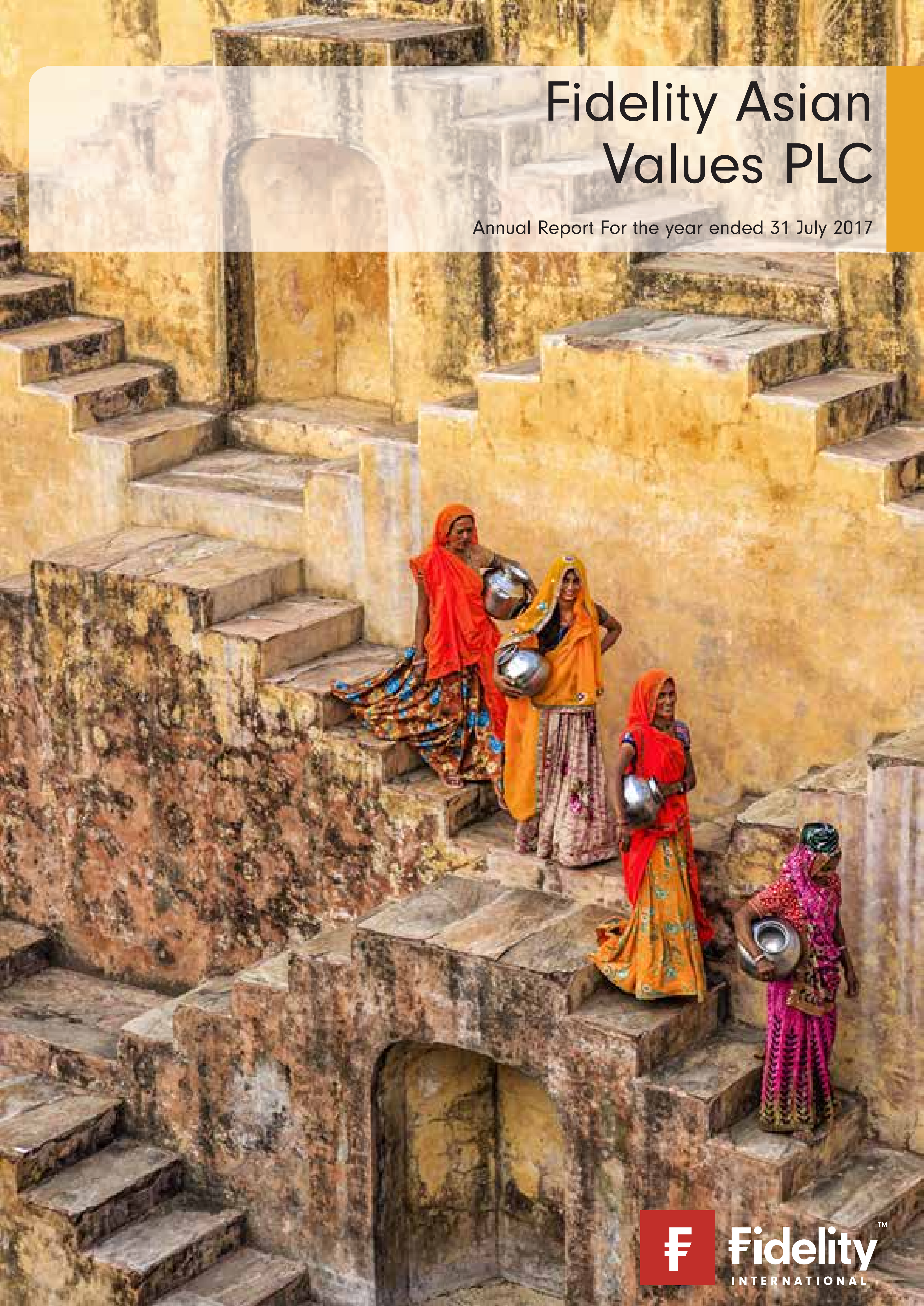
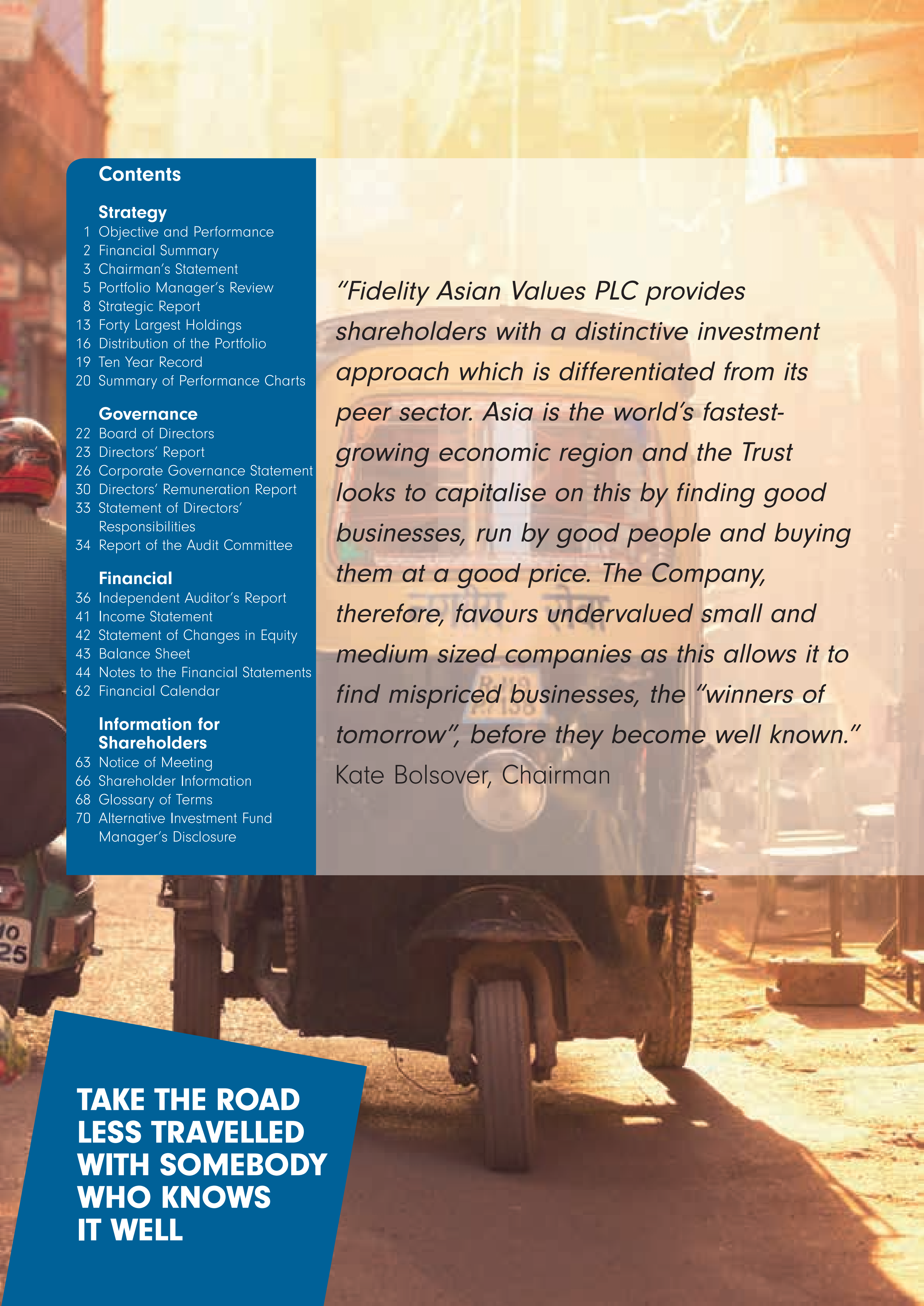
Fidelity Asian Values PLC

Annual Report For the year ended 31 July 2017



Fidelity INTERNATIONAL



Contents

"Fidelity Asian Values PLC provides shareholders with a distinctive investment approach which is differentiated from its peer sector. Asia is the world's fastest-growing economic region and the Trust looks to capitalise on this by finding good businesses, run by good people and buying them at a good price. The Company, therefore, favours undervalued small and medium sized companies as this allows it to find mispriced businesses, the "winners of tomorrow", before they become well known."

Kate Bolsover, Chairman

TAKE THE ROAD LESS TRAVELLED WITH SOMEBODY WHO KNOWS IT WELL

Objective and Performance

The Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian Region excluding Japan.

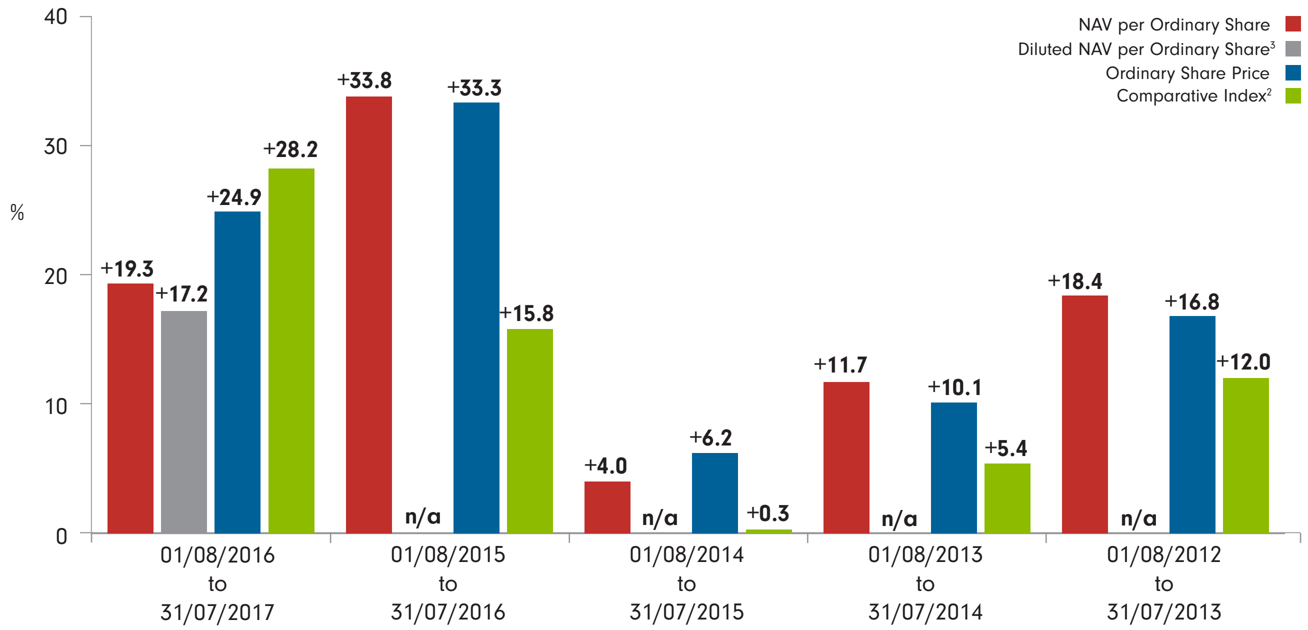
Performance for the year ended 31 July 2017

Net Asset Value ("NAV") per Ordinary Share total return[1]	Ordinary Share Price total return[1]	MSCI All Countries Asia ex Japan Index (net) total return in Sterling terms[1,2]
+19.3%	**+24.9%**	**+28.2%**
2016: +33.8%	**2016: +33.3%**	**2016: +15.8%**

As at 31 July 2017

Total Shareholders' Funds	**£280.2m**
Market Capitalisation	**£264.5m**
Ordinary Shares of 25 pence each in issue	**67,488,213**
Subscription Shares of 0.001 pence each in issue	**13,497,222**

Standardised Performance Total Return (%)



1 Includes reinvested income.
2 The Company's Comparative Index since 1 August 2015. Prior to that date it was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms.
3 The NAV per Ordinary Share assuming that all the Subscription Share rights are exercised.

