

## **Fidelity European Values PLC**

### **Half-Yearly results for the six months ended 30 June 2019 (unaudited)**

#### **Financial Highlights:**

- The Board of Fidelity European Values PLC (the “Company”) recommends an interim dividend of 2.59 pence per share.
- The Company recorded a net asset value (“NAV”) total return of +19.9% for the six months ended 30 June 2019, outperforming its Benchmark Index which returned +17.5%.
- The discount to NAV narrowed from 10.7% to 7.5%, due to a share price total return of +24.5%.
- Energy and technology sectors were stand-out performers.

#### **Contacts**

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

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FIL Investments International

## PORTFOLIO MANAGER'S HALF-YEARLY REVIEW

### PERFORMANCE REVIEW

During the first six months of the year the net asset value ("NAV") total return was +19.9% compared to a total return of +17.5% for the FTSE World Europe (ex UK) Index which is the Company's Benchmark Index. The share price total return was +24.5%, which is above the NAV total return because of a narrowing of the share price discount to NAV. (All figures in UK sterling.)

### MARKET REVIEW

Continental European markets were strong in the first half of this year, bouncing back from a disappointing 2018.

Little was resolved in terms of what had been worrying markets in the latter part of 2018. Trade threats rumbled on, political uncertainty remained high and the Brexit "can" was kicked down the road. However, the key turning point for investors has been the growing expectation, confirmed as the period progressed, that central banks would loosen monetary policy if evidence began to mount that the global economy was slowing. In the US, the Federal Reserve Chairman, Jerome Powell, indicated a change in direction from monetary tightening to monetary easing. Towards the end of the review period, the outgoing head of the European Central Bank, Mario Draghi, added his own commitment by pledging again, to do effectively "whatever it takes" and highlighting some arrows in his quiver, including further reductions in interest rates, more dovish forward guidance and perhaps a resumption of bond purchases. To date these are mostly words and not actions, but the market has been comforted by the expectation that central bankers stand ready to provide more liquidity to keep this long cycle going. Investors have seen this before and know that increased liquidity buoys all asset markets, including continental European equities, even if the benefit to the global economy is more questionable.

The price of crude oil has increased over 30% since the December low. The combination of looser global liquidity conditions, collapsing Venezuelan shipments and deeper than projected Saudi production cuts will likely keep prices inflated if not rising further. Tensions with Iran have been increasing, following incidents in the Straits of Hormuz, also contributing to higher oil prices. A sustained higher oil price could negatively impact demand and push up inflation above the Federal Reserve's 2% target.

Fundamental progress in continental Europe has been lacklustre. The Italian economy went into recession causing much doubt that the populist government will be able to prevent the government budget deficit from flouting EU guidelines. The German economy is sluggish, partly due to the slowdown in global automobile markets, particularly in China. Concerns around the knock-on effects of a possible "no deal Brexit" continue to plague certain stocks and sectors that have a relatively high exposure to the UK. The earnings growth of continental European companies has been steadily revised down from close to double-digits at the start of the year to a mid-single digit figure.

The direction of interest rates and long bond yields has been a major determinant of sector returns during this period. Bond-like sectors such as utilities, which enjoy steady revenues and profits, have benefited. The banking sector, however, continues to be a laggard in European markets. Lower or negative interest rates would put further pressure on net interest income, which often makes up much of the revenue of European banks. In addition, some of the Scandinavian banks which have generally performed better than their peers since the great financial crisis, have recently become embroiled in money-laundering scandals dating from that period. The fear of reputational damage and large fines has weighed heavily on the share prices of, for example, Danske Bank and Swedbank, neither of which is held in the Company's portfolio.

### PORTFOLIO MANAGER'S REPORT

The Company's NAV increased by almost 20% in the six months to 30 June 2019, performing better than the Benchmark Index which also rose strongly.

The Company's cautious approach often means that it struggles to keep up with the Benchmark Index when equity markets rise rapidly. It was therefore very satisfying that the NAV outperformed over the six months. This outperformance was partly due to gearing over the period which contributed about one third of the additional return. The decline in bond yields following the Federal Reserve's mooted "pivot" away from continued monetary tightening will have helped the Company too given that many of its larger holdings, such as Nestlé, are considered to have bond-like characteristics and are valued accordingly.

