

# Fidelity Asian Values PLC

Annual Report

For the year ended 31 July 2015



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## Objective and Highlights

To achieve long term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan).

### Performance (year to 31 July 2015)

Net Asset Value per Share ("NAV") (undiluted) Total Return	+4.0%
Ordinary Share Price Total Return	+6.2%
MSCI All Countries Far East ex Japan Index (net) Total Return in UK sterling terms*	+0.3%

### As at 31 July 2015

Equity Shareholders' Funds	£178.9m
Market Capitalisation	£159.9m
Ordinary Shares of 25 pence each in issue	67,488,213

Standardised Performance (Total Return %)					
	01/08/2014 to 31/07/2015	01/08/2013 to 31/07/2014	01/08/2012 to 31/07/2013	01/08/2011 to 31/07/2012	01/08/2010 to 31/07/2011
NAV per Share – undiluted	+4.0	+11.7	+18.4	-14.3	+19.3
NAV per Share – diluted	n/a	n/a	n/a	-12.3	+16.3
Ordinary Share Price	+6.2	+10.1	+16.8	-12.6	+15.3
MSCI All Countries Far East ex Japan Index (net) in UK sterling terms*	+0.3	+5.4	+12.0	-6.6	+16.3

\* The Company's Comparative Index until 31 July 2015. With effect from 1 August 2015, this has changed to the MSCI All Countries Asia ex Japan Index in UK sterling terms

Sources: Fidelity and Datastream  
Past performance is not a guide to future returns

# Financial Summary

	2015	2014
<b>Assets at 31 July</b>		
Total Portfolio Exposure <sup>1</sup>	£162.9m	£192.3m
Shareholders' Funds	£178.9m	£172.8m
NAV per Share - undiluted	265.14p	255.99p
Gearing <sup>2</sup>	-9.0%	11.3%
<b>Share price discount data at 31 July</b>		
Ordinary Share Price at year end	236.88p	224.00p
Year high	284.00p	225.75p
Year low	223.00p	190.50p
Discount to NAV at year end	10.7%	12.5%
Year high	13.3%	13.9%
Year low	7.5%	6.5%
<b>Results for the year ended 31 July</b>		
Revenue return per Share - undiluted	2.26p	1.14p
Capital return per Ordinary Share	7.99p	25.62p
Total return per Ordinary Share	10.25p	26.76p
Dividend proposed per Ordinary Share	2.00p	1.10p
<b>Total returns (includes reinvested income) for the year ended 31 July</b>		
NAV per Share - undiluted	+4.0%	+11.7%
Ordinary Share Price	+6.2%	+10.1%
MSCI All Countries Far East ex Japan Index (net) in UK sterling terms <sup>3</sup>	+0.3%	+5.4%
<b>Ongoing charges for the year to 31 July<sup>4</sup></b>	<b>1.42%</b>	<b>1.50%</b>

1 The value of the portfolio exposed to market price movements

2 Total Portfolio Exposure (less than)/in excess of Shareholders' Funds (see page 14)

3 The Company's Comparative Index until 31 July 2015. With effect from 1 August 2015, this has changed to the MSCI All Countries Asia ex Japan Index in UK sterling terms

4 Ongoing charges (excluding finance costs and taxation) as a percentage of the average net asset value for the year (prepared in accordance with methodology recommended by the Association of Investment Companies)

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

# Chairman's Statement

I have pleasure in presenting the Annual Report of Fidelity Asian Values PLC (the "Company") for the year ended 31 July 2015.

## CHANGE OF PORTFOLIO MANAGER

As reported in the Half-Yearly Report for the six months ended 30 June 2015, John Lo stepped down as Portfolio Manager of the Company and Nitin Bajaj was appointed from 1 April 2015.

The Board appreciates the long period of steady returns and good performance under the former Portfolio Manager, John Lo, and I would like to take this opportunity on behalf of the Board and shareholders to thank him for his successful stewardship of the portfolio. However, the Board believes that the Company is insufficiently differentiated from its peers in order to thrive. At the start of the year, the Board considered various options and decided that a value strategy with a smaller cap focus would make better use of the Company's closed-ended structure, have the potential to perform well against peers, and hopefully narrow the Company's discount to NAV. In Nitin Bajaj, Fidelity was able to offer the Company a value manager with a strong track record in Asian smaller companies and a strong marketing mindset. Over the last four months, Nitin has reshaped the portfolio to reflect his investment style, and performance so far has been very promising despite volatile market conditions.

## CHANGE OF COMPARATIVE INDEX

As announced on 24 July 2015 and with effect from 1 August 2015, the Company will adopt the MSCI All Countries Asia ex Japan Index as its Comparative Index. This Index is widely used within the Company's peer group and is more appropriate as a comparative index. The main difference is that the new Comparative Index includes India, a market which is clearly part of Asia and where the new Portfolio Manager is likely to find significant opportunities to add value for shareholders. The change has no bearing on the investments held by the Company.

Investors should remember that Nitin's approach to investing is based solely on his ability to find good companies and he is not influenced by the Index in his decision making.

## PROPOSED CHANGES TO THE COMPANY'S INVESTMENT POLICY

The Board has reviewed the Company's investment policy following the change in Portfolio Manager, and as a result is proposing a small number of changes. These will enable the Portfolio Manager to enhance investment returns, by having greater flexibility in how he can implement his stock selection strategy.

The proposed changes would extend the ways in which derivatives can be used by the Company, and clarify and make certain consequential amendments to the investment policy. The changes, and in particular the limits and guidelines that will apply to the use of derivatives, are explained in more detail in the Circular to shareholders dated 21 October 2015 accompanying this Annual Report. However, Board guidelines in respect of Net Gearing will be retained in order to avoid causing an increase in NAV volatility. A resolution to amend the investment policy is being proposed at the Annual General Meeting on 30 November 2015, as detailed in the section on the Annual General Meeting on pages 24 and 25.

## PERFORMANCE

Total return (%)	1 year	3 years	5 years	Since launch
NAV per share – undiluted	+4.0	+37.6	+40.7	+189.2
Share price	+6.2	+36.7	+37.7	+165.6
MSCI All Countries Far East ex Japan Index	+0.3	+18.4	+28.6	+87.4

## INVESTMENT REVIEW

For the third successive year, the NAV and share price of the Company increased in excess of the Comparative Index. The financial year under review saw a NAV return of 4.0% whilst the Index returned only 0.3%. Returns to our shareholders have been further enhanced by a narrowing of the discount from 12.5% at the start of the year to 10.7% at the end of the year.

Asian equities edged higher with gains driven mainly by the surge in China and Hong Kong markets following the announcement of the Shanghai – Hong Kong Stock Connect Program. Equity market performance was also helped by a shift in the structure of the Chinese economy, as policymakers encouraged consumption growth and greater private sector participation in the economy. However, the end of the reporting year and the start of the new review period have been dominated by the recent levels of volatility and selling-off of markets around the world led largely by the fall in Chinese equity valuations of around 19.7% (MSCI China Index) between 1 April and the end of September 2015. Despite this, our Portfolio Manager has produced returns in excess of the Comparative Index, with NAV return exceeding the Index by 2.5% over this period.

## OUTLOOK

Nitin writes in greater detail about the background to these market movements but is continuing to find rewarding opportunities to invest in companies run by efficient managers at reasonable valuations.

## OTHER MATTERS

### Fee arrangements

Following a review of the Company's fee arrangements, the Board agreed with its Manager, Fidelity Investment Services (UK) Limited, to reduce the annual management charge ("AMC") of 1.00% of gross assets per annum with effect from 1 August 2015. The revised fee structure will be on a tiered basis and the AMC will be charged at a rate of 0.90% of the Company's first £200 million of gross assets and at a rate of 0.85% on gross assets above £200 million. The Board believe that these revised fee arrangements will be more beneficial to investors and the Company overall.

### Gearing

At 31 July 2015, the Company held net cash of 9.0% (2014: gearing of 11.3%). Further details are provided on pages 7 and 8.

## Chairman's Statement

### Dividend

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors recommend a dividend of 2.00 pence per ordinary share (2014: 1.10 pence). This dividend will be payable on 10 December 2015 to shareholders on the register at close of business on 30 October 2015 (ex-dividend date 29 October 2015). As the Company's objective is long term capital growth, any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.

### Share Repurchases

Repurchases of ordinary shares are made at the discretion of the Board and within guidelines set from time to time by the Board in light of prevailing market conditions. Share repurchases will only be made when they will result in an enhancement to the NAV of ordinary shares for remaining shareholders. There were no ordinary shares repurchased for cancellation during the year under review.

### Treasury Shares

The Board has decided to seek shareholder approval to hold in Treasury ordinary shares repurchased by the Company, rather than cancelling them. The Treasury shares would carry no voting rights or rights to receive a dividend and would have no entitlement in a winding up of the Company. No more than 5% of the issued ordinary share capital of the Company would be held in Treasury. Any shares held in Treasury would only be re-issued at NAV per share, or at a premium to NAV per share. This would ensure that the net effect of repurchasing and then re-issuing ordinary shares would enhance NAV per share.

Shareholder approval to implement this recommendation will be sought at the forthcoming Annual General Meeting.

### Board Changes

The year under review saw some changes to the Board. Hugh Bolland stepped down as Chairman and non-executive Director and I succeeded him as Chairman.

The Board welcomed Michael Warren as a new member of the Board with effect from 29 September 2014. He was subsequently

elected as a Director of the Company by shareholders on 9 December 2014.

The Board is also pleased to welcome Tim Scholefield as a new member of the Board with effect from 30 September 2015. Mr Scholefield has over 27 years' experience of managing portfolios and investment teams both in the UK and Asia. Further details are included in his biography on page 21.

William Knight will be stepping down from the Board at the conclusion of the Annual General Meeting on 30 November 2015. I would like to take this opportunity to thank him on behalf of the Board and the shareholders for his invaluable contribution over the years.

### Continuation Vote

In accordance with the Articles of Association of the Company, the Company is subject to a continuation vote every five years. The next continuation vote will take place at the Annual General Meeting in 2016.

### Annual General Meeting

The Annual General Meeting will be held on 30 November 2015 at Fidelity's offices at 25 Cannon Street, London EC4M 5TA (St Paul's or Mansion House tube stations) commencing at 11.00 am. All shareholders and Fidelity Savings Plan and ISA Scheme investors are invited to attend. The new Portfolio Manager will be making a presentation on the year under review and the immediate prospects for the Company.



### Kate Bolsover

Chairman  
21 October 2015

## Portfolio Manager's Review



### FIL INVESTMENT SERVICES (UK) LIMITED

The Company is managed by FIL Investment Services (UK) Limited (which is authorised and regulated by the Financial Conduct Authority). It is part of the FIL Limited group, which, as at 30 September 2015, had total assets under management exceeding £171 billion. FIL Investment Services (UK) Limited has delegated the portfolio management of the Company to FIL Investments International.



### NITIN BAJOR

has been the Company's Portfolio Manager since 1 April 2015. He is also the portfolio manager for the Fidelity Funds – Asian Smaller Companies Fund. He started at Fidelity in 2003 in the London office as a Research Analyst. In 2007, after a very successful and highly rated period in research, Nitin became an Assistant Portfolio Manager for the Fidelity Global Special Situations Fund in the UK. In 2009, he moved to Fidelity's Mumbai office, to manage FIL's domestic Indian equity funds. In 2013 he moved to Singapore and started managing the Asian Smaller Companies Fund on 1 September 2013. Nitin holds a Bachelor of Commerce degree from the University of Delhi, an MBA from Insead, Singapore and is a member of the Institute of Chartered Accountants of India.

### MARKET REVIEW

Over the period under review, markets initially performed very strongly, mainly driven by China and Hong Kong markets. The implementation of the Shanghai Hong Kong Stock Connect Program for the first time allowed mainland Chinese investors to invest in Hong Kong. These investors concentrated on medium and small stocks in Hong Kong, leading to a surge in their prices and valuation. However, towards the end of the review period Asian markets became more volatile on rising prospects for a US interest rate hike and debt default in Greece. Sentiment weakened further as investors worried about a slowdown in China and high levels of leverage in the Chinese stock market. This meant that the earlier gains were wiped out leaving the Index broadly unchanged. From a sector perspective, defensive health care, utilities and telecommunication services providers gained strongly. In contrast, consumer discretionary was the worst performing sector. Materials and energy producers declined due to a sharp fall in natural resources prices.

### PERFORMANCE REVIEW

Over the 12 month period ended July 2015, the portfolio strongly outperformed the comparative MSCI All Countries Far East ex Japan Index. Returns were buoyed by rewarding stock selection in South Korea and India, as well as favourable positioning in China. At sector level, stock selection in the information technology and consumer discretionary sectors, and overweighting in the consumer staples and healthcare sectors contributed the most to the fund's relative returns. In April 2015, I took over the management of the portfolio from John Lo. Although it is just four months into my tenure, I am happy to note that the portfolio has continued to outperform the Index over this period.

Over the 12 month period, IT sector holdings such as e-commerce company Alibaba Group and electronic supply chain manager Redington India were leading contributors within the IT sector. The position in Alibaba surged following a much

anticipated listing, and Redington India also gained in view of optimism about likely growth in demand in anticipation of stronger growth in the Indian economy. John booked profits in Alibaba in November 2014 after it reached his target price. I reduced the position in Redington India in April and sold it completely in July due to increasing competition.

In the discretionary space, the position in Korean travel agent Hana Tour Service proved beneficial as it gained market share due to its strong brand and channel operations. However, I offloaded the holding in April due to valuation concerns.

Within staples, a position in Australia-based confectionery firm Yowie Group, which I initiated in April, proved rewarding. The company is rolling out its brand of chocolates in the US, where it is shielded from intense competition as it is the property rights owner of the unique brand and has exclusive access to the US market. The position remains among the Company's top holdings.

Relative returns from the healthcare sector were primarily driven by the holding in Religare Health Trust, which owns hospitals in India. I added to the holding in April given its strong brand, structural growth opportunity in India and attractive dividend yield.

Elsewhere, an overweight stance in China-based insurance provider Ping An Insurance and brokerage services firm Citic Securities buoyed returns. Both these stocks gained against the backdrop of a series of financial sector reforms announced by the government. More specifically, Citic Securities was a direct beneficiary of the Shanghai Hong Kong Stock Connect program which led to a surge in trading volumes. Ping An was sold in April as I switched into better quality, value names with simpler business models such as Power Grid Corporation and Religare Health Trust. Citic Securities was also offloaded in May as the stock reached my valuation target.

# Portfolio Manager's Review

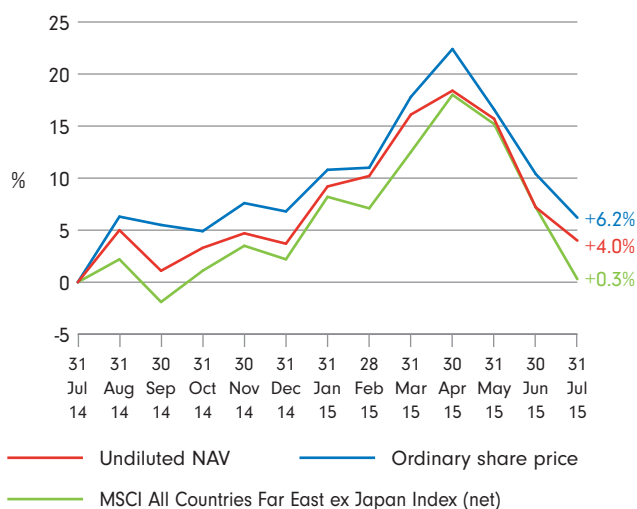
On a less positive note, the holding in Slater & Gordon was the main detractor from performance. The Share price fell amid concerns about an acquisition of the professional services division of UK-listed legal firm Quindell. The Australian regulator was also reported to be looking into the processes of Slater & Gordon's auditors. A large portion of the holding was sold in the interest of prudence to mitigate the unfavourable impact from the news flow related to the stock. Elsewhere, a holding in specialty machinery producer Sarine Technologies declined after missing earnings expectations, whilst the holding in oil & gas exploration firm Rex International hampered returns as a fall in oil prices weighed growth expectations. Both these positions were closed in April to finance the purchase of better quality small cap value names.

Over the last few months, the portfolio has been transitioned to reflect my value bias and focus on smaller companies. As a result, the Company now has a higher overweight exposure to smaller companies with market capitalisation of less than US\$1 billion.

## OUTLOOK

I am deliberately omitting saying anything about stock market outlook. I have yet to meet anyone who can reliably forecast markets. I certainly cannot. As Warren Buffet famously said: "Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future". However, I am beginning to find stocks that I wish to buy for the portfolio.

Total return performance for the year to 31 July 2015



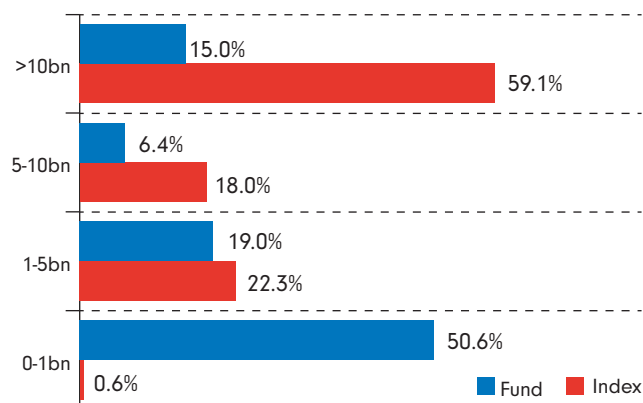
Sources: Fidelity and Datastream  
Past performance is not a reliable indicator of future results

## INVESTMENT STRATEGY

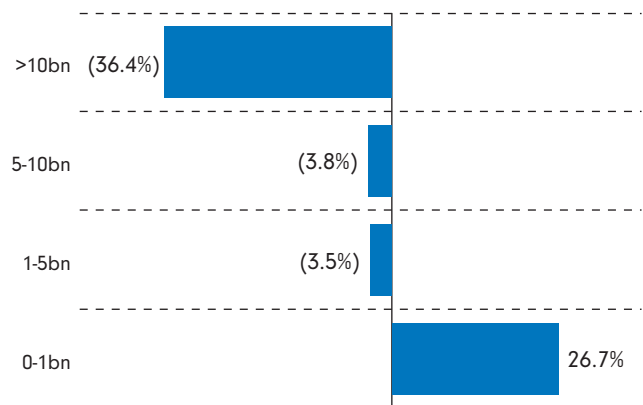
As the Company's new Portfolio Manager, I will continue to focus on strong businesses run by outstanding managers which are available at reasonable valuations with an objective of compounding money over a three to five years period. There will be times, like the last quarter, where things do not go to plan - this can be due to external reasons (stock market cycles) and also errors in judgement or analysis on my part. This is why buying strong businesses which are run by good managers and are available at reasonable prices is important as they reduce the risk from incorrect judgement.