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

Financial Summary

	2017	2016
Assets at 31 July		
Gross Asset Exposure[1]	**£273.7m**	£232.0m
Total Shareholders' Funds	**£280.2m**	£237.5m
NAV per Ordinary Share	**415.17p**	351.98p
Diluted NAV per Ordinary Share[2]	**407.77p**	n/a
Gearing – (net cash position)[3]	**(2.3%)**	(2.3%)
Share Price and Discount data at 31 July		
Ordinary Share Price at year end	**386.00p**	313.00p
Year high	**405.50p**	317.50p
Year low	**309.25p**	197.30p
Discount to NAV per Ordinary Share at year end	**7.0%**	11.1%
Year high	**13.5%**	14.8%
Year low	**0.4%**	7.8%
Discount to diluted NAV per Ordinary Share at year end	**5.3%**	n/a
Subscription Share Price at year end	**29.50p**	n/a
Results for the year ended 31 July		
Revenue Return per Ordinary Share	**6.08p**	5.36p
Capital Return per Ordinary Share	**61.62p**	83.49p
Total Return per Ordinary Share	**67.70p**	88.85p
Dividend proposed per Ordinary Share	**5.00p**	4.50p
Total returns (includes reinvested income) for the year ended 31 July		
NAV per Ordinary Share	**+19.3%**	+33.8%
Ordinary Share Price	**+24.9%**	+33.3%
Comparative Index[4]	**+28.2%**	+15.8%
Ongoing charges for the year ended 31 July[5]	**1.22%**	1.33%

1 The value of the portfolio exposed to market price movements.
2 The NAV per Ordinary Share assuming that all the Subscription Share rights are exercised.
3 Gross Asset Exposure less Total Shareholders' Funds expressed as a percentage of Total Shareholders' Funds.
4 The Company's Comparative Index is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms.
5 Ongoing charges (excluding finance costs and taxation) as a percentage of average Net Asset Values 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

Kate Bolsover – I have pleasure in presenting the Annual Report of Fidelity Asian Values PLC (the "Company") for the year ended 31 July 2017.

Fidelity Asian Values PLC provides shareholders with a distinctive investment approach which is differentiated from its peer sector. Asia is the world's fastest-growing economic region and the Trust looks to capitalise on this by finding good businesses, run by good people and buying them at a good price. The Company, therefore, favours undervalued small and medium sized companies as this allows it to find mispriced businesses, the "winners of tomorrow", before they become well known.

Investment Review

As you will read in Nitin's Portfolio Manager's Review, his approach to investing is driven by stock selection and his focus is on generating absolute returns for our shareholders. Such an approach can lead to lower relative performance during strong bull markets, given that the portfolio is constructed with a bottom up and benchmark agnostic approach and the portfolio's active money is typically in excess of 90%. Essentially, this is what happened in the last twelve months as equities in Asia Pacific excluding Japan, as represented by the MSCI All Countries Asia ex Japan Index, rose by 28.2% in Sterling terms. Against this background, the Trust's NAV rose by 19.3% and its share price by 24.9%. Nitin's value bias and his preference for smaller companies both weighed on performance in a market environment where larger companies outperformed smaller companies and growth stocks outpaced value stocks. Nonetheless, since taking over the Company's portfolio, the NAV and share price have returned an impressive 54.9% and 60.2% respectively, compared to the Comparative Index return of 38.9%. The Board is therefore comfortable that this performance is consistent with Nitin's value based approach and his strong adherence to a clear investment process.

Whilst Nitin does not asset allocate against a benchmark, it is nevertheless relevant to consider the overall performance of markets in the region in order to set the Company in context. Overall signs of economic stabilisation in China and a positive outlook for global growth supported equities in Asia excluding Japan. Chinese and Hong Kong equities benefited from healthy economic activity and a booming property market. The launch of a stock trading link to connect the Hong Kong and Shenzhen stock markets and the ongoing focus on supply side reforms also supported investor sentiment. Meanwhile, the MSCI's decision to include A-shares in its emerging markets benchmark had little effect on equity market levels. Gains in South Korea and Taiwan were driven by the strong performance of the information technology sector. In South Korea, investors also expected that the new President Moon Jae-In will unveil pro-growth policy measures. The President announced plans to adopt a more conciliatory approach towards North Korea as well as negotiate with China and the US over a controversial anti-missile system. In Indonesia, equities gained as credit rating agency Standard & Poor's upgraded the country's long term sovereign bonds ratings to investment grade, citing the government's focus on fiscal discipline. Progress on tax reforms boosted confidence towards the Philippines. Indian equities also rose amid expectations of accelerated policy reform measures, smooth implementation of the new uniform Goods and Services Tax (GST) regime and a steady fall in inflation.

Performance

Total return (%)	1 year	3 years	5 years	Since launch
NAV per Ordinary Share	+19.3	+66.0	+119.6	+361.6
Share Price	+24.9	+76.9	+127.5	+342.2
Comparative Index*	+28.2	+48.9	+75.9	+178.5

* Since 1 August 2015, the Company's Comparative Index is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms. Prior to that date it was MSCI All Countries Far East ex Japan Index (net) in Sterling terms.

All sectors in the Asia region excluding Japan, except telecommunication services and health care, saw positive returns. In particular, the IT sector led gains against the backdrop of better-than-expected earnings. Further, the emergence of new products in automation and in virtual and augmented reality contributed to good performance for technology hardware producers. Equities in the materials sector tracked iron ore and commodity prices higher and financial stocks also benefited from the growth in economic activity in the region.

Gearing

As at 31 July 2017, the Company's net cash position was 2.3% (2016: 2.3%). Nitin is cautious of market valuations and many of his holdings have hit their price targets. He continues to believe that the Company's performance will be driven by stock picking and he expects to invest cash and in time reintroduce gearing when he is able to uncover more well-priced ideas.

Outlook

Notwithstanding the geo-political tension and uncertainty, particularly in relation to North Korea, the Board believe that the long term outlook for Asia Pacific excluding Japan remains strong. Focus on policy reforms along with strong structural growth drivers such as positive demographics, rising income and domestic consumption, and higher infrastructure spending are expected to provide multi-year investment opportunities across the region. Notably, India and China are witnessing significant progress on reforms. China's focus on deleveraging and liberalising its financial markets is likely to be positive for sentiment.

However, from a valuation point of view, equities are no longer cheap versus their historical prices. Given current valuations, it is harder to find many businesses which offer a substantial margin of safety. Although we have seen positive earnings revisions in the past few months, we need further earnings upgrades to justify current valuation levels.

Nonetheless, given that Asia has more than 17,000 listed companies, the opportunity to find hidden gems remains and the Company will continue to focus on finding attractive long term investment opportunities across the region based on strong fundamental research.

Other Matters

Authority to Allot Shares

The Directors currently have authority to issue 5% of the issued ordinary share capital of the Company, without first offering such shares to existing ordinary shareholders pro rata to their existing holdings, which expires at the Annual General Meeting ("AGM") on 7 December 2017. The Board has reviewed this level of authority. Given the fact that the Company's share price has at times traded close to a premium, the Directors are seeking shareholder approval to increase the 5% limit to 10% of the issued ordinary share capital of the Company at the forthcoming AGM. This will give the Directors additional capacity to issue shares in the Company should the need arise. This gives the Company more scope to grow cost-effectively, helping to increase liquidity and to spread costs.

Bonus Issue of Subscription Shares

At the Company's AGM on 2 December 2016, shareholders approved the bonus issue of subscription shares on the basis of one subscription share for every five held by qualifying investors. Each subscription share gives the holder the right, but not the obligation, to subscribe for one ordinary share on the annual exercise dates. The subscription shares can be exercised annually in the 25 business days preceding the last business day in November this year, and in November 2018 and 2019. The exercise price is equal to the published NAV of 366.88 pence per ordinary share on 2 December 2016 plus a premium of 1% if exercised this year (370.75 pence), a premium of 4% if exercised in 2018 (381.75 pence) and a premium of 7% if exercised in 2019 (392.75 pence).

Share Repurchases and Treasury Shares

Repurchases of ordinary and subscription shares are made at the discretion of the Board and within guidelines set by it from time to time in light of prevailing market conditions. Shares will only be repurchased when it results in an enhancement to the NAV of ordinary shares for the remaining shareholders. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury ordinary shares repurchased by the Company, rather than cancelling them. Any shares held in Treasury would only be re-issued at NAV per share, or at a premium to NAV per share. Any subscription shares repurchased would be cancelled. No ordinary shares were repurchased for cancellation or for holding in Treasury and no subscription shares were repurchased for cancellation during the year under review and none have been repurchased since the end of the reporting period and as at the date of this report.

Dividend

Subject to shareholders' approval at the forthcoming AGM, the Directors recommend a dividend of 5.00 pence per ordinary share which represents an increase of 11.1% to the 4.50 pence paid in 2016. This dividend will be payable on 12 December 2017 to shareholders on the register at close of business on 20 October 2017 (ex-dividend date 19 October 2017). 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 the future.

Board of Directors

All Directors are subject to annual re-election at the forthcoming AGM and their biographical details are included on page 22 to assist shareholders when considering their votes.

Annual General Meeting

The AGM of the Company will be held at 11.00 am on 7 December 2017 at Fidelity's offices at **25 Cannon Street, London EC4M 5TA** (nearest tube stations are St Paul's or Mansion House). Full details of the meeting are given on pages 63 to 65.

This is our opportunity to meet as many shareholders as possible and I hope therefore that you are able to join us. In addition to the formal business of the meeting, Nitin will be making a presentation on the year's results and the prospects for the Company for the year to come.

Kate Bolsover

Kate Bolsover
Chairman
11 October 2017

Portfolio Manager's Review

Nitin Bajaj has been the Company's Portfolio Manager since 1 April 2015. He is based in Singapore and has over 17 years' investment experience and is also the Portfolio Manager for the Fidelity Asian Smaller Companies Fund. Nitin joined Fidelity in 2003 as an Investment Analyst in London. He moved to India in 2009 to take over the Fidelity India Special Situation Fund and subsequently started the Fidelity India Value Fund. Nitin managed these funds until November 2012, when Fidelity decided to sell its India business. Nitin holds a Bachelor of Commerce from the University of Delhi, India and an MBA from INSEAD. He is also a Chartered Accountant.

Market Review

The NAV of the Company appreciated by 19.3% on a total return basis during the year ended 31 July 2017. Since 30 June 2015 (effective date for change in strategy for the Company), NAV has appreciated by 54.9%. The reference numbers for the Comparative Index are 28.2% and 38.9%[1].

However, performance last year lagged the market by 8.9 percentage points – this was primarily due to not owning technology companies which are the current market darlings (more on this later). Performance since the change in strategy has been good, both in absolute and relative terms. This is a satisfactory outcome given that the market has been in an upswing for the past two years. A central pillar of our investment process is to minimise losses by investing in good businesses that have good balance sheets and buying them at a price that leaves enough margin of safety. These types of companies can lag the market in big upswings in investor sentiment. So, to be able to do better than the market since 30 June 2015 is a good outcome.

While we are pleased with performance thus far, it has only been two years since the Company's strategy changed. You will remember that our investment process is driven by a desire to compound money over a three to five year horizon. Any performance measurement should be viewed in that time frame. As Warren Buffet puts it, "Yearly figures are neither to be ignored nor viewed as all-important. The pace of earth's movement around the sun is not synchronized with the time required for either investment ideas or operating decisions to bear fruit."

As always, before we move to a more detailed discussion, I would like to highlight the efforts of the analyst team at Fidelity. They continue to put hours of diligence in analysing companies on your behalf. They form the bedrock on which we are trying to build long term returns. We owe a great deal of gratitude to them and I would like to thank them on your behalf.

