

Fidelity Asian Values PLC

Half-Yearly Report for the 6 months ended 31 January 2018

Financial Highlights:

- Over the six-month review period ended 31 January 2018, the Company's net asset value ("NAV") increased by 0.9%, while the Company's share price increased by 0.8%.
- The Board will adopt Fidelity's new Variable Management Fee which will take effect from 1 August 2018.
- Fidelity has agreed to cover the costs of external research under its existing management agreements rather than pass them onto investors. This represents an estimated ongoing saving to the Company of between 0.02% and 0.03% per annum.

Contacts

For further information, please contact:

Natalia de Sousa - Company
Secretary

01737 837846

Portfolio Manager's Half-Yearly Review

Performance Review

Over the six-month review period ended 31 January 2018, the Company's net asset value ("NAV") increased by 0.9%, compared with a 9.2% return for the MSCI All Countries Asia ex Japan Index (the Company's Comparative Index) (all figures are in Sterling terms and on a total return basis). The Company's share price increased by 0.8% over the review period.

My investment process is driven by stock selection and generating absolute returns for you, the Company's shareholders. A central pillar of this process is to minimise losses by investing in good businesses that have good balance sheets and buying them at a price that leaves enough margin of safety. These kinds of companies can lag the market in big upswings in investor sentiment such as we have experienced over the past 18 months. As mentioned in the Annual Report, performance over the preceding 12 months had lagged the market primarily due to not owning technology companies, which have been the market darlings. This trend has continued in the last six months as well, although it seems to be reversing in some cases, such as Hon Hai Precision and Samsung Electronics, which have corrected after their recent gains.

Along with the research team at Fidelity, I am fully focused on owning businesses that can help us compound your money at a reasonable rate over 3-5 years. Six months' performance is therefore only a milestone in that journey and we would advise that it be treated that way. In the last six months, the main losses suffered by the Company were from Power Grid Corporation of India, WPG Holdings and G8 Education as these companies lagged the broader market after recent gains. I see these as temporary losses and have therefore not changed the Company's holdings in these three companies significantly in light of their strong long term earnings growth prospects.

While the Company underperformed its Comparative Index over the last six months, it has outperformed during my tenure as Portfolio Manager and since the change in strategy in 2015 to focus more on small cap companies (see table below).

	Fidelity Asian Values PLC (NAV)	Comparative Index
Tenure (since 1 Jul 2015)	+56.3	+51.8
1 Year	+9.3	+27.0
6 Month	+0.9	+9.2
3 Month	-0.7	3.8

Source: Fidelity International. All returns in Sterling terms

Five Key Contributors and Detractors

	Average Active Weight (%)	Gain/(Loss) (%)	Contribution to Relative Returns (%)
Top five companies			
Hon Hai Precision	-1.2	-24.6	+0.5
Samsung Electronics	-5.7	+1.9	+0.4
Yihai International	+0.3	+85.5	+0.2
LT Group	+2.7	+16.6	+0.2
Interojo	+1.1	+29.6	+0.2
Total			+1.5
Bottom five companies			
Tencent Holdings	-6.0	+36.9	-1.4
Power Grid Corporation of India	+2.9	-16.9	-0.8
Alibaba Group	-4.5	+22.2	-0.5
WPG Holdings	+3.0	-5.1	-0.4
G8 Education	+1.6	-15.4	-0.4

Total

-3.5
=====

There are two primary sources of errors in investing – errors of omission, namely companies that we do not own and go up in value (technology stocks such as Tencent Holdings and Alibaba Group shown in the table above), and errors of commission, namely companies we own that go down in value (Power Grid Corporation of India and WPG Holdings shown in the table above). As our objective is to compound absolute returns over time, my primary pre-occupation stays with errors of commission over the medium term. We endeavour to avoid businesses where we can lose a lot of money (such as businesses with high debt, high multiples, unsustainable earnings, poor management teams and fragile business models), but sometimes the markets choose a different focus and changes happen very rapidly, whereas at other times we may make errors in our analysis and we suffer losses. In such situations, we try our best to stay objective, and if the facts change, we are ready to change our minds and act accordingly.

