

FIDELITY JAPAN TRUST PLC

Half-Yearly Report for the six months ended 30 June 2019

Financial Highlights:

- **Fidelity Japan Trust PLC recorded a net asset value (“NAV”) total return of +14.8% for the six months ended 30 June 2019, outperforming its Reference Index by +7.6%.**
- **The discount to NAV widened from 8.5% to 9.6% due to a share price total return +13.4%.**
- **Core holdings in services and medical technology (“medtech”) related companies were the key drivers of outperformance.**

Contacts

For further information, please contact:

Natalia de Sousa - Company Secretary

01737 837846

PORTFOLIO MANAGER’S REVIEW

MARKET REVIEW

The Japanese equity market got off to a good start in 2019, though it remained sensitive to external political factors and gains were tempered by a sharp pullback in May. As economic indicators globally weakened and consensus growth expectations were lowered, policy makers began to take a more flexible approach. The US Federal Reserve changed tack to become demonstrably more dovish and the European Central Bank (ECB) confirmed its intention to remain accommodative, whilst China’s fiscal and monetary authorities provided stimulus aimed at helping to stabilise the country’s growth prospects. These factors boosted investor sentiment, as demonstrated by the rebound in markets in June. However, Japanese stocks remained relative laggards due to renewed strength in the yen and selling by overseas investors.

Technology related sectors were the standout performers during the period, as investors looked towards a cyclical recovery in the second half of Japan’s fiscal year. Communication services and industrials also outperformed. Conversely, domestic oriented sectors, facing rising input and personnel costs, experienced the steepest declines. The prospect of October’s sales tax hike was an additional headwind. The market’s overall style focus remained on quality and growth, whereas value continued to underperform.

Corporate profits fell sharply in the final quarter (January–March) of Japan’s fiscal year 2018/2019, led by manufacturers and financials. However, consensus estimates indicated that earnings were set to bottom out in the first quarter of Japan’s fiscal year 2019/2020 (April–June) and return to growth from the second half of the financial year. Moreover, the high level of buyback activity that has been seen so far this year has also been encouraging. Corporate balance sheets are healthy (more than 50% of non-financial companies have net cash and debt levels continue to decline) while Japanese companies are focused on delivering higher returns on equity and better shareholder returns. There are also more instances of activist investors seeking positive change via proposals to corporate boards.

PORTFOLIO REVIEW

The Company’s net asset value (NAV) increased by 14.8% in sterling terms over the six months to 30 June 2019, significantly outperforming the Reference Index (in sterling terms) which returned 7.2% during the same period. However, the discount to NAV widened marginally over the same period and the share price return was somewhat less at 13.4%. Core holdings in services and medical technology (medtech) related companies were the key drivers of the recent outperformance. In a declining interest rate environment, the Company’s underweight exposure to banks also supported relative returns.

In the information and communication sector, software developer JustSystems was the standout contributor to performance. Its shares advanced on upbeat earnings results, which reflected strong growth in sales of e-learning systems for elementary school students and proprietary corporate software. RakSul also reported strong earnings. Its mainstay online printing and marketing/sales support service maintained a high level of earnings growth, with a solid improvement in user numbers. In addition, the company’s Hacobell logistics service saw a significant increase in the value and number of orders. Meanwhile, employment related service companies that are relatively insulated from external political and policy risks, and benefit from Japan’s increasingly tight labour market, added value.

In the medtech sector, shares in Sysmex, a global leader in *in vitro* diagnostics and haematology instruments, surged after its full-year results highlighted a stronger-than-expected recovery in sales, especially in China. As the strong share price performance translated into a higher premium versus other medical device stocks, the position was gradually reduced. The holding in online medical portal M3 also made a substantial contribution to returns, as the market rewarded its continued expansion and diversification through acquisitions and venture investment.

