total share capital		34,041		34,041		34,041

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

10 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £240,991,000 (31 December 2017: £222,527,000 and 30 June 2017: £184,001,000) and on 135,606,695 (31 December 2017: 135,606,695 and 30 June 2017: 135,606,695) ordinary shares, being the number of ordinary shares in issue that are held outside Treasury at the period end. It is the Company's policy that shares held in Treasury will only be reissued at a premium to net asset value per share and, therefore, shares held in Treasury have no dilutive effect.

11 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed on the Balance Sheet,

and its gearing which is achieved through the use of long CFDs. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

The Company's gearing at the end of the period is shown below:

	30 June 2018 unaudited	31 December 2017 audited	30 June 2017 unaudited
Investments	234,997	221,792	175,953
Long CFDs	37,629	42,325	51,332
Total Portfolio Exposure	272,626	264,117	227,285
Shareholders' Funds	240,991	222,527	184,001
Gearing¹	13.1%	18.7%	23.5%

1 Gearing is the amount by which the Portfolio Exposure exceeds Shareholders' Funds expressed as a percentage of Shareholders' Funds.

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"), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5.

During the period fees for portfolio management services of £1,150,000 (six months ended 30 June 2017: £943,000 and year ended 31 December 2017: £2,016,000) and fees for secretarial and administrative services of £24,000 (six months ended 30 June 2017: £23,000 and year ended 31 December 2017: £47,000) were payable to the Manager. At the Balance Sheet date, fees for portfolio management services of £583,000 (31 December 2017: £562,000 and 30 June 2017: £486,000) and fees for secretarial and administrative services of £12,000 (31 December 2017: £12,000 and 30 June 2017: £12,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £51,000 (six months ended 30 June 2017: £35,000 and year ended 31 December 2017: £67,000) and at the Balance Sheet date £22,000 (31 December 2017: £6,000 and 30 June 2017: £29,000) for marketing services was accrued and included in other creditors.

As at 30 June 2018, the Board consisted of six 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 £35,000, the Audit Committee Chairman an annual fee of £26,500 and each other Director an annual fee of £24,000. The following members of the Board hold ordinary shares in the Company: David Robins 37,000 shares, Philip Kay 12,094 shares and Sir Laurence Magnus 48,000 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 30 June 2018 and 30 June 2017 has not been audited or reviewed.

The information for the year ended 31 December 2017 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 December 2018 as prepared under UK GAAP by 31 March 2019. The Annual Report should be available by early April 2019, with the Annual General Meeting expected to be held in May 2019.

For further information, please contact:

Natalia de Sousa - Company Secretary

01737 837846

ENDS

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

The Half-Yearly Financial Report will also be available on the Company's website at 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.