Investment strategy

As mentioned earlier, the Company continues to be managed from an absolute returns perspective. Each company is owned for what it can contribute to returns, irrespective of whether it is a part of an index or not. I actively seek companies with strong competitive advantages, good management, and try to buy them at a reasonable price. The core to the investment philosophy is the idea that if we lose less money during corrections in the market, we should be able to compound money at higher rates in the longer term. The key to this is to avoid risky companies. Hence, the Company continues to avoid unproven business models, highly geared companies, cyclical businesses on peak margins and stocks trading on high multiples to earnings and/or cash flows. Given that Asia has more than 18,000 listed companies, the opportunity to find hidden gems remains immense.

Having said this, after the markets strong run over the last two years, I do feel the need to be more cautious as many stocks have much less margin of safety today than they had two years ago. Consequently, we have bought some protection in the form of put options.

I feel comfortable with the companies we own today, and the analyst teams at Fidelity continue to strive to find other interesting ideas.

Outlook

Over the long term, I continue to be optimistic on Asia as the economic composition of the region continues to evolve with a more educated work force, more investment in science and productivity, and continued improvement in standards of living. This will continue to generate opportunities for us and I can promise you that the research team at Fidelity, who are amongst the best in the industry, will continue to work hard to take advantage of opportunities as they arise.

Nitin Bajaj

Portfolio Manager

20 April 2018

Interim Management Report and Responsibility Statement

Management Fee Arrangements

The Board would like to inform shareholders that, following Fidelity's announcement in October last year to offer its clients a variable management fee, the Board has accepted a new fee proposal from the Manager. The new model will replace the Company's current tiered fee structure (0.90% of gross assets up to £200 million; 0.85% on gross assets over £200 million). The new fee will reduce the headline base management fee from 0.90% of gross assets to 0.70% of net assets per annum with a +/- 0.20% variation based on performance relative to the Comparative Index. The maximum fee that the Company will pay will be 0.90% of net assets, but if the Company underperforms against the Comparative Index, the overall fee could fall as low as 0.50% of net assets. This new fee arrangement will be effective from 1 August 2018. There will be no change in the investment process as a result of the new fee arrangement.

Markets in Financial Instruments Directive ("MiFID II")

With effect from 3 January 2018, the MiFID II regulation changed the way that external research is paid for. Previously this research was paid for on a commission basis as part of the costs of transaction, but this is no longer allowed. Fidelity uses external research to access specific technical expertise for the benefit of the portfolio, and the Board is pleased to confirm that Fidelity has agreed to cover these costs under its existing management agreements rather than pass them onto investors. This represents an estimated ongoing saving to the Company of between 0.02% and 0.03% per annum which will be directly reflected in the NAV of the Company. There will be no change in the research capability of the Manager as a result of the change in the payment for external research.

Bonus Issue of Subscription Shares

Following the approval of the bonus issue of subscription shares on the basis of one subscription share for every five ordinary shares held by qualifying investors at the Company's Annual General Meeting on 2 December 2016, 1,181,189 ordinary shares of 25 pence were issued on 30 November 2017. This was the first exercise date of the conversion rights attached to the subscription shares. As at the date of this Half-Yearly Report, there are 12,316,033 subscription shares remaining which can be exercised annually in the 25 business days preceding the last business day in November in this year and in 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 4% if exercised this year (381.75 pence) and a premium of 7% if exercised in 2019 (392.75 pence).

Share Repurchases and Treasury Shares

Repurchases of ordinary shares and subscription 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. Any subscription shares repurchased would be cancelled.

During the six months to 31 January 2018, no ordinary shares were repurchased for cancellation or for holding in Treasury and no subscription shares were repurchased for cancellation. As at the date of this report no shares have been repurchased.

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 that the Company faces. 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 facing the Company include cybercrime risk; tax and regulatory risk; operational risk (including service providers); and the risk that the continuation vote, when due, may not be approved. Information on each of these risks can be found in the Strategic Report section of the Annual Report for the year ended 31 July 2017. A copy of the Annual Report can be found on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com.