The contribution from stock-picking has been mixed during this period. LVMH, the luxury goods conglomerate, was a strong performer thanks to encouraging results from two of its bigger brands: Louis Vuitton and Christian Dior. The company seems to be taking full advantage of the growing consumption of wealthy Chinese travellers. Edenred, which specialises in employee benefit and expense management for corporate customers, continued its strong performance of 2018, as detailed in the Company's last annual report. Meanwhile, in contrast, Iliad, the French telecoms company, was very weak again in the first part of this year but has stabilised more recently after announcing a strategic deal with the mobile towers' owner Cellnex which will help to reduce the former's financial leverage. The automobile sector has performed poorly as the Chinese market declined and given concerns around the imposition of increased US tariffs. Two holdings with exposure to that sector have been negatively impacted, namely Umicore and Andritz.

#### Five Highest Contributors to NAV total return

	Sector	Country	%
3i Group	Financials	UK	+0.6
LVMH Group	Consumer Discretionary	France	+0.6
SAP	Information Technology	Germany	+0.5
Legrand	Industrials	France	+0.4
ASML	Information Technology	Netherlands	+0.4

#### Five Highest Detractors to NAV total return

	Sector	Country	%
ABN Amro Bank	Financials	Netherlands	-0.6
Andritz	Industrials	Austria	-0.5
Umicore	Materials	Belgium	-0.5
Iliad	Communication Services	France	-0.5
Red Eléctrica	Utilities	Spain	-0.4

### OUTLOOK

All asset classes have risen handsomely this year in anticipation of easier monetary policy. There is a risk therefore that investors will be disappointed by the scale of monetary easing in the months ahead. Or perhaps the greater risk is that easier policy fails to kick-start global economic and corporate earnings growth. The yield curve inversion in the US, with three-month interest rates moving above ten-year rates, and the narrowing of equity leadership, with very large companies outperforming, both suggest that this long economic and stock-market upturn may be nearing its end. The conundrum is that the market already seems to be anticipating this given the growing dispersion in valuation between companies. Investors already appear to be very sceptical of the sustainability of earnings in more cyclical sectors.

Geopolitical risks continue to beset investors, with no clear end in sight. When it comes to the trans-Pacific trade dispute, it is likely that some European industries may in fact benefit by picking up business lost to their US and Chinese competitors on the back of worsening tensions; with some examples being aerospace, technology and telecommunications.

Conversely, these benefits will most likely be neutralised by the potential impact of trade wars on overall market returns, via a negative impact on sentiment and global growth. European industries with higher exposure to Chinese consumption growth, for example consumer discretionary and industrial stocks, might underperform in the short term.

The Company continues to have a defensive tilt today - this is due to bottom-up concerns around corporate profit margins, balance sheets and valuations, rather than a specific view on trade disputes. The Portfolio Manager expects the portfolio's defensiveness to limit drawdown through any deterioration in trade or sentiment. The Company significantly outperformed the falling market in May, for example, when trade tensions peaked.

The Portfolio Manager will, as always, continue to focus on attractively-valued companies which are able to sustain consistent dividend growth. The challenge of finding companies that meet both of those conditions has led to a reduction in the number of names in the portfolio. This suggests that the stock markets of continental Europe may be due a more difficult period ahead.

By order of the Board

**FIL INVESTMENTS INTERNATIONAL**

1 August 2019

## **INTERIM MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITY STATEMENT**

### **INTERIM DIVIDEND**

As reported in the Annual Report for the year ended 31 December 2018, the Company has a significant retail shareholder base and to smooth dividend payments throughout the reporting year, the Board has decided that as of this year it will pay both an interim and a final dividend. It is intended that in normal market circumstances the interim dividend will represent less than half of the total dividend expected for the full financial year. The Company's revenue return for the six months ended 30 June 2019 was 6.04 pence per ordinary share. The Board has declared an interim dividend of 2.59 pence per ordinary share which provides a good balance between the interim and final dividend payments. The dividend will be paid on 1 November 2019 to shareholders on the register on 27 September 2019 (ex-dividend date 26 September 2019).