I also remain biased towards smaller companies for three reasons. First, this space gives us the opportunity to invest in "winners of tomorrow" before they become well known. Secondly, this space is not widely followed by professional investors and hence there is a higher likelihood of finding "mispriced businesses". Lastly, with more than 15,000 listed companies in Asia, there is a lot of scope to find both "winners of tomorrow" and "mispriced businesses".

Market Cap weighting (US\$) as at 31 July 2015



Weighting change over tenure (US\$) (1 April to 31 July 2015)



Sources: Fidelity Worldwide Investment and MSCI classification as at 31 July 2015  
Cash is excluded from the chart above  
Index: MSCI AC Far East ex-Japan Index

**Nitin Bajaj**  
Portfolio Manager  
21 October 2015



# Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. It provides a review of the Company's business and describes the principal risks and uncertainties it faces. The report includes an analysis of the performance of the Company during the financial year and the position at the year end, its objective, strategy, risks and how these are measured using Key Performance Indicators. The Chairman's Statement and the Portfolio Manager's Review form part of the Strategic Report.

## BUSINESS AND STATUS

The Company carries on business as an investment trust and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and has no employees.

## OBJECTIVE

The investment objective of the Company is to achieve long term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan).

## STRATEGY

In order to achieve this objective, the Company has an actively managed portfolio of investments. As an investment company, it is able to gear the portfolio and the Board takes the view that long term returns for shareholders can be enhanced by using gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services. The Portfolio Manager seeks to achieve a capital return on the Company's total assets over the long term in excess of the equivalent return on the Comparative Index. Until 31 July 2015, the Comparative Index was the MSCI All Countries Far East ex Japan Index (net) as expressed in sterling. With effect from 1 August 2015, this has changed to the MSCI All Countries Asia ex Japan Index. The stock selection approach adopted by the new Portfolio Manager is considered to be well suited to achieving this objective.

The Company's objective, strategy and principal activity have remained unchanged throughout the year ended 31 July 2015.

The Board has reviewed the summary of the year's activities and is in agreement with the indications of likely future developments and factors likely to affect these. Details can be found in the Chairman's Statement on pages 3 and 4 and the Portfolio Manager's Review on pages 5 and 6. The Board recognises that investing in equities is a long term process and that the Company's returns will vary from year to year.

## INVESTMENT POLICY

The Company primarily invests in a diversified portfolio of companies listed on stockmarkets in the Asian region, but investments may be made in companies listed elsewhere which, in the opinion of the Portfolio Manager, have significant interests in the Asian Region excluding Japan.

In order to diversify the Company's portfolio the Board has set broad guidelines for the Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio.

*As mentioned in the Chairman's Statement and in the letter accompanying this Annual Report, the Board is seeking shareholder approval to change the Company's investment policy in order to extend the ways in which derivatives can be used and to clarify and make certain changes to the current investment policy.*

No material change will be made to the investment policy without shareholder approval.

## INVESTMENT RESTRICTIONS

Investment of up to 10% of the Company's total assets is permitted in any one company or other investment entity.

The Company principally invests in equities but may also invest in equity related instruments:

- Up to 15% in convertible bonds.
- Up to 10% in warrants.
- Up to 35% in debt or money market instruments or money market funds.
- Up to 5% in securities which are not listed on any stock exchange. However, the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future.
- Up to 15% in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian Region.

The Company is permitted to investment in Non-Voting Depository Receipts, American Depository Receipts, Global Depository Receipts and Equity Linked Notes. Any such investment will be included in the aggregate relevant country weighting. The Company is not expected to undertake any foreign exchange hedging of its portfolio, but reserves the right to do so.

## GEARING

The Company may use gearing to enhance long term capital growth. Gearing is obtained through the use of borrowing and/or the use of Contracts For Difference ("CFDs") to obtain exposure to securities selected by the Portfolio Manager. The effect of gearing is to magnify the consequence of market movements on

# Strategic Report

the portfolio. If the portfolio value rises, the NAV will be positively impacted, but if it falls, the NAV will be adversely impacted. The Board is responsible for setting the guidelines for the level of gearing in the Company and reviews the position on a regular basis.

It is the policy of the Company that the aggregate exposure of the Company to equities, whether as a result of borrowings or CFDs, will not exceed the value of the total net assets of the Company by more than 30%, at the time the investment is made. It should be stressed that the majority of the Company's exposure to equities will be through direct investment, not via borrowings or CFDs.

## DIVIDEND POLICY

As the Company's objective is to achieve long term capital growth, the Board do not expect dividends to constitute a material element of any return to shareholders. In order to continue to qualify as an investment company, the Company is required by Section 1159 of the Corporation Tax Act 2010 to distribute sufficient net income so that it retains no more than 15% of its income.

## INVESTMENT MANAGEMENT PHILOSOPHY, STYLE AND PROCESS

The portfolio is primarily built on a stock by stock basis following the Portfolio Manager's assessment of the fundamental value available in individual securities, with geographical weightings largely the result of stock selection, rather than macroeconomic considerations. The charts provided in this Annual Report should therefore be read with this in mind. The portfolio's geographical weightings may vary significantly from the weightings within its Comparative Index and the concentration on the identification of fundamental value in individual stocks within the Asian Region may result in investments made against prevalent trends and local conventions. The Portfolio Manager invests in securities of companies which he considers to have fundamental value.

## PERFORMANCE

The Company's performance for the year ended 31 July 2015 and details on trends and factors that may impact the future performance of the Company are included in the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 6. The Portfolio Listing, Gearing, the Distribution of the Portfolio, Ten Year Record and Summary of Performance charts are on pages 11 to 20.

## RESULTS AND DIVIDENDS

The Company's results for the year ended 31 July 2015 are set out in the Income Statement on page 38. The return per ordinary share was 10.25 pence of which the revenue return was 2.26 pence.

The Directors recommend that a dividend of 2.00 pence (2014: 1.10 pence) per ordinary share be paid on 10 December 2015 to shareholders who appear on the register as at the close of business on 30 October 2015 (ex-dividend date 29 October 2015).

## ATTRIBUTION ANALYSIS

The Attribution Analysis table below shows how the increase in the Company's NAV total return has been achieved.

Analysis of change in NAV total return during the year (%)	
<b>Impact of:</b>	
Comparative Index (£)	+0.3
Index Gearing (US\$)	+0.5
Exchange Rate Effect	-0.1
Stock selection	+5.2
Expenses and Tax	-2.0
Cash	+0.1
<b>NAV total return for the year to 31 July 2015</b>	<b>+4.0</b>

## KEY PERFORMANCE INDICATORS

The Key Performance Indicators ("KPIs") used to determine the performance of the Company and which are comparable to those reported by the other investment trusts are set out below.

	Year ended 31 July 2015 %	Year ended 31 July 2014 %
NAV per share total return	+4.0	+11.7
Share price total return	+6.2	+10.1
MSCI All Countries Far East ex Japan Index (net) total return <sup>1</sup>	+0.3	+5.4
Discount to NAV	10.7	12.5
Ongoing charges <sup>2</sup>	1.42	1.50

- 1 With effect from 1 August this Comparative Index has changed to the MSCI All Countries Asia ex Japan Index total return
- 2 The Board has a policy of ensuring that the costs of running the Company are reasonable and competitive

Sources: Fidelity and Datastream  
Past performance is not a guide to future returns

In addition to the KPIs set out above, the Board regularly reviews the Company's performance against its peer group of investment companies. Long term performance is also monitored and the Ten Year Record and the Summary of Performance charts on pages 18 to 20 show this information.

## PRINCIPAL RISKS AND UNCERTAINTIES

There is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board.

The Board is responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. The Board also determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. An internal controls report providing an assessment of risks, together with controls to mitigate these risks, is prepared

# Strategic Report

by the Manager and considered by the Audit Committee at each of its meetings.

The Company's Alternative Investment Fund Manager, FIL Investment Services (UK) Limited has responsibility for risk management for the Company. It works with the Board to identify and manage the principal risks and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the following as the principal risks and uncertainties faced by the Company:

## Market risk

The Company's assets consist mainly of listed securities and the principal risks are therefore market related such as market downturn, interest rate movements, and exchange rate movements. The Portfolio Manager's success or failure to protect and increase the Company's assets against this background is core to the Company's continued success.

Risks to which the Company is exposed, and which form part of the market risk category, are included in Note 18 to the Financial Statements on pages 51 to 56 together with summaries of the policies for managing these risks. These are: market price risk (which comprises interest rate risk, foreign currency risk and other price risk); liquidity risk, counterparty risk, credit risk and derivative instruments risk.

## Performance risk

The achievement of the Company's performance objective relative to the market requires the application of risk such as strategy, asset allocation and stock selection, and may lead to underperformance of the Comparative Index. The Board reviews risk at each Board meeting, considers the asset allocation of the portfolio and the risks associated with particular countries and industry sectors within the parameters of the investment objective and strategy. The Portfolio Manager is responsible for actively managing and monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The emphasis is on long term performance and the Board accepts that by targeting long term results the Company risks volatility of performance in the shorter term.

As outlined in the Chairman's Statement, the Board appointed a new Portfolio Manager from 1 April 2015. This change incurred a degree of transition risk as the new Portfolio Manager made changes to the portfolio and gearing levels. However, this has been successfully managed and performance so far has been promising despite market volatility.

## Discount control risk

The price of the Company's shares as well as its discount to NAV, are factors which are not within the Company's total control. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices within the parameters set by the Board. The Company's ordinary share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board regularly.

## Gearing risk

The Company has the option to invest up to the total of any loan facilities or to use CFDs to invest in equities. The principal risk is that while in a rising market the Company will benefit from gearing, in a falling market the impact would be detrimental. Other risks are that the cost of gearing may be too high or that the term of the gearing is inappropriate in relation to market conditions. The Company currently has no bank loans and gears through the use of long CFDs. Utilising long CFDs for gearing purposes provides greater flexibility and has been significantly cheaper than traditional bank loans. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.

## Currency risk

The functional currency of the Company in which it reports its results is UK sterling; however, most of its assets and its income are denominated in other currencies. Consequently, it is subject to currency risk on exchange rate movements between UK sterling and these other currencies. It is the Company's policy not to hedge against currency risks. Further details can be found in Note 18 to the Financial Statements on pages 51 to 56.

## Tax and regulatory risks

A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status, resulting in the Company being subject to tax on capital gains. A breach of other legal and regulatory rules may lead to suspension from listing on the Stock Exchange. The Board receives regular reports from the Manager confirming regulatory compliance during the year.

## Operational risks

The Company has no employees and relies on a number of third party service providers, principally the Manager, Registrar, Custodian and Depositary. The Company is dependent on the Manager's control systems and those of its Registrar and Custodian, both of whom are monitored and managed by the Manager in the context of the Company's assets and interests on behalf of the Board. The Depositary, under a tri-partite agreement, oversees the custody of investments and cash. The security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements, among other things, rely on the effective operation of such systems.

The Manager, Registrar and Custodian are subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal controls reports are received by the Board and any concerns investigated. Although the likelihood of poor governance, compliance and operational administration by third party service providers is low, the financial consequences could be serious, including the associated reputational damage to the Company.

## Other risks

A continuation vote takes place every five years. There is a risk that shareholders do not vote in favour of continuation during periods when performance is poor. The next continuation vote will take place in 2016.

# Strategic Report

## BOARD DIVERSITY

The Board carries out any candidate search against a set of objective criteria on the basis of merit, with due regard for the benefits of diversity on the Board, including gender. As at 31 July 2015, there were four male Directors and one female Director on the Board.

## EMPLOYEE, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company has no employees, all of its Directors are non-executive and it therefore has no disclosures to make in respect of employees and human rights.

The Company's financial reports are printed by a company which has won awards for its environmental awareness and further details of this may be found on the back cover of this report.

Details about Fidelity's own community involvement may be found on its website at [www.fidelity.co.uk](http://www.fidelity.co.uk).

## SOCIALLY RESPONSIBLE INVESTMENT

The Manager believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, its investment process takes social, environmental and ethical issues into account when, in its view, these have a material impact on either investment risk or return.

## GREENHOUSE GAS EMISSIONS

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. FIL Investments International is registered with the Carbon Reduction Commitment Energy Efficiency Scheme administered by the Environment Agency.

## CORPORATE ENGAGEMENT

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the

companies in which it invests and that it should exercise its voting rights at their general meetings. Unless there are any particularly controversial issues (which are then referred to the Board) it delegates the responsibility for corporate engagement and shareholder voting to the Manager. These activities are reviewed annually.

## FUTURE DEVELOPMENTS

Some trends likely to affect the Company in the future are common to many investment companies together with the impact of regulatory change. The factors likely to affect the Company's future development, performance and positions are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 6.

By Order of the Board  
**FIL Investments International**  
 Secretary  
 21 October 2015

## Portfolio Listing as at 31 July 2015

Portfolio	Fair Value <sup>1</sup> £'000	Portfolio Exposure <sup>2</sup> £'000	Portfolio Exposure % <sup>3</sup>
<b>Taiwan Semiconductor Manufacturing</b> – Taiwan Integrated circuit related products developer, manufacturer and distributor	9,234	9,234	5.2
<b>Power Grid Corporation of India</b> – India Operator of the Indian national electricity grid	6,787	6,787	3.8
<b>Religare Health Trust</b> – Singapore Hospital operator in India	6,452	6,452	3.6
<b>HDFC Bank</b> – India Private sector bank	5,279	5,279	3.0
<b>Tisco Financial Group</b> – Thailand Auto finance bank	4,657	4,657	2.6
<b>G8 Education</b> – Australia Day care centre operator	4,356	4,356	2.4
<b>International Housewares Retail</b> – Hong Kong Housewares retail chain	4,282	4,282	2.4
<b>WPG Holding</b> – Taiwan Semiconductor and core components distributor	3,981	3,981	2.2
<b>New Oriental Education &amp; Technology</b> – China Educational services provider	3,816	3,816	2.1
<b>Yowie Group</b> – Australia Consumer products brand owner and distributor	3,184	3,184	1.8
<b>Ten Largest Investments</b>	<b>52,028</b>	<b>52,028</b>	<b>29.1</b>
<b>Other Investments</b>			
China Mengniu Dairy	2,969	2,969	1.7
Cognizant Technology Solutions	2,897	2,897	1.6
WT Microelectronics	2,818	2,818	1.6
Gudang Garam	2,805	2,805	1.6
Zhejiang Supor Cookware <sup>4</sup>	2,755	2,755	1.5
LT Group	2,344	2,344	1.3
Samsonite International	2,172	2,172	1.2
Lung Yen Life Service	2,138	2,138	1.2
Supalai	2,137	2,137	1.2
Housing Development Finance Corporation	2,058	2,058	1.2
LG Uplus	2,049	2,049	1.1
Interoil	1,994	1,994	1.1
Shinhan Financial Group	1,907	1,907	1.1
Padini Holdings	1,732	1,732	1.0
Mapletree Commercial Trust	1,730	1,730	1.0
Amvig Holdings	1,721	1,721	1.0
Cleanaway Company	1,689	1,689	0.9
Noida Toll Bridge	1,616	1,616	0.9
Korea Electric Power	1,585	1,585	0.9
Playmates Toys	1,560	1,560	0.9
SK Hynix	1,560	1,560	0.9
Essel Propack	1,491	1,491	0.8

## Portfolio Listing as at 31 July 2015

Portfolio	Fair Value <sup>1</sup> £'000	Portfolio Exposure <sup>2</sup> £'000	Portfolio Exposure % <sup>3</sup>
Baidu	1,449	1,449	0.8
Guocoleisure	1,449	1,449	0.8
Ta Chong Bank	1,368	1,368	0.8
CSI Properties	1,341	1,341	0.7
51Job	1,306	1,306	0.7
KPIT Technologies	1,278	1,278	0.7
Hyundai Motor	1,273	1,273	0.7
Luen Thai Holdings	1,271	1,271	0.7
Uoa Development	1,262	1,262	0.7
Capital Securities	1,241	1,241	0.7
Korean Reinsurance	1,240	1,240	0.7
Daelim Industrial	1,238	1,238	0.7
Zhaopin	1,235	1,235	0.7
Premier Marketing	1,198	1,198	0.7
Mangalam Cement	1,157	1,157	0.6
KT & G	1,151	1,151	0.6
Iwatsuka Confectionary	1,068	1,068	0.6
LPN Development	1,059	1,059	0.6
Tempo Scan Pacific	1,033	1,033	0.6
Techtronic Industries	1,024	1,024	0.6
Redington India	969	969	0.5
Sarine Technologies	958	958	0.5
Sa Sa International Holdings	955	955	0.5
Burson Group	939	939	0.5
Magnificent Estates	939	939	0.5
Novatek Microelectronics	939	939	0.5
Wah Lee Industrial	938	938	0.5
Luk Fook Holdings International	931	931	0.5
Yuexiu Transport Infrastructure	905	905	0.5
Changshouhua Food	891	891	0.5
Hyundai Hy Communications & Network Co	886	886	0.5
Interplex Holdings	863	863	0.5
Oberoi Realty	850	850	0.5
Kindom Construction	830	830	0.5
Sinher Technology	826	826	0.5
DGB Financial Group	824	824	0.5
Welling Holdings	804	804	0.4
Slater & Gordon	802	802	0.4
Chaowei Power Holdings	781	781	0.4
Land & General	769	769	0.4
Career Point	744	744	0.4

## Portfolio Listing as at 31 July 2015

Portfolio	Fair Value <sup>1</sup> £'000	Portfolio Exposure <sup>2</sup> £'000	Portfolio Exposure % <sup>3</sup>
Xtep International Holdings	734	734	0.4
Muthoot Finance	723	723	0.4
Affinity Education Group	719	719	0.4
Stella International Holdings	715	715	0.4
HT Media	684	684	0.4
INTAI Technology	682	682	0.4
Astra Graphia	672	672	0.4
IMF Bentham	656	656	0.4
Ciputra Property	648	648	0.4
BFI Finance Indonesia	638	638	0.4
Fairfax Financial Holdings	617	617	0.3
Esprit Holdings	598	598	0.3
Fortis Healthcare	592	592	0.3
China Modern Dairy Holdings	574	574	0.3
Airasia	568	568	0.3
Mphasis	535	535	0.3
Tata Motors	529	529	0.3
McMillan Shakespeare	509	509	0.3
Nanosonics	496	496	0.3
Delta	484	484	0.3
Impedimed	480	480	0.3
Valuetronics Holdings	478	478	0.3
Malindo Feedmill	459	459	0.3
Bank Rakyat Indonesia	445	445	0.2
Springland International Holdings	444	444	0.2
Donaco International	432	432	0.2
RFM	432	432	0.2
Chorus	423	423	0.2
Rotam Global Agrosiences	412	412	0.2
OSIM International	404	404	0.2
Petra Foods	387	387	0.2
Bellamy's Australia	348	348	0.2
Somnomed	338	338	0.2
AnaPass	337	337	0.2
Clinuvel Pharmaceuticals	337	337	0.2
Le Saunda Holdings	320	320	0.2
Louis Xiii Holdings	320	320	0.2
Vale Indonesia	291	291	0.2
Nong Woo Bio	275	275	0.2
TZ	267	267	0.1
Coffey International	264	264	0.1