These risks and uncertainties have not materially changed during the six months to 31 January 2018 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 and the role of Company Secretary to FIL Investments International. The transactions with the Manager and related party transactions with the Directors are disclosed in Note 12 of the Half-Yearly Report.

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. 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

20 April 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:

- 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 of the Half-Yearly Report, 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 20 April 2018 and the above responsibility statement was signed on its behalf by Kate Bolsover, Chairman.

Twenty Largest Holdings

as at 31 January 2018

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	% ¹	£'000
Long exposures – shares unless otherwise stated			
Taiwan Semiconductor Manufacturing (shares and long CFD)			
Developer, manufacturer and distributor of integrated circuit related products	8,595	3.0	6,911
WPG Holdings			
Distributor of semiconductor and core components	8,475	3.0	8,475
LT Group			
Banking, beverages, spirits, tobacco and property development group	8,233	2.9	8,233
Power Grid Corporation of India			
Operator of the Indian national electricity grid	8,039	2.8	8,039
Redington India			
Distributor of information technology products, mobile handsets and accessories	6,117	2.2	6,117
Cognizant Technology Solutions			
Information technology consultancy	5,903	2.1	5,903
Housing Development Finance Corporation			
Provider of housing finance to individual households and corporates in India	5,857	2.1	5,857
China Mobile (shares and long CFD)			
Provider of mobile voice and multi-media services in China	5,814	2.1	2,829
HDFC Bank			
Private sector bank	4,871	1.7	4,871
Ascendas India Trust			
Real estate investment company	4,661	1.6	4,661
Cleanaway Company			
Hazardous waste treatment and waste management operator	4,061	1.4	4,061
Interojo			
Contact lens manufacturer	3,795	1.3	3,795
G8 Education			
Operator of day care centres	3,736	1.3	3,736
Huaneng Renewables (shares and long CFD)			
Developer and operator of renewable power plants	3,665	1.3	2,921
Zhaopin			
Careers website operator	3,487	1.2	3,487
Convenience Retail Asia			
Convenience store chain operator	3,472	1.2	3,472
WT Microelectronics			
Semiconductor products distributor	3,435	1.2	3,435
Sinopharm Group (shares and long CFD)			

Developer, manufacturer and distributor of medicines and health products	2,893	1.0	1,561
Sebang Global Battery			
Battery manufacturer	2,829	1.0	2,829
Advanced Semiconductor			
Semiconductor developer and manufacturer	2,810	1.0	2,810
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Twenty largest long exposures	100,748	35.4	94,003
Other long exposures	179,627	63.2	179,627
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Total long exposures before hedges (166 holdings)	280,375	98.6	273,630
	=====	=====	=====
Less: hedging exposures			
KOSPI 200 Index December 2018 (put option)	(1,384)	(0.5)	125
Hang Seng China Enterprises Index December 2018 (put option)	(1,372)	(0.5)	191
S&P CNX Nifty Index December 2018 (put option)	(249)	(0.1)	5
S&P CNX Nifty Index March 2018 (put option)	(75)	-	-
KOSPI 200 Index December 2018 (put option)	(60)	-	-
KOSPI 200 Index September 2018 (put option)	(13)	-	-
Hang Seng Index December 2018 (put option)	(7)	-	37
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Total hedging exposures	(3,160)	(1.1)	358
	=====	=====	=====
Total long exposures after the netting of hedges	277,215	97.5	273,988
Add: short exposures			
Short CFDs (18 holdings)	13,933	4.9	(1,924)
Short future February 2018 (1 holding)	833	0.3	(6)
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Total short exposures	14,766	5.2	(1,930)
	=====	=====	=====
Gross Asset Exposure²	291,981	102.7	
	=====	=====	
Portfolio Fair Value³			272,058
Net current assets (excluding derivative assets and liabilities)			12,204

Total Shareholders' Funds/Net assets			284,262
			=====

1 Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds

2 Gross Asset Exposure comprises market exposure to investments of £271,760,000 plus market exposure to derivative instruments of £20,221,000