Shareholders may choose to reinvest their dividends for additional shares in the Company. Details of the Dividend Reinvestment Plan can be found in the Half-Yearly Report.

### **DISCOUNT MANAGEMENT AND TREASURY SHARES**

As mentioned in the Annual Report for the year ended 31 December 2018, the Board operates an active discount management policy. The primary purpose of this policy is to reduce discount volatility. Buying in shares at a discount also results in an enhancement to the NAV per ordinary share. As of this year, the Board is seeking to maintain the discount in single digits in normal market conditions. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury ordinary shares repurchased by the Company, rather than cancelling them altogether. These shares are then available to re-issue at NAV per share or at a premium to NAV per share, facilitating the management of and enhancing liquidity in the Company's shares.

As a result of discount management during the review period, the Company repurchased 706,777 ordinary shares into Treasury. Since the end of the reporting period and as at the date of this report, the Company has not repurchased any further ordinary shares into Treasury or for cancellation.

### **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, has identified the key risks and uncertainties faced by the Company. These principal risks and uncertainties fall into the following categories: market risk; performance risk; key person risk; economic and political risk, including from the UK's departure from the European Union (Brexit); discount control risk; gearing risk; derivatives 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 2018 and 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 30 June 2019 and are equally applicable to the remaining six months of the Company's financial year.

### **TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES**

The Manager has delegated the Company's portfolio management and company secretariat services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 14 to the Financial Statements below.

### **GOING CONCERN STATEMENT**

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 a period of at least twelve months from the date of this Half-Yearly Report. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

Continuation votes are held every two 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**  
1 August 2019

### **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 above, 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 1 August 2019 and the above responsibility statement was signed on its behalf by Vivian Bazalgette, Chairman.

## TWENTY LARGEST HOLDINGS AS AT 30 JUNE 2019

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 Balance Sheet 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 £'000	% <sup>1</sup>	Balance Sheet Value £'000
<b>Long Exposures – shares unless otherwise stated</b>			
<b>Nestlé</b>			
Packaged food	81,384	7.3	81,384
<b>Roche</b>			
Pharmaceuticals	60,066	5.4	60,066
<b>SAP</b>			
Software	51,681	4.6	51,681
<b>Total</b>			
Oil & Gas	47,471	4.3	47,471
<b>LVMH Group</b>			
Personal goods	46,003	4.1	46,003
<b>ASML</b>			
Semiconductors	39,138	3.5	39,138
<b>L'Oréal</b>			
Personal goods	36,013	3.2	36,013
<b>Essilor International</b>			
Healthcare services	35,672	3.2	35,672
<b>Sanofi (long CFDs)</b>			
Pharmaceuticals	35,558	3.2	(64)
<b>Deutsche Boerse</b>			
Financial services	34,637	3.1	34,637
<b>Sampo</b>			
Non-life insurance	32,929	3.0	32,929
<b>Legrand</b>			
Electronic & Electrical equipment	32,844	3.0	32,844
<b>DNB</b>			
Banks	31,825	2.9	31,825
<b>Linde (long CFD)</b>			
Chemicals	31,382	2.8	8,161
<b>3i Group</b>			
Financial services	30,516	2.7	30,516
<b>Novo Nordisk</b>			
Healthcare services	30,245	2.7	30,245
<b>Intesa Sanpaolo</b>			
Banks	28,290	2.6	28,290
<b>Royal Dutch Shell</b>			
Oil & Gas	28,265	2.5	28,265
<b>Fresenius Medical Care</b>			
Healthcare services	27,120	2.4	27,120
<b>Telenor</b>			
Mobile telecommunications	25,365	2.3	25,365
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<b>Twenty largest long exposures</b>	<b>766,404</b>	<b>68.8</b>	<b>707,561</b>
Other long exposures	384,867	34.5	384,867
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<b>Total long exposures before long futures<sup>2,3</sup></b>	<b>1,151,271</b>	<b>103.3</b>	<b>1,092,428</b>
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<b>Long Futures</b>			