1 Comparative Index is MSCI All countries Asia ex Japan Index.
Relative performance as a measurement tool is important as credit for a rising market should not be given to the Portfolio Manager. The real value is in generating returns in excess of market indices. Reference Index numbers are stated including pre tax dividends.

Investment Philosophy

Apologies to those who have read this last year. An investment philosophy does not change year to year and the message fundamentally remains the same.

The returns that we generate over the coming five years will be largely driven by the hard work of the team and our investment philosophy (and some luck!). Outlined below are the key tenets of the philosophy when evaluating potential investments. It's a process built through years of practice, observation and empirical evidence. The Board has bought into this process and we will stay true to it – even during testing times.

What we are trying to do is buy good businesses run by good management teams and buy them at good prices (that leave enough margin of safety). To accomplish this, there are three key guiding principles:

First, **understand the business**. Stocks are not merely tickers on a screen but a reflection of businesses that exist and compete in the real world. So, it is important to understand the economic characteristics of the underlying franchise. I don't think we can pick winning stocks if we do not pay close attention to the business of a company. If, for example, I decide to invest in Cebu Air – I am basically investing in the future of low cost airlines in Philippines and the competitive advantages of Cebu Air within that industry. To make a sound investment decision, it is critical to understand the industry and how Cebu Air will continue to maintain or even enhance its market strength. This is the starting point of every opportunity that is investigated.

Second, **valuation is critical**. For me investing is as much about protecting downside as it is about participating in the upside. I want to buy good businesses when either they are ignored or misunderstood by the market. These are times when one can get them at valuations that leave a lot of upside for the investors. Valuation anomalies are at the core of the investment process – where the market either ignores or misunderstands a business. I therefore rarely buy into good businesses when valuations are high. The reason for this is that in these cases there is little margin of safety or room for error. *Return of capital is as important as return on capital.*

Third, **beware of chasing hot stories**. I consciously try to stay away from existing trends in the market. This links back to valuations as well-loved sectors generally tend to be more expensively priced than warranted. There are many examples of these – from tulip mania to Nifty 50 to the tech boom to the housing bubble of the mid-2000s. At their peak, these themes are always appealing but they seldom lead to good long term returns. I am generally more curious about businesses where expectations are low and which are out of a mainstream investor's sight.

Portfolio Manager's Review continued

In addition to the above three basic principles, I prefer to invest in companies where there is a **good management team** in place and some **additional angle**. It can either be corporate/industry restructuring or the possibility of industry consolidation/take-over etc. This forms an integral part of "special situations" that the Company looks to invest in.

Given this philosophy, most of the Company's investments will have a two to three year time horizon. I am not trying to gamble with your money. To be successful in the stock market, I need to know more about the businesses that the Company invests in than others do. There is only one way to do it – research, research and more research. If I truly understand the business correctly and enter at a valuation which provides a margin of safety, then over time we should be able to win. *This is not a speculative investment trust and it is important that you feel comfortable with this.*

Performance

There are two main categories of errors in investing - errors of omission and errors of commission. An error of omission occurs when the value of a stock goes up and the Company does not own it (opportunity loss) whereas an error of commission is when something we own goes down (real loss).

As alluded to earlier in this review, my primary preoccupation is with errors of commission. The idea being that losses can be minimised if a mistake is made, then the correct decisions can keep adding to the pool of investment returns.

However, given that the Comparative Index appreciated by 28.2% for the year as compared to 19.3% for the NAV of the Company – I think this review warrants a discussion about errors of omission. The primary reason for the variation in performance from the Comparative Index last year was stellar performance of technology companies, such as Samsung, Alibaba and Tencent appreciating between 60-90%. These are sound businesses run by good management teams, but I did not feel comfortable with the valuations being ascribed to them as it leaves little margin of safety. Hence, I have not invested in these stocks so far and do not see any reason to change this view at current prices. Valuation discipline is at the core of our investment philosophy and that will not change.

As a consequence of investors' focus on large technology companies there was a wide dispersion in the returns of the large companies index compared to the broader smaller companies' index with returns of 28.2% and 15.0% respectively over a one year basis. This is amongst the largest dispersions between the two indices over the last 20 years. Despite this, there is little difference in the long term returns between the two groups. Hence, we continue to work with the hypothesis that smaller companies, which are less well researched, offer better stock picking opportunities (and hence better relative returns) and that is where the team and I will continue to focus our efforts.

Now to errors of commission.

	Lost Money	Loss >20%	Profit >50%	Profit>100%
1 Year	16%	5%	12%	1%
Tenure	17%	6%	37%	13%

The Company lost absolute money in 16% of the portfolio – and within that it lost more than 20% in 5% of the portfolio (costing approximately 2.5% loss on the Company's assets). In most companies where we lost money, it was largely due to changes in business circumstances or some degree of debt burden that they carried. I am pleased with this outcome – I would rather not have made any mistakes but that's almost impossible in a capitalistic system where new competitors emerge all the time to challenge existing business models.

In terms of "what went right" – about 12% of the portfolio was invested in stocks that went up more than 50% (making us a profit of around 9.5% of the Company's assets). Most of these are not well known blue chip stocks but small niche businesses with good management teams that we were able to research and buy before they caught the attention of the general stock market. I would put this down to the depth of our research process.

As a final word on performance, I would like to caution that positive market sentiment has helped the underlying businesses as well as stock prices of companies that the Company owns. As and when the market turns negative these numbers will look less attractive. However, given the quality of the underlying businesses that the Company owns and the valuations they trade at, I feel comfortable that in the long term the Company should be able to compound money at our desired rate.

Market Outlook

I do not wish to make predictions as to where markets are headed. Experts and media provide 24/7 commentaries on market outlook. I pay little attention to such forecasts and have never found them useful in making money. I feel that our time is better spent in understanding the businesses that we invest in on your behalf.

Although I am sharing with you my assessment of the market and the economy, the purpose is not to make a forecast. It is to better understand the current risk preference and tolerance in the market. As it stands:

- Most economies are growing at a healthy rate with unemployment falling quickly and in a few big economies the unemployment rate is close to all time lows.
- Interest rates continue to be low, as is inflation.
- Profit margins for most businesses are very healthy and close to their all time peaks.
- Liquidity is ample. China continues to lead the charge in liquidity creation through record amounts of incremental debt being injected into the economy.

- This has driven most equity markets to their all time highs (if not significantly ahead of their previous peaks).
- That in turn has led to record amounts of margin trading activity.
- And finally, Cyclically Adjusted Price to Earnings ratio (CAPE – current prices divided by average profits of the last 10 years) is currently at a level that was exceeded only twice in its history, during market peaks of 1929 and 2000.

None of the above mentioned data are individually a cause of alarm – and some of it is actually quite encouraging. But all of them put together – economies nearing full employment, increasing levels of debt and stock markets close to peak CAPE ratios – paint a very clear picture that most market participants are leaning towards "greed" rather than "fear". Either there is general belief that the buoyant global scenario is likely to continue for quite a few years, or everyone believes that they can ride the wave better than others and get off at the right time. They may be right. Or they may not be. Do we want to dance until the music stops playing?

I am more inclined to the old adage - be fearful when others are greedy (and vice versa). As a result, over the last six months, the Company sold more stocks (as they approached fair value or beyond) than it has bought. This has led to the Company holding more cash than it is used to. Some investors may find issue with this. Even though I understand their point of view, I am a firm believer that the Company should only invest when I find the right opportunity; not just because the Company has the money. 'Marry in haste; repent at leisure' holds true in the investing world as well.

During times of such optimism in the stock markets, I think it is even more important that we stay true to our investment philosophy of owning companies which have solid business models and well financed balance sheets, are run by able management teams and the Company owns them only if there is enough margin of safety. I will wait patiently and deploy capital only where there is conviction.

Additionally, the Company has also bought insurance (through put options) against major falls in the markets. I hope that I never have to use this, but given the current environment and low prices for buying insurance, I felt it was prudent to have some protection.

As a final word, I am generally happy with the portfolio as it stands today. The Company owns shares in some good businesses which are not being fairly valued by the market and I will continue to be patient in investing the cash held in the portfolio. I have no doubt opportunities to deploy it will emerge – and I, together with the analyst team at Fidelity, continue to work hard to find "good businesses", run by "good management teams" and available at a "good price".

Nitin Bajaj
Portfolio Manager
11 October 2017

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and the Portfolio Manager's Review on pages 3 to 7 form part of the Strategic Report.

Business and Status

The Company carries on business as an investment company 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 Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian Region excluding Japan.

Strategy

In order to achieve this objective, the Company operates as an investment company and 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 aims to achieve a total return on the Company's assets over the longer term in excess of the equivalent return on the MSCI All Countries Asia ex Japan Index, the Company's Comparative Index. The stock selection approach adopted by the 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 2017.

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of securities and instruments issued by or related to companies listed on the stockmarkets in the Asian Region excluding Japan 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. The Company may invest directly in the shares of companies or indirectly through equity related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in quoted securities and in other investment funds, subject to the investment restrictions set out below.

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

Investment Restrictions

The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:

- No single or aggregate investment in any one company or other investment entity shall represent more than 10% of its Gross Assets, measured at the time of any investment.
- Up to 5% of its Gross Assets, measured at the time of investment, 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% of its Gross Assets, at the time of investment, 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* excluding Japan. Within this limit, no more than 10% of Gross Assets, at the time of investment, may be invested in funds that do not have stated policies to invest more than 15% of their Gross Assets in other listed closed-ended funds.
- Up to 5% of its Gross Assets, at the time of investment, in securities which are not listed or domiciled in the Asian Region*, provided the investments have a strong Asian Region* rationale.

* *Asian Region means the continent of Asia (including Hong Kong, South Korea, Thailand, Singapore, Malaysia, Taiwan, Indonesia, Philippines, China, India, Pakistan and Sri Lanka, but excluding Japan, the countries comprising the former U.S.S.R. and the Middle East), together with Australasia.*

The Company is permitted to invest in Non-Voting Depositary Receipts, American Depositary Receipts, Global Depositary Receipts and Equity Linked Notes. Any such investment will be included in the relevant aggregate country weighting.

The Company is not expected to undertake any foreign exchange hedging of its portfolio, but reserves the right to do so.

Use of Derivative Instruments

In order to meet its investment objective, the Company may utilise derivative instruments, including index-linked notes, futures, contracts for differences ("CFDs"), call options (including covered calls), put options and other equity related derivative instruments.

Derivatives usage will focus on, but will not be limited to the following investment strategies:

- As an alternative form of gearing to bank loans. The Company can enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs. The Company does not currently use bank borrowings for gearing purposes.
- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at reasonable costs.
- To enhance the investment returns by taking short exposures on stocks that the Portfolio Manager considers to be over-valued.

The Board has created strict policies and exposure limits and sub-limits to manage derivatives.

Derivative use is limited in terms of the value of the total portfolio to which the Company is exposed, whether through direct or indirect investment. The Board adopts the policy that:

- Net Market Exposure will not exceed the NAV of the Company by more than 30%; and
- Gross Asset Exposure will not exceed the NAV of the Company by more than 40%.

It is the Board's intention that, in normal market circumstances, the Portfolio Manager will maintain Net Market Exposure in the range of 90% to 115%. The sum of all short exposures of the Company under derivatives, excluding hedges, will not exceed 10% of total net assets.

The majority of the Company's exposure to equities will be through direct investment and not through derivatives. In addition, the limits on exposure to individual companies and groups are calculated after translating all derivative exposures into economically equivalent amounts of the underlying assets.

Dividend Policy

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 in any reporting year. The Company currently only pays dividends out of revenue reserves.

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 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 excluding Japan 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 2017, including a summary of the year's activities, 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 7. The Forty Largest Holdings, the Distribution of the Portfolio, the Ten Year Record and the Summary of Performance Charts are set on pages 13 to 21.

