

# FIDELITY ASIAN VALUES PLC

## UNDERSTANDING THE BONUS ISSUE OF SUBSCRIPTION SHARES

DECEMBER 2016





## Contents:

Summary	3
Important Information	3
Background	4
Should I exercise my Subscription Rights?	4
What if I don't exercise my Subscription Rights?	5
Who is eligible for Subscription Shares?	5
How do I exercise my Subscription Rights?	5
A note on Tax	5
Glossary	6
Useful Contacts	7

# Summary

- Fidelity Asian Values PLC has issued Subscription Shares to existing shareholders which are now available for trading on the London Stock Exchange
- Subscription Shares offer shareholders the right but not the obligation to subscribe for Ordinary Shares during a pre-determined period at a pre-determined price
- Shareholders were issued with 1 Subscription Share for every 5 existing Ordinary Shares they held on 2 December 2016
- Subscription Rights may be exercised on an annual basis with the exercise taking place on the last business day in November in 2017, 2018 and 2019
- The exercise price will be increased annually as follows:
  - 370.75p on 30 November 2017
  - 381.75p on 30 November 2018
  - 392.75p on 29 November 2019
- These exercise prices were calculated based on the Net Asset Value (NAV) of the Company as at close of business on 2 December 2016 and set at a 1% premium to NAV, 4% premium to NAV and 7% premium to NAV respectively.
- Subscription Shares and their associated rights will lapse on 29 November 2019 following their final exercise

Subscription Shares may be held in an ISA, SIPP or other investment accounts.

As the Bonus issue of Subscription Shares to existing shareholders was free of charge, their issue did not use up any of your ISA or SIPP allowance. Additional contributions may be required to cover the cost of exercise as would any market purchase of Subscription Shares.

## Important Information

This guide is not a prospectus but an advertisement. Investors should not subscribe to convert these shares except on the basis of information contained within the Prospectus. For more information please visit [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)

Subscription Shares of this type are complex instruments and may be difficult to understand. The value of Subscription Shares is contingent on the value of the underlying Ordinary Shares and they may expire with no value.

Please remember, past performance is not a reliable indicator of future results. Fidelity does not give advice. If you're unsure of the suitability of an investment for you, you should speak to a financial adviser.

The value of investments can go down as well as up so investors may get back less than they invest. Overseas investments are subject to currency fluctuations. This investment trust can gear through the use of bank loans or overdrafts and this can be achieved through the use of derivatives. Their use may lead to higher volatility in the Net Asset Value and Share Price.

This investment trust may invest more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. This investment trust is also able to invest some or all of its assets in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties.

Please note, the value of tax savings and eligibility to invest in an ISA or SIPP depend on personal circumstances. You will not have access to your pension savings until the age of 55.

## Background

Sometimes, when an investment company like Fidelity Asian Values PLC is looking to grow its assets, it may issue Subscription Shares. These can be converted into Ordinary Shares in the trust at a later date, at a fixed conversion price, for a fixed period of time.

This is called a subscription right – and shareholders are under no obligation to convert the shares if they do not wish to do so.

Normally, existing Ordinary Shareholders are given Subscription Shares in proportion to the number of shares they already hold in the trust (in this case one Subscription Share for every five Ordinary Shares held on 2 December 2016).

## Should I exercise my Subscription Rights?

Whether or not it's worth converting the Subscription Shares will then depend on how the share price of the Ordinary Shares changes after that date.

This is best explained by way of a worked example (we have kept the numbers simple here):

- If a company issues Subscription Shares free of charge which entitle you to convert them into Ordinary Shares at £1.00, you will benefit from converting your Subscription Shares when the Ordinary Shares are trading above this price
- If the Ordinary Shares are priced at £1.50, then you will save 50p per share by converting them, rather than if you had bought them in the open market. Your Subscription Shares may be referred to as 'In the Money'
- Alternatively, if the Ordinary Shares are trading at 50p, you are unlikely to want to convert your Subscription Shares because you could buy the Ordinary Shares at a lower price on the open market. Your Subscription Shares are 'Out of the Money'

For this particular issue of Subscription Shares, the Exercise Price will increase each year, following the annual Exercise Date. This is to ensure that Ordinary Shareholders do not suffer undue negative impacts (known as 'dilution') from the issue of new Ordinary Shares at a price well below their Net Asset Value at that time.



## What if I don't exercise my Subscription Rights?

If for any reason you do not wish to convert your Subscription Shares you can instead sell them on the open market. This may be a good choice if you do not have enough money to invest further or if you do not want to increase your holdings, but would still like to benefit from the issue of the Subscription Shares.

It may be possible to sell the shares even when the Subscription Share conversion price is below that of the ordinary share price because they can retain some potential value for speculative investors.

We recommend that shareholders consider closely whether it is worth exercising or selling their Subscription Shares prior to the final exercise date. Subscription Shares may hold nil value should the final ordinary share price be below the exercise price at that time; even if shareholders could have profited by exercising their right previously. The share price of both Ordinary and Subscription Shares can go down as well as up.

If Subscription Shares are 'In the Money' at the final exercise date, 29 November 2019, (i.e. the share price of Ordinary Shares is above the Exercise Price), any Subscription Rights which have not been exercised will be passed to a trustee. The trustee (who is appointed by the Company) will then decide if exercising these rights and selling the resulting Ordinary Shares (after costs) will return any net proceeds to the impacted shareholders.

In this way, shareholders may still receive some value from the bonus issue. Shareholders should note, however, that there is no guarantee that any value will remain and it may be considerably below that which they would have received had they elected to sell the subscription rights prior to their expiry.