3 Portfolio Fair Value comprises investments of £271,760,000 plus derivative assets of £2,312,000 less derivative liabilities of £2,014,000 (per the Balance Sheet of the Half-Yearly Report)

Financial Statements

Income Statement

for the six months ended 31 January 2018

six months ended
31 January 2018
unaudited

six months ended
31 January 2017
unaudited

year ended
31 July 2017
audited

	Notes	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Gains on investments		–	5,213	5,213	–	21,935	21,935	–	44,906	44,906
(Losses)/gains on derivative instruments		–	(2,279)	(2,279)	–	17	17	–	(2,376)	(2,376)
Income	4	3,466	–	3,466	4,455	–	4,455	8,439	–	8,439
Investment management fees	5	(1,314)	–	(1,314)	(1,167)	–	(1,167)	(2,500)	–	(2,500)
Other expenses		(362)	–	(362)	(403)	(165)	(568)	(725)	(165)	(890)
Foreign exchange (losses)/gains on cash and cash equivalents		–	(1,037)	(1,037)	–	49	49	–	(616)	(616)
<hr/>										
Net return on ordinary activities before finance costs and taxation		1,790	1,897	3,687	2,885	21,836	24,721	5,214	41,749	46,963
Finance costs		(289)	–	(289)	(163)	–	(163)	(407)	–	(407)
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Net return on ordinary activities before taxation		1,501	1,897	3,398	2,722	21,836	24,558	4,807	41,749	46,556
Taxation on return on ordinary activities	6	(343)	11	(332)	(338)	(96)	(434)	(707)	(166)	(873)
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Net return on ordinary activities after taxation for the period		1,158	1,908	3,066	2,384	21,740	24,124	4,100	41,583	45,683
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Basic return per ordinary share	7	1.71p	2.81p	4.52p	3.53p	32.21p	35.74p	6.08p	61.62p	67.70p
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Diluted return per ordinary share	7	1.70p	2.80p	4.50p	n/a	n/a	n/a	6.06p	61.43p	67.49p
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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 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

for the six months ended 31 January 2018

	Notes	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 £'000
Six months ended 31 January 2018 (unaudited)									
Total shareholders' funds at 31 July 2017		16,872	20,232	3,197	7,367	8,613	218,423	5,487	280,191
Net return on ordinary activities after taxation for the period		–	–	–	–	–	1,908	1,158	3,066
Issue of ordinary shares on the exercise of rights attached to subscription shares	10	295	4,084	–	–	–	–	–	4,379
Dividend paid to shareholders	8	–	–	–	–	–	–	(3,374)	(3,374)
Total shareholders' funds at 31 January 2018		17,167	24,316	3,197	7,367	8,613	220,331	3,271	284,262
Six months ended 31 January 2017 (unaudited)									
Total shareholders' funds at 31 July 2016		16,872	20,232	3,197	7,367	8,613	176,840	4,424	237,545
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)
Total shareholders' funds at 31 January 2017		16,872	20,232	3,197	7,367	8,613	198,580	3,771	258,632
Year ended 31 July 2017 (audited)									
Total shareholders' funds at 31 July 2016		16,872	20,232	3,197	7,367	8,613	176,840	4,424	237,545
Net return on ordinary activities after taxation for the year		–	–	–	–	–	41,583	4,100	45,683
Dividend paid to shareholders	8	–	–	–	–	–	–	(3,037)	(3,037)
Total shareholders' funds at 31 July 2017		16,872	20,232	3,197	7,367	8,613	218,423	5,487	280,191

Balance Sheet

at 31 January 2018

Company number 3183919

	Notes	31.01.18 unaudited £'000	31.07.17 audited £'000	31.01.17 unaudited £'000
Fixed assets				
Investments	9	271,760	264,076	241,312
Current assets				
Derivative instruments	9	2,312	2,829	1,882
Debtors		2,097	1,766	1,820
Amounts held at futures clearing houses and brokers		2,645	1,937	1,302
Cash at bank		11,395	14,822	14,901
		18,449	21,354	19,905
Creditors				