## Portfolio Listing as at 31 July 2015

Portfolio	Fair Value <sup>1</sup> £'000	Portfolio Exposure <sup>2</sup> £'000	Portfolio Exposure % <sup>3</sup>
Casetek Holdings	256	256	0.1
Embry Holdings	256	256	0.1
Convenience Retail Asia	231	231	0.1
Bio Light Israeli Life Sciences Investments	186	186	0.1
Hana Microelectronics	166	166	0.1
Shun Ho Technology Holdings	162	162	0.1
Melco Crown Philippines	155	155	0.1
Giordano International	130	130	0.1
Kyung Dong Pharmaceutical	103	103	0.1
Creative Sensor	76	76	0.1
Dream International	74	74	0.1
Federal Bank	31	31	0.1
Sino Gas and Energy	27	27	-
<b>Total Portfolio – 127 holdings</b>	<b>162,858</b>	<b>162,858</b>	<b>91.0</b>
<b>Net Current Assets</b>	<b>16,079</b>		
<b>Shareholders' Funds</b>	<b>178,937</b>		

1 Fair Value is the best measure of the realisable value of the portfolio at 31 July 2015 and is the value reflected in the Balance Sheet on page 40 (see the Glossary of Terms on page 64)

2 Portfolio Exposure is the value of the portfolio at 31 July 2015 exposed to market price movements (see the Glossary of Terms on page 65). As there were no long CFDs held at 31 July 2015, the Fair Value and Portfolio Exposure are the same throughout the Portfolio Listing above

3 Portfolio Exposure is expressed as a percentage of Shareholders' Funds

4 Includes £1,256,000 held in Equity Linked Notes (see the Glossary of Terms on page 64)

## Gearing as at 31 July 2015

	2015 £'000	2014 £'000
Exposure to investments	162,858	169,880
Exposure to long CFDs	-	22,372
<b>Total Portfolio Exposure</b>	<b>162,858</b>	<b>192,252</b>
<b>Shareholders' Funds</b>	<b>178,937</b>	<b>172,762</b>
<b>Gearing – Total Portfolio Exposure (less than)/in excess of Shareholders' Funds</b>	<b>(9.0%)</b>	<b>11.3%</b>



## Distribution of the Portfolio as at 31 July 2015

Portfolio	Taiwan	India	China	Hong Kong	South Korea	Other	2015 Total <sup>1</sup>	2015 Index <sup>2</sup>	2014 Total
<b>Consumer Discretionary</b>									
Diversified Consumer Services	1.2	0.5	2.1	0.6	-	4.4	8.8	1.6	9.6
Speciality Retail	-	-	-	3.8	-	1.2	5.0	0.3	2.1
Textiles, Apparel & Luxury Goods	-	-	0.7	2.4	-	-	3.1	0.8	7.5
Auto Components	-	-	0.5	-	0.7	-	1.2	0.9	-
Leisure Equipment & Products	-	-	-	0.9	-	-	0.9	0.1	1.1
Media	-	0.4	-	-	0.5	-	0.9	0.6	4.0
Distributors	-	-	-	-	-	0.5	0.5	0.1	-
Automobiles	-	0.4	-	-	-	-	0.4	2.7	-
Multiline Retail	-	-	0.3	-	-	-	0.3	0.3	1.6
Internet & Catalogue Retail	-	-	-	-	-	-	-	-	1.0
	<b>1.2</b>	<b>1.3</b>	<b>3.6</b>	<b>7.7</b>	<b>1.2</b>	<b>6.1</b>	<b>21.1</b>	<b>7.4</b>	<b>26.9</b>
<b>Financials</b>									
Banks	0.7	4.1	-	-	1.5	2.9	9.2	17.5	3.1
Real Estate Management & Development	0.5	0.7	-	0.7	-	3.4	5.3	6.1	5.7
Diversified Financial Services	-	0.4	-	-	-	0.7	1.1	2.1	1.0
Insurance	-	-	-	-	0.6	0.4	1.0	6.5	8.2
Real Estate Investment Trusts (REITs)	-	-	-	-	-	0.9	0.9	0.8	1.1
Capital Markets	0.7	-	-	-	-	-	0.7	1.2	1.5
	<b>1.9</b>	<b>5.2</b>	<b>-</b>	<b>0.7</b>	<b>2.1</b>	<b>8.3</b>	<b>18.2</b>	<b>34.2</b>	<b>20.6</b>
<b>Information Technology</b>									
Semiconductor Equipment & Products	5.8	-	-	-	1.1	-	6.9	5.9	13.9
Electronic Equipment & Instruments	4.8	0.5	-	0.3	-	0.1	5.7	8.4	3.4
Internet Software & Services	-	0.3	0.8	-	-	1.6	2.7	5.9	10.4
Software	-	0.6	-	-	-	-	0.6	0.2	-
Communications Equipment	-	-	-	-	-	-	-	0.1	0.6
	<b>10.6</b>	<b>1.4</b>	<b>0.8</b>	<b>0.3</b>	<b>1.1</b>	<b>1.7</b>	<b>15.9</b>	<b>20.5</b>	<b>28.3</b>

## Distribution of the Portfolio as at 31 July 2015

Portfolio	Taiwan	India	China	Hong Kong	South Korea	Other	2015 Total <sup>1</sup>	2015 Index <sup>2</sup>	2014 Total
<b>Consumer Staples</b>									
Food Products	-	-	2.5	-	0.2	3.3	6.0	2.2	3.3
Household Products	-	-	2.0	0.5	-	-	2.5	1.3	4.6
Tobacco	-	-	-	-	0.6	1.5	2.1	0.8	-
Food & Staples Retailing	-	-	-	0.1	-	0.6	0.7	0.6	-
Personal Products	-	0.6	-	-	-	-	0.6	1.0	2.0
Beverages	-	-	-	-	-	-	-	0.2	1.0
	-	<b>0.6</b>	<b>4.5</b>	<b>0.6</b>	<b>0.8</b>	<b>5.4</b>	<b>11.9</b>	<b>6.1</b>	<b>10.9</b>
<b>Industrials</b>									
Commercial & Professional Services	0.9	-	1.5	-	-	0.8	3.2	0.2	-
Transportation Infrastructure	-	0.9	0.5	-	-	-	1.4	0.8	-
Industrial Conglomerates	-	-	-	-	-	1.3	1.3	3.6	-
Machinery	-	-	-	-	-	1.2	1.2	0.9	6.3
Construction & Engineering	-	-	-	0.2	0.7	-	0.9	1.8	0.5
Transportation	-	-	-	-	-	0.3	0.3	1.3	1.7
Trading Companies & Distributors	-	-	-	-	-	-	-	0.3	1.9
Aerospace & Defence	-	-	-	-	-	-	-	0.3	-
	<b>0.9</b>	<b>0.9</b>	<b>2.0</b>	<b>0.2</b>	<b>0.7</b>	<b>3.6</b>	<b>8.3</b>	<b>9.2</b>	<b>10.4</b>
<b>Health Care</b>									
Health Care Providers & Services	0.4	0.4	-	-	-	4.4	5.2	0.6	2.8
Pharmaceuticals	-	-	-	-	0.1	0.5	0.6	1.7	0.6
Biotechnology	-	-	-	-	-	0.2	0.2	-	-
Life Sciences Tools & Services	-	-	-	-	-	0.1	0.1	0.1	-
	<b>0.4</b>	<b>0.4</b>	-	-	<b>0.1</b>	<b>5.2</b>	<b>6.1</b>	<b>2.4</b>	<b>3.4</b>
<b>Utilities</b>									
Electric Utilities	-	3.8	-	-	0.9	-	4.7	2.9	-
Gas Utilities	-	-	-	-	-	-	-	1.1	1.4
Water Utilities	-	-	-	-	-	-	-	0.2	0.8
Other Utilities	-	-	-	-	-	-	-	0.1	-
	-	<b>3.8</b>	-	-	<b>0.9</b>	-	<b>4.7</b>	<b>4.3</b>	<b>2.2</b>

## Distribution of the Portfolio as at 31 July 2015

Portfolio	Taiwan	India	China	Hong Kong	South Korea	Other	2015 Total <sup>1</sup>	2015 Index <sup>2</sup>	2014 Total
<b>Materials</b>									
Containers & Packaging	-	0.8	1.0	-	-	-	1.8	-	-
Chemicals	-	-	0.3	-	-	-	0.3	2.1	-
Metals & Mining	-	-	-	-	-	0.2	0.2	1.2	1.9
Construction Materials	-	-	-	-	-	-	-	1.0	0.5
Paper & Forest Products	-	-	-	-	-	-	-	0.1	3.3
	-	<b>0.8</b>	<b>1.3</b>	-	-	<b>0.2</b>	<b>2.3</b>	<b>4.4</b>	<b>5.7</b>
<b>Telecommunications Services</b>									
Diversified Telecommunication Services	-	-	-	-	1.1	0.3	1.4	2.6	-
Wireless Telecommunication Services	-	-	-	-	-	-	-	4.4	4.7
	-	-	-	-	<b>1.1</b>	<b>0.3</b>	<b>1.4</b>	<b>7.0</b>	<b>4.7</b>
<b>Energy</b>									
Oil, Gas & Consumable Fuels	-	-	-	-	-	1.1	1.1	4.5	-
	-	-	-	-	-	<b>1.1</b>	<b>1.1</b>	<b>4.5</b>	-
<b>Total Portfolio Exposure – 2015</b>	<b>15.0</b>	<b>14.4</b>	<b>12.2</b>	<b>9.5</b>	<b>8.0</b>	<b>31.9</b>	<b>91.0</b>		
<b>Index – 2015</b>	<b>14.8</b>	<b>9.9</b>	<b>28.3</b>	<b>13.3</b>	<b>16.8</b>	<b>16.9</b>		<b>100.0</b>	
<b>Total Portfolio Exposure – 2014</b>	<b>10.4</b>	<b>8.5</b>	<b>29.9</b>	<b>17.4</b>	<b>28.4</b>	<b>18.5</b>			<b>113.1</b>

1 The Distribution of the Portfolio shows Portfolio Exposure expressed as a percentage of Shareholders' Funds

2 MSCI All Countries Far East ex Japan Index (net) total return in UK sterling terms

## Ten Year Record

As at 31 July	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total portfolio exposure (£m) <sup>1</sup>	162.9	192.3	167.4	123.8	146.2	121.8	98.1	136.4	175.1	107.5	97.8
Shareholders' funds (£m)	178.9	172.8	155.8	117.1	141.3	117.2	92.1	135.9	170.7	99.1	88.7
NAV per share – undiluted (p)	265.14	255.99	230.24	195.40	229.21	192.19	151.18	131.78	156.13	105.95	94.86
NAV per share – diluted (p) <sup>2</sup>	n/a	n/a	n/a	194.70	223.20	191.99	n/a	n/a	156.13	104.88	94.86
Ordinary Share price (p)	236.88	224.00	204.50	176.00	202.63	175.75	142.25	119.00	136.75	97.25	87.00
Subscription Share price (p) <sup>2</sup>	n/a	n/a	n/a	6.75	27.13	19.00	n/a	n/a	n/a	n/a	n/a
Warrant price (p) <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.50	6.37
Discount – undiluted (%)	10.7	12.5	11.2	9.9	11.6	8.6	5.9	9.7	12.4	8.2	8.3
Discount – diluted (%) <sup>2</sup>	n/a	n/a	n/a	9.6	9.2	8.5	n/a	n/a	12.4	7.3	8.3
Revenue return/(loss) per Ordinary Share – undiluted (p)	2.26	1.14	1.05	1.45	0.85	0.27	1.49	1.43	0.63	(0.06)	0.58
Dividend per Ordinary Share (p)	2.00	1.10	1.10	1.00	1.00	nil	1.00	0.81	nil	nil	nil
Cost of running the Company (Ongoing charges) (%)	1.42	1.50	1.55	1.46	1.47	1.52	1.65	1.34	1.51	1.71	1.76
Gearing (%) <sup>3</sup>	-9.0	11.3	7.4	5.7	3.5	3.9	6.5	0.3	2.5	8.5	10.2
NAV – undiluted total return (%)	+4.0	+11.7	+18.4	-14.3	+19.3	+27.8	+15.7	-15.6	+47.4	+11.7	+47.2
NAV – diluted total return (%) <sup>2</sup>	n/a	n/a	n/a	-12.3	+16.3	+27.7	n/a	n/a	+48.9	+10.6	+47.2
Ordinary Share price total return (%)	+6.2	+10.1	+16.8	-12.6	+15.3	+24.3	+20.6	-13.0	+40.6	+11.8	+58.2
Comparative Index total return (%)	+0.3	+5.4	+12.0	-6.6	+16.3	+19.8	+11.0	-10.7	+41.3	+9.2	+41.1

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs. The value of the portfolio is exposed to market price movements. The amounts prior to 2013 represent total assets less current liabilities, excluding bank loans

2 The final exercise of the warrants was in December 2006 and there was subsequently no dilution until subscription shares were issued in March 2010. The final exercise of the subscription shares was in June 2013 and there is no longer any dilution

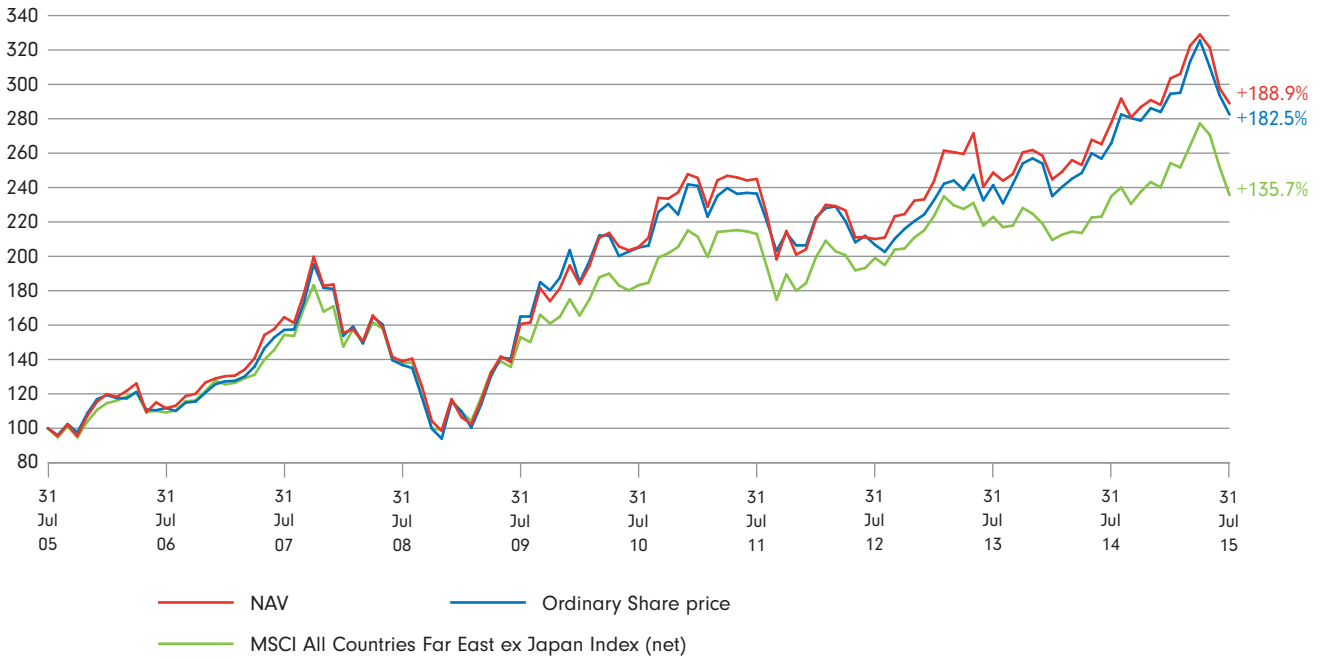
3 Total Portfolio Exposure (less than)/in excess of Shareholders' Funds (see page 14)

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

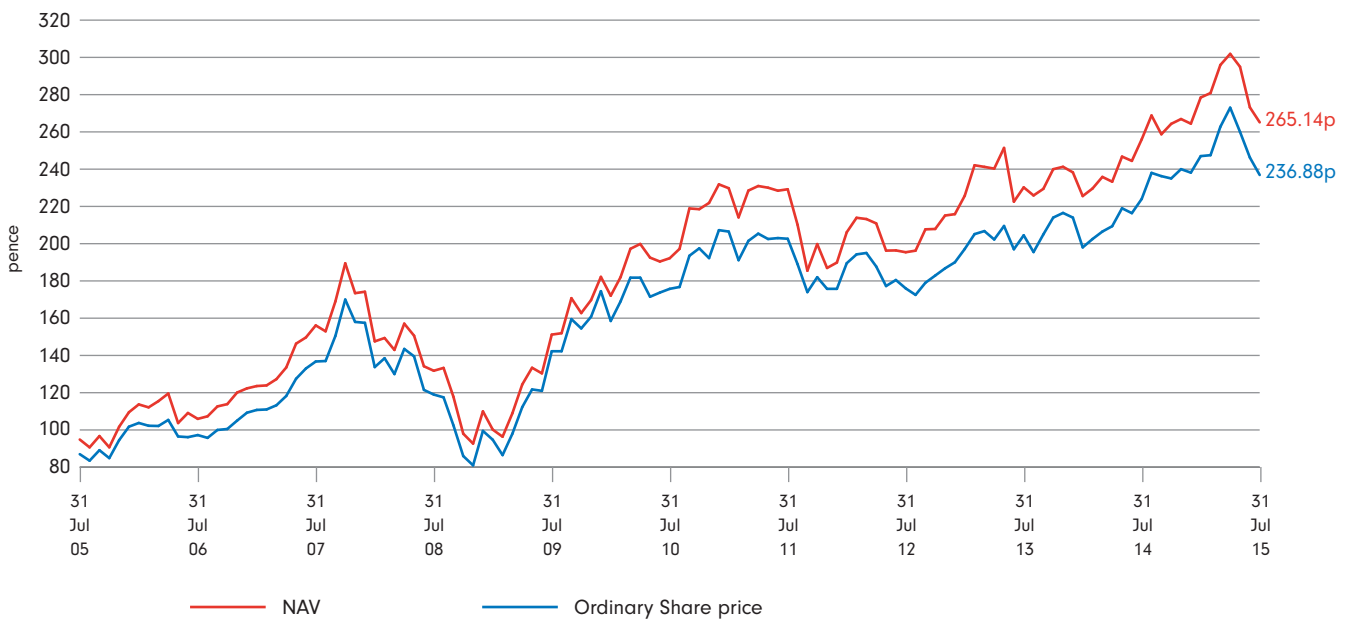
# Summary of Performance

Total return performance for ten years to 31 July 2015



Prices rebased to 100

NAV and ordinary share price for ten years to 31 July 2015



Sources: Fidelity and Datastream  
Past performance is not a guide to future returns