## Who received Subscription Shares?

All UK and EEA resident shareholders, including those holding shares through Fidelity Personal Investing or FundsNetwork™, were eligible to receive Subscription Shares upon issue. EEA residents who remain out of the country will only be able to sell them. EEA residents who return to the UK before 29 November 2019 will be eligible to exercise subscription rights.

Given restrictions on the issuance of shares applying to certain jurisdictions, shareholders who were not resident in the EEA were not eligible to receive the Subscription Shares.

New investors in the Company after 2 December 2016 were not eligible to receive the Subscription Shares.

## How do I exercise my Subscription Rights?

### Shareholders on the main register:

Please send the relevant Subscription Share certificate(s) to the Registrars (Capita Asset Services) in the period 25 days prior to the annual exercise date (and no later than 5:00pm on that date). The instruction should be accompanied by payment to cover the full exercise cost of the rights to be exercised. Please see page 7 for details.

### Shareholders through Fidelity Personal Investing or FundsNetwork:

You will be able to send your instructions to Fidelity International in the weeks prior to the exercise date. Notice of the election window and further instructions will be sent prior to that time.

### Shareholders through other Nominees or Platforms:

Please contact your account provider for details of how to exercise your rights.

## A note on Tax

For the purpose of UK Taxation, the issue of subscription shares is treated as a reorganisation of the company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require shareholders to reallocate the base costs of their ordinary shares and subscriptions shares received.

At the close of business on 6th December 2016 the middle market prices of the company's ordinary shares and subscription shares were as follows:

Ordinary shares: 325.50p Subscription Shares: 30.25p

Accordingly an individual investor who on 6th December 2016 held five ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription Share (or the relevant multiple thereof) and would apportion the base cost of such holding 98.18% to the five Ordinary Shares and 1.82% to the Subscription Shares.

It should be noted that sale of shares outside of an ISA or SIPP, including sales before subscription of further value, are disposals for capital gains tax purposes. If you convert your shares into Ordinary Shares, the resulting Ordinary Shares will be treated as the same asset as the Subscription Shares they replaced. The base cost for tax purposes will be the base cost of the Subscription Shares further increased by the amount of any subscription price paid.

# Glossary

<b>Board</b>	The Board of Directors of Fidelity Asian Values PLC
<b>Company</b>	Fidelity Asian Values PLC
<b>Discount</b>	Where the market price of an Ordinary Share is trading below the company's Net Asset Value (per share)
<b>Exercise Date</b>	The date on which Subscription Shares are converted to Ordinary Shares (in this case, the last business day in November 2017, 2018 and 2019)
<b>Exercise Price</b>	The price at which Subscription Rights may be exercised – swapping each Subscription Share for an Ordinary Share
<b>Final Exercise Date</b>	The final date on which Subscription Rights may be exercised, after which Subscription Rights will lapse
<b>In the Money</b>	Where the Exercise Price of a Subscription Share is below the Share Price of an Ordinary Share
<b>Net Asset Value (NAV)</b>	The value of the Company's assets minus its liabilities – it is used to calculate the value of each Ordinary Share
<b>Ordinary Share</b>	A share in the Company
<b>Out of the Money</b>	Where the Exercise Price of a Subscription Share is above the Share Price of an Ordinary Share
<b>Premium</b>	Where an Ordinary Share is trading above its Net Asset Value (per share)
<b>Share Price</b>	The market price of a share – subject to supply and demand. The Ordinary Share Price may be at a Discount or Premium to its Net Asset Value
<b>Subscription Right</b>	The right, but not the obligation, to subscribe for Ordinary Shares at a fixed price for a fixed period
<b>Subscription Share</b>	A type of share in the Company conferring the right (Subscription Right), but not the obligation, to convert to Ordinary Shares at a fixed price for a fixed period

# Useful Contacts

Existing shareholders should contact the appropriate administrator using the contact details given below. This may be Capita Asset Services, the Company's Registrar, or Fidelity, or it may be another platform or administrator. Links to the websites of major platforms can be found online at [fidelityinvestmenttrusts.com](https://www.fidelityinvestmenttrusts.com)

## General enquiries should be made to the Secretary, at the Company's registered office:

Fidelity Asian Values PLC  
Beech Gate, Millfield Lane  
Lower Kingswood,  
Tadworth  
Surrey KT20 6RP.

Email: [investmenttrusts@fil.com](mailto:investmenttrusts@fil.com).  
Telephone: **01732 361 144**.  
Website: [fidelity.co.uk/asianvalues](https://www.fidelity.co.uk/asianvalues)

## Holders of Ordinary Shares on the main share register

Capita Asset Services  
Registrar to Fidelity Asian Values PLC  
The Registry, 34 Beckenham Road  
Beckenham  
Kent BR3 4TU.

Email: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)  
Telephone: **0871 664 0300**  
Website: [capitaassetservices.com](https://www.capitaassetservices.com)

Fidelity Platform Investors  
UK Customer Service  
Fidelity International  
Oakhill House, 130 Tonbridge Road  
Hildenborough  
Kent TN11 9DZ.

Private investors: call free to **0800 41 41 61**, Monday to Friday, 8am to 6pm and Saturdays 9am to 6pm.  
Financial advisers: call free to **0800 41 41 81**, 9.00 am to 6.00 pm, Monday to Friday.  
Website: [fidelity.co.uk/investmenttrusts.com](https://www.fidelity.co.uk/investmenttrusts.com)

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