Derivative instruments	9	(2,014)	(1,554)	(632)
Other creditors		(3,933)	(3,685)	(1,953)
		(5,947)	(5,239)	(2,585)
Net current assets		12,502	16,115	17,320
Net assets		284,262	280,191	258,632
Capital and reserves				
Share capital	10	17,167	16,872	16,872
Share premium account		24,316	20,232	20,232
Capital redemption reserve		3,197	3,197	3,197
Other non-distributable reserve		7,367	7,367	7,367
Other reserve		8,613	8,613	8,613
Capital reserve		220,331	218,423	198,580
Revenue reserve		3,271	5,487	3,771
Total shareholders' funds		284,262	280,191	258,632
Net asset value per ordinary share	11	413.96p	415.17p	383.23p
Diluted net asset value per ordinary share	11	409.06p	407.77p	381.15p

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 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 July 2017.

4 Income

	six months ended 31.01.18 unaudited £'000	six months ended 31.01.17 unaudited £'000	year ended 31.07.17 audited £'000
Investment Income			
Overseas dividends	3,277	4,382	8,112

Overseas scrip dividends	130	49	207
UK dividends	–	11	–
	-----	-----	-----
	3,407	4,442	8,319
	=====	=====	=====
Derivative income			
Dividends on long CFDs	–	–	90
Interest on short CFDs	38	8	13
	-----	-----	-----
	38	8	103
	=====	=====	=====
Other income			
Deposit interest	21	5	17
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Total income	3,466	4,455	8,439
	=====	=====	=====

5 Investment Management Fees

	six months ended 31.01.18 unaudited £'000	six months ended 31.01.17 unaudited £'000	year ended 31.07.17 audited £'000
Investment management fees	1,314	1,167	2,500
	=====	=====	=====

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

	six months ended 31.01.18 unaudited £'000	six months ended 31.01.17 unaudited £'000	year ended 31.07.17 audited £'000
Revenue – taxation on overseas dividends	343	338	707
Capital – Indian capital gains tax (received)/paid in the period	(11)	96	166
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Total taxation charge for the period	332	434	873
	=====	=====	=====

7 Return per Ordinary Share

	six months ended 31.01.18 unaudited	six months ended 31.01.17 unaudited	year ended 31.07.17 audited
Revenue return per ordinary share – basic	1.71p	3.53p	6.08p
Capital return per ordinary share – basic	2.81p	32.21p	61.62p
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Total return per ordinary share – basic	4.52p	35.74p	67.70p
Revenue return per ordinary share – diluted	1.70p	n/a	6.06p
Capital return per ordinary share – diluted	2.80p	n/a	61.43p
Total return per ordinary share – diluted	4.50p	n/a	67.49p

The basic return per ordinary share is based on the net return 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 on ordinary activities after taxation for the period	1,158	2,384	4,100
Net capital return on ordinary activities after taxation for the period	1,908	21,740	41,583
Net total return on ordinary activities after taxation for the period	3,066	24,124	45,683
	number	number	number
Weighted average number of ordinary shares in issue during the period	67,892,642	67,488,213	67,488,213

The diluted returns per ordinary share reflect the notional dilutive effect that would have occurred if the rights attached to the subscription shares had been exercised and additional ordinary shares had been issued. The returns on ordinary activities after taxation for the period used in the diluted calculation are the same as those for the basic returns above. These returns are divided by the notional weighted average number of ordinary shares in issue during the period of 68,222,167. This number of shares reflects the additional number of ordinary shares that could have been purchased at the average ordinary share price for the period with the proceeds from the excess of the subscription share rights exercise price over the average ordinary share price.

8 Dividends Paid to Shareholders

	six months ended	six months ended	year ended
	31.01.18	31.01.17	31.07.17
	unaudited	unaudited	audited
Dividend of 5.00 pence per ordinary share paid for the year ended 31 July 2017	3,374	–	–
Dividend of 4.50 pence per ordinary share paid for the year ended 31 July 2016	–	3,037	3,037
	3,374	3,037	3,037

No dividend has been declared in respect of the six months ended 31 January 2018.

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.