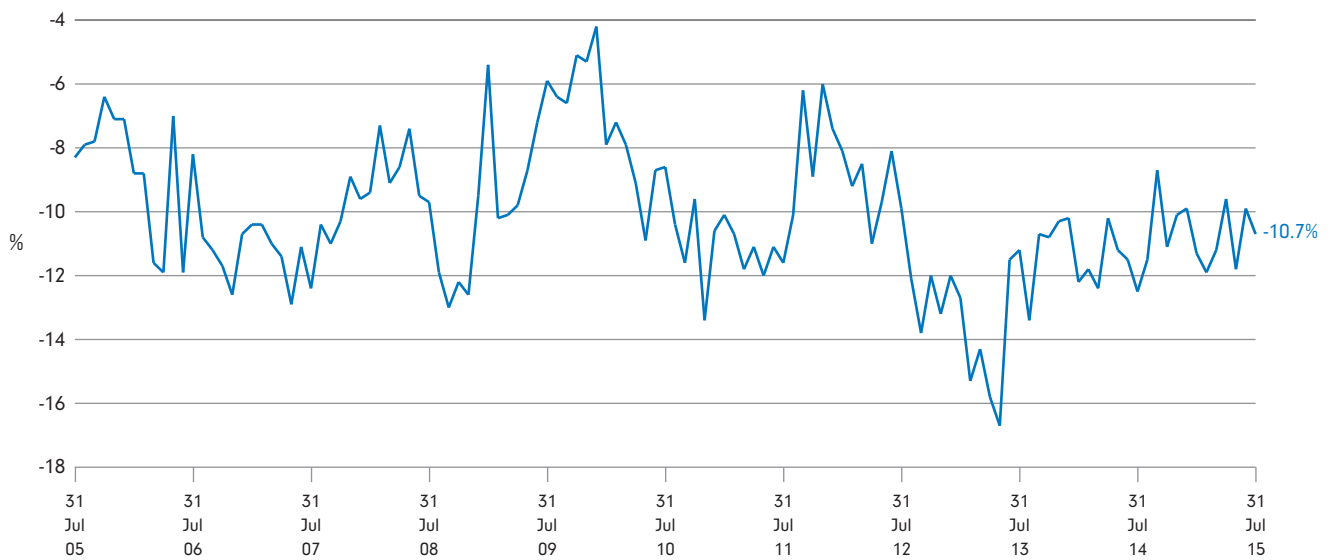
# Summary of Performance

Total return performance relative to the Comparative Index for ten years to 31 July 2015



Prices rebased to 100

Discount to NAV for ten years to 31 July 2015



## Board of Directors



### Kate Bolsover<sup>1</sup>

(Date of appointment as Director: 01.01.10; date of appointment as Chairman: 9 December 2014) is a Director of JPMorgan American Investment Trust PLC. She is also Chairman of Tomorrow's People Trust Limited and a director of a number of affiliated companies. She worked for Cazenove Group plc and

J.P. Morgan Cazenove between 1995 and 2005 where she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this, her work involved business development and mutual funds experience covering countries in the Far East.



### William Knight

(Date of appointment as Director: 09.02.05; date of appointment as Senior Independent Director: 03.06.10) is a founder member and Director of Emerisque Brands Limited, an "east west" private equity management "buy-in" company and Chairman of three of its Chinese joint ventures, MCS Apparel (HK)

Ltd, Henry Cotton's (Greater China) Ltd and Marina Yachting (Hong Kong) Ltd. During an eighteen year period with Lloyds Bank International he worked in project finance, was head of global syndicated lending and then head of its investment banking activities for Asia. He was a founding director of Lloyds Merchant Bank and then managing director of Lloyds Bank Fund Management. In recent years he has acted as adviser to companies and governments on investment and development strategy. He is Chairman of JPMorgan Chinese Investment Trust plc, China Chaintek United Co. Ltd, Myanmar Investments International Ltd and a director of Axis Fiduciary Ltd, Smith-Tan Phoenix Asia Fund and Ceylon Guardian Investment Trust PLC. He is also Chairman of the Advisory Board of Homestrings Ltd.



### Tim Scholefield

(Date of appointment as Director: 30.09.15) is a non-executive Director of F&C Capital and Income Investment Trust PLC. He has had over twenty-five years' experience in investment management, latterly as Head of Equities at Baring Asset Management until April 2014.



### Michael Warren

(Date of appointment as Director: 29.09.14) is a non-executive Director of Carrington Investments and Liontrust Panthera Fund Limited and Vindependents. He is also a Quoted Operating Partner of LivingBridge VC LLP and a past non-executive director of Alquity Investment Management Ltd. He worked for Thames River Capital from 2007

until 2012 as Investment Director. Prior to that he worked at HSBC Investments, where he was responsible for Institutional and Retail distribution, and before that Deutsche Asset Management, where he was a main board member. Latterly, he has served as managing director of the UK mutual fund business, DWS.



### Philip Smiley

(Date of appointment as Director: 01.01.10) is a Director of the Arisaig India Fund and the Endowment Fund SPC. He is also Chairman of the PXP Vietnam Emerging Equity Fund Limited and Chairman of the Advisory Board of the Emerging Beachfront Land Investment Fund G.P. Limited. He has 31 years of experience of working in the

Asia Pacific region, including several years with the Hong Kong Government (Civil Service Branch and then Economic Services Branch) followed by five years with the W.I. Carr Group, latterly as Managing Director of W.I. Carr (Far East) Limited in Hong Kong and group director of finance in London. Between 1991 and 2001 he served as managing director and country head of Jardine Fleming in Korea, where he was also elected Chairman of the British Chamber of Commerce, and then in Singapore, where he was appointed to the Stock Exchange Review Committee. From 2001 to 2005 he was group country chairman of Jardine Matheson in Thailand and Indochina.



### Grahame Stott<sup>2</sup>

(Date of appointment as Director and Chairman of the Audit Committee: 24.09.13) is a qualified actuary with considerable consultancy experience and insight into the intermediary market. He spent 20 years at Watson Wyatt in Hong Kong, during which time he became the regional director for 12 countries across Asia Pacific. He also

served as the head of Watson Wyatt's Global Investment Consulting Business. His background is in working with fast growing listed companies. He is a non-executive Director and Chairman of the Audit Committee of both Jelf Group plc and China Motor Bus Company Limited.

All the Directors are non-executive and are also independent and serve as members on the Management Engagement Committee, Nomination Committee and Audit Committee.

<sup>1</sup> Chairman of the Management Engagement Committee, Nomination Committee and member of the Audit Committee  
<sup>2</sup> Chairman of the Audit Committee

## Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements for Fidelity Asian Values PLC for the year ended 31 July 2015.

The Company was incorporated in England and Wales as a public limited company on 2 April 1996 with the registered number 3183919 and commenced business as an investment trust on 13 June 1996.

Details on the Company's business and status can be found in the Strategic Report on page 7.

### MANAGEMENT COMPANY

FIL Investment Services (UK) Limited ("FIL") was appointed as the Company's Alternative Investment Fund Manager ("the Manager") with effect from 17 July 2014. At the same time, FIL, as the new Manager, delegated the portfolio management of assets and the role of the company secretary to FIL Investments International ("FIL").

This Alternative Investment Fund Management and Secretarial Services Agreement (the "Management Agreement") will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by sixty days' notice if the Manager ceases to be a subsidiary of FIL Limited.

### FEE ARRANGEMENTS

The Management Agreement provides investment management services to the Company for an annual fee of 1.00% of the Company's gross assets excluding the value of any investment in any fund managed by the Manager. The fee is payable quarterly in arrears (at a rate of 0.25%) and is based on the last business day of March, June, September and December. In addition, the Company pays the Manager a fee for secretarial and administration services at the rate of £25,000 per annum and this has been subject to annual indexation since 1 January 1997. The fee is payable quarterly in arrears and for the year ended 31 July 2015, £42,000 was paid in this regard (2014: £42,000).

With effect from 1 August 2015, the Company's annual management fee changed to a tiered pricing structure. The revised fee will be 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million. At the same time, the secretarial and administration fee has been fixed at £75,000 per annum.

The Manager also provides marketing and administration in connection with the Fidelity Investment Trust Share Plan and the Fidelity Individual Savings Account ("ISA"). The amount payable for these services for the year to 31 July 2015 was £101,000 (2014: £88,000).

The total amount due to the Manager for investment management, secretarial, marketing and administration services at 31 July 2015 was £200,000 (2014: £189,000). This is included within 'other creditors and accruals' in Note 12 on page 48.

The Manager has an arrangement with certain brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce transaction costs. Amounts received by the Company under this arrangement are credited to capital and included in the 'gains on sales of investments in the year' in Note 9 on page 47. In the year to 31 July 2015, £20,000 was received (2014: £23,000). There is a regulatory requirement on the Manager to obtain best execution and no individual deal is entered into which prevents compliance with this requirement.

### THE BOARD

Kate Bolsover, William Knight, Grahame Stott and Philip Smiley served on the Board throughout the year ended 31 July 2015. Michael Warren was appointed as a Director on 29 September 2014 and Timothy Scholefield on 30 September 2015. Hugh Bolland stepped down from the Board at the Annual General Meeting on 9 December 2014 and Kate Bolsover succeeded him as Chairman on the same day. William Knight will step down as a Director at the conclusion of the Annual General Meeting on 30 November 2015 at which point the Board will comprise of five Directors.

All of the Directors, with the exception of William Knight and Timothy Scholefield, will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election. William Knight retires at the forthcoming Annual General Meeting, and Timothy Scholefield being newly appointed, will seek election at the Annual General Meeting. Biographical details of all the Directors at the date of this report are shown on page 21 and gives an indication of their qualifications for Board membership.

Contracts of service are not entered into with the Directors and their appointments are in accordance with the Company's Articles of Association. The process of appointment, election, re-election and replacement of Directors is included in the Corporate Governance Statement on page 27.

The interests of the Directors in the Company's ordinary shares as at 31 July 2015 and 2014 are shown in the Directors' Remuneration Report on page 34.

### DIRECTORS AND OFFICERS' LIABILITY INSURANCE

In addition to benefits under the Manager's global Directors and Officers' liability insurance arrangements, the Company maintains insurance cover for its Directors and Officers under its own policy as permitted by the Companies Act 2006.

### 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



# Directors' Report

that the Company has adequate resources to continue to adopt the going concern basis in preparing these Financial Statements.

## DISCLOSURE OF INFORMATION TO THE AUDITOR

As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- (b) each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

## AUDITOR'S APPOINTMENT

In line with emerging best corporate governance practice and EU regulations on mandatory audit rotation, an audit tender process was carried out by the Company during 2015 and, as a result, it was recommended that Ernst & Young LLP be appointed as the Company's independent Auditor for the period starting from 1 August 2015. As a result, Grant Thornton UK LLP will not be seeking reappointment as the Company's auditors for the financial year commencing 1 August 2015.

A resolution to appoint Ernst & Young LLP as Auditor of the Company will be proposed at the forthcoming Annual General Meeting together with a resolution to authorise the Directors' to determine their remuneration.

## CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement, which forms part of this report on pages 26 to 29.

## REGISTRAR, CUSTODIAN AND DEPOSITARY ARRANGEMENTS

The Company employs Capita Asset Services to manage the Company's share register. Fees for their registration services for the year under review amounted to £36,000 (2014: £36,000). The Company employs JPMorgan Chase Bank as its Custodian who is primarily responsible for safeguarding the Company's assets. Fees for its custodial services for the year under review amounted to £96,000 (2014: £86,000). The Company employs J.P. Morgan Europe Limited as its Depositary who is primarily responsible for oversight of the custody of investment funds and the protection of investor's interests. Fees for its depositary services for the year under review amounted to £23,000 (2014: £1,000) (appointed 17 July 2014).

## SHARE CAPITAL

The Company's share capital comprises ordinary shares of 25 pence each and have a premium listing on the London Stock Exchange. As at 31 July 2015, the issued share capital of the Company was 67,488,213 ordinary shares (2014: 67,488,213). Each ordinary share in issue carries one vote. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the shareholder can exercise voting rights are detailed in the Notes to the Notice of Meeting on pages 60 and 61.

## PREMIUM/DISCOUNT MANAGEMENT: ENHANCING SHAREHOLDER VALUE

The Board recognises the importance to investors of the relationship between the Company's share price and the net asset value per share and monitor this closely. The Board seeks authority from shareholders each year to issue shares at a premium or to repurchase shares for cancellation or for holding in Treasury at a discount to the NAV. It will only use these authorities to enhance the net asset value and to protect or improve the premium/discount rating of the shares.

## SHARE ISSUES

No ordinary shares were issued during the year to 31 July 2015 (2014: nil) and none have been issued since the year end.

The authorities to issue shares and disapply pre-emption rights expire at the conclusion of this year's Annual General Meeting and therefore, resolutions renewing these authorities will be put to shareholders at the Annual General Meeting on 30 November 2015.

## SHARE REPURCHASES

No ordinary shares were repurchased for cancellation during the year to 31 July 2015 (2014: 192,000) and none have been repurchased since the year end.

The authority to repurchase shares expires at the forthcoming Annual General Meeting and a special resolution to renew the authority to purchase shares for cancellation, including the ability to buy ordinary shares into Treasury, will therefore be put to shareholders at the Annual General Meeting on 30 November 2015.

## SUBSTANTIAL SHARE INTERESTS

As at 31 July 2015 and 30 September 2015, notification had been received that the shareholders listed below held more than 3% of the issued share capital of the Company.

	30 September 2015 %	31 July 2015 %
<b>Shareholders</b>		
Fidelity ISA and Share Plan investors	15.71	15.75
Wells Capital Management	10.30	10.24
City of London Investment Management	9.73	9.94
Lazard Asset Management	8.75	8.40
1607 Capital Partners	3.86	3.59

# Directors' Report

Analysis of ordinary shareholders as at 31 July 2015	% of issued share capital
Private shareholders <sup>1</sup>	57.52
Mutual funds	17.41
Hedge funds	11.64
Pension funds	9.47
Insurance companies	2.75
Charities	0.74
Trading companies	0.47

<sup>1</sup> Includes Share Plan and ISA investors

## ANNUAL GENERAL MEETING

### THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

**If you are in any doubt as to the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).**

*If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents (but not the personalised Form of Proxy or Form of Direction) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.*

At the Annual General Meeting on 30 November 2015, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 58 and 59, including the items of special business summarised below.

#### Authority to allot shares

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders.

Resolution 11 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £843,603. If passed, this resolution will enable the Directors to allot a maximum of 3,374,410 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company as at 21 October 2015 and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at net asset value per share, or at a premium to the net asset value per share.

#### Authority to disapply pre-emption rights

In certain circumstances it is beneficial for the Directors to allot shares for cash otherwise than pro rata to existing shareholders and the Companies Act 2006 provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

This authority provides the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares should any favourable opportunities arise to the advantage of shareholders. If new ordinary shares are allotted for cash, the Companies Act 2006 requires such new shares to be offered to existing holders of ordinary shares ("pre-emption rights").

Resolution 12 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash by way of (a) rights issues, normally on a proportionate basis but where necessary taking into account practical considerations, such as fractions and foreign security laws, and (b) other issues up to an aggregate nominal value of £843,603 (approximately 5% of the issued ordinary share capital of the Company as at 21 October 2015 and equivalent to 3,374,410 ordinary shares). Any shares issued or re-issued would be at net asset value per share, or at a premium to the net asset value per share.

#### Authority to repurchase the Company's shares

Resolution 13 is a special resolution which renews the Company's authority to purchase up to 14.99% (10,116,483) of the ordinary shares in issue (excluding shares held in Treasury) on 21 October 2015 either for immediate cancellation or for retention as Treasury shares at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share.

#### Changes to the Investment Policy

The Board is proposing to make a small number of changes to the Company's investment policy. This will enable the Portfolio Manager to enhance investment returns by having greater flexibility in how he can implement his stock selection strategy. The proposal is to extend the ways in which derivatives can be used by the Company and to clarify and make certain consequential amendments to the current investment policy, as described in more detail in the Circular to shareholders dated 21 October 2015 accompanying this Annual Report. The Circular, amongst other matters, explains the application of limits and Board guidelines to the proposed extended use of derivatives.

Under the Listing Rules the Company is required to seek the approval of shareholders for any material change to its investment policy.

Resolution 14 is an ordinary resolution to approve the changes to the Existing Investment Policy and to adopt the Proposed Investment Policy that will be adopted by the Company if the

## Directors' Report

resolution is passed. The complete text of the Proposed Investment Policy, along with a mark-up including the proposed changes to the Existing Investment Policy, is set out in Part II of the Circular.

The full text of the resolutions is set out in the Notice of Meeting contained on pages 58 to 61.

**Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.**

By Order of the Board  
**FIL Investments International**  
Secretary  
21 October 2015

# Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance and the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

## CORPORATE GOVERNANCE CODES

The Board is accountable to the Company's shareholders for good governance of the Company's affairs and has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). As confirmed by the Financial Reporting Council ("FRC"), following the AIC Guide enables investment company boards to meet their obligations under the UK Corporate Governance Code (the "UK Code") and Listing Rules.

The AIC Code and the AIC Guide can be found on the AIC's website at [www.theaic.co.uk](http://www.theaic.co.uk) and the UK Code at [www.frc.org.uk](http://www.frc.org.uk).

## STATEMENT OF COMPLIANCE

The Directors believe that the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this report, except in relation to the UK Code provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations.