Euro Stoxx 50 Future September 2019 <sup>3</sup>	9,082	0.8	242
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<b>Total long exposures after long futures<sup>3</sup></b>	<b>1,160,353</b>	<b>104.1</b>	<b>1,092,670</b>
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<b>Short Exposures</b>			
Short CFDs (3 holdings) <sup>3</sup>	15,453	1.4	(132)
<b>Gross Asset Exposure<sup>3,4</sup></b>	<b>1,175,806</b>	<b>105.5</b>	
	=====	=====	
<b>Portfolio Fair Value<sup>5</sup></b>			<b>1,092,538</b>
Net current assets (excluding derivative assets and liabilities)			22,108
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<b>Shareholders' Funds (per the Balance Sheet below)</b>			<b>1,114,646</b>
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1 Gross Asset Exposure is expressed as a percentage of Shareholders' Funds.

2 Total long exposures before long futures comprises investments of £1,084,330,000 and long CFDs of £66,941,000.

3 See note 13 below.

4 Gross Asset Exposure comprises market exposure to investments of £1,084,330,000 plus market exposure to all derivative instruments of £91,476,000. Derivative instruments comprise long CFDs of £66,941,000, long futures of £9,082,000 and short CFDs of £15,453,000.

5 Portfolio Fair Value comprises investments of £1,084,330,000 plus derivative assets of £8,856,000 less derivative liabilities of £648,000 (per the Balance Sheet below).

## FINANCIAL STATEMENTS

### INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	six months ended 30 June 2019 unaudited			six months ended 30 June 2018 unaudited			year ended 31 December 2018 audited		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	157,063	157,063	–	3,551	3,551	–	(64,871)	(64,871)
Gains/(losses) on derivative instruments		–	7,806	7,806	–	(2,002)	(2,002)	–	(6,143)	(6,143)
Income	4	28,016	–	28,016	27,837	–	27,837	33,763	–	33,763
Investment management fees	5	(1,010)	(3,030)	(4,040)	(1,004)	(3,011)	(4,015)	(2,030)	(6,090)	(8,120)
Other expenses		(406)	–	(406)	(426)	–	(426)	(846)	–	(846)
Foreign exchange gains/(losses)		–	505	505	–	(9)	(9)	–	(17)	(17)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>		<b>26,600</b>	<b>162,344</b>	<b>188,944</b>	26,407	(1,471)	24,936	30,887	(77,121)	(46,234)
Finance costs	6	(140)	(419)	(559)	(318)	(954)	(1,272)	(448)	(1,345)	(1,793)
<b>Net return/(loss) on ordinary activities before taxation</b>		<b>26,460</b>	<b>161,925</b>	<b>188,385</b>	26,089	(2,425)	23,664	30,439	(78,466)	(48,027)
Taxation on return/(loss) on ordinary activities	7	(1,587)	–	(1,587)	(1,529)	–	(1,529)	(1,706)	–	(1,706)
<b>Net return/(loss) on ordinary activities after taxation for the period</b>		<b>24,873</b>	<b>161,925</b>	<b>186,798</b>	24,560	(2,425)	22,135	28,733	(78,466)	(49,733)
<b>Return/(loss) per ordinary share</b>	8	<b>6.04p</b>	<b>39.32p</b>	<b>45.36p</b>	5.92p	(0.58p)	5.34p	6.94p	(18.96p)	(12.02p)

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 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 period and all items in the above statement derive from continuing operations.