The Board recognises that investing in equities is a long term process and the Company's returns will vary from year to year.

Results and Dividends

The Company's results for the year ended 31 July 2017 are set out in the Income Statement on page 41. The total net return on ordinary activities after taxation was £45.7 million, of which the revenue return was £4.1 million. This equates to a basic return per ordinary share of 67.70 pence of which the revenue return was 6.08 pence.

The Directors recommend that a dividend of 5.00 pence (2016: 4.50 pence) per ordinary share be paid on 12 December 2017 to shareholders who appear on the register as at the close of business on 20 October 2017 (ex-dividend date 19 October 2017).

Key Performance Indicators ("KPIs")

The KPIs used to determine the performance of the Company and which are comparable to those reported by the other investment companies are set out below.

	Year ended 31 July 2017 %	Year ended 31 July 2016 %
NAV per share[1]	**+19.3**	+33.8
Share price[1]	**+24.9**	+33.3
Comparative Index[1,2]	**+28.2**	+15.8
Discount to NAV	**7.0**	11.1
Ongoing charges[3]	**1.22**	1.33

1 Total returns (includes reinvested income).
2 MSCI All Countries Asia ex Japan Index (net) in Sterling terms.
3 The Board has a policy of ensuring that the costs of running the Company are reasonable and competitive.
Sources: Fidelity and Datastream

In addition to the KPIs set out above, the Board also 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 19 to 21 show this information.

Strategic Report continued

Principal Risks and Uncertainties

As required by provision C.2.1 of the 2016 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company. 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, identifies the key risks that the Company faces. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of risks, is updated and reviewed regularly in the form of comprehensive reports considered by the Audit Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal risks and uncertainties 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 and confirms that there have been no changes to these since the previous year.

Principal Risks	Description and Risk Mitigation
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 in the market risk category, are included in Note 17 to the Financial Statements on pages 53 to 59 together with summaries of the policies for managing these risks.
Performance risk	The achievement of the Company's performance objective relative to the market requires the taking of risk, such as strategy, asset allocation and stock selection, and may lead to underperformance of the Comparative Index. The Board reviews the performance of the portfolio against the Comparative Index and that of its competitors and the outlook for the markets with the Portfolio Manager at each Board meeting. It 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 as the Company risks volatility of performance in the shorter term.
Discount control risk	The price of the Company's shares and 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 share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board at each of its meetings.
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 inappropriate in relation to market conditions. The Company currently has no bank loans and gears through the use of long CFDs which provide greater flexibility and are significantly cheaper than bank loans. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.

Principal Risks	Description and Risk Mitigation
Derivatives risk	Derivative instruments are used to enable both the protection and enhancement of investment returns. There is a risk that the use of derivatives may lead to a higher volatility in the NAV and the share price than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board. Further details on derivative instruments risk is included in Note 17 to the Financial Statements on pages 53 to 59.
Currency risk	The functional currency and presentational currency of the Company in which it reports its results is Sterling. Most of its assets and its income are denominated in other currencies. Consequently, it is subject to currency risk on exchange rate movements between Sterling and these other currencies. It is the Company's current policy not to hedge against currency risks. Further details can be found in Note 17 to the Financial Statements on pages 53 to 59.

Other risks facing the Company include:

Cybercrime risk

The risk posed by cybercrime is rated as significant and the Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager's technology team has developed a number of initiatives and controls in order to provide enhanced mitigating protection to this ever increasing threat.

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.

The Company may be impacted by changes in legislation, taxation or regulation. These are monitored at each Board meeting and managed through active lobbying by the Manager.

Operational risks – Service Providers

The Company relies on a number of third party service providers, principally the Manager, Registrar, Custodian and Depositary. It is dependent on the effective operation of the Manager's control systems and those of its service providers with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements. They are all subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal control reports are received by the Board on an annual basis and any concerns investigated.

Continuation Vote

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 be at the AGM in 2021.

Viability Statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long term capital growth. The Board consider long term to be at least five years and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The principal risks and uncertainties facing the Company and their potential impact;
- The future demand for the Company's shares;
- The Company's share price discount to the NAV;
- The liquidity of the Company's portfolio;
- The level of income generated by the Company; and
- Future income and expenditure forecasts.

The Company's performance has been strong since launch, with a NAV total return of 361.6%, a share price total return of 342.2% and a Comparative Index return of 178.5%. The Board regularly reviews the investment policy and considers it to be appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Manager's compliance with the Company's investment objective, its investment strategy and asset allocation;

- The portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary;
- The Board's discount management policy; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement in the Directors' Report on page 23. The Company is also subject to a continuation vote at the AGM in 2021. The Board has a reasonable expectation that the Company will continue in operation and meet its liabilities as they occur. It therefore expects that the vote, when due, will be approved.

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 2017, 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 its day-to-day activities are carried out by third parties. There are therefore no disclosures to make in respect of employees.

Fidelity encourages Environmental, Social and Governance ("ESG") considerations in its investment decision making process. It has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012 and submits an annual report detailing how it incorporates ESG into its investment analysis.

The Company has not adopted a policy on human rights as it has no employees and its operational processes are delegated. As an investment company, the Company does not provide goods and services in the normal course of business and has no customers. Accordingly, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015.

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.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measureable carbon footprint. FIL Investment Services (UK) Limited and FIL Investments International are registered with the Carbon Reduction Commitment Energy Efficiency Scheme administered by the Environment Agency.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It 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 the Manager's view, these have a material impact on either investment risk or return.

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 regularly by the Manager's corporate governance team.

Future Developments

Some trends likely to affect the Company in the future are also 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 7.

By Order of the Board
FIL Investments International
Secretary
11 October 2017

Forty Largest Holdings

as at 31 July 2017

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

	Gross Asset Exposure £'000	%[1]	Balance Sheet Value £'000
Long exposures – shares unless otherwise stated			
Power Grid Corp of India Operator of the Indian national electricity grid	8,780	3.1	8,780
WPG Holdings Distributor of semiconductor and core components	8,494	3.0	8,494
Housing Development Finance Provider of housing finance to individual households and corporates in India	7,598	2.7	7,598
Taiwan Semiconductor Manufacturing (shares and long CFD) Developer, manufacturer and distributor of Integrated circuit related products	7,483	2.7	5,671
LT Group Banking, beverages, spirits, tobacco and property development group	7,341	2.6	7,341
Redington India Distributor of information technology products, mobile handsets and accessories	6,110	2.2	6,110
Ascendas India Trust Real estate investment company	4,907	1.8	4,907
HDFC Bank Private sector bank	4,568	1.6	4,568
G8 Education Operator of day care centres	4,421	1.6	4,421
Infosys Provider of IT consulting and software services	4,388	1.6	4,388
Zhaopin Careers website operator	3,876	1.4	3,876
LG Household & Healthcare Household cleaning and personal care products manufacturer	3,731	1.3	3,731
WT Microelectronics Semiconductor products distributor	3,523	1.3	3,523
Cleanaway Company Hazardous waste treatment and waste management operator	3,293	1.2	3,293
Tisco Financial Group Auto finance bank	3,290	1.2	3,290
Convenience Retail Asia Convenience store chain operator	3,283	1.2	3,283
Gudang Garam Cigarette manufacturer and distributor	3,071	1.1	3,071
International Housewares Retail Housewares retail chain	2,942	1.0	2,942

STRATEGY GOVERNANCE FINANCIAL INFORMATION FOR SHAREHOLDERS

Forty Largest Holdings continued

	Gross Asset Exposure £'000	Gross Asset Exposure %[1]	Balance Sheet Value £'000
Interojo Contact lens manufacturer	2,940	1.0	2,940
First Resources Palm oil producer	2,821	1.0	2,821
Pepsi-Cola Philippines Soft drinks manufacturer and distributor	2,720	1.0	2,720
West China Cement Cement products producer and distributor	2,479	0.9	2,479
Primax Electronics Consumer and business electronics manufacturer	2,402	0.9	2,402
Tempo Scan Pacific Pharmaceutical, health care and cosmetic products manufacturer and distributor	2,247	0.8	2,247
Cebu Air Airline operator	2,238	0.8	2,238
Gujarat State Petronet Natural gas transmission network operator	2,234	0.8	2,234
Anhui Expressway Toll expressways and highways operator and developer	2,225	0.8	2,225
Muthoot Finance Personal and business loans provider	2,167	0.8	2,167
Programmed Maintenance Services Property maintenance services provider	2,122	0.8	2,122
Dream International Toys designer, manufacturer and seller	2,121	0.8	2,121
BTS Rail Mass Transit Growth Infrastructure Fund Fund investing in the Core BTS Sky Train System	2,100	0.7	2,100
Changshouhua Food Edible corn oil products manufacturer	2,079	0.7	2,079
Fast Food Indonesia Kentucky Fried Chicken franchise restaurants operator	2,069	0.7	2,069
Wah Lee Industrial Plastic materials for computer peripherals and electronic connectors distributor	2,045	0.7	2,045
PT BFI Finance Indonesia Finance leases and consumer financing activities provider	2,029	0.7	2,029
Korea Electric Power Electricity generator, transmitter and distributor	1,985	0.7	1,985
Shine Mobile phone security devices provider	1,946	0.7	1,946
Shemaroo Entertainment Film and media producer	1,922	0.7	1,922

	Gross Asset Exposure £'000	%[1]	Balance Sheet Value £'000
Sebang Global Battery			
Battery manufacturer	1,875	0.7	1,875
LPN Development			
Property developer	1,843	0.7	1,843
Top forty long exposures	**139,708**	**50.0**	**137,896**
Other long exposures	127,377	45.3	127,377
Total long exposures before hedges (169 holdings)	**267,085**	**95.3**	**265,273**
Less: hedging exposures			
Hang Seng China Enterprises Index December 2018 (put option)	(3,835)	(1.3)	638
KOSPI 200 Index December 2018 (put options)	(2,996)	(1.1)	301
S&P CNX Nifty Index September 2017 (put option)	(1,079)	(0.4)	1
Hang Seng Index December 2018 (put option)	(492)	(0.2)	150
KOSPI 200 Index September 2018 (put option)	(181)	–	–
Total hedging exposures	**(8,583)**	**(3.0)**	**1,090**
Total long exposures after the netting of hedges	**258,502**	**92.3**	**266,363**
Add: short exposures			
Short CFDs (16 holdings)	14,099	5.0	(952)
Short future August 2017 (1 holding)	1,094	0.4	(60)
Total short exposures	**15,193**	**5.4**	**(1,012)**
Gross Asset Exposure[2]	**273,695**	**97.7**	
Portfolio Fair Value[3]			**265,351**
Net current assets (excluding derivative assets and liabilities)			14,840
Total Shareholders' Funds/Net assets			**280,191**

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

2 Gross Asset Exposure comprises market exposure to shares of £264,076,000 plus market exposure to derivative instruments of £9,619,000.

3 Portfolio Fair Value comprises Investments of £264,076,000 plus derivative assets of £2,829,000 less derivative liabilities of £1,554,000 (per the Balance Sheet on page 43).

The full portfolio listing as at 31 July 2017 is available on the Company's pages of the Manager's website at:
www.fidelityinvestmenttrusts.com.