## THE BOARD

### BOARD COMPOSITION

The Board, chaired by Kate Bolsover, currently consists of six non-executive Directors and will revert to five non-executive Directors when William Knight steps down at the conclusion of the Annual General Meeting on 30 November 2015. The Board consists of Directors who, between them, have good knowledge and wide experience of business in Asia and of investment companies. The Directors believe that the Board has an appropriate balance of skills, experience, independence, knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Biographical details of all Directors including their relevant directorships are given on page 21.

### BOARD MEETINGS

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table below gives the attendance record for the meetings held during the reporting year. The Portfolio Manager is in attendance at these meetings. Between these meetings there is regular contact with the Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them from the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present.

### SENIOR INDEPENDENT DIRECTOR

The Board has appointed William Knight as Senior Independent Director and he fulfils the role as a sounding board for the Chairman and as intermediary for the other non-executive Directors where necessary. Philip Smiley will replace Mr Knight as the Senior Independent Director when he steps down from the Board on 30 November 2015.

	Regular Board Meetings	Nomination Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
Hugh Bolland (retired 9 December 2014)	2/2	1/1	1/1	n/a
Kate Bolsover	5/5	1/1	3/3	1/1
William Knight	5/5	1/1	3/3	1/1
Timothy Scholefield (appointed 30 September 2015)	n/a	n/a	n/a	n/a
Philip Smiley	5/5	1/1	3/3	1/1
Grahame Stott	5/5	1/1	3/3	1/1
Michael Warren (appointed 29 September 2014)	5/5	1/1	3/3	1/1

Figures indicate those meetings for which each Director was eligible to attend and attended in the year. Regular Board meetings exclude ad hoc meetings for formal approvals.

# Corporate Governance Statement

## THE COMPANY SECRETARY

The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring Board procedures are followed and that applicable rules and regulations are complied with. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

## BOARD RESPONSIBILITIES

The Board has overall responsibility for the Company's affairs and for promoting the long term success of the Company. All matters which are not delegated to the Company's Manager under the Management Agreement are reserved for the Board's decision. These include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments and the appointment of the Manager and the Company Secretary.

The Directors believe that the Board and its Committees have an appropriate balance of skills, experience, independence, knowledge of the Company and length of service and provide effective strategic leadership and proper governance of the Company.

All the Directors are independent of the Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

## CHANGES TO THE BOARD

Changes to the Board take place in accordance with the Companies Act 2006 and the Company's Articles of Association. The Company complies with the requirements of the AIC Code in respect of appointments to the Board. The Nomination Committee is responsible for identifying possible candidates for consideration by the Board. Any proposal for the appointment of a new Director will be discussed and approved by the entire Board. External consultants may also be used to identify potential candidates.

## DIRECTOR TRAINING

Upon appointment, each Director is provided with all relevant information regarding the Company and receives training on the investment operations and administration functions of the Company, together with a summary of their duties and responsibilities. Directors also receive regular briefings from, amongst others, the AIC, the Company's Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that affect the Company and/or the Directors.

## ELECTION AND RE-ELECTION

The Directors of the Company are subject to annual election and re-election by the shareholders and the Board conduct annual evaluations of each Director. The Board has a policy of reviewing the tenure of each Director annually and an independent Director may serve for more than nine years, provided that

Director is considered by the Board to continue to be independent. The Board has a policy that a Chairman must step down after nine years in that role but may remain thereafter, an independent Director, subject to annual re-election.

The names of Directors submitted for election and re-election are accompanied by sufficient biographical details on page 21 to enable shareholders to make an informed decision. The terms and letters of appointment of Directors are available for inspection at the registered office of the Company and will be available prior to the forthcoming Annual General Meeting.

## BOARD EVALUATION

An annual process for the evaluation of the Board, its Committees and its Directors is in place. The process includes regular discussion and written questionnaires and if appropriate, interviews. The performance of the Chairman is evaluated by the other Directors on an annual basis. The Company Secretary and Portfolio Manager also participate in these processes to provide all-round feedback to the Board. The results of these evaluations are discussed by the Board and the process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and action is taken on the basis of the results. The Board will consider the length of tenure as one of the matters under review during Director evaluations.

## DIRECTORS' REMUNERATION

Full details of the Company's Remuneration Policy and Directors' fees are disclosed in the Directors' Remuneration Report on pages 32 and 33. Directors' share interests are disclosed on page 34.

## BOARD COMMITTEES

The Board of Directors discharges certain of its corporate governance responsibilities through three Committees as set out below. All Directors form the membership of the Audit Committee, the Management Engagement Committee and the Nomination Committee.

Terms of reference of each Committee can be found on the Company's pages of the Manager's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its).

## THE AUDIT COMMITTEE

The Audit Committee is chaired by Grahame Stott as the Board believes it is appropriate for him to do so given his financial background and actuarial experience. Full details of the Company's Audit Committee have been disclosed in the Report of the Audit Committee on pages 30 and 31.

## THE MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee is chaired by Kate Bolsover. It has defined terms of reference and is charged with reviewing and monitoring the performance of the Manager, Portfolio Manager and the Company Secretary and ensuring that the terms of the Company's Management Agreement remain competitive and reasonable for shareholders. This Committee

# Corporate Governance Statement

meets at least once a year and reports to the Board, making recommendations where appropriate.

Details of the Management Agreement are set out in the Directors' Report on page 22.

The Committee met on 1 June 2015 and reviewed the performance of the Manager and the fee basis and also that of its peers. The Committee noted the Company's good long term performance record and the commitment, quality and continuity of the team which was responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue.

## THE NOMINATION COMMITTEE

The Nomination Committee is chaired by Kate Bolsover and meets on an annual basis.

There is a formal and transparent process for the appointment of new Directors to the Board. The Nomination Committee carries out its candidate search against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender. New Directors are appointed on the basis of merit and this process has led to a diverse Board membership.

All the Directors on the Committee vote on the recommendation of candidates for appointment as new independent Directors. However, the final decision is taken by the Board as a whole. Care is taken to ensure that appointees have enough time to devote to the role.

External consultants may be used to identify future potential candidates. However, the Board currently feels that due to the nature of the Company's business they have access to a sufficiently wide pool of candidates not to use external consultants. The Committee also considers whether Directors should be recommended for reappointment by shareholders.

The Committee met on 30 September 2015 to consider the performance and contribution to the Company of each Director and concluded that each Director had been effective and continued to demonstrate commitment to their roles. Accordingly, the Committee has recommended their continued service and this has been endorsed by the Board as a whole which recommends their appointment and reappointment at the forthcoming Annual General Meeting to shareholders.

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

Set out on page 35 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report on pages 36 and 37.

The Board has a responsibility to present a balanced and clear assessment of annual, half-yearly, other price sensitive public reports and reports to regulators, as well as to provide

information required to be presented by statutory requirements. All such reports are reviewed and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Company's systems of risk management and internal controls and for reviewing their effectiveness. The identification, control and evaluation of risk is assessed quarterly and the Manager provides a regular internal controls report. The systems of risk management and internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has contractually delegated to external agencies, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the depositary services, the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the control systems in operation in so far as they relate to the affairs of the Company.

The Board, assisted by the Manager, has undertaken regular risk and controls assessments. The business risks have been analysed and recorded in a risk and internal controls report which is regularly reviewed. The Board has decided that the systems and procedures employed by the Manager, including their internal audit function and the work carried out by the Company's independent Auditor, provide sufficient assurance that a sound system of internal controls, which safeguards shareholders' investments and the Company's assets, is maintained. Therefore the Board have determined that an internal audit function, specific to the Company, is unnecessary.

The Audit Committee has reviewed the report on the effectiveness of the internal controls maintained on behalf of the Company and meets the Manager's internal audit representative at least three times a year. The Chairman of the Audit Committee has direct access to the Manager's Head of Internal Audit and vice versa. The Board also receives each year from the Manager a report on their internal controls which includes a report from the Manager's reporting accountants on the control procedures in operation around the investment management and administration processes.

By means of the procedures set out above and in accordance with the Financial Reporting Council's "Risk Management, Internal Control and Related Financial Business Reporting", the Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and have reviewed the effectiveness of the risk management and internal controls systems throughout the year ended 31 July 2015. This process continued to be in place up to the date of the approval of these Financial Statements and is expected to remain in place for the coming year.

# Corporate Governance Statement

## WHISTLE-BLOWING PROCEDURE

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreements includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. This policy has been endorsed accordingly.

## BRIBERY ACT 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

## RESPONSIBILITY AS AN INSTITUTIONAL SHAREHOLDER

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. The Manager, in its Principles of Ownership, expressly declares that it supports the Financial Reporting Council's UK Stewardship Code setting out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at [www.fidelity.co.uk](http://www.fidelity.co.uk).

## RELATIONS WITH SHAREHOLDERS

Communication with shareholders is given a high priority by both the Board and the Manager. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and other Directors are available to meet with major shareholders to discuss strategy and governance. The Board regularly monitor the shareholder profile of the Company and liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors. The Board aims to provide the maximum opportunity

for dialogue between the Company and shareholders. If any shareholder wishes to contact a member of the Board directly they should contact the Company Secretary whose details are given on page 63.

All shareholders are encouraged to attend the Annual General Meeting at which there will be a presentation of the year's results by Nitin Bajaj, the Portfolio Manager. There will be an opportunity to meet the Portfolio Manager, representatives of the Manager and the Board. The Board is looking forward to having the opportunity to speak to shareholders.

The Notice of Meeting on pages 58 and 59 sets out the business of the Annual General Meeting. A separate resolution is proposed on each substantially separate issue including the Annual Report and Financial Statements. The special business resolutions are explained more fully on pages 24 and 25 of the Directors' Report. The Chairman and the other members of the Board will be available to answer questions at the Annual General Meeting. The Notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the Meeting.

## Voting rights in the Company's shares

Every shareholder on a show of hands has one vote. On a poll every shareholder who is present in person or by proxy or representative has one vote for every ordinary share.

At general meetings all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's page of the Manager's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its).

## ARTICLES OF ASSOCIATION

Changes to the Company's Articles of Association must be made by special resolution.

On behalf of the Board



**Kate Bolsover**  
Chairman  
21 October 2015

# Report of the Audit Committee

I am pleased to present the report of the Audit Committee (the "Committee") to shareholders on the role and responsibilities of the Committee and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 July 2015.

## COMPOSITION

The Committee is chaired by me and consists of all of the Directors. Kate Bolsover is a member of the Committee because the Board believes it to be appropriate for all Directors to have such responsibility. The Committee considers that collectively its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

## ROLE AND RESPONSIBILITIES

The principal role of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference and duties and its terms of reference are available on the Company's pages of the Manager's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its). These duties include:

- Discussing with the Company's independent Auditor the nature and scope of the audit and reviewing the independent Auditor's quality control procedures, reviewing and monitoring the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services, taking into consideration relevant UK professional and regulatory requirements and by

seeking appropriate disclosures and comfort from the independent Auditor;

- Responsibility for making recommendations on the appointment, reappointment and removal of the Company's independent Auditor;
- Considering the scope of work undertaken by the Manager's internal audit department; reviewing the Company's procedures for detecting fraud; and reviewing the effectiveness of the internal controls system (including financial, operational and compliance controls and risk management);
- Monitoring the integrity of the financial statements of the Company and reviewing the half-yearly and annual financial statements of the Company to ensure they are fair, balanced and understandable;
- Reviewing the existence and performance of all controls operating in the Company (including the adherence to Sections 1158 and 1159 of the Corporation Tax Act 2010 status); and
- Reviewing the relationship with and the performance of third party service providers (such as the registrar, custodian and depository) and the risks associated with audit firms withdrawing from the market.

## MEETINGS AND BUSINESS

The Committee, which consists of all the Board members, met three times during the reporting year and once with the Company's independent Auditor. Attendance by each Director is shown in the table on page 26.

The following matters were dealt with at these meetings:

<b>September 2014</b>	<ul style="list-style-type: none"> <li>• Review of the Company's risk management and internal controls framework</li> <li>• Consideration of the independent Auditor's findings</li> <li>• Review of the Auditor's performance and independence</li> <li>• Review of compliance with Corporate Governance and regulatory requirements</li> <li>• Review of the Annual Report and Financial Statements and recommendation of its approval to the Board</li> <li>• Review of the Going Concern statement</li> <li>• Recommendation of the final dividend payment to the Board</li> <li>• Review of the Committee's Terms of Reference</li> </ul>
<b>March 2015</b>	<ul style="list-style-type: none"> <li>• Review of the Company's risk management and internal controls framework</li> <li>• Review of the risk associated with cybercrime</li> <li>• Review of the Half-Yearly Report and Financial Statements and recommendation of its approval to the Board</li> <li>• Confirmation of the Going Concern Statement</li> <li>• Review of the Committee's Terms of Reference</li> </ul>
<b>June 2015</b>	<ul style="list-style-type: none"> <li>• Review of the Company's risk management and internal controls framework</li> <li>• Review of the Auditor's engagement letter and audit plan for the Company's year ending 31 July 2015</li> <li>• Review of new reporting requirements</li> <li>• Review of the Committee's Terms of Reference</li> </ul>



# Report of the Audit Committee

## ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities is on page 35. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements and any issues which may arise in relation to these and on any specific areas which require judgement.

Summarised below are the most significant issues considered by the Committee in respect of these Financial Statements, and how they were addressed.

<b>Recognition of Investment Income</b>	Investment income is recognised in accordance with accounting policy Note 1(b) on page 42. The Manager provided detailed revenue forecasts and variances to these forecasts were reviewed. The Audit Committee reviewed internal audit and compliance monitoring reports received from the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's income. Investment income was also tested and reported on by the Independent Auditor.
<b>Valuation, existence and ownership of investments (including derivatives)</b>	The valuation of investments is in accordance with accounting policy Note 1(h) on page 42. The Audit Committee received reports from the Manager and the Company's independent Auditor who had verified the valuation of investments by reference to independent sources and had also confirmed the existence and ownership of the investments with the Company's independent Custodian.
<b>Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010</b>	Approval for the Company to carry on business as an investment trust has been obtained, subject to the Company continuing to meet eligibility criteria. Ongoing compliance with the eligibility criteria is monitored on a regular basis with the help and guidance of the Company's service providers or advisers.
<b>Principal Risks and Uncertainties</b>	The Audit Committee reviewed the principal risks and uncertainties facing the Company and evaluated them according to the likelihood of the risk occurring and the impact the risk may have on the Company. Further details can be found on pages 8 and 9.

## INDEPENDENCE AND EFFECTIVENESS OF THE AUDIT PROCESS

Grant Thornton UK LLP acted as the Company's independent Auditor for the year ended 31 July 2015. The Committee reviewed the independence of the Auditor and the effectiveness of the audit process.

With regard to the independence of the Auditor, the Committee reviewed:

- the personnel in the audit plan for the year;
- the Auditor's arrangements for any conflicts of interest;
- the extent of any non-audit services; and
- the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

- the fulfilment by the Auditor of the agreed audit plan;
- the audit report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ending 31 July 2015; and
- feedback from the Manager.

## AUDITOR AND AUDIT TENURE

The Committee is mindful of the new EU regulations on mandatory audit rotation which requires the appointment of new auditors or an audit tender every ten years. As a result, the Company carried out a formal tender process at which a number of audit firms were considered and Ernst & Young LLP has been selected as the Company's new independent Auditor for the forthcoming year. Grant Thornton UK LLP, who has been in office since 2006, will not seek re-election at the forthcoming Annual General Meeting. The Committee will continue to review the Auditor's appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditor.

### Grahame Stott

Chairman of the Audit Committee  
21 October 2015

# Directors' Remuneration Report

## CHAIRMAN'S STATEMENT

The Directors' Remuneration Report for the year ended 31 July 2015 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations").

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the Annual General Meeting on 30 November 2015. The Company's independent Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 36 and 37.

As the Board is comprised entirely of non-executive Directors and has no employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

## DIRECTORS' REMUNERATION

The fee structure with effect from 24 September 2013 is as follows: Chairman: £29,000; Chairman of the Audit Committee: £24,000; and Directors: £22,000. Levels of remuneration are competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

## THE REMUNERATION POLICY

The Remuneration Policy is subject to a binding vote, in the form of an ordinary resolution at every third Annual General Meeting. A binding vote means that if it is not successful the Board will be obliged to revise the policy and seek further shareholder approval at a General Meeting specially convened for that purpose. The current policy is set out below.

The Company's Articles of Association limit the aggregate fees payable to each Director to £50,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role individual Directors fulfil. Other than fees and reasonable travel expenses, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long term incentive schemes or other taxable benefits. No other payments are made to Directors other than reasonable out-of-pocket expenses which have been incurred as a result of attending to the affairs of the Company. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own fees. The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's Annual General Meetings and can be obtained from the Company's registered office.

In common with most investment trusts there is no chief executive officer and no employees.

The Remuneration Policy will apply to new Board members, who will be paid at the same level as current Directors.

## REPORT ON THE IMPLEMENTATION OF THE REMUNERATION POLICY

The Remuneration Policy was formalised for the first time at the Annual General Meeting held on 9 December 2014 and the next vote will be put to shareholders in 2017. The Policy has been followed throughout the year ended 31 July 2015.

The Directors' Remuneration Report is subject to approval by shareholders by way of an ordinary resolution at each Annual General Meeting. This is a non-binding 'advisory' resolution. In the event that shareholders vote against the resolution, the Board will be required to put its Remuneration Policy for shareholder approval at the next Annual General Meeting, regardless of whether the Remuneration Policy was approved by shareholders within the last three years.

## Voting at the Company's last Annual General Meeting

At the Annual General Meeting held on 9 December 2014, 99.00% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2014, 0.65% of votes were cast against and 0.35% of votes were withheld. At the same time, the Company's Remuneration Policy was approved by shareholders, with 98.91% of the votes cast in favour, 0.64% votes against and 0.45% votes withheld. At the Annual General Meeting to be held on 30 November 2015, the Directors' Remuneration Report will be put to shareholders and the votes cast with regard to the resolution will be released to the market via a regulatory news service provider and disclosed on the Company's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its).

## Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year under review was £125,447 (2014: £122,597). Information on individual Directors' fees is shown opposite.