**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
<b>Six months ended 30 June 2019 (unaudited)</b>							
<b>Total shareholders' funds at 31 December 2018</b>		<b>10,411</b>	<b>58,615</b>	<b>5,414</b>	<b>844,043</b>	<b>36,828</b>	<b>955,311</b>
Net return on ordinary activities after taxation for the period		–	–	–	161,925	24,873	186,798
Repurchase of ordinary shares	11	–	–	–	(1,591)	–	(1,591)
Dividend paid to shareholders	9	–	–	–	–	(25,872)	(25,872)
<b>Total shareholders' funds at 30 June 2019</b>		<b>10,411</b>	<b>58,615</b>	<b>5,414</b>	<b>1,004,377</b>	<b>35,829</b>	<b>1,114,646</b>
<b>Six months ended 30 June 2018 (unaudited)</b>							
<b>Total shareholders' funds at 31 December 2017</b>		10,411	58,615	5,414	929,452	26,156	1,030,048
Net loss/(return) on ordinary activities after taxation for the period		–	–	–	(2,425)	24,560	22,135
Repurchase of ordinary shares	11	–	–	–	(1,783)	–	(1,783)
Dividend paid to shareholders	9	–	–	–	–	(18,061)	(18,061)
<b>Total shareholders' funds at 30 June 2018</b>		<b>10,411</b>	<b>58,615</b>	<b>5,414</b>	<b>925,244</b>	<b>32,655</b>	<b>1,032,339</b>
<b>Year ended 31 December 2018 (audited)</b>							
<b>Total shareholders' funds at 31 December 2017</b>		10,411	58,615	5,414	929,452	26,156	1,030,048
Net (loss)/return on ordinary activities after taxation for the year		–	–	–	(78,466)	28,733	(49,733)
Repurchase of ordinary shares	11	–	–	–	(6,943)	–	(6,943)
Dividend paid to shareholders	9	–	–	–	–	(18,061)	(18,061)
<b>Total shareholders' funds at 31 December 2018</b>		<b>10,411</b>	<b>58,615</b>	<b>5,414</b>	<b>844,043</b>	<b>36,828</b>	<b>955,311</b>



**BALANCE SHEET AS AT 30 JUNE 2019**

**COMPANY NUMBER 2638812**

	Notes	<b>30 June 2019 unaudited £'000</b>	31 December 2018 audited £'000	30 June 2018 unaudited £'000
<b>Fixed assets</b>				
Investments	10	<b>1,084,330</b>	938,826	1,021,008
<b>Current assets</b>				
Derivative instruments	10	<b>8,856</b>	2,391	2,211
Debtors		<b>9,535</b>	6,405	7,630
Amounts held at futures clearing houses and brokers		<b>640</b>	4,279	9,226
Fidelity Institutional Liquidity Fund		<b>38</b>	1,847	–
Cash at bank		<b>15,252</b>	4,427	808
		<b>34,321</b>	19,349	19,875
<b>Creditors</b>				
Derivative instruments	10	<b>(648)</b>	(2,024)	(5,697)
Other creditors		<b>(3,357)</b>	(840)	(2,847)
		<b>(4,005)</b>	(2,864)	(8,544)
<b>Net current assets</b>		<b>30,316</b>	16,485	11,331
<b>Net assets</b>		<b>1,114,646</b>	955,311	1,032,339
<b>Capital and reserves</b>				
Share capital	11	<b>10,411</b>	10,411	10,411
Share premium account		<b>58,615</b>	58,615	58,615
Capital redemption reserve		<b>5,414</b>	5,414	5,414
Capital reserve		<b>1,004,377</b>	844,043	925,244
Revenue reserve		<b>35,829</b>	36,828	32,655
<b>Total shareholders' funds</b>		<b>1,114,646</b>	955,311	1,032,339
<b>Net asset value per ordinary share</b>	12	<b>270.90p</b>	231.77p	249.12p

## NOTES TO THE FINANCIAL STATEMENTS

### 1 PRINCIPAL ACTIVITY

Fidelity European 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 2638812, 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 2018 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 February 2018 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 2018.