Distribution of the Portfolio

as at 31 July 2017

(Gross Asset Exposure expressed as a percentage of Total Shareholders' Funds)

Portfolio	India %	Taiwan %	China %	South Korea %	Australia %	Other %	2017 Total %	2017 Index* %	2016 Total %
Consumer Discretionary									
Textiles, Apparel & Luxury Goods	–	0.4	2.3	0.6	–	2.3	5.6	1.1	5.9
Specialty Retail	–	–	0.6	–	–	4.0	4.6	0.2	4.7
Diversified Consumer Services	0.4	–	–	–	2.8	0.4	3.6	2.2	4.9
Auto Components	0.2	0.6	1.4	0.7	–	0.6	3.5	0.9	2.7
Leisure Equipment & Products	–	–	–	–	–	1.5	1.5	0.1	1.2
Media	0.7	–	–	0.3	–	–	1.0	0.4	0.6
Multiline Retail	–	–	–	–	0.4	0.3	0.7	0.2	1.0
Internet & Catalogue Retail	–	–	–	–	–	–	–	1.3	0.4
Distributors	–	–	–	–	–	–	–	0.1	0.3
Automobiles	–	–	–	–	–	–	–	2.9	–
	1.3	**1.0**	**4.3**	**1.6**	**3.2**	**9.1**	**20.5**	**9.4**	21.7
Financials									
Banks	4.3	–	0.3	–	0.4	1.2	6.2	15.3	7.7
Real Estate Management & Development	0.3	0.3	0.5	–	–	3.6	4.7	5.2	8.4
Diversified Financial Services	1.2	–	–	0.4	0.3	1.6	3.5	1.8	1.5
Insurance	–	–	–	2.3	–	–	2.3	5.5	0.9
Real Estate Investment Trusts (REITs)	–	–	–	–	–	0.5	0.5	0.8	1.0
Capital Markets	–	0.4	–	–	–	–	0.4	1.0	0.6
	5.8	**0.7**	**0.8**	**2.7**	**0.7**	**6.9**	**17.6**	**29.6**	20.1
Information Technology									
Electronic Equipment & Instruments	2.2	6.6	–	–	–	0.4	9.2	10.3	6.2
Internet Software & Services	2.1	–	0.8	–	–	0.8	3.7	14.2	3.9
Semiconductor Equipment & Products	–	2.7	–	0.6	–	–	3.3	6.2	6.1
Software	0.2	–	–	–	–	–	0.2	0.2	0.2
Communications Equipment	–	–	–	–	–	–	–	–	0.5
	4.5	**9.3**	**0.8**	**0.6**	**–**	**1.2**	**16.4**	**30.9**	16.9

Portfolio	India %	Taiwan %	China %	South Korea %	Australia %	Other %	2017 Total %	2017 Index* %	2016 Total %
Consumer Staples									
Food Products	–	0.5	0.8	–	0.2	2.3	3.8	1.5	3.5
Food & Staples Retailing	–	–	–	–	–	3.2	3.2	0.6	2.6
Beverages	–	–	0.2	–	–	2.0	2.2	0.2	1.7
Personal Products	0.5	0.2	–	1.3	–	–	2.0	0.9	0.9
Tobacco	–	–	–	–	–	1.1	1.1	0.8	0.8
Household Products	–	0.1	–	–	–	0.6	0.7	0.4	0.7
	0.5	**0.8**	**1.0**	**1.3**	**0.2**	**9.2**	**13.0**	**4.4**	10.2
Industrials									
Commercial & Professional Services	–	1.3	1.7	0.2	1.5	0.5	5.2	0.2	4.1
Industrial Conglomerates	–	–	–	–	–	3.5	3.5	3.3	2.6
Transportation	–	–	0.6	–	–	1.4	2.0	0.8	0.5
Construction & Engineering	–	–	–	0.6	0.2	0.2	1.0	0.9	0.6
Transportation Infrastructure	–	–	0.8	–	–	–	0.8	1.0	1.7
Electrical Equipment	–	–	0.4	–	–	–	0.4	0.1	0.4
Machinery	–	–	–	–	–	–	–	0.7	–
	–	**1.3**	**3.5**	**0.8**	**1.7**	**5.6**	**12.9**	**7.0**	9.9
Health Care									
Health Care Providers & Services	0.5	0.4	0.2	1.4	0.9	1.0	4.4	0.5	5.0
Pharmaceuticals	–	0.3	0.3	1.4	0.1	0.8	2.9	1.2	1.2
Biotechnology	–	–	–	–	0.4	–	0.4	0.4	0.7
	0.5	**0.7**	**0.5**	**2.8**	**1.4**	**1.8**	**7.7**	**2.1**	6.9
Utilities									
Electric Utilities	3.7	–	–	0.7	–	0.3	4.7	1.5	5.4
Gas Utilities	0.8	–	–	0.3	–	–	1.1	0.9	0.4
Other Utilities	–	–	0.4	–	–	–	0.4	0.6	0.2
Water Utilities	–	–	–	–	–	–	–	0.2	0.5
	4.5	**–**	**0.4**	**1.0**	**–**	**0.3**	**6.2**	**3.2**	6.5

Distribution of the Portfolio continued

(Gross Asset Exposure expressed as a percentage of Total Shareholders' Funds)

Portfolio	India %	Taiwan %	China %	South Korea %	Australia %	Other %	2017 Total %	2017 Index* %	2016 Total %
Energy									
Oil, Gas & Consumable Fuels	0.9	–	0.3	–	1.1	0.8	3.1	4.1	0.8
	0.9	**–**	**0.3**	**–**	**1.1**	**0.8**	**3.1**	**4.1**	0.8
Materials									
Construction Materials	–	–	1.2	–	–	–	1.2	1.0	0.2
Containers & Packaging	0.5	–	0.4	–	–	–	0.9	0.1	1.9
Metals & Mining	–	–	–	–	0.4	–	0.4	1.5	0.4
Chemicals	0.3	–	–	–	–	–	0.3	2.0	1.0
	0.8	**–**	**1.6**	**–**	**0.4**	**–**	**2.8**	**4.6**	3.5
Telecommunication Services									
Wireless Telecommunication Services	–	–	–	–	0.3	–	0.3	2.6	0.5
Diversified Telecommunication Services	–	–	–	–	–	0.2	0.2	2.1	0.7
	–	**–**	**–**	**–**	**0.3**	**0.2**	**0.5**	**4.7**	1.2
Exposure before hedging	**18.8**	**13.8**	**13.2**	**10.8**	**9.0**	**35.1**	**100.7**		
Less – hedging exposures	(0.4)			(1.1)		(1.5)	(3.0)		
Gross Asset Exposure – 2017	**18.4**	**13.8**	**13.2**	**9.7**	**9.0**	**33.6**	**97.7**		
Index – 2017	**10.4**	**13.8**	**33.0**	**17.6**	**–**	**25.2**		**100.0**	
Gross Asset Exposure – 2016	19.1	12.6	12.3	6.9	7.3	39.5			97.7

* MSCI All Countries Asia ex Japan Index (net) total return in Sterling terms, the Company's Comparative Index.

Ten Year Record

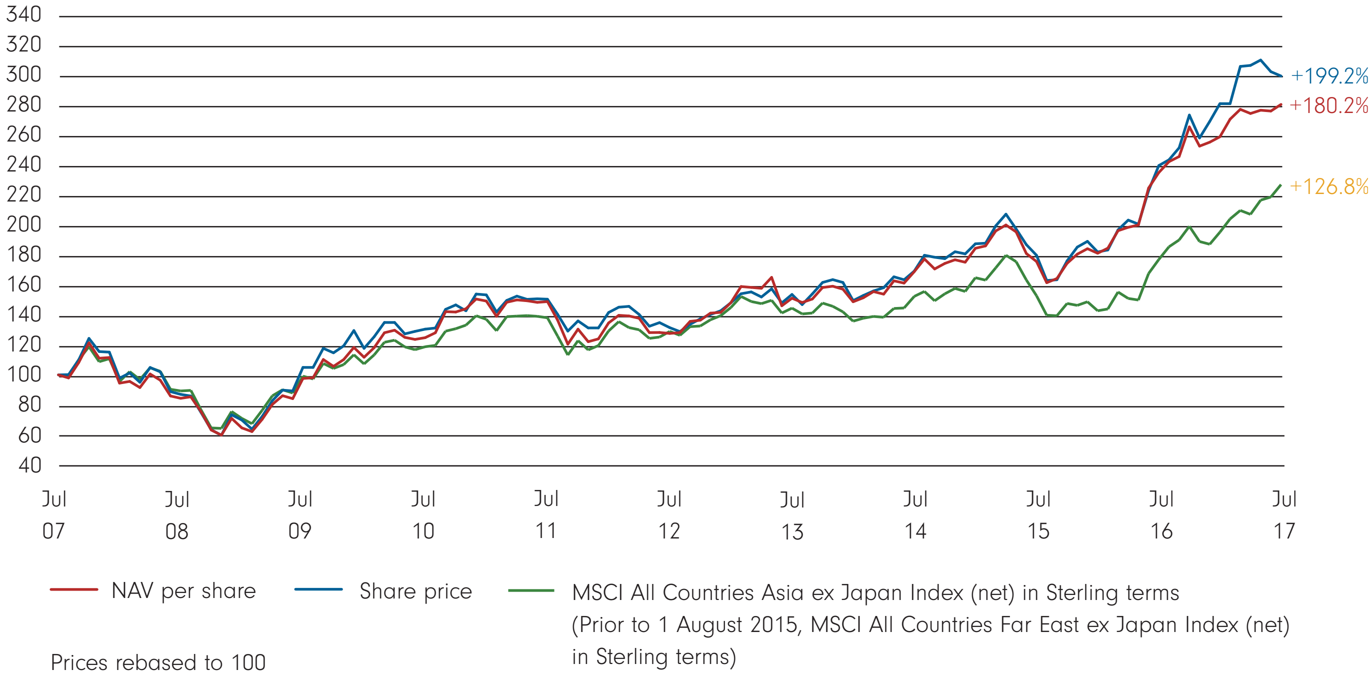
As at 31 July	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total gross asset exposure (£m)[1]	**273.7**	232.0	162.9	192.3	167.4	123.8	146.2	121.8	98.1	136.4	175.1
Shareholders' funds (£m)	**280.2**	237.5	178.9	172.8	155.8	117.1	141.3	117.2	92.1	135.9	170.7
NAV per ordinary share (p)	**415.17**	351.98	265.14	255.99	230.24	195.40	229.21	192.19	151.18	131.78	156.13
Diluted NAV per ordinary share (p)	**407.77[2]**	n/a	n/a	n/a	n/a	194.70[3]	223.20[3]	191.99[3]	n/a	n/a	156.13[4]
Ordinary share price (p)	**386.00**	313.00	236.88	224.00	204.50	176.00	202.63	175.75	142.25	119.00	136.75
Subscription share price (p)	**29.50**	n/a	n/a	n/a	n/a	6.75	27.13	19.00	n/a	n/a	n/a
Discount (%)	**7.0**	11.1	10.7	12.5	11.2	9.9	11.6	8.6	5.9	9.7	12.4
Discount – diluted (%)	**5.3[2]**	n/a	n/a	n/a	n/a	9.6[3]	9.2[3]	8.5[3]	n/a	n/a	12.4[4]
Revenue return per ordinary share (p)	**6.08**	5.36	2.26	1.14	1.05	1.45	0.85	0.27	1.49	1.43	0.63
Dividend per ordinary share (p)	**5.00**	4.50	2.00	1.10	1.10	1.00	1.00	nil	1.00	0.81	nil
Cost of running the Company (ongoing charges) (%)	**1.22**	1.33	1.42	1.50	1.55	1.46	1.47	1.52	1.65	1.34	1.51
Gearing (%)[5]	**(2.3)**	(2.3)	(9.0)	11.3	7.4	5.7	3.5	3.9	6.5	0.3	2.5
NAV total return (%)	**+19.3**	+33.8	+4.0	+11.7	+18.4	–14.3	+19.3	+27.8	+15.7	–15.6	+47.4
Diluted NAV total return (%)	**+17.2[2]**	n/a	n/a	n/a	n/a	–12.3[3]	+16.3[3]	+27.7[3]	n/a	n/a	+48.9[4]
Ordinary share price total return (%)	**+24.9**	+33.3	+6.2	+10.1	+16.8	–12.6	+15.3	+24.3	+20.6	–13.0	+40.6
Comparative Index total return (%)[6]	**+28.2**	+15.8	+0.3	+5.4	+12.0	-6.6	+16.3	+19.8	+11.0	–10.7	+41.3

1 The value of the portfolio exposed to market price movements. The amounts prior to 2013 represent total assets less current liabilities, excluding bank loans.
2 The dilution relates to the subscription shares that were issued on 2 December 2016 (per Note 16 on page 53).
3 The dilution relates to the subscription share offer that closed in June 2013.
4 The dilution relates to the final exercise of warrants in December 2006.
5 Total Portfolio Exposure (less than)/in excess of Shareholders' Funds expressed as a percentage of Shareholders' Funds (see Note 18 on page 60).
6 The Company's Comparative Index since 1 August 2015 is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms. Prior to that date, it was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms.