Conversely, the holding in Itokuro, an operator of internet portal sites tied to educational and financial industries, was the most significant individual detractor from performance. The company revised its earnings guidance downwards, primarily to reflect upfront investments for future growth. However, there is no change to the fundamental story based on the stable growth of its mainstay cram school portal, Jyuku Navi, as well as the monetisation potential in listing regular schools and universities. As a result the holding was retained in the portfolio.

Among holdings in cyclical stocks, global power tool maker Makita faced concerns over slower economic growth in Europe, where it has a significant business presence, as well as political and currency risks. However, these downside risks have been priced in to a large extent and the company remains well positioned to capture structural growth in cordless tools and outdoor power equipment. Semiconductor production equipment maker Tokyo Electron faced headwinds from weakness in demand for its memory related products, but valuations are cheap at the trough of the earnings cycle and the company is expected to gain market share in the next upcycle. Therefore, both companies remain in the portfolio.

While there have been no significant changes to the overall composition of the Company’s holdings, positions in oversold semiconductor related companies and component makers were selectively increased. New investment ideas, for example in companies that are likely to be rerated as internal change leads to a period of renewed growth, were also added. A prime example is endoscope maker Olympus, which has implemented a long term restructuring plan (“Transform Olympus”) to enhance profitability and improve capital efficiency. Conversely, exposure to machinery and chemicals stocks was reduced where the risk/reward balance had deteriorated and near term upside appeared limited. Profits in strong performers were also actively taken, including discount store operator Pan Pacific International.

The level of gearing remained within a narrow range over the review period, between 15% and 17%. Depending on how stocks behave in relation to earnings announcements, gearing may be increased to add names selectively at trough valuations.

Finally, opportunities to invest in innovative companies at the pre-IPO stage continue to be sought. Following the period end, the Company has completed an investment of ¥400m in Coconala, an online C2C platform. This represents 1.3% of assets.

OUTLOOK

Japanese stocks have lagged their global peers so far this year, as uncertainty over US-China trade frictions and the impact on the global economy have clouded the outlook for corporate earnings. The consensus of analyst forecasts is that the market appears to have bottomed out and earnings trends should stabilise in the coming quarters. However, share prices are likely to remain volatile amid a steady stream of political newsflow.

While not immune to external headwinds, the Japanese economy remains stable. Confidence among Japanese manufacturers has clearly weakened, but sentiment in the non-manufacturing sector is holding up. Employment conditions remain tight, with the job-offers-to-applicants ratio at record levels. Capital expenditure plans are supported by non-cyclical factors such as investment in labour saving technology and research and development. The Bank of Japan remains highly accommodative and extensive counter measures will be deployed to mitigate the effects of the October 2019 consumption tax hike from 8% to 10%.

From a valuation perspective, Japanese stocks priced in a significant level of risk in late 2018 and continue to look undervalued at around 12x forward earnings. With valuations testing historical lows in some parts of the market, there are opportunities to capitalise on disconnects between near term sentiment and mid term fundamentals.

Nicholas Price

Portfolio Manager

31 July 2019

INTERIM MANAGEMENT REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited, the Manager), has developed a risk matrix which, as part of the risk management and internal controls process, has identified the key risks and uncertainties faced by the Company. These principal risks and uncertainties fall into the following categories: market risk; performance risk; geopolitical risk; discount control risk; gearing risk; currency risk; cybercrime risk; tax and regulatory risks; and operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2018 and can be found on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com.

SHARE REPURCHASES AND TREASURY SHARES

In the six months to 30 June 2019, the Company repurchased 368,107 ordinary shares into Treasury. Since the end of the reporting period and as at the date of this report, the Company has repurchased a further 202,845 ordinary shares into Treasury.

TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

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

GOING CONCERN STATEMENT

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

Continuation votes are held every three years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2022.

By order of the Board
FIL Investments International
31 July 2019

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and
- the Interim Management Report, together with the Portfolio Manager's Review, includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

The Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 31 July 2019 and the above responsibility statement was signed on its behalf by David Robins, Chairman.