### 4 INCOME

	six months ended 30.06.19 unaudited £'000	six months ended 30.06.18 unaudited £'000	year ended 31.12.18 audited £'000
<b>Investment income</b>			
Overseas dividends	24,621	22,828	26,394
Overseas scrip dividends	347	1,125	1,685
UK dividends	1,145	1,092	2,005
	-----	-----	-----
	26,113	25,045	30,084
	-----	-----	-----
<b>Derivative income</b>			
Income recognised from futures contracts	428	1,838	2,591
Dividends received on long CFDs	1,431	916	985
Interest received on long CFDs*	20	24	11
	-----	-----	-----
	1,879	2,778	3,587
	-----	-----	-----
<b>Investment and derivative income</b>	27,992	27,823	33,671
	=====	=====	=====
<b>Other interest</b>			
Interest received on deposits and money market funds	24	14	92
	-----	-----	-----
<b>Total income</b>	28,016	27,837	33,763
	=====	=====	=====

\* Due to negative interest rates during the reporting period, the Company received interest on its long CFDs.

No special dividends have been recognised in capital during the reporting period (six months ended 30 June 2018: £175,000 and year ended 31 December 2018: £671,000).

### 5 INVESTMENT MANAGEMENT FEES

	Revenue £'000	Capital £'000	Total £'000
<b>Six months ended 30 June 2019 (unaudited)</b>			
Investment management fees	1,010	3,030	4,040
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<b>Six months ended 30 June 2018 (unaudited)</b>			
Investment management fees	1,004	3,011	4,015

<b>Year ended 31 December 2018 (audited)</b>			
Investment management fees	2,030	6,090	8,120

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 investment management fees at an annual rate of 0.85% of net assets up to £400 million and 0.75% of net assets in excess of £400 million. Fees are payable monthly in arrears and are calculated on a daily basis.

## 6 FINANCE COSTS

	Revenue £'000	Capital £'000	Total £'000
<b>Six months ended 30 June 2019 (unaudited)</b>			
Interest on bank overdrafts	6	18	24
Interest paid on short CFDs*	20	59	79
Dividends paid on short CFDs	114	342	456
	-----	-----	-----
	140	419	559
	=====	=====	=====
<b>Six months ended 30 June 2018 (unaudited)</b>			
Interest paid on short CFDs*	40	119	159
Dividends paid on short CFDs	278	835	1,113
	-----	-----	-----
	318	954	1,272
	=====	=====	=====
<b>Year ended 31 December 2018 (audited)</b>			
Interest on bank overdrafts	1	3	4
Interest paid on short CFDs*	64	193	257
Dividends paid on short CFDs	383	1,149	1,532
	-----	-----	-----
	448	1,345	1,793
	=====	=====	=====

\* Due to negative interest rates during the reporting period, the Company paid interest on its short CFDs.

## 7 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

	six months ended 30.06.19 unaudited £'000	six months ended 30.06.18 unaudited £'000	year ended 31.12.18 audited £'000
Overseas taxation	1,587	1,529	1,706
	=====	=====	=====

## 8 RETURN/(LOSS) PER ORDINARY SHARE

	six months ended 30.06.19 unaudited	six months ended 30.06.18 unaudited	year ended 31.12.18 audited
Revenue return per ordinary share	6.04p	5.92p	6.94p
Capital return/(loss) per ordinary share	39.32p	(0.58p)	(18.96p)
	-----	-----	-----
<b>Total return/(loss) per ordinary share</b>	<b>45.36p</b>	<b>5.34p</b>	<b>(12.02p)</b>
	=====	=====	=====

The return/(loss) 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 held outside of Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	24,873	24,560	28,733
Net capital return/(loss) on ordinary activities after taxation	161,925	(2,425)	(78,466)
<b>Net total return/(loss) on ordinary activities after taxation</b>	<b>186,798</b>	<b>22,135</b>	<b>(49,733)</b>

	Number	number	number
Weighted average number of ordinary shares held outside of Treasury during the period	411,828,509	415,143,613	413,917,816

#### 9 DIVIDENDS PAID TO SHAREHOLDERS

	six months ended 30.06.19 unaudited £'000	six months ended 30.06.18 unaudited £'000	year ended 31.12.18 audited £'000
Final dividend of 6.28 pence per ordinary share paid for the year ended 31 December 2018	25,872	–	–
Final dividend of 4.35 pence per ordinary share paid for the year ended 31 December 2017	–	18,061	18,061
	<b>25,872</b>	<b>18,061</b>	<b>18,061</b>

The Company has declared an interim dividend for the six month period to 30 June 2019 of 2.59 pence per ordinary share (2018: no interim dividend). The interim dividend will be paid on 1 November 2019 to shareholders on the register on 27 September 2019 (ex-dividend date 26 September 2019). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £10,657,000 (2018: nil). This amount is based on the number of ordinary shares held outside of Treasury at the date of this report.