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

Summary of Performance Charts

Total Return performance for ten years to 31 July 2017

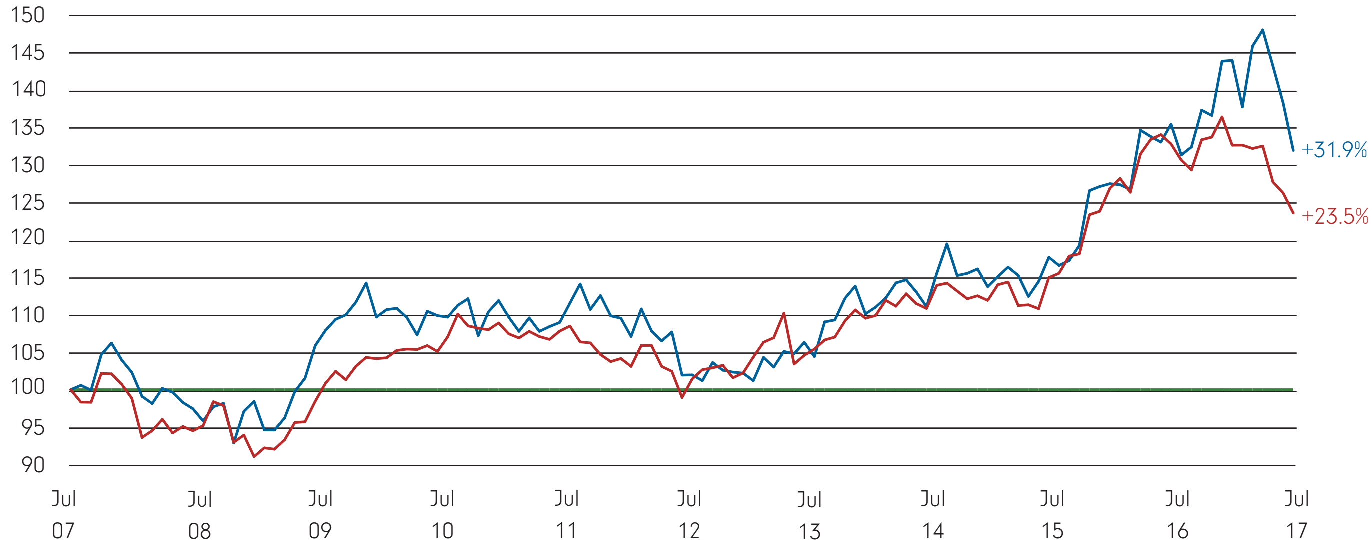


Prices rebased to 100
Sources: Fidelity and Datastream

NAV and ordinary share price for ten years to 31 July 2017

Sources: Fidelity and Datastream

Total return performance relative to the Comparative Index for ten years to 31 July 2017

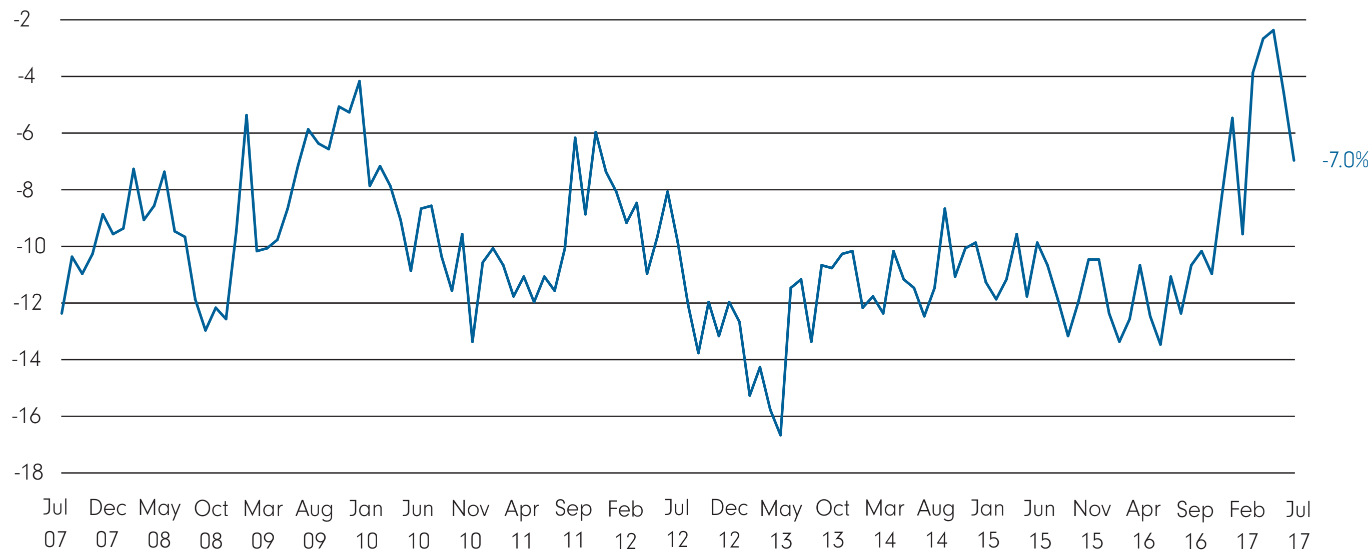


Prices rebased to 100

Sources: Fidelity and Datastream

(Prior to 1 August 2015, MSCI All Countries Far East ex Japan Index (net) in Sterling terms)

Discount to NAV for ten years to 31 July 2017



Source: Fidelity

Board of Directors

Kate Bolsover
Chairman (since 9 December 2014)
Appointed 1 January 2010
Member of the:
Audit Committee
Management Engagement Committee (Chairman)
Nomination Committee (Chairman)

Kate Bolsover is a non-executive Director of Montanaro UK Smaller Companies Investment Trust PLC, a Chairman of Tomorrow's People Trust Limited and a Director of a number of affiliated companies. She retired from the Board of JPMorgan American Investment Trust plc on 30 September 2016. 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.

Timothy Scholefield
Appointed 30 September 2015
Member of the:
Audit Committee
Management Engagement Committee
Nomination Committee

Timothy Scholefield is a non-executive Director of F&C Capital and Income Investment Trust PLC and Standard Life UK Smaller Companies plc. He is Chairman of City Merchants High Yield Trust Ltd and of the Investment Management Certificate panel. He has over twenty-five years' experience in investment management, latterly as Head of Equities at Baring Asset Management until April 2014. Prior to Baring, he was Head of International Equities at Scottish Widow Investment Partnership Limited. He spent 15 years at Royal & Sun Alliance Investments and rose to the position of Head of Worldwide Equities.

Philip Smiley
Senior Independent Director
(since 30 November 2015)
Appointed 1 January 2010
Member of the:
Audit Committee
Management Engagement Committee
Nomination Committee

Philip Smiley is a Director of the Arisaig India Fund and the Endowment Fund SPC. He is Chairman of the PXP Vietnam Emerging Equity Fund Limited and also 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 the 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 was 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
Chairman of the Audit Committee
Appointed 24 September 2013
Member of the:
Audit Committee (Chairman)
Management Engagement Committee
Nomination Committee

Grahame Stott is a non-executive Director and Chairman of the Audit Committee of China Motor Bus Company Limited. He 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 also a past Adviser with Mercer Financial Planning.

Michael Warren
Appointed 29 September 2014
Member of the:
Audit Committee
Management Engagement Committee
Nomination Committee

Michael Warren is a non-executive Director of Carrington Investments, Liontrust Panthera Fund Limited and a Quoted Operating Partner of LivingBridge VC LLP and a past non-executive Director of Alquity Investment Management Ltd and Vindependents. 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.

All Directors are non-executive Directors and all are independent.

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 July 2017.

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

Management Company

FIL Investment Services (UK) Limited ("FISL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/Manager). FISL, as the Manager, has delegated the portfolio management of assets and the role of the company secretary to FIL Investments International.

The 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. It may also be terminated forthwith as a result of a material breach of the Management 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.

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 27.

Fee Arrangements

The Company's annual management fee is charged on a tiered pricing structure which is 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million. In addition, the Company pays the Manager a secretarial and administration fee which is fixed at £75,000 per annum. Fees are calculated and paid quarterly.

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 Note 10 on page 50. In the year to 31 July 2017, £8,000 was received (2016: £39,000). There is a regulatory requirement on the Manager to obtain best execution and no deal is entered into which prevents compliance.

The Board

All Directors served on the Board throughout the year ended 31 July 2017. A brief description of all serving Directors as at the date of this report is shown on page 22 and indicates their qualifications for Board membership.

Directors' and Officers' Liability Insurance

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

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 to adopt the going concern basis for at least twelve months from the date of this Annual Report. The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on page 11.

Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 7 December 2017.

Disclosure of Information to the Company's 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 audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance

The Corporate Governance Statement, which forms part of this report, can be found on pages 26 to 29.

Registrar, Custodian and Depositary Arrangements

The Company employs Capita Asset Services as its Registrar to manage the Company's share register, JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets and J.P. Morgan Europe Limited, under a tri-partite agreement, as its Depositary, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 47.

Share Capital

The Company's share capital comprises ordinary shares of 25 pence each and subscription shares of 0.001 pence each, both of which are fully listed on the London Stock Exchange. As at 31 July 2017, the issued share capital of the Company was 67,488,213 ordinary shares (2016: 67,488,213) and 13,497,222 subscription shares (2016: nil). No shares are held in Treasury.

Each ordinary share in issue carries one vote. The subscription shares do not carry voting rights.

Premium/Discount Management: Enhancing Shareholder Value

The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV either for cancellation or for holding in Treasury. The Board will only exercise these authorities if deemed to be in the best interests of shareholders at the time.

Share Issues

No ordinary shares were issued during the year ended 31 July 2017 (2016: nil) and none have been issued since the year end and as at the date of this report. 13,497,222 (2016: nil) subscription shares were issued during the year and none have been issued since the year end and as at the date of this report. The subscription share rights can be exercised annually in the 25 business days prior to the relevant subscription date. The first subscription date is 30 November 2017, the second date is on 30 November 2018 and the final date is on 29 November 2019. Exercises take effect on the relevant subscription date.

The authorities to issue ordinary shares and to disapply pre-emption rights and to issue shares from Treasury expire at this year's AGM, and therefore resolutions renewing these authorities will be put to shareholders at the AGM on 7 December 2017.

Share Repurchases

No ordinary shares were repurchased for cancellation or for holding in Treasury during the year ended 31 July 2017 (2016: nil) and none have been repurchased since the year end and as at the date of this report.

The authority to repurchase ordinary shares expires at the forthcoming AGM and a special resolution to renew the authority to purchase shares for cancellation, including the ability to buy them into Treasury, will therefore be put to shareholders at the AGM on 7 December 2017. Similarly, a special resolution to renew the authority to purchase subscription shares for cancellation, will be put before shareholders at the AGM on 7 December 2017.