# Directors' Remuneration Report

Remuneration of Directors	2016	2015			2014		
	Projected Fees (£)	Fees (Audited) (£)	Taxable Benefits (Audited) (£)	Total (Audited) (£)	Fees (Audited) (£)	Taxable Benefits (Audited) (£)	Total (Audited) (£)
Hugh Bolland <sup>1</sup>	n/a	12,083	157	12,240	28,000	322	28,322
Kate Bolsover <sup>2</sup>	29,000	26,541	-	26,541	22,000	-	22,000
William Knight <sup>3</sup>	7,333	22,000	-	22,000	22,000	-	22,000
Kathryn Matthews <sup>4</sup>	n/a	n/a	n/a	n/a	8,000	-	8,000
Timothy Scholefield <sup>5</sup>	18,333	n/a	n/a	n/a	n/a	n/a	n/a
Philip Smiley	22,000	22,000	164	22,164	22,000	275	22,275
Grahame Stott <sup>6</sup>	24,000	24,000	-	24,000	20,000	-	20,000
Michael Warren <sup>7</sup>	22,000	18,502	-	18,502	n/a	n/a	n/a
<b>Total</b>	<b>122,666</b>	<b>125,126</b>	<b>321</b>	<b>125,447</b>	<b>122,000</b>	<b>597</b>	<b>122,597</b>

1 Retired on 9 December 2014. Held 19,500 ordinary shares as at date of retirement

2 Appointed Chairman on 9 December 2014

3 Retires 30 November 2015

4 Retired 29 November 2013

5 Appointed 30 September 2015

6 Appointed 24 September 2013

7 Appointed 29 September 2014

Directors' fees are paid monthly in arrears. Directors do not serve a notice period if their appointment were to be terminated.

## Expenditure on Remuneration and Distributions to Shareholders

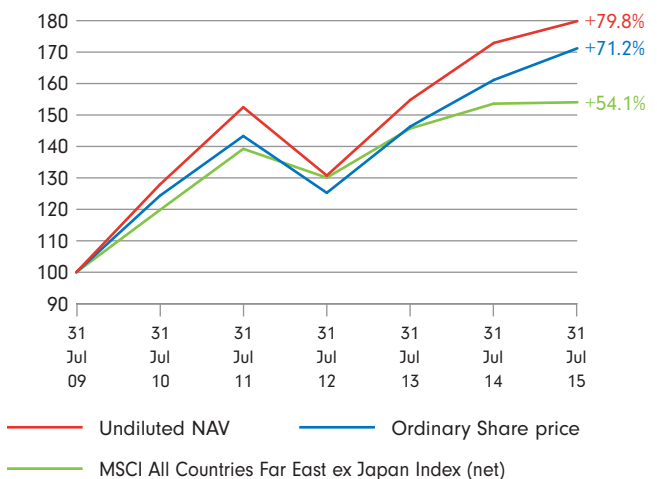
The table below shows the total amount paid out in remuneration and distribution to shareholders for the financial years 31 July 2015 and 31 July 2014.

	31 July 2015 £	31 July 2014 £
Expenditure on Remuneration:		
Aggregate of Directors' remuneration	125,447	122,597
Distribution to Shareholders:		
Dividend payments	742,000	744,000
Shares repurchased	-	400,000

## Performance

The Company's investment objective is to achieve long term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan). The Company's performance is measured against the return of the MSCI All Countries Far East Free ex Japan Index (net) (changing to MSCI All Countries Asia ex Japan Index from 1 August 2015 as this is the most appropriate in respect of its asset allocation). The graph opposite shows performance over six years to 31 July 2015.

## Performance from 31 July 2009 to 31 July 2015 (on a total return basis)



Prices rebased to 100

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

## Directors' Remuneration Report

### Directors' Interest in Ordinary Shares

Whilst there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors is encouraged. The Directors' holdings in the ordinary shares of the Company are shown below. All of the Directors' shareholdings are beneficial.

### Directors' Shareholdings (Audited)

	31 July 2015	31 July 2014	Change during year
Hugh Bolland <sup>1</sup>	n/a	19,500	-
Kate Bolsover	3,439	3,439	-
William Knight	3,960	3,960	-
Timothy Scholefield <sup>2</sup>	n/a	n/a	-
Philip Smiley	2,500	2,500	-
Grahame Stott	20,000	20,000	-
Michael Warren <sup>3</sup>	nil	n/a	-

1 Retired 9 December 2014

2 Appointed 30 September 2015

3 Appointed 29 September 2014

The Directors' shareholdings remain unchanged as at the date of this report.

On behalf of the Board



**Kate Bolsover**

Chairman

21 October 2015

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business; and
- confirm, to the extent possible, that the Financial Statements are fair, balanced and understandable.

The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors have delegated responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its) to the Manager. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdictions.

We confirm that to the best of our knowledge the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties it faces. We confirm that we consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board on 21 October 2015 and signed on its behalf.



**Kate Bolsover**  
Chairman

# Independent Auditor's Report to the Members of Fidelity Asian Values PLC

## Our opinion on the Financial Statements is unmodified

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2015 and of its net return for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## What we have audited

Fidelity Asian Values PLC's Financial Statements comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related Notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice.

## Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

### Ownership and valuation of investments

**The risk:** The Company's business is investing primarily in securities in the Asian Region (excluding Japan) with a view to achieving long term capital growth. As a consequence of this, the Company has significant exposure to investments, which are the main drivers of returns, with the investment portfolio valued at £163m. There is a risk that investments shown in the Balance Sheet may not be owned by the Company or are incorrectly valued. We identified ownership and valuation of investments as risks that required particular audit attention.

**Our response on ownership:** In order to confirm that the balances referred to above were owned by the Company our audit work included, but was not restricted to, understanding management's process to safeguard assets; obtaining a confirmation from the custodian of the investments they were holding at the year-end; and testing the reconciliation of the custodian statement to the records maintained by the Company.

**Our response on valuation:** Our audit work on valuation included, but was not restricted to, understanding management's process to value quoted investments; agreeing the valuation of 100% of the quoted investments to an independent source of market

prices; and in order to confirm investments are actively traded we obtained trading volumes of listed investments held at the year-end.

The Company's accounting policy on the valuation of investments is shown in Note 1, its disclosures about investment movements are included in Note 9. The Audit Committee identified valuation, existence and ownership of investments (including derivatives) as a significant issue in its report on page 31, where the Committee also described the action that it has taken to address this issue.

### Completeness and occurrence of investment income

**The risk:** The Company measures performance on a total return basis that includes revenue and investment income is one of the largest numbers in the Income Statement. We identified the recognition of investment income as a risk that required particular audit attention.

**Our response:** Our audit work included, but was not restricted to, assessing whether the Company's accounting policy for revenue recognition was in accordance with United Kingdom Generally Accepted Accounting Practice; obtaining an understanding of the Company's process for recognising revenue in accordance with the stated accounting policy; testing whether a sample of income transactions had been recognised in accordance with the policy; for a sample of investments held in the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the general ledger; performing cut-off testing of dividend income around the year-end; and checking the categorisation of special dividends as either revenue or capital receipts.

The Company's accounting policy on the recognition of investment income is shown in Note 1 and the components of that income are included in Note 2. The Audit Committee identified recognition of investment income as a significant issue in its report on page 31, where the Committee also described the action that it has taken to address this issue.

### Our application of materiality and an overview of the scope of our audit

#### Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We determined materiality for the audit of the Financial Statements as a whole to be £1.78m, which is 1% of the Company's net assets. This benchmark is considered most appropriate because net assets, which is primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We determined the threshold at which we communicate misstatements to the Audit Committee to be £89,000. In addition

# Independent Auditor's Report to the Members of Fidelity Asian Values PLC

we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

## Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the Financial Statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk-based.

The day-to-day management of the Company's investment portfolio, the maintenance of accounting records, custody of investments and administrative and Company secretarial services are outsourced to third-party service providers.

Accordingly, our audit work included obtaining an understanding of, and evaluating, relevant internal controls at both the Company and third-party service providers. This included obtaining and evaluating internal controls reports prepared by third party auditors on the description, design and operating effectiveness of controls at the Manager and custodian. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and the design and implementation of controls and the management of specific risks.

## Other reporting required by regulations

### Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

### Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

*In particular, we are required to report to you if:*

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

### Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

## Responsibilities for the Financial Statements and the audit

### What an audit of financial statements involves:

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### What the Directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

### What we are responsible for:

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Julian Bartlett

(Senior Statutory Auditor)

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

21 October 2015

# Income Statement

for the year ended 31 July 2015

	Notes	2015 revenue £'000	2015 capital £'000	total £'000	2014 revenue £'000	2014 capital £'000	total £'000
Gains on investments designated at fair value through profit or loss	9	-	1,589	1,589	-	15,131	15,131
Gains on derivative instruments held at fair value through profit or loss	10	-	4,352	4,352	-	3,147	3,147
Income	2	4,527	-	4,527	3,332	-	3,332
Investment management fee	3	(2,018)	-	(2,018)	(1,805)	-	(1,805)
Other expenses	4	(622)	-	(622)	(588)	-	(588)
Exchange gains/(losses) on other net assets		24	19	43	(62)	(349)	(411)
<b>Net return on ordinary activities before finance costs and taxation</b>		<b>1,911</b>	<b>5,960</b>	<b>7,871</b>	<b>877</b>	<b>17,929</b>	<b>18,806</b>
Finance costs	5	(101)	-	(101)	(103)	-	(103)
<b>Net return on ordinary activities before taxation</b>		<b>1,810</b>	<b>5,960</b>	<b>7,770</b>	<b>774</b>	<b>17,929</b>	<b>18,703</b>
Taxation on return on ordinary activities	6	(287)	(566)	(853)	(5)	(621)	(626)
<b>Net return on ordinary activities after taxation for the year</b>		<b>1,523</b>	<b>5,394</b>	<b>6,917</b>	<b>769</b>	<b>17,308</b>	<b>18,077</b>
<b>Return per ordinary share</b>	7	<b>2.26p</b>	<b>7.99p</b>	<b>10.25p</b>	<b>1.14p</b>	<b>25.62p</b>	<b>26.76p</b>

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement. The total column of the Income Statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The Notes on pages 42 to 56 form an integral part of these Financial Statements.



# Reconciliation of Movements in Shareholders' Funds

for the year ended 31 July 2015

	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 equity £'000
<b>Opening shareholders' funds at 1 August 2013</b>		16,920	20,232	3,149	7,367	9,013	97,794	1,354	155,829
Repurchase of ordinary shares	13	(48)	-	48	-	(400)	-	-	(400)
Net return on ordinary activities after taxation for the year		-	-	-	-	-	17,308	769	18,077
Dividend paid to shareholders	8	-	-	-	-	-	-	(744)	(744)
<b>Closing shareholders' funds at 31 July 2014</b>		<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>115,102</b>	<b>1,379</b>	<b>172,762</b>
Net return on ordinary activities after taxation for the year		-	-	-	-	-	5,394	1,523	6,917
Dividend paid to shareholders	8	-	-	-	-	-	-	(742)	(742)
<b>Closing shareholders' funds at 31 July 2015</b>		<b>16,872</b>	<b>20,232</b>	<b>3,197</b>	<b>7,367</b>	<b>8,613</b>	<b>120,496</b>	<b>2,160</b>	<b>178,937</b>

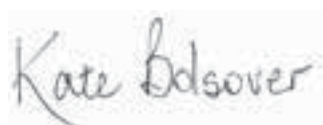
# Balance Sheet

as at 31 July 2015

Company number 3183919

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investments designated at fair value through profit or loss	9	<u>162,858</u>	<u>169,880</u>
<b>Current assets</b>			
Derivative assets held at fair value through profit or loss	10	-	2,617
Debtors	11	3,737	836
Cash at bank		<u>14,366</u>	<u>1,436</u>
		<u>18,103</u>	<u>4,889</u>
<b>Creditors</b>			
Derivative liabilities held at fair value through profit or loss	10	-	(609)
Other creditors	12	<u>(2,024)</u>	<u>(1,398)</u>
		<u>(2,024)</u>	<u>(2,007)</u>
<b>Net current assets</b>		<u>16,079</u>	<u>2,882</u>
<b>Total net assets</b>		<u>178,937</u>	<u>172,762</u>
<b>Capital and reserves</b>			
Share capital	13	16,872	16,872
Share premium account	14	20,232	20,232
Capital redemption reserve	14	3,197	3,197
Other non-distributable reserve	14	7,367	7,367
Other reserve	14	8,613	8,613
Capital reserve	14	120,496	115,102
Revenue reserve	14	<u>2,160</u>	<u>1,379</u>
<b>Total equity shareholders' funds</b>		<u>178,937</u>	<u>172,762</u>
<b>Net asset value per ordinary share</b>	15	<u>265.14p</u>	<u>255.99p</u>

The Financial Statements on pages 38 to 56 were approved by the Board of Directors on 21 October 2015 and were signed on its behalf by:



**Kate Bolsover**  
Chairman

The Notes on pages 42 to 56 form an integral part of these Financial Statements.

# Cash Flow Statement

for the year ended 31 July 2015

	Notes	year ended 2015 £'000	year ended 2014 £'000
<b>Operating activities</b>			
Investment income received		3,778	2,897
Income received from long CFDs		162	185
Investment management fees paid		(2,029)	(1,785)
Directors' fees paid		(125)	(121)
Other cash payments		(405)	(482)
<b>Net cash inflow from operating activities</b>	16	<u>1,381</u>	<u>694</u>
<b>Servicing of finance</b>			
Interest paid on long CFDs		(106)	(102)
<b>Net cash outflow from servicing of finance</b>		<u>(106)</u>	<u>(102)</u>
<b>Taxation paid</b>			
Overseas capital gains tax paid		(742)	(271)
<b>Net cash outflow from taxation</b>		<u>(742)</u>	<u>(271)</u>
<b>Financial investment</b>			
Purchase of investments		(252,478)	(118,100)
Disposal of investments		259,238	115,361
<b>Net cash inflow/(outflow) from financial investment</b>		<u>6,760</u>	<u>(2,739)</u>
<b>Derivative activities</b>			
Receipts on long CFD positions closed		6,360	271
Movements on amounts held at brokers		-	856
<b>Net cash inflow from derivative activities</b>		<u>6,360</u>	<u>1,127</u>
<b>Dividend paid to shareholders</b>		<u>(742)</u>	<u>(744)</u>
<b>Net cash inflow/(outflow) before financing</b>		<u>12,911</u>	<u>(2,035)</u>
<b>Financing</b>			
Repurchase of ordinary shares		-	(400)
<b>Net cash outflow from financing</b>		<u>-</u>	<u>(400)</u>
<b>Increase/(decrease) in cash</b>	17	<u>12,911</u>	<u>(2,435)</u>

The Notes on pages 42 to 56 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 ACCOUNTING POLICIES

The Company has prepared its Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and 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 January 2009.

**a) Basis of accounting** – The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of fixed asset investments and derivative assets and liabilities, and on the assumption that approval as an investment trust continues to be granted by HM Revenue and Customs.

**b) Income** – Income from equity investments is credited to the revenue column of the Income Statement on the date on which the right to receive the payment is established. Overseas dividends are stated gross of withholding tax. Interest receivable on short term deposits is credited to the revenue column of the Income Statement on an accruals basis. Where the Company has elected to receive a dividend as scrip dividend, that is in the form of additional shares rather than cash, the amount of the dividend foregone is credited to the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the dividend foregone is credited to the capital column of the Income Statement. Derivative income from dividends on long contracts for difference ("CFDs") is credited to the revenue column of the Income Statement on the date on which the right to receive the payment is established.

**c) Special dividends** – Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

**d) Expenses** – All expenses are accounted for on an accruals basis and are charged in full to the revenue column of the Income Statement.

**e) Finance costs** – Finance costs represent interest paid on long CFDs and are accounted for on an accruals basis using the effective interest method. They are charged to 'finance costs' in the revenue column of the Income Statement.

**f) Taxation** – Irrecoverable overseas withholding tax suffered is recognised at the same time as the income to which it relates. Deferred taxation is recognised in respect of all timing differences, that have originated but not reversed at the Balance Sheet date, where transactions or events have occurred that result in an obligation to pay more tax in the future, or a right to pay less. A deferred taxation asset is recognised when it is more likely than not that the asset will be recoverable.

**g) Foreign currency** – The Directors, having regard to the currency of the Company's share capital and the predominant currency in which its investors operate, have determined the functional currency to be UK sterling. Transactions denominated in foreign currencies are translated to UK sterling at the rate of exchange ruling as at the date of those transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Exchange gains and losses on investments are included within 'Gains on investments designated at fair value through profit or loss' and exchange gains and losses on derivative instruments are included within 'Gains on derivative instruments held at fair value through profit or loss', both in the capital column of the Income Statement. Exchange gains and losses on other currency balances are recognised as 'Exchange gains/(losses) on other net assets' in the revenue or capital columns of the Income Statement, depending on whether they relate to revenue or capital items.

**h) Valuation of investments** – The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition investments are designated by the Company as "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost, and subsequently the investments are valued at fair value, which is measured as follows:

- Listed investments are valued at bid prices or last market prices, depending on the convention of the exchange on which they are listed, or otherwise at fair value based on published price quotations. Equity linked notes are valued at the same value as the listed investment underlying the contract.

In accordance with the AIC SORP the Company includes transaction costs, incidental to the purchase or sale of investments, within gains on investments and has disclosed them in Note 9 below.

# Notes to the Financial Statements

## 1 ACCOUNTING POLICIES *continued*

**i) Derivative instruments** – When appropriate the Company may obtain exposure to Asian equities through the use of long CFDs. CFDs are held “at fair value through profit or loss” and are valued at fair value, which is measured as follows:

- The difference between the opening price and the closing price of the underlying shares in the contract, calculated in accordance with accounting policy 1 (h) above.

Gains and losses in the fair value of the CFDs are included in ‘Gains on derivative instruments held at fair value through profit or loss’ in the capital column of the Income Statement. Any positions on derivative instruments open at the year end are reflected in the Balance Sheet at their fair value either within ‘current assets’ or ‘creditors’, as appropriate.

**j) Capital reserve** – The following are accounted for in the capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of the investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Dividends receivable which are capital in nature; and
- Costs of repurchasing ordinary shares.

As a result of technical guidance by the Institute of Chartered Accountants in England and Wales in TECH 02/10: Distributable Profits, changes in the fair value of investments which are readily convertible to cash at the Balance Sheet date, without accepting adverse terms, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as ‘capital reserve’ in the Reconciliation of Movements in Shareholders’ Funds and the Balance Sheet. At the Balance Sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible to cash.

**k) Dividends** – Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

	2015 £'000	2014 £'000
<b>2 INCOME</b>		
<b>Income from investments</b>		
Overseas dividends	4,021	2,996
Overseas scrip dividends	325	148
Overseas interest	16	2
	<u>4,362</u>	<u>3,146</u>
<b>Income from derivative instruments</b>		
Dividends from long CFDs	162	185
<b>Other income</b>		
Deposit income	3	1
<b>Total income</b>	<u>4,527</u>	<u>3,332</u>

# Notes to the Financial Statements

	2015 £'000	2014 £'000
<b>3 INVESTMENT MANAGEMENT FEE</b>		
Investment management fee	<u>2,018</u>	<u>1,805</u>

A summary of the terms of the Management Agreement is given in the Directors' Report on page 22.