#### 10 FAIR VALUE HIERARCHY

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

<b>Classification</b>	<b>Input</b>
<b>Level 1</b>	Valued using quoted prices in active markets for identical assets
<b>Level 2</b>	Valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1
<b>Level 3</b>	Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The table below sets out the Company's fair value hierarchy:

	level 1 £'000	level 2 £'000	level 3 £'000	Total £'000
<b>30 June 2019 (unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments	1,084,330	–	–	1,084,330
Derivative instrument assets	242	8,614	–	8,856
	<b>1,084,572</b>	<b>8,614</b>	<b>–</b>	<b>1,093,186</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	–	(648)	–	(648)
<b>31 December 2018 (audited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments	938,826	–	–	938,826
Derivative instrument assets	–	2,391	–	2,391
	<b>938,826</b>	<b>2,391</b>	<b>–</b>	<b>941,217</b>
<b>Financial liabilities at fair value through profit or loss</b>				

Derivative instrument liabilities	(662)	(1,362)	–	(2,024)
	-----	-----	-----	-----
	level 1	level 2	level 3	Total
	£'000	£'000	£'000	£'000
<b>30 June 2018 (unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments	1,021,008	–	–	1,021,008
Derivative instrument assets	–	2,211	–	2,211
	-----	-----	-----	-----
	1,021,008	2,211	–	1,023,219
	-----	-----	-----	-----
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	(1,490)	(4,207)	–	(5,697)
	-----	-----	-----	-----

## 11 SHARE CAPITAL

	30 June 2019 unaudited		31 December 2018 audited		30 June 2018 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
<b>Ordinary shares of 2.5 pence each held outside of Treasury</b>						
<b>Beginning of the period</b>	<b>412,172,826</b>	<b>10,304</b>	415,202,177	10,380	415,202,177	10,380
Ordinary shares repurchased into Treasury	(706,777)	(18)	(3,029,351)	(76)	(800,000)	(20)
	-----	-----	-----	-----	-----	-----
<b>End of the period</b>	<b>411,466,049</b>	<b>10,286</b>	412,172,826	10,304	414,402,177	10,360
	-----	-----	-----	-----	-----	-----
<b>Ordinary shares of 2.5 pence each held in Treasury*</b>						
<b>Beginning of the period</b>	<b>4,275,084</b>	<b>107</b>	1,245,733	31	1,245,733	31
Ordinary shares repurchased into Treasury	706,777	18	3,029,351	76	800,000	20
<b>End of the period</b>	<b>4,981,861</b>	<b>125</b>	4,275,084	107	2,045,733	51
	-----	-----	-----	-----	-----	-----
<b>Total share capital</b>		<b>10,411</b>		10,411		10,411
		=====		=====		=====

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

The cost of ordinary shares repurchased into Treasury during the period was £1,591,000 (year ended 31 December 2018: £6,943,000 and six months ended 30 June 2018: £1,783,000).

## 12 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £1,114,646,000 (31 December 2018: £955,311,000 and 30 June 2018: £1,032,339,000) and on 411,466,049 (31 December 2018: 412,172,826 and 30 June 2018: 414,402,177) ordinary shares, being the number of ordinary shares of 2.5 pence each held outside of Treasury at the period end. It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

## 13 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 in the Balance Sheet above, and any gearing which may be achieved through the use of derivative instruments. 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:

	gross asset exposure		net asset exposure	
	£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
<b>30 June 2019 (unaudited)</b>				
Investments	1,084,330	97.3	1,084,330	97.3
Long CFDs	66,941	6.0	66,941	6.0
Long futures	9,082	0.8	9,082	0.8
	-----	-----	-----	-----
<b>Total long exposures</b>	<b>1,160,353</b>	<b>104.1</b>	<b>1,160,353</b>	<b>104.1</b>
	-----	-----	-----	-----