TWENTY LARGEST HOLDINGS AS AT 30 JUNE 2019

The Portfolio Exposures shown below reflect exposure to market price movements as a result of owning shares and derivative instruments. The Balance Sheet Value is the actual value of the portfolio. Where a contract for difference (CFD) is held, the Balance Sheet Value reflects the profit or loss on the contract since it was opened and is based on how much the price of the underlying share has moved.

Exposures – shares unless otherwise stated	Portfolio Exposure £'000	% ¹	Balance Sheet Value £'000
Kosé Manufacturer of premium cosmetics	12,254	5.7	12,254
Olympus (shares and long CFD) Manufacturer of optics and reprography products	12,193	5.7	5,935
Keyence (shares and long CFD) Maker of factory automation related sensors	11,711	5.5	6,096
Yamaha Corporation Musical instrument and audio equipment maker	10,445	4.9	10,445
Recruit Holdings (shares and long CFD) Provider of human resource services	9,479	4.4	3,821

Shimano Manufacturer of cycling components, rowing equipment and fishing tackle	9,338	4.3	9,338
MISUMI Group Distributor of precision machinery parts	9,082	4.2	9,082
Daikin Industries Air conditioning equipment manufacturer	8,910	4.2	8,910
JustSystems Developer and provider of software and related software services	8,410	3.9	8,410
Tokyo Electron (shares and long CFD) Manufacturer of electronics and semiconductors	8,176	3.8	4,660
M3 (long CFD) Provider of medical related internet services	6,789	3.2	371
Renesas Electronics Manufacturer of semiconductors and microcontrollers	6,626	3.1	6,626
NOF Manufacturer of speciality chemicals	5,814	2.7	5,814
RakSul Provider of online printing services	5,586	2.6	5,586
ARUHI Provision and brokerage of home loans	4,779	2.2	4,779
Shimadzu Manufacturer of precision instruments, measuring instruments and medical equipment	4,645	2.2	4,645
Rohm Electronic parts manufacturer	4,534	2.1	4,534
Yume no Machi Souzou linkai Operator and manager of food delivery website	4,361	2.0	4,361
Makita (long CFD) Manufacturer of lithium-ion battery power tools	4,314	2.0	(1,299)
Kotobuki Spirits Producer of confectionery	4,295	2.0	4,295
Twenty largest exposures	151,741	70.7	118,663
Other exposures	98,626	45.9	94,024
Total Portfolio Exposure²	250,367	116.6	
Total Portfolio Fair Value³			212,687
Net current assets excluding derivative instruments ⁴			2,068
Shareholders' Funds (per the Balance Sheet)			214,755

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

2 Total Portfolio Exposure comprises market exposure to investments of £211,396,000 plus market exposure to derivative instruments of £38,971,000.

3 Total Portfolio Fair Value comprises investments of £211,396,000 plus derivative assets of £3,154,000 less derivative liabilities of £1,863,000 (per the Balance Sheet).

4 Net current assets excluding derivative instruments comprise debtors of £1,357,000 plus cash at bank of £2,137,000 less other creditors of £1,426,000 (per the Balance Sheet).