	2015 £'000	2014 £'000
<b>4 OTHER EXPENSES</b>		
AIC fees	16	14
Custody fees	96	86
Depositary fees <sup>1</sup>	23	1
Directors' expenses	27	26
Directors' fees <sup>2</sup>	125	123
Fees payable to the Company's Auditor for the audit of the Financial Statements	24	24
Legal and professional fees	66	86
Marketing expenses	101	88
Printing and publication expenses	53	53
Registrars' fees	36	36
Sundry other expenses	55	51
	<u>622</u>	<u>588</u>

1 A depositary was appointed with effect from 17 July 2014.

2 Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 33.

	2015 £'000	2014 £'000
<b>5 FINANCE COSTS</b>		
Interest paid on long CFDs	<u>101</u>	<u>103</u>

# Notes to the Financial Statements

## 6 TAXATION ON RETURN ON ORDINARY ACTIVITIES

### a) Analysis of the taxation charge for the year

	revenue £'000	2015 capital £'000	total £'000	revenue £'000	2014 capital £'000	total £'000
Taxation on overseas dividends	287	-	287	5	-	5
Taxation on Indian capital gains	-	566	566	-	621	621
Total current taxation for the year (see Note 6b)	287	566	853	5	621	626

### b) Factors affecting the taxation charge for the year

The taxation charged for the year is lower than the standard rate of UK corporation tax of 20.67% (2014: 22.33%). A reconciliation of the taxation charge based on the standard rate of UK corporation tax to the actual taxation charge is shown below:

	revenue £'000	2015 capital £'000	total £'000	revenue £'000	2014 capital £'000	total £'000
Return on ordinary activities before taxation	1,810	5,960	7,770	774	17,929	18,703
Return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20.67% (2014: 22.33%)	374	1,232	1,606	173	4,004	4,177
Effects of:						
Gains on investments not taxable*	-	(1,232)	(1,232)	-	(4,004)	(4,004)
Income not taxable	(821)	-	(821)	(636)	-	(636)
Excess management expenses	454	-	454	469	-	469
Overseas taxation expensed	(7)	-	(7)	(6)	-	(6)
Overseas taxation suffered	287	-	287	5	-	5
Overseas capital gains tax charge	-	566	566	-	621	621
Current taxation charge (Note 6a)	287	566	853	5	621	626

\*Investment trust companies are exempt from UK taxation on capital gains if they meet the HM Revenue & Customs criteria set out in Section 1159 Corporation Taxes Act 2010.

### c) Deferred taxation

A deferred tax asset at 31 July 2015 of £2,829,000 (2014: £2,509,000), in respect of excess management expenses of £11,539,000 (2014: £9,343,000) and excess loan interest of £2,605,000 (2014: £2,605,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these tax allowable expenses.

# Notes to the Financial Statements

	revenue	2015 capital	total	revenue	2014 capital	total
<b>7 RETURN PER ORDINARY SHARE</b>						
Return per ordinary share – basic	2.26p	7.99p	10.25p	1.14p	25.62p	26.76p

The returns per ordinary share are respectively based on the net revenue return on ordinary activities after taxation for the year of £1,523,000 (2014: £769,000), the net capital return on ordinary activities after taxation for the year of £5,394,000 (2014: £17,308,000) and the net total return on ordinary activities after taxation for the year of £6,917,000 (2014: £18,077,000), and on 67,488,213 ordinary shares (2014: 67,568,925) being the weighted average number of ordinary shares in issue during the year.

	2015 £'000	2014 £'000
<b>8 DIVIDENDS</b>		
<b>Dividend paid</b>		
Dividend of 1.10 pence per ordinary share paid for the year ended 31 July 2014	742	-
Dividend of 1.10 pence per ordinary share paid for the year ended 31 July 2013	-	744
	<u>742</u>	<u>744</u>
<b>Dividend proposed</b>		
Dividend of 2.00 pence per ordinary share proposed for the year ended 31 July 2015 (based on the number of shares in issue at the date of this report)	1,350	-
Dividend of 1.10 pence per ordinary share proposed for the year ended 31 July 2014	-	742
	<u>1,350</u>	<u>742</u>

The Directors propose the payment of a dividend for the year ended 31 July 2015 of 2.00 pence per ordinary share to be paid on 10 December 2015 to shareholders on the register at 30 October 2015 (ex-dividend date 29 October 2015).



# Notes to the Financial Statements

	2015 £'000	2014 £'000
<b>9 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Listed overseas</b>	<u>162,858</u>	<u>169,880</u>
<b>Opening fair value of investments</b>		
Opening book cost	142,586	127,297
Opening investment holding gains	<u>27,294</u>	<u>23,976</u>
	169,880	151,273
<b>Movements in the year</b>		
Purchases at cost	253,555	118,425
Sales – proceeds	(262,166)	(114,949)
Sales – realised gains on sales in the year	39,384	11,813
Movement in investment holding (losses)/gains in the year	<u>(37,795)</u>	<u>3,318</u>
<b>Closing fair value of investments</b>	<u>162,858</u>	<u>169,880</u>
Closing book cost	173,359	142,586
Closing investment holding (losses)/gains	<u>(10,501)</u>	<u>27,294</u>
<b>Closing fair value of investments</b>	<u>162,858</u>	<u>169,880</u>
	2015 £'000	2014 £'000
<b>Gains on investments in the year</b>		
Gains on sales of investments	39,384	11,813
Investment holding (losses)/gains	<u>(37,795)</u>	<u>3,318</u>
	<u>1,589</u>	<u>15,131</u>
<b>Costs of investment transactions in the year</b>		
Transaction costs incurred on the acquisition and disposal of investments, which are included within gains on investments above, were as follows:		
	2015 £'000	2014 £'000
Purchase transaction costs	388	217
Sales transaction costs	<u>619</u>	<u>302</u>
	<u>1,007</u>	<u>519</u>

The portfolio turnover rate for the year was 142.9% (2014: 74.1%).

# Notes to the Financial Statements

2015  
£'000

2014  
£'000

## 10 DERIVATIVE INSTRUMENTS

### Gains on derivative instruments held at fair value through profit or loss in the year

Gains on long CFD positions closed		6,360	271
Movement in investment holding (losses)/gains on long CFDs		(2,008)	2,876
		<u>4,352</u>	<u>3,147</u>

	2015		2014	
	fair value £'000	exposure £'000	fair value £'000	exposure £'000
<b>Derivative assets/(liabilities) held at fair value through profit or loss</b>				
Long CFDs – assets	-	-	2,617	10,509
Long CFDs – liabilities	-	-	(609)	11,863
	<u>-</u>	<u>-</u>	<u>2,008</u>	<u>22,372</u>

2015  
£'000

2014  
£'000

## 11 DEBTORS

Securities sold for future settlement	3,318	390
Accrued income	366	367
Other debtors	53	79
	<u>3,737</u>	<u>836</u>

2015  
£'000

2014  
£'000

## 12 OTHER CREDITORS

Securities purchased for future settlement	1,502	750
Other creditors and accruals	522	648
	<u>2,024</u>	<u>1,398</u>

# Notes to the Financial Statements

	2015		2014	
	number of shares	£'000	number of shares	£'000
<b>13 SHARE CAPITAL</b>				
<b>Ordinary shares of 25 pence each</b> – issued, allotted and fully paid				
<b>Beginning of the year</b>	67,488,213	16,872	67,680,213	16,920
Repurchase of ordinary shares	-	-	(192,000)	(48)
<b>End of the year</b>	<u>67,488,213</u>	<u>16,872</u>	<u>67,488,213</u>	<u>16,872</u>

## 14 RESERVES

The share premium account represents the amount by which the proceeds from the issue of ordinary shares, on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The other non-distributable reserve represents amounts transferred with High Court approval from the warrant reserve, in prior years. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The other reserve represents amounts transferred with High Court approval from the share premium account and the capital redemption reserve, in prior years. It is not distributable by way of dividend. It can be used to fund share repurchases.

The capital reserve reflects realised gains or losses on investments and derivative instruments sold, unrealised increases and decreases in the fair value of investments and derivative instruments held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund share repurchases and it is distributable by way of dividend. The Board has stated that it has no current intention to pay dividends out of capital.

The revenue reserve represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

## 15 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £178,937,000 (2014: £172,762,000) and on 67,488,213 (2014: 67,488,213) ordinary shares, being the number of ordinary shares in issue at the year end.

# Notes to the Financial Statements

	2015 £'000	2014 £'000		
<b>16 RECONCILIATION OF NET RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>				
Net total return before finance costs and taxation	7,871	18,806		
Net capital return before finance costs and taxation	(5,960)	(17,929)		
Net revenue return before finance costs and taxation	1,911	877		
Scrip dividends	(325)	(148)		
(Decrease)/increase in accrued income and other debtors	27	(31)		
Increase in other creditors and accruals	55	1		
Overseas taxation suffered	(287)	(5)		
<b>Net cash inflow from operating activities</b>	<b>1,381</b>	<b>694</b>		
	2015 £'000	2014 £'000		
<b>17 RECONCILIATION OF NET CASH MOVEMENTS TO MOVEMENT IN NET FUNDS</b>				
<b>Net funds at the beginning of the year</b>	<b>1,436</b>	<b>4,220</b>		
Net cash increase/(decrease)	12,911	(2,435)		
Foreign exchange movement on cash at bank	19	(349)		
<b>Change in net funds</b>	<b>12,930</b>	<b>(2,784)</b>		
<b>Net funds at the end of the year</b>	<b>14,366</b>	<b>1,436</b>		
	2015 £'000	net cash flows £'000	foreign exchange movements £'000	2014 £'000
<b>Analysis of movements in net funds</b>				
Cash at bank	14,366	12,911	19	1,436

# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS

### MANAGEMENT OF RISK

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Strategic Report on pages 8 and 9. This Note is incorporated in accordance with Financial Reporting Standard 29 'Financial Instruments: Disclosures' ("FRS 29") and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments may comprise:

- Equity shares held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise of long CFDs; and
- Cash, liquid resources and short term debtors and creditors that arise from its operations.

The risks identified by FRS 29 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period.

#### Market price risk

##### Interest rate risk

The Company finances its operations through share capital raised. In addition, the Company has a geared exposure to Asian equities through the use of long CFDs which incur funding costs and consequently the Company is exposed to a financial risk as a result of increases in Asian interest rates.

##### Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2015 £'000	2014 £'000
<b>Exposure to financial instruments that earn interest</b>		
Cash at bank	14,366	1,436
<b>Exposure to financial instruments that bear interest</b>		
Long CFDs – exposure less fair value	-	(20,364)
<b>Net exposure to financial instruments that earn/(bear) interest</b>	<b>14,366</b>	<b>(18,928)</b>

#### Foreign currency risk

The Company's total return and total net assets are affected by foreign exchange movements because the Company has income and assets which are denominated in currencies other than the Company's base currency which is UK sterling.

Three principal areas have been identified where foreign currency risk could impact the Company:

- Movements in rates affecting the value of investments and long CFDs;
- Movements in rates affecting short term timing differences; and
- Movements in rates affecting income received.

The Company does not hedge, by the use of derivative instruments, the UK sterling value of investments, long CFDs and other net assets which are priced in other currencies.

The Company might also be subject to short term exposure from exchange rate movements, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs.

# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS continued

### Currency exposure of financial assets

The company's financial assets may comprise equity investments, long CFDs, short term debtors and cash. The currency profile of these financial assets is shown below:

currency	investments designated at fair value through profit or loss £'000	2015			total £'000
		exposure to long CFDs £'000	short term debtors £'000	cash £'000	
Australian dollar	14,153	-	1,279	-	15,432
Canadian dollar	617	-	-	-	617
Chinese renminbi	1,498	-	-	26	1,524
Hong Kong dollar	27,105	-	13	40	27,158
Indian rupee	25,808	-	429	-	26,237
Indonesian rupiah	6,991	-	-	-	6,991
Israeli shekel	186	-	-	-	186
Japanese yen	1,068	-	-	-	1,068
Korean won	14,428	-	10	4	14,442
Malaysian ringgit	4,332	-	797	-	5,129
New Zealand dollar	423	-	-	-	423
Philippine peso	2,931	-	-	-	2,931
Singapore dollar	12,721	-	397	-	13,118
Taiwan dollar	27,427	-	283	156	27,866
Thai baht	9,217	-	-	-	9,217
UK sterling	-	-	53	66	119
US dollar	13,953	-	476	14,074	28,503
	<u>162,858</u>	<u>-</u>	<u>3,737</u>	<u>14,366</u>	<u>180,961</u>

currency	investments designated at fair value through profit or loss £'000	2014			total £'000
		exposure to long CFDs £'000	short term debtors £'000	cash* £'000	
Australian dollar	10,284	-	-	-	10,284
Chinese renminbi	1,028	-	23	25	1,076
Danish krone	2,244	-	-	-	2,244
Hong Kong dollar	64,346	13,653	260	-	78,259
Indian rupee	14,601	-	260	123	14,984
Korean won	39,355	-	3	-	39,358
Malaysian ringgit	1,759	-	-	-	1,759
New Zealand dollar	786	-	-	-	786
Singapore dollar	14,374	-	-	-	14,374
Taiwan dollar	13,892	-	207	202	14,301
UK sterling	-	-	79	41	120
US dollar	7,211	8,719	4	1,045	16,979
	<u>169,880</u>	<u>22,372</u>	<u>836</u>	<u>1,436</u>	<u>194,524</u>

\*Cash includes cash at bank and amounts held at brokers.

# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS continued

### Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves and it may have a geared exposure to Asian equities through the use of long CFDs.

The Company's financial liabilities may comprise long CFDs and other short term creditors. The currency profile of these financial liabilities is shown below:

currency	2015		
	gearing through long CFDs £'000	short term creditors £'000	total £'000
Australian dollar	-	3	3
Indian rupee	-	372	372
Indonesian rupiah	-	21	21
Korean won	-	256	256
Philippine peso	-	135	135
Singapore dollar	-	529	529
Taiwan dollar	-	325	325
Thai baht	-	37	37
UK sterling	-	345	345
US dollar	-	1	1
	-	2,024	2,024
currency	2014		
	gearing through long CFDs £'000	short term creditors £'000	total £'000
Danish krone	-	195	195
Hong Kong dollar	11,114	2	11,116
Indian rupee	-	350	350
Korean won	-	249	249
Taiwan dollar	-	306	306
UK sterling	-	293	293
US dollar	9,250	3	9,253
	20,364	1,398	21,762

### Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively managing and monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile.

# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS *continued*

### Liquidity risk

The Company's assets mainly comprise readily realisable securities and long CFDs which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of overdraft facilities if required.

### Counterparty risk

All securities and derivative instruments are transacted with brokers and carry the risk that the counterparty to a transaction may not meet its financial obligations. All counterparties for any type of trading are assessed by an independent Credit Research and Analysis function of the Manager. Exposures to counterparties are monitored frequently by the Manager. For long CFDs, in accordance with the terms of International Swap Dealers Association ("ISDA") market standard derivative contracts, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions. At 31 July 2015 the Company held no long CFDs. At 31 July 2014, £2,088,000 was held by the broker in government bonds, in a segregated collateral account on behalf of the Company, to reduce the risk exposure of the Company.

### Credit risk

Investments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with a large number of brokers and are settled on a delivery versus payment basis. Limits are set on the amount that can be due from any one broker. All security transactions are through brokers which have been approved as an acceptable counterparty. This is reviewed on an ongoing basis. At the year end, the Company's exposure to credit risk includes cash at bank and outstanding securities transactions.

### Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments are included within the risk categories disclosed above. Long CFDs may be used by the Portfolio Manager to gain unfunded long exposure to equity markets, sectors or single stocks. "Unfunded" exposure is exposure gained without an initial outflow of capital. The risks and performance contribution of these instruments to the Company's portfolio is overseen by the Manager's highly experienced, specialist derivative instruments team, using portfolio risk assessment tools to build the portfolio.

## RISK SENSITIVITY ANALYSIS

### Investment exposure sensitivity analysis

An increase of 10% in the fair value of the investments at 31 July 2015 would have increased the total return on ordinary activities after taxation for the year and total net assets by £16,286,000 (2014: £16,988,000). A decrease of 10% in the fair value of investments would have had an equal and opposite effect.

### Derivative instrument exposure sensitivity analysis

The Company may invest in long CFDs to gain exposure to Asian equities. At 31 July 2015 the Company held no long CFDs. At 31 July 2014 an increase of 10% in the price of shares underlying the long CFDs held would have increased total return on ordinary activities after taxation for the year and total net assets by £2,237,000. A decrease of 10% would have had an equal and opposite effect.

### Interest rate risk sensitivity analysis

If interest rates had increased by 0.25% and the Company's exposure at 31 July 2015 to bank balances and long CFDs had been held throughout the year, with all other variables remaining constant, total return on ordinary activities after taxation for the year and total net assets would have increased by £36,000 (2014: £47,000 decrease). A decrease in interest rates of 0.25% would have had an equal and opposite effect.



# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS continued

### Foreign currency risk sensitivity analysis

At 31 July 2015, if UK sterling had strengthened by 10% in relation to the larger currency exposures, then with all other variables held constant, total return on ordinary activities after taxation for the year and total net assets would have decreased by the following amounts:

	2015 £'000	2014 £'000
Australian dollar	(1,403)	(935)
Hong Kong dollar	(2,469)	(6,104)
Indian rupee	(2,351)	(1,330)
Korean won	(1,290)	(3,555)
Taiwan dollar	(2,504)	(1,272)
US dollar	(2,591)	(1,543)

At 31 July 2015, if UK sterling had weakened by 10% in relation to the larger currency exposures, then with all other variables held constant, total return on ordinary activities after taxation for the year and total net assets would have increased by the following amounts:

	2015 £'000	2014 £'000
Australian dollar	1,714	1,143
Hong Kong dollar	3,018	7,460
Indian rupee	2,874	1,626
Korean won	1,576	4,345
Taiwan dollar	3,060	1,555
US dollar	3,167	1,886

### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As explained in Notes 1 (h) and 1 (i) above, investments are stated at fair value, which is bid or last market price, and long CFDs are stated at fair value, which is the difference between the opening price and closing price of the underlying shares in the contract. Other financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. In the case of cash, book value approximates to fair value due to the short maturity of the instruments.

# Notes to the Financial Statements

## 18 FINANCIAL INSTRUMENTS *continued*

### FAIR VALUE HIERARCHY

Under FRS 29 companies are required to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate their 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 valuation techniques used by the Company are explained in Notes 1 (h) and 1 (i) above. At 31 July 2015 the Company held £161,602,000 (2014: £169,880,000) of listed investments which are considered to fall within Level 1, £1,256,000 (2014: £nil) of equity linked notes which are considered to fall within Level 2 and no long CFDs (2014: £2,008,000) which are considered to fall within Level 2.