Short CFDs	15,453	1.4	(15,453)	(1.4)
<b>Gross/net asset exposure</b>	<b>1,175,806</b>	<b>105.5</b>	<b>1,144,900</b>	<b>102.7</b>
	-----	-----	-----	-----
<b>Shareholders' funds</b>	<b>1,114,646</b>		<b>1,114,646</b>	
	=====		=====	
<b>Gearing<sup>2</sup></b>		<b>5.5</b>		<b>2.7</b>
		=====		=====
<b>31 December 2018 (audited)</b>				
Investments	938,826	98.3	938,826	98.3
Long CFDs	58,843	6.1	58,843	6.1
Long futures	35,125	3.7	35,125	3.7
	-----	-----	-----	-----
<b>Total long exposures</b>	<b>1,032,794</b>	<b>108.1</b>	<b>1,032,794</b>	<b>108.1</b>
	-----	-----	-----	-----
Short CFDs	19,348	2.0	(19,348)	(2.0)
<b>Gross/net asset exposure</b>	<b>1,052,142</b>	<b>110.1</b>	<b>1,013,446</b>	<b>106.1</b>
	-----	-----	-----	-----
Shareholders' funds	955,311		955,311	
	=====		=====	
<b>Gearing<sup>2</sup></b>		<b>10.1</b>		<b>6.1</b>
		=====		=====

1 Exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which gross/net asset exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

	<b>gross asset exposure</b>		<b>net asset exposure</b>	
	<b>£'000</b>	<b>%<sup>1</sup></b>	<b>£'000</b>	<b>%<sup>1</sup></b>
<b>30 June 2018 (unaudited)</b>				
Investments	1,021,008	98.9	1,021,008	98.9
Long CFDs	23,469	2.3	23,469	2.3
Long futures	57,398	5.5	57,398	5.5
	-----	-----	-----	-----
<b>Total long exposures</b>	<b>1,101,875</b>	<b>106.7</b>	<b>1,101,875</b>	<b>106.7</b>
	-----	-----	-----	-----
Short CFDs	37,177	3.6	(37,177)	(3.6)
	-----	-----	-----	-----
<b>Gross/net asset exposure</b>	<b>1,139,052</b>	<b>110.3</b>	<b>1,064,698</b>	<b>103.1</b>
	-----	-----	-----	-----
<b>Shareholders' funds</b>	<b>1,032,339</b>		<b>1,032,339</b>	
	=====		=====	
<b>Gearing<sup>2</sup></b>		<b>10.3</b>		<b>3.1</b>
		=====		=====

1 Exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which gross/net asset exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

#### 14 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 services 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 above.

During the period, fees for portfolio management services of £4,040,000 (six months ended 30 June 2018: £4,015,000 and year ended 31 December 2018: £8,120,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £705,000 (31 December 2018: £654,000 and 30 June 2018: £1,973,000) 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 £80,000 (six months ended 30 June 2018: £70,000 and year ended 31 December 2018: £146,000) and at the Balance Sheet date, £2,000 (31 December 2018: £1,000 and 30 June 2018: £1,000) was accrued and included in other creditors.

As at 30 June 2019, the Board consisted of five non-executive Directors (as shown in the Directory in the Half-Yearly Report), 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 £40,000, the Audit Committee Chairman an annual fee of £30,000, the Senior Independent Director an annual fee of £28,500 and each other Director an annual fee of £26,000. The following members of the Board held shares in the Company: Vivian Bazalgette 30,000 ordinary shares, Fleur Meijs 28,970 ordinary shares, Robin Niblett 18,625 ordinary shares, Marion Sears 25,475 ordinary shares and Paul Yates 32,000 ordinary shares.

The financial information contained in this Half-Yearly Results Announcement 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 2019 and 30 June 2018 has not been audited or reviewed by the Company's Independent Auditor.

The information for the year ended 31 December 2018 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.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

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](http://www.morningstar.co.uk/uk/NSM)

The Half-Yearly 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.