Substantial Share Interests

As at 31 July 2017 and 30 September 2017, the shareholders listed below held more than 3% of the issued share capital of the Company.

Shareholders	**30 September 2017 (%)**	31 July 2017 (%)
Fidelity Platform Investors	**16.36**	16.47
Hargreaves Lansdown	**7.72**	8.08
Lazard Asset Management	**5.24**	5.82
Charles Stanley	**5.23**	5.08
Individuals	**3.27**	3.37
Alliance Trust Savings	**3.13**	3.23

An analysis of ordinary shareholders as at 31 July 2017 is detailed in the table below.

Ordinary shareholders as at 31 July 2017	**% of issued share capital**
Private shareholders*	**79.82**
Mutual funds	**8.85**
Pension funds	**8.13**
Insurance companies	**2.66**
Trading companies	**0.54**

* Includes Fidelity Platform Investors (16.47%).

Additional information required in the Directors' Report

Information on proposed dividends, financial instruments and greenhouse emissions is set out in the Strategic Report on pages 8 to 12.

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 your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any 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 you made the sale or transfer, for onward transmission to the purchaser or transferee.

At the AGM on 7 December 2017, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 63 and 64, including the items of special business which are summarised on the next page.

Authority to Allot Shares
Resolution 12 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 £1,687,205. If passed, this resolution will enable the Directors to allot a maximum of 6,748,821 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury shares) as at 11 October 2017 and to 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 no less than NAV per share, or at a premium to NAV per share.

Authority to Disapply Pre-emption Rights
Resolution 13 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 up to an aggregate nominal value of £1,687,205 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company as at 11 October 2017 and equivalent to 6,748,821 ordinary shares).

Authority to Repurchase the Company's Shares
Resolution 14 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 Treasury shares) on 11 October 2017 either for immediate cancellation or for retention as Treasury shares at the determination of the Directors. 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 by cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per share.

Authority to Repuchase the Company's Subscription Shares
Resolution 15 is a special resolution which renews the Company's authority to purchase up to 14.99% (2,023,233) of the subscription shares in issue (none are held as Treasury shares) on 11 October 2017 for cancellation. Purchases of subscription shares will be made at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is 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
11 October 2017

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, 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 follows the principles of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in 2016 and the AIC's Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in 2016. The FRC has confirmed that investment companies which report against the AIC Code and which follow the AIC Guide on Corporate Governance will meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules. This statement, together with the Statement of Directors Responsibilities on page 33, set out how the principles have been applied.

The AIC Code and the AIC Guide can be found on the AIC's website at www.theaic.co.uk and the UK Code on the FRC's website at www.frc.org.uk.

Statement of Compliance

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, consists of five non-executive Directors. The Directors believe that, between them, they have good knowledge and wide experience of business in Asia and of investment companies and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Philip Smiley is the Senior Independent Director and fulfils the role as a sounding board for the Chairman, an intermediary for the other non-executive Directors as necessary and to act as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

Biographical details of all the Directors are on page 22.

Board Responsibilities and Board Meetings

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. Matters reserved for the Board and considered at meetings 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 appointments of the Manager and the Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All 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. The Board follows a procedure of notification of other interests that may arise as part of considering any potential conflicts and is satisfied that none have arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on page 27 gives the attendance record for the meetings held during the reporting year. The Portfolio Manager and key representatives of the Manager are 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 by the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present.

In addition to the formal Board and Committee meetings, the Board undertakes a due diligence trip to Asia every other year. During this trip, the Board meets with the management of existing and potential investee companies alongside the Portfolio Manager. They also meet Fidelity's research team and analysts. The next such trip will be in January 2018.

	Regular Board Meetings	Nomination Committee Meetings	Audit Committee Meetings
Kate Bolsover	5/5	2/2	3/3
Timothy Scholefield	5/5	2/2	3/3
Philip Smiley	5/5	2/2	3/3
Grahame Stott	5/5	2/2	3/3
Michael Warren	5/5	2/2	3/3

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. **Since the end of the reporting period, the Directors have also had a Management Engagement Committee meeting at which they reviewed the performance of the Manager and the terms of the Company's Management Agreement.**

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.

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 to the Company. 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 of Directors

All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. All other Directors are subject to annual re-election. Directors standing for re-election at this year's AGM are accompanied by sufficient biographical details on page 22 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 AGM.

Board Evaluation

An annual evaluation of the Board, its Directors and its Committees is undertaken and takes the form of written questionnaires and discussions. The performance of the Chairman is evaluated by the other Directors. The Company Secretary and Portfolio Manager also participate in this process 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 its Committees and action is taken on the basis of these results. The Board considers tenure as one of the matters under review during the evaluation process. A Director may serve for more than nine years, provided that the 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.

Directors' Remuneration and Share Interests

Details of Directors' remuneration and share interests are disclosed in the Directors' Remuneration Report on pages 31 and 32.

BOARD COMMITTEES

The Board has three Committees: the Audit Committee, the Management Engagement Committee and the Nomination Committee. It discharges certain of its corporate governance responsibilities through these Committees. The terms of reference of each Committee can be found on the Company's pages of the Manager's website at **www.fidelityinvestmenttrusts.com**.

Audit Committee

The Audit Committee is chaired by Grahame Stott and consists of all of the Directors. Full details are disclosed in the Report of the Audit Committee on pages 34 and 35.

Management Engagement Committee

The Management Engagement Committee is chaired by Kate Bolsover and consists of all of the Directors. It meets at least once a year and reports to the Board, making recommendations where appropriate. It is charged with reviewing and monitoring the performance of the Manager and ensuring that the terms of the Company's Management Agreement remain competitive and reasonable for shareholders.

Ahead of the AGM, the Committee has 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 responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue.

Corporate Governance Statement continued

Nomination Committee

The Nomination Committee is chaired by Kate Bolsover and consists of all of the Directors. It meets at least once a year and reviews the composition, size and structure of the Board. The Committee is responsible for succession planning and it is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The 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. 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, it has access to a sufficiently wide pool of candidates not to use external consultants.

The Committee also considers the election and re-election of Directors ahead of each AGM. It has considered the performance and contribution of each Director and has recommended their continued service to the Company. This has been endorsed by the Board which recommends their reappointment by the shareholders at the forthcoming AGM.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 33 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 to 40.

The Board has a responsibility to present a fair, balanced and understandable assessment of annual, half-yearly, other price sensitive public reports and reports to regulators, and to provide information required to be presented by statutory requirements. All such reports are reviewed by the Audit Committee 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 review takes place at least once a year. Such systems 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 determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit Committee and the Board. In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Independent Auditor and also includes consideration of reports concerning internal controls issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. It confirms that there is an effective ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 July 2017 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit Committee meets the Manager's internal audit representative at least three times a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

Whistle-Blowing Procedure

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreement, 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 by the Board.

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. Fidelity is a signatory to the 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.

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Directors, are available to meet with shareholders to discuss strategy and governance. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. 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 either email the Company Secretary at **investmenttrusts@fil.com** or write to the address provided on page 67. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the AGM on 7 December 2017 where they will have the opportunity to meet and address questions to the Chairman and other members of the Board, the Portfolio Manager and representatives of the Manager.

The Notice of Meeting on pages 63 to 65 sets out the business of the AGM and the special business resolutions are explained more fully on pages 24 and 25 of the Directors' Report. A separate resolution is proposed on each substantially separate issue including the Annual Report and Financial Statements. The Notice of the AGM and related papers are sent to shareholders at least 20 working days before the Meeting.

Voting rights in the Company's shares

Every person entitled to vote 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 held. 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 pages of the Manager's website at **www.fidelityinvestmenttrusts.com**.

Articles of Association

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

On behalf of the Board

Kate Bolsover

Kate Bolsover
Chairman
11 October 2017

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 July 2017 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no chief executive officer and 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.

Ordinary resolutions to approve both the Directors' Remuneration Report and the Remuneration Policy will be put to shareholders at the AGM on 7 December 2017. 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 to 40.

Directors' Remuneration

The fee structure from 1 August 2017 is as follows: Chairman: £32,000 (2016: £30,000); Chairman of the Audit Committee: £26,500 (2016: £25,000); and Directors: £24,000 (2016: £22,750). Increases in Directors' remuneration are made to ensure that fees remain 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 ("AGM"). 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 policy that has been in place has been updated to reflect HMRC regulations in relation to expenses incurred by Directors in attending to the affairs of the Company. These are treated as a taxable benefit. The proposed policy which is subject to a vote at the AGM on 7 December 2017 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 that individual Directors fulfil. Other than fees and reasonable out-of-pocket expenses incurred in attending to the affairs of the Company, 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. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office. Directors fees are paid monthly in arrears. Directors do not serve a notice period if their appointment were to be terminated.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own individual 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 AGM and can be obtained from the Company's registered office.

The Company's Remuneration Policy will apply to new Board members, who will be paid at the equivalent amount of fees as current Board members.

Report on the Implementation of the Remuneration Policy

The Remuneration Policy (the "Policy"), as set out above, has been followed throughout the year ended 31 July 2017 and up to date of this report. This Policy is subject to approval at this year's AGM.

Voting at the Company's last Annual General Meeting

At the AGM held on 2 December 2016, 98.90% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2016, 0.60% of votes were cast against and 0.50% of votes were withheld.

The Company's Remuneration Policy was last approved by shareholders at the AGM on 9 December 2014, with 98.91% of the votes cast in favour, 0.64% votes were against and 0.45% votes were withheld.

Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year under review was £124,246 (2016: £124,169). This includes expenses incurred by Directors in attending to the affairs of the Company and are considered to be a taxable benefit. Information on individual Directors' fees and taxable benefits (Directors' expenses) are disclosed in the table on the next page.

Remuneration of Directors	2018 Projected Total (£)	**2017 Fees (Audited) (£)**	**2017 Taxable Benefits (Audited) (£)**	**2017 Total (Audited) (£)**	2016 Fees (Audited) (£)	2016 Taxable Benefits (Audited) (£)	2016 Total (Audited) (£)
Kate Bolsover	32,000	**30,000**	**471**	**30,471**	29,000	666	29,666
William Knight[1]	n/a	**n/a**	**n/a**	**n/a**	7,333	–	7,333
Timothy Scholefield[2]	24,000	**22,750**	**–**	**22,750**	18,418	–	18,418
Philip Smiley	24,000	**22,750**	**395**	**23,145**	22,000	599	22,599
Grahame Stott	26,500	**25,000**	**–**	**25,000**	24,000	–	24,000
Michael Warren	24,000	**22,750**	**130**	**22,880**	22,000	153	22,153
Total	130,500	**123,250**	**996**	**124,246**	122,751	1,418	124,169

1 Retired 30 November 2015.
2 Appointed 30 September 2015.

Expenditure on Directors' Remuneration and Distributions to Shareholders

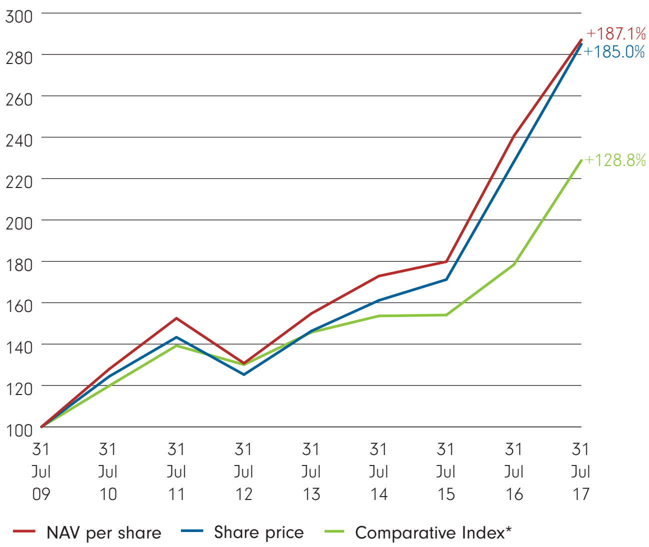
The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders for the financial years to 31 July 2017 and 31 July 2016. The projected Directors' remuneration for the year ending 31 July 2018 is disclosed in the table above.