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Six months ended 30 June 2019 unaudited			Six months ended 30 June 2018 unaudited			Year ended 31 December 2018 audited		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	21,140	21,140	–	14,660	14,660	–	(27,452)	(27,452)
Gains/(losses) on derivative instruments		–	6,072	6,072	–	3,772	3,772	–	(6,873)	(6,873)
Income	4	1,605	–	1,605	1,675	–	1,675	2,795	–	2,795
Investment management fees	5	(720)	202	(518)	(1,150)	–	(1,150)	(1,939)	96	(1,843)
Other expenses		(327)	–	(327)	(294)	–	(294)	(555)	–	(555)
Foreign exchange (losses)/gains		–	(55)	(55)	–	32	32	–	70	70
Net return/(loss) on ordinary activities before finance costs and taxation		558	27,359	27,917	231	18,464	18,695	301	(34,159)	(33,858)
Finance costs		(47)	–	(47)	(79)	–	(79)	(143)	–	(143)
Net return/(loss) on ordinary activities before taxation		511	27,359	27,870	152	18,464	18,616	158	(34,159)	(34,001)
Taxation on return/(loss) on ordinary activities	6	(142)	–	(142)	(152)	–	(152)	(255)	–	(255)
Net return/(loss) on ordinary activities after taxation for the period		369	27,359	27,728	–	18,464	18,464	(97)	(34,159)	(34,256)
Return/(loss) per ordinary share	7	0.27p	20.27p	20.54p	0.00p	13.62p	13.62p	(0.07p)	(25.22p)	(25.29p)

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

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

No operations were acquired or discontinued in the period and all items in the above statement derive from continuing operations.

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

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
Six months ended 30 June 2019 (unaudited)								
Total shareholders' funds at 31 December 2018		34,041	20,722	2,767	55,733	89,038	(14,771)	187,530
Repurchase of ordinary shares	9	–	–	–	(503)	–	–	(503)
Net return on ordinary activities after taxation for the period		–	–	–	–	27,359	369	27,728
Total shareholders' funds at 30 June 2019		34,041	20,722	2,767	55,230	116,397	(14,402)	214,755
Six months ended 30 June 2018 (unaudited)								
Total shareholders' funds at 31 December 2017		34,041	20,722	2,767	56,474	123,197	(14,674)	222,527
Net return on ordinary activities after taxation for the period		–	–	–	–	18,464	–	18,464
Total shareholders' funds at 30 June 2018		34,041	20,722	2,767	56,474	141,661	(14,674)	240,991
Year ended 31 December 2018 (audited)								
Total shareholders' funds at 31 December 2017		34,041	20,722	2,767	56,474	123,197	(14,674)	222,527
Repurchase of ordinary shares	9	–	–	–	(741)	–	–	(741)
Net loss on ordinary activities after taxation for the year		–	–	–	–	(34,159)	(97)	(34,256)
Total shareholders' funds at 31 December 2018		34,041	20,722	2,767	55,733	89,038	(14,771)	187,530

BALANCE SHEET AS AT 30 JUNE 2019

Company Number 2885584

	Notes	30.06.19 unaudited £'000	31.12.18 audited £'000	30.06.18 unaudited £'000
Fixed assets				
Investments	8	211,396	185,987	234,997
Current assets				
Derivative instruments	8	3,154	269	4,760
Debtors		1,357	3,263	2,923
Cash collateral held with brokers		–	7,611	–
Cash at bank		2,137	–	685
		6,648	11,143	8,368
Creditors				
Derivative instruments	8	(1,863)	(6,529)	(30)
Bank overdraft		–	(1,718)	–
Other creditors		(1,426)	(1,353)	(2,344)
		(3,289)	(9,600)	(2,374)
Net current assets		3,359	1,543	5,994
Net assets		214,755	187,530	240,991
Capital and reserves				
Share capital	9	34,041	34,041	34,041
Share premium account		20,722	20,722	20,722
Capital redemption reserve		2,767	2,767	2,767
Other reserve		55,230	55,733	56,474
Capital reserve		116,397	89,038	141,661
Revenue reserve		(14,402)	(14,771)	(14,674)
Total shareholders' funds		214,755	187,530	240,991
Net asset value per ordinary share	10	159.35p	138.77p	177.71p

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITY

Fidelity Japan Trust PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 2885584, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 PUBLICATION OF NON-STATUTORY ACCOUNTS

The Financial Statements in this Half-Yearly Financial Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 (the Act). The financial information for the year ended 31 December 2018 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Act.

3 BASIS OF PREPARATION

The Company prepares its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting practice (UK GAAP) and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued by the Association of Investment Companies (AIC), in November 2014 and updated in February 2018 with consequential amendments. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2018.