## 19 CAPITAL MANAGEMENT

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 its Balance Sheet above, and its gearing which is managed through the use of long CFDs, as disclosed on page 14. These resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 7. The principal risks and their management are disclosed in the Strategic Report on pages 8 and 9 and in Note 18 above.

## 20 RELATED PARTY TRANSACTIONS

The Company has identified the Directors as its only related parties. The Directors have complied with the provisions of Financial Reporting Standard 8 "Related Party Disclosures", which require disclosure of related party transactions and balances. Key management compensation paid was £137,000 (2014: £134,000) This included remuneration paid to the Directors, as disclosed in the Directors' Remuneration Report on page 33, and £12,000 (2014: £11,000) of Employer's National Insurance contributions.

# Financial Calendar

## The key dates in the Company's calendar are:

31 July 2015 – financial year end

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October 2015 – announcement of results for the year ended 31 July 2015

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29 October 2015 – ex-dividend date

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30 October 2015 – record date

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October 2015 – publication of this report

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30 November 2015 – Annual General Meeting

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10 December 2015 – payment of the dividend

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31 January 2016 – Half-Year end

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March 2016 – announcement of results for the Half-Year ending 31 January 2016

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April 2016 – publication of the Half-Yearly Report

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## Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held at 25 Cannon Street, London EC4M 5TA on Monday 30 November 2015 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 July 2015.
2. To declare that a final dividend for the year ended 31 July 2015 of 2.00 pence per ordinary share be paid to shareholders who appear on the register as at close of business on 30 October 2015.
3. To re-elect Kate Bolsover as a Director.
4. To elect Timothy Scholefield as a Director.
5. To re-elect Philip Smiley as a Director.
6. To re-elect Grahame Stott as a Director.
7. To re-elect Michael Warren as a Director.
8. To approve the Directors' Remuneration Report (excluding the section headed The Remuneration Policy set out on page 32) for the year ended 31 July 2015.
9. To appoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which Financial Statements are laid before the Company.
10. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, to pass the following resolutions which will be proposed, in the case of Resolutions 11 and 14 as ordinary resolutions and in the case of Resolutions 12 and 13 as special resolutions.

### Authority to allot shares and dis-application of pre-emption rights

Resolutions 11 and 12 will, if approved, authorise the Directors to allot a limited number of new ordinary shares (or sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company in issue on 21 October 2015. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would only be re-issued at a premium to net asset value per share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per share.

11. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("relevant securities") up to an aggregate nominal amount of £843,603 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital of the Company as at 21 October 2015) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.
12. THAT, subject to the passing of Resolution 11, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 11 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:
  - a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £843,603 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 21 October 2015); and
  - b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the net asset value per share,

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this resolution had not expired.

# Notice of Meeting

## Authority to repurchase shares

Resolution 13 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) on 21 October 2015 for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share, thereby resulting in an increase in net asset value per share.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25 pence each in the capital of the Company (the "shares") provided that:

- a) the maximum number of shares hereby authorised to be purchased shall be 10,116,483 shares;
- b) the minimum price which may be paid for a share is 25 pence;
- c) the maximum price (excluding expenses) which may be paid for a share is the higher of:
  - (i) an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the share is purchased; and
  - (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (no. 2233/2003);

- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
- e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

## Changes to the Investment Policy

Resolution 14 is an ordinary resolution which, if approved, will amend the Company's Existing Investment Policy. The complete text of the Proposed Investment Policy, along with a mark-up including the proposed changes to the Existing Investment Policy, is set out in Part II of the Circular of the Company dated 21 October 2015 accompanying this Annual Report and Notice of Meeting. Terms defined in the Circular shall have the same meanings in this Notice unless otherwise defined.

14. THAT the Investment Policy set out in Part II of the Circular, a copy of which will be marked "A" and signed for the purpose of identification by the Chairman of the Meeting, be and is hereby approved and adopted with immediate effect as the Company's investment policy in place of its Existing Investment Policy.

By Order of the Board  
**FIL Investments International**  
 Secretary  
 21 October 2015

## Notice of Meeting

### Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed and must be returned to the Registrars at the address on the form to arrive not later than 11.00 am on 26 November 2015. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 11.00 am on 26 November 2015 or, if the meeting is adjourned, 48 hours before the time for holding the adjourned meeting (excluding any part of a day which is not a working day) or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on 26 November 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrars no later than 11.00 am on 26 November 2015.
6. All members are entitled to attend and vote at the Annual General Meeting and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at 5.30 pm on 26 November 2015.
7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
8. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by 5.30 pm on 26 November 2015. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members at 5.30 pm on the day two working days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
10. As at 21 October 2015 (the latest practicable date prior to the publication of this document) the Company's issued ordinary share capital consisted of 67,488,213 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 21 October 2015 was 67,488,213.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
13. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the Annual General Meeting or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual reports and financial statements were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

## Notice of Meeting

14. No Director has a service contract with the Company.
15. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its).

Note: Please see the Shareholder Information section on pages 62 and 63 for contact details if you have any queries. Please note that shareholders may not use any electronic address provided in either this notice or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated. Shareholders may not use any telephone number set out in this document for the purpose of lodging instructions for the Annual General Meeting. Similarly the Company's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its) may not be used to send documents or instructions for the Annual General Meeting.

Registered Office:  
Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP

# Shareholder Information

## INVESTING IN FIDELITY ASIAN VALUES PLC

Fidelity offers a range of options, so that you can invest in the way that is best for you. Details of how to invest can be found on Fidelity's website at [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

As Fidelity Asian Values PLC is a company listed on the London Stock Exchange you can also buy its shares through a stockbroker, share shop or bank.

## CONTACT INFORMATION

**Private investors:** call free to 0800 41 41 10, 9.00 am to 6.00 pm, Monday to Saturday.

**Financial advisers:** call free to 0800 41 41 81, 8.00 am to 6.00 pm, Monday to Friday.

Website: [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

**Existing shareholders** who have a specific query regarding their holding or need to provide updated information, for example a change of address, should contact the appropriate administrator:

### Holders of ordinary shares

Capita Asset Services, Registrars to Fidelity Asian Values PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.  
Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30 am – 5.30 pm Monday to Friday)  
email: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)

Details of individual shareholdings and other information can also be obtained from the Registrars' website:  
[www.capitaassetservices.com](http://www.capitaassetservices.com)

### Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 12062, Mellon House, Ingrave Road, Brentwood, Essex CM14 9LX. Telephone: 0345 358 1107 (calls to this number are charged at your standard geographic rate from a BT landline. Other telephone service providers' costs may vary).

### Fidelity ISA investors

Fidelity, using the freephone numbers given above, or by writing to: UK Customer Service, Fidelity Worldwide Investment, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

### General enquiries

Fidelity, the Manager and Secretary, at the Company's registered office: FIL Investments International Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.  
Telephone: 01732 361 144. Fax: 01737 836 892  
Website: [www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

## ONLINE SHAREHOLDER SERVICES – SHARE PORTAL

Through the website of our Registrars, Capita Asset Services, shareholders are able to manage their shareholding online by registering for the Share Portal, a free, secure, online access to your shareholding. Facilities include:

**Account Enquiry** – Allows shareholders to access their personal shareholding, including share transaction history, dividend payment history and to obtain an up-to-date shareholding valuation.

**Amendment of Standing Data** – Allows shareholders to change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download from this site forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

To make use of any of these facilities, please log on to the Capita Asset Services website: [www.capitashareportal.com](http://www.capitashareportal.com)

Should you have any queries in respect of the above facilities, please do not hesitate to contact the Capita Share Portal helpline on 0871 664 0391 (calls cost 10p plus network extras), overseas +44 20 8639 3367, or by e-mail at [shareportal@capita.co.uk](mailto:shareportal@capita.co.uk)

### Capita Share Dealing Services

You can make use of a low cost share dealing service provided by Capita Asset Services to buy or sell shares. Further information is available at [www.capitadeal.com](http://www.capitadeal.com), or by telephoning 0871 664 0454 (calls cost 10p per minute plus network extras. Lines are open 8.30 am – 5.30 pm Monday to Friday). Using Capita Share Dealing Services you will also be able to deal in the shares of other companies for which Capita acts as Registrar, provided you are already a shareholder in the relevant company, and that company offers the Share Deal facility to its shareholders.

### Dividend Reinvestment Plan

Capita's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional shares. The plan is provided by Capita Asset Services, a trading name of Capita IRG Trustees Limited which is authorised and regulated by the Financial Conduct Authority.

For more information and an application pack call 0371 664 0381 between 9.00 am and 5.30 pm Monday to Friday. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Alternatively you can email: [shares@capita.co.uk](mailto:shares@capita.co.uk) or log on to [www.capitashareportal.com](http://www.capitashareportal.com)

### ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at [www.sharegift.org.uk](http://www.sharegift.org.uk) or by telephoning 020 7930 3737.

## KEEPING YOU UPDATED

If you hold Fidelity Asian Values PLC shares in an ISA, you will receive a yearly report detailing all of your transactions and the value of your shares. Investors in the Fidelity Investment Trust Share Plan will receive statements and valuations twice a year.



# Shareholder Information

## MANAGER AND ADVISORS

### Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ

### Portfolio Manager, Secretary and Registered Office

FIL Investments International  
Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP

### Financial Advisers and Stockbrokers

Stifel Nicolaus Europe Ltd  
150 Cheapside  
London EC2V 6ET

### Independent Auditor

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditor  
30 Finsbury Square  
London EC2P 2YU

### Banker and Custodian

JPMorgan Chase Bank (London Branch)  
125 London Wall  
London EC2Y 5AJ

### Depository

J.P. Morgan Europe Limited  
25 Bank Street  
London E14 5JP

### Registrar

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

### Lawyer

Charles Russell Speechly  
6 New Street Square  
London EC4A 3LX

## COMPANY INFORMATION

The Company was launched on 13 June 1996 with one warrant attached to every five shares. The original subscription price for each share was £1. The Company issued one subscription share for every five ordinary shares held on 4 March 2010 (the final subscription date for the subscription shares was 31 May 2013).

The Company is a member of The Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning 020 7282 5555 (email address: enquiries@theaic.co.uk).

## PRICE INFORMATION

The share price of the ordinary shares of Fidelity Asian Values PLC is published daily in the Financial Times under the heading "Investment Companies". The ordinary share price is also published in The Times, The Daily Telegraph and The Independent and is also available at [fidelity.co.uk/its](http://fidelity.co.uk/its).

Investors can also obtain current price information by telephoning Fidelity for free on 0800 41 41 10 (freephone) or FT Cityline on 0905 817 1690, (voice activated service – all calls charged at 60p per minute on a per second basis from a BT landline. Charges for other telephone networks may vary). The Reuters code for Fidelity Asian Values PLC is FAS.L, the sedol is 0332231 and the ISIN is GB0003322319.

## NAV INFORMATION

The Net Asset Value of the Company is calculated on a daily basis and released to the London Stock Exchange.

## CAPITAL GAINS TAX

Your Directors have been advised that, for the purposes of calculating an investor's possible liability to capital gains tax, the base cost of ordinary shares, acquired at the time of the Company's launch, is 93.04 pence. All UK individuals under present legislation are permitted to have £11,100 of capital gains in the current tax year 2015/2016 (2014/2015: £11,000) before being liable for capital gains tax. Capital gains tax is charged at 18% and 28% dependant on the total amount of taxable income.

# Glossary of Terms

## AIF

Alternative Investment Fund. The Company is an AIF.

## AIFM

Alternative Investment Fund Manager. The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM/the Manager.

## AIFMD

The Alternative Investment Fund Managers Directive is a European Union Directive and came into force on 22 July 2013. The implementation date was 22 July 2014.

## AMERICAN DEPOSITARY RECEIPT (ADR)

A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

## CAPITAL GAINS TAX (CGT)

The tax you may have to pay if you sell your shares at a profit.

## COLLATERAL

Asset provided as security for the unrealised gain or loss under a Contract For Difference.

## COMPARATIVE INDEX

MSCI All Countries Far East ex Japan Index (net) until 31 July 2015. MSCI All Countries Asia ex Japan Index with effect from 1 August 2015.

## CONTRACT FOR DIFFERENCE (CFD)

A Contract For Difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A Contract For Difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received. The Company only uses long Contracts For Difference.

## CORPORATION TAX

The UK tax the Company may have to pay on its profits for a year. As an investment trust company, the Company is exempt from UK corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income and consequently it is tax efficient and does not pay corporation tax.

## CUSTODIAN

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

## DEPOSITARY

An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. J.P. Morgan Europe act as the Company's Depositary.

## DERIVATIVES

Financial instruments (such as futures, options and Contracts For Difference) whose value is derived from the value of an underlying asset.

## DISCOUNT

If the share price of the Company is lower than the net asset value per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the net asset value. The opposite of a discount is a premium. It is more common for an investment trust to trade at a discount than a premium.

## EQUITY LINKED NOTES

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on equity linked notes may be determined by an equity index, a basket of equities, or a single equity.

## FAIR VALUE

The fair value is the best measure of the realisable value of the portfolio at a point in time and this is measured as:

- Listed investments – valued at bid prices or last market prices where available, or otherwise at published price quotations; and
- Contracts For Difference – valued as the difference between the opening price and the closing price of the underlying shares in the contract.

## GEARING

Gearing describes the level of a Company's borrowing and is usually expressed as a percentage of shareholders' funds. It can be through the use of bank loans, bank overdrafts or Contracts For Difference in order to increase a Company's exposure to stocks. Gearing is permitted in order to buy or gain exposure to further investments. If assets rise in value, gearing magnifies the return to ordinary shareholdings. Correspondingly, if the assets fall in value, gearing magnifies the fall. Contracts For Difference are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

## GEARING PERCENTAGE

In a simple example, if a company has £100 million of net assets and a total portfolio of £108 million, with £8 million of borrowings (either via bank loans or long Contracts For Difference), then the shareholders' funds are 8% geared. Normally, the higher the gearing percentage, the more sensitive the Company's shares will be to the movements up and down in the value of the investment portfolio.

# Glossary of Terms

## HEDGING

A strategy aimed at minimising or eliminating the risk or loss through adverse movements normally involving positions in two different markets, with one offsetting the other. The Company uses **derivative** instruments for **gearing** and investment rather than **hedging** purposes.

## LEVERAGE

Any method by which an **AIFM** increases the exposure of an **AIF** it manages whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means. Leverage is measured in terms of exposure and is expressed as a ratio of **net asset value**. There are two measures of calculating **leverage**:

- The Gross Method which does not reduce exposure for **hedging**; and
- The Commitment Method which reduces exposure for **hedging**.

## NET ASSET VALUE (NAV)

**Net asset value** is sometimes also described as “**shareholders’ funds**”, and represents the total value of the Company’s assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per share basis.

## ONGOING CHARGES

Total expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average net asset values (previously known as the total expense ratio).

## PORTFOLIO EXPOSURE

The value of the portfolio that is exposed to market price movements. It is made up of the **fair value** of the fixed asset investments and the **fair value** of the listed investments underlying any long **Contracts For Difference**.

## PORTFOLIO MANAGER

Nitin Bajaj is the appointed **Portfolio Manager** for the Company and is responsible for managing the Company’s assets.

## PRE-EMPTION RIGHTS

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held by existing shareholders. At each annual general meeting, the Board seeks shareholder approval to disapply **pre-emption right** provisions, up to 5%.

## PREMIUM

If the share price of the Company is higher than the **net asset value** per share, the Company’s shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value**. The opposite of a **premium** is a **discount**.

## REGISTRAR

An entity that manages the Company’s shareholders register. The Company’s **registrar** is Capita Asset Services.

## RETURN

The return generated in the period from the investments:

- **Revenue Return** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation;
- **Capital Return** reflects the return on capital, excluding any revenue returns; and
- **Total Return** reflects the aggregate of revenue and capital returns in the period.

## SHAREHOLDERS’ FUNDS

**Shareholders’ funds** are also described as “**net asset value**” and represent the total value of the Company’s assets less the total value of its liabilities.

## TOTAL RETURN PERFORMANCE

The return on the ordinary share price or **net asset value** per share taking into account the rise and fall of ordinary share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional ordinary shares (for share price total return) or the Company’s assets (for **net asset value** total return).

## TREASURY SHARES

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not pay dividends, have no voting rights and are excluded from the **net asset value** calculation.

## Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Board appointed FIL Investment Services (UK) Limited ("FISL") (a Fidelity group company) as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the portfolio management and company secretarial function to FIL Investments International (another Fidelity group company). Details of the Management Agreement can be found in the Directors' Report on page 22.

The table below discloses information required by the Alternative Investment Fund Managers Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
<b>Investment Management</b>	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	<p>Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 7 and 8.</p>
<b>Risk management</b>	<p>The Company has a Risk Management Process Document which is agreed with the Board and demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remain responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	<p>The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of internal control and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 8 and 9 and in Note 18 to the Financial Statements on pages 51 to 56.</p>
<b>Valuation of illiquid assets</b>	<p>The Directive requires the disclosure of the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. Further, any new arrangements for managing the liquidity of the Company must be disclosed.</p>	<p>Not Applicable.</p>
<b>Leverage</b>	<p>The Company can use leverage to increase its exposure to the stockmarkets of the Asian Region (excluding Japan) and currently makes use of long Contracts for Difference when such leverage is thought appropriate. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>A definition of leverage is included in the Glossary of Terms on page 65.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. There have been no changes to the maximum level of leverage that the Company may employ during the year.</p> <p>At 31 July 2015, actual leverage was 0.91 for the Gross Method and 0.99 for the Commitment Method.</p>
<b>Liquidity management</b>	<p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is reviewed and updated, if required, at least annually.</p>	<p>No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 18 on page 54.</p>
<b>Remuneration of the AIFM</b>	<p>The AIFM operates under the terms of Fidelity's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).</p>	<p>The FCA's <i>General Guidance on the AIFM Remuneration Code</i> has established that the first reporting year will not commence until after the AIFM's first full performance year post authorisation. Accordingly, there is no data to disclose in respect of remuneration of the AIFM for this year.</p>

The AIFM's Annual Report is available to shareholders on request. Please contact the Company Secretary whose address can be found on page 63.

## Warning to Shareholders

### SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority ("FCA") has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

### PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the FCA Register at [www.fca.org.uk/register](http://www.fca.org.uk/register) to ensure they are authorised.
3. Use the details on the FCA Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

### REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams), where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

**If you have already paid money to share fraudsters you should contact Action Fraud on**

**0300 123 2040**







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