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:

	31 January 2018 unaudited		31 July 2017 audited		31 January 2017 unaudited	
	level 1	level 2	level 1	level 2	level 1	level 2
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss						
Investments	265,905	5,855	259,508	4,568	237,711	3,601
Derivative instrument assets	358	1,954	789	2,040	808	1,074
	-----	-----	-----	-----	-----	-----
	266,263	7,809	260,297	6,608	238,519	4,675
	=====	=====	=====	=====	=====	=====
Financial liabilities at fair value through profit or loss						
Derivative instrument liabilities	(6)	(2,008)	(60)	(1,494)	(78)	(554)
	=====	=====	=====	=====	=====	=====

10 Share Capital

	31 January 2018 unaudited		31 July 2017 audited		31 January 2017 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
Ordinary shares of 25 pence each – issued, allotted and fully paid						
Held outside Treasury						
Beginning of the period	67,488,213	16,872	67,488,213	16,872	67,488,213	16,872
Ordinary shares issued	1,181,189	295	–	–	–	–
	-----	-----	-----	-----	-----	-----
End of the period	68,669,402	17,167	67,488,213	16,872	67,488,213	16,872
	=====	=====	=====	=====	=====	=====
Subscription shares of 0.001 pence – issued, allotted and fully paid						
Beginning of the period	13,497,222	–	–	–	–	–
Subscription shares issued	–	–	13,497,222	–	13,497,222	–
Cancellation of subscription shares on the exercise of rights	(1,181,189)	–	–	–	–	–
	-----	-----	-----	-----	-----	-----
End of the period	12,316,033	–	13,497,222	–	13,497,222	–
	=====	=====	=====	=====	=====	=====
Total share capital		17,167		16,872		16,872
		=====		=====		=====

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:

	Exercise date	Exercise price	Premium
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 carry no rights to vote, to receive a dividend or to participate in the winding up of the Company.

During the period the Company issued 1,181,189 ordinary shares (year ended 31 July 2017 and six months ended 31 January 2017: nil) on the exercise of rights attached to subscription shares. The subscription share price of 370.75 pence per ordinary share issued represented a premium of 345.75 pence per share over the 25 pence nominal value of each share. The total premium received in the period on the issue of ordinary shares of £4,084,000 (year ended 31 July 2017 and six months ended 31 January 2017: nil) was credited to the share premium account.

11 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £284,262,000 (31 July 2017: £280,191,000 and 31 January 2017: £258,632,000) and on 68,669,402 (31 July 2017: 67,488,213 and 31 January 2017: 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 that would have resulted if the rights of the 12,316,033 subscription shares in issue had been exercised on 31 January 2018 at the next exercise date price of 381.75 pence per share. The basis of the calculation is in accordance with the guidelines laid down by the AIC.

The net asset value per ordinary share and the diluted net asset value per ordinary share are published by 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 fees for portfolio management services of £1,314,000 (six months ended 31 January 2017: £1,167,000 and year ended 31 July 2017: £2,500,000) and fees for secretarial and administration services of £38,000 (six months ended 31 January 2017: £37,000 and year ended 31 July 2017: £75,000) were payable to FIL. At the Balance Sheet date fees for portfolio management services of £197,000 (31 January 2017: £206,000 and 31 July 2017: £220,000) and fees for secretarial and administration services of £6,000 (31 January 2017: £6,000 and 31 July 2017: £5,000) 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 £65,000 (six months ended 31 January 2017: £98,000 and year ended 31 July 2017: £144,000). At the Balance Sheet date £32,000 (31 January 2017: £7,000 and 31 July 2017: £3,000) for marketing services was accrued and included in other creditors.

As at 31 January 2018, 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 £32,000, 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 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 11,000 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 2018 and 31 January 2017 has not been audited or reviewed.

The information for the year ended 31 July 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 July 2018 as prepared under UK GAAP in October 2018. The Annual Report should be available by early November 2018, with the Annual General Meeting being held in December 2018.

For further information, please contact:

Natalia de Sousa - Company Secretary

01737 837846

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A copy of the Half-Yearly 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 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.