4 INCOME

	Six months ended 30.06.19 unaudited £'000	Six months ended 31.12.18 unaudited £'000	Year ended 31.12.18 audited £'000
Investment income			
Overseas dividends	1,415	1,520	2,551
Derivative income			
Dividends received on long CFDs	190	155	244

Total income	1,605	1,675	2,795
	=====	=====	=====

5 INVESTMENT MANAGEMENT FEES

	Six months ended 30.06.19 unaudited £'000	Six months ended 30.06.18 unaudited £'000	Year ended 31.12.18 audited £'000
Investment management fees – base (charged to revenue)*	720	1,150	1,939
Investment management fees – variable (credited to capital)*	(202)	–	(96)
	-----	-----	-----
	518	1,150	1,843
	=====	=====	=====

* The total management fees of £518,000 for the current reporting period are made up of a base fee of £720,000 and a credit of £202,000 on the variable element. For the calculation of the variable management fee element above, the Company's NAV return for the reporting period has been compared to the Reference Index return for the period from 1 July 2018 to 30 June 2019. This has resulted in an underperformance of the NAV and therefore a credit to the Company of £202,000. Even though performance was measured from 1 July 2018, there was a three month payment holiday on the variable element of the fee which therefore took effect from 1 October 2018.

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International (FII), the Investment Manager. Both companies are Fidelity group companies.

From 1 July 2018, the Company adopted a new fee arrangement which reduced the base management fee from 0.85% of gross assets to 0.70% of net assets per annum. In addition, and with effect from 1 October 2018, there is a +/- 0.20% variation fee based on performance relative to the Reference Index. Fees are payable monthly in arrears and are calculated on a daily basis.

6 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

The taxation charge of £142,000 (six months ended 30 June 2018: £152,000 and year ended 31 December 2018: £255,000) is irrecoverable overseas taxation suffered on dividend income.

7 RETURN/(LOSS) PER ORDINARY SHARE

	Six months ended 30.06.19 unaudited	Six months ended 30.06.18 unaudited	Year ended 31.12.18 audited
Revenue return/(loss) per ordinary share	0.27p	0.00p	(0.07p)
Capital return/(loss) per ordinary share	20.27p	13.62p	(25.22p)
	-----	-----	-----
Total return/(loss) per ordinary share	20.54p	13.62p	(25.29p)
	=====	=====	=====

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares held outside of Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return/(loss) on ordinary activities after taxation for the period	369	–	(97)
Net capital return/(loss) on ordinary activities after taxation for the period	27,359	18,464	(34,159)
	-----	-----	-----
Net total return/(loss) on ordinary activities after taxation for the period	27,728	18,464	(34,256)
	=====	=====	=====
	Number	Number	Number
Weighted average number of ordinary shares held outside of Treasury during the period	134,949,073	135,606,695	135,439,468
	=====	=====	=====

8 FAIR VALUE HIERARCHY

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2019 (unaudited)				
Financial assets at fair value through profit or loss				
Investments	211,396	–	–	211,396
Derivative instrument assets	–	3,154	–	3,154
	-----	-----	-----	-----
	211,396	3,154	–	214,550
	=====	=====	=====	=====
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(1,863)	–	(1,863)
	-----	-----	-----	-----
	–	(1,863)	–	(1,863)
	=====	=====	=====	=====
	Level 1	Level 2	Level 3	Total

	£'000	£'000	£'000	£'000
31 December 2018 (audited)				
Financial assets at fair value through profit or loss				
Investments	185,987	–	–	185,987
Derivative instrument assets	–	269	–	269
	185,987	269	–	186,256
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(6,529)	–	(6,529)
30 June 2018 (unaudited)				
Financial assets at fair value through profit or loss				
Investments	234,997	–	–	234,997
Derivative instrument assets	–	4,760	–	4,760
	234,997	4,760	–	239,757
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(30)	–	(30)