	31 July 2017 £	31 July 2016 £
Expenditure on Directors' Remuneration:		
Fees and taxable benefits	**124,246**	124,169
Distribution to Shareholders:		
Dividend payments	**3,037,000**	1,350,000

Performance

The Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian Region excluding Japan. The Company's performance is measured against the return of the MSCI All Countries Asia ex Japan Index as this is considered to be the most appropriate Comparative Index in respect of its asset allocation. The graph opposite shows performance over eight years to 31 July 2017.

Total return performance for eight years to 31 July 2017



* Since 1 August 2015, the Company's Comparative Index is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms. Prior to 1 August 2015, the Comparative Index was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms.
Prices rebased to 100
Sources: Fidelity and Datastream

Directors' Remuneration Report continued

Directors' Interest in the Company's Ordinary Shares and Subscription Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors is encouraged. Directors' interests in the Company's ordinary and subscription shares are shown below. All of the shareholdings are beneficial.

Directors' Shareholdings (Audited)

Ordinary Shares	31 July 2017	31 July 2016	Change during year
Kate Bolsover	**15,250**	15,250	nil
Timothy Scholefield	**10,000**	10,000	nil
Philip Smiley	**2,500**	2,500	nil
Grahame Stott	**20,000**	20,000	nil
Michael Warren	**4,000**	4,000	nil
Subscription Shares			
Kate Bolsover[1]	**3,050**	n/a	3,050
Timothy Scholefield[1]	**2,000**	n/a	2,000
Philip Smiley[1]	**500**	n/a	500
Grahame Stott[1,2]	**8,000**	n/a	8,000
Michael Warren[1]	**800**	n/a	800

1 Subscription shares allotted as part of the Bonus Issue on 2 December 2016.

2 Includes purchase of 4,000 subscription shares.

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

On behalf of the Board

Kate Bolsover

Kate Bolsover

Chairman

11 October 2017

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 year. Under that law they have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice, including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

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.fidelityinvestmenttrusts.com** 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.

The Directors confirm that to the best of their 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 of the Company; and
- The Annual Report includes 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.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board on 11 October 2017 and signed on its behalf by:

Kate Bolsover

Kate Bolsover
Chairman

Report of the Audit Committee

I am pleased to present the formal report of the Audit Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 July 2017.

Composition

The members of the Committee are myself as Chairman, Kate Bolsover, Timothy Scholefield, Philip Smiley and Michael Warren. 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.

The Committee's performance is evaluated as part of the overall Board evaluation process on an annual basis.

Role and Responsibilities

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at **www.fidelityinvestmenttrusts.com**. These duties include:

- Establishing with the Independent Auditor the nature and scope of the audit, reviewing the Independent Auditor's quality control procedures, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Company's Independent Auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems (including financial, operational and compliance controls), considering the scope of work undertaken by the Manager's internal audit department* and reviewing the Company's procedures for detecting fraud;
- Monitoring the integrity of the Company's half-yearly and annual financial statements to ensure they are fair, balanced and understandable;
- Reviewing the existence and performance of all controls operating in the Company, including the control reporting of its service providers; and
- Reviewing the relationship with and the performance of third party service providers (such as the Registrar, Custodian and Depositary).

**The Committee, on behalf of the Board, has reviewed the work undertaken by the Manager's internal audit team and has sufficient reassurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets.*

Meetings and Business Considered

Since the date of the last Annual Report (25 October 2016), the Committee has met three times and the Independent Auditor attended two of those meetings.

The following matters are dealt with and reviewed at each Committee meeting:

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The Depositary's oversight report;
- The Company's revenue and expenses forecasts and its Balance Sheet; and
- The Committee's terms of reference.

In addition, the following matters were also dealt with at these meetings:

April 2017	• The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board • The Going Concern Statement • Dividend payment options
June 2017	• The Independent Auditor's engagement letter and audit plan for the Company's year ending 31 July 2017
October 2017	• The Independent Auditor's findings from the audit of the Company • The Independent Auditor's performance, independence and reappointment • Compliance with Corporate Governance and regulatory requirements • The Annual Report and Financial Statements and recommendation of its approval to the Board • The Viability and Going Concern Statements • Recommendation of the final dividend payment to the Board

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 33. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and on any specific areas which require judgement. The Committee members apply their expertise and knowledge in reviewing disclosures made in order to ensure that the Financial Statements are fair, balanced and understandable.

Significant Issues considered by the Audit Committee during the Year

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

Recognition of Investment Income	Recognition of investment income is undertaken in accordance with accounting policy Note 2(d) on page 44. The Manager provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee reviewed the 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.
Valuation, existence and ownership of investments (including derivatives)	The valuation of investments (including derivatives) is in accordance with accounting policy Notes 2(j) and 2(k) on page 45. The Committee took comfort from the Depositary's regular oversight reports that investment related activities were conducted in accordance with the Company's investment policy. The Committee received reports from the Manager and Depositary that the valuation, existence and ownership of investments had been verified. In addition, the Committee reviewed the work of the Independent Auditor, which had also confirmed the existence and ownership of the Company's investments with the Company's Custodian and that of the derivatives with the Company's counterparties.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Independent Auditor for the year ended 31 July 2017. The Committee reviewed the independence of the Auditor and the effectiveness of the audit process prior to recommending its appointment to the Board at the forthcoming AGM. Fees paid to the Independent Auditor for the audit of the Financial Statements are disclosed in Note 5 on page 47.

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

- The audit plan for the year, including the audit team and approach to significant risks;
- The Auditor's arrangements for any conflicts of interest;
- The extent of any non-audit services*; and
- The statement by the Auditor that it remains independent within the meaning of the regulators and their professional standards.

**There were no non-audit services provided to the Company during the reporting year and as at the date of this report.*

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

- The fulfilment by the Auditor of the agreed audit plan;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 July 2017; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Auditor's Appointment and Audit Tenure

Ernst & Young LLP was appointed as the Company's Independent Auditor on 30 November 2015. The Committee reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending their reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the second year that the audit partner, Matthew Price, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations that restricts the Company's choice of auditor.

Grahame Stott
Chairman of the Audit Committee
11 October 2017

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

Our opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Fidelity Asian Values PLC's which comprise:

- Income statement for the year ended 31 July 2017;
- Statement of changes in equity for the year then ended;
- Balance sheet as at 31 July 2017; and
- Related notes 1 to 19 to the Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures set out on pages 10 and 11 in the Strategic report that describe those risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 33 in the Statement of Directors' Responsibilities that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 23 in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 11 in the Strategic report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate investments and derivatives income recognition and specifically the recognition of special dividends, including incorrect allocation between revenue and capital. • Valuation and existence of listed investments and derivatives.
Materiality	• £2.80m (2016: £2.38m) which represents 1% of Company's net assets as of 31 July 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate investments and derivatives income recognition and specifically the recognition of special dividends, including incorrect allocation between revenue and capital *Refer to the Report of the Audit Committee page 35; Accounting policies (page 44); and Note 3 of the Financial Statements (page 46)* The Company has reported revenue of £8.4m for the year (2016: £6.4m). We identified the incomplete or inaccurate recognition of special dividends to be a fraud risk due to the requirement to exercise judgement and manual processing. The largest three special dividends received by the Company during the year were from: • RHT Health Trust in amount of £1.6m; • Luen Thai Holding in amount of £0.5m; • Convenience Retail Asia in amount of £0.2m. Given this, we considered there to be a potential fraud risk in relation to special dividends, in accordance with Auditing Standards, in this area of our audit.	We performed the following procedures: • Walked through the revenue recognition process to obtain an understanding of the design effectiveness of the controls; • Agreed a sample of dividends to the corresponding announcement made by the investee company and agreed cash received to bank statements; • Agreed, for a sample of investee companies, the dividend announcements made by the investee company from an external third party source to the income entitlements recorded by the Company; • Agreed material accrued dividends to an independent source and to post year end bank statement to assess the recoverability of these amounts; • For the samples selected, we compared the exchange rate used to translate the dividend income received in foreign currency to an independent source; and • Considered the recognition criteria applied to the special dividends received during the year and their classification as revenue or capital.	The results of our procedures identified no issues with the accuracy, classification or completeness of income receipts, including special dividends. We noted no issues in agreeing the sample of dividend income from investments and derivatives to and from the independent source and to the bank statements. We noted no issues in agreeing the accrued dividend to an independent source and post year end bank statement. We concur with the accounting classification adopted for material special dividends as revenue or capital, including the classification of the £1.6m dividend from RHT Health Trust, £0.5m from Luen Thai Holding and £0.2m from Convenience Retail Asia as capital.

Independent Auditor's Report
To the Members of Fidelity Asian Values PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation and existence of listed investments and derivatives *Refer to the Report of the Audit Committee page 35 Accounting policies (page 45); and Notes 10 and 11 of the Financial Statements (pages 50 and 51)* The valuation of listed investments and derivatives as at the year-end was £265.4m (2016: £223m), comprising £264.1m of listed investments and £1.3m of net derivatives (2016: £222.4m of listed investments and £0.6m of net derivatives). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	We have performed the following procedures: • Walked through the investment valuation process to obtain an understanding of the design of the controls; • Independently valued 100% of the listed investments and derivatives prices in the portfolio using our bespoke asset pricing tool, and compared to those values of the Company; • For those investments priced in currencies other than sterling we compared the exchange rates to an independent source and recalculated value of those investments; and • Agreed 100% of the holdings in the investment portfolio and derivatives to third party confirmations received from the Custodian or Brokers.	For all listed investments and derivatives, we noted no material differences in market value or exchange rates. We noted no unreconciled differences between the Custodian, Brokers or Depository confirmations and the Company's underlying financial records.

The areas which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team remain unchanged from the prior year.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. Taken together, this enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation and effectiveness of controls, changes in the business environment and other factors when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £2.80m million (2016: £2.38m), which is 1% (2016: 1%) of Net Assets of the Company. We have used Net assets of the Company as the basis for setting materiality as it provides the most important financial metric on which shareholders judge the performance of the Company and it is a generally accepted auditing practice for investment trust audits.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2016: 50%) of our planning materiality, namely £2.10m (2016: £1.19m). We have increased performance materiality at this percentage as this is a second year audit and due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £0.24m (2016: £0.1m) for the revenue column of the Income Statement, being 5% of the profit before taxation (2016: 2.5%). We have increased the percentage from 2.5% to 5% as this is a second year audit and due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.14m (2016: £0.12m), which is set at 5% (2016: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on page 24, including the Strategic Report and Directors' Report set out on pages 8 to 25, other than the Financial Statements and our Auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 33** – the statement given by the Directors that they 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting set out on page 34** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 26** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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
- based on the work undertaken in the course of the audit:
  - the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements;
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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; 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including

Independent Auditor's Report
To the Members of Fidelity Asian Values PLC continued

FRS 102, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

The objectives of our audit, in respect to fraud, are:

- To identify and assess the risks of material misstatement of the Financial Statements due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to incomplete or inaccurate investments and derivatives income recognition and specifically the recognition of special dividends, including incorrect allocation between revenue and capital. Further discussion of our approach is set out in the section on key audit matters above.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Other matters we are required to address

- Following the recommendation of the Audit Committee, we were reappointed as Auditor by the Board of Directors and signed an engagement letter on 20 June 2017. We were initially appointed by the Company at the AGM on 30 November 2015 to audit the Financial Statements for the year ended 31 July 2016. The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 31 July 2016 to 31 July 2017.
- No non-audit services prohibited by the FRC's Ethical