9 SHARE CAPITAL

	30 June 2019 unaudited		31 December 2018 audited		30 June 2018 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 25p each held outside of Treasury						
Beginning of the period	135,136,195	33,784	135,606,695	33,902	135,606,695	33,902
Ordinary shares repurchased into Treasury	(368,107)	(92)	(470,500)	(118)	–	–
End of the period	134,768,088	33,692	135,136,195	33,784	135,606,695	33,902
Ordinary shares of 25p each held in Treasury*						
Beginning of the period	1,025,500	257	555,000	139	555,000	139
Ordinary shares repurchased into Treasury	368,107	92	470,500	118	–	–
End of the period	1,393,607	349	1,025,500	257	555,000	139
Total share capital		34,041		34,041		34,041

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

The cost of ordinary shares repurchased into Treasury during the period was £503,000 (year ended 31 December 2018: £741,000 and six months ended 30 June 2018: nil).

10 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £214,755,000 (31 December 2018: £187,530,000 and 30 June 2018: £240,991,000) and on 134,768,088 (31 December 2018: 135,136,195 and 30 June 2018: 135,606,695) ordinary shares, being the number of ordinary shares of 25 pence each held outside of Treasury at the period end. It is the Company's policy that shares held in Treasury will only be reissued at net asset value or at a premium to net asset value per share and, therefore, shares held in Treasury have no dilutive effect.

11 CAPITAL RESOURCES AND GEARING

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed on the Balance Sheet above, and its gearing which is achieved through the use of long CFDs. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

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

	30 June 2019 unaudited	31 December 2018 audited	30 June 2018 unaudited
Investments	211,396	185,987	234,997
Long CFDs	38,971	30,015	37,629
Total Portfolio Exposure	250,367	216,002	272,626
Shareholders' Funds	214,755	187,530	240,991
Gearing¹	16.6%	15.2%	13.1%

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

12 TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management and the role of the company secretary to FIL Investments International (FII), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 above.

During the period, fees for portfolio management services of £518,000 (six months ended 30 June 2018: £1,150,000 and year ended 31 December 2018: £1,843,000) and secretarial and administration fees of £25,000 (six months ended 30 June 2018: £24,000 and year ended 31 December 2018: £47,000) were payable to FII. At the Balance Sheet date, fees for portfolio management services of £88,000 (31 December 2018: £84,000 and 30 June 2018: £583,000) and secretarial and administration fees of nil (31 December 2018: £12,000 and 30 June 2018: £12,000) were accrued and included in other creditors. FII also provides the Company with marketing services. The total amount payable for these services during the period was £58,000 (six months ended 30 June 2018: £51,000 and year ended 31 December 2018: £100,000) and at the Balance Sheet date £21,000 (31 December 2018: £17,000 and 30 June 2018: £22,000) was accrued and included in other creditors.

As at 30 June 2019, the Board consisted of six non-executive Directors, all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £35,000, the Audit Committee Chairman an annual fee of £26,500 and each other Director an annual fee of £24,000. The following members of the Board hold ordinary shares in the Company: David Robins 37,000 shares, Philip Kay 12,094 shares, Sir Laurence Magnus 48,000 shares, Dominic Ziegler 2,000 shares, David Graham 18,000 shares and Sarah MacAulay 41,350 shares.

The financial information contained in this Half-Yearly Results Announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2019 and 30 June 2018 has not been audited or reviewed by the Company's Independent Auditor.

The information for the year ended 31 December 2018 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the Auditor on those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

For further information, please contact:

Natalia de Sousa - Company Secretary

01737 837846

ENDS

A copy of the Half-Yearly Financial Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM

The Half-Yearly Financial Report will also be available on the Company's website at www.fidelityinvestmenttrusts.com where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found. Neither the contents of the Manager's website nor the contents of any website accessible from hyperlinks on the Manager's website (or any other website) is incorporated into, or forms part of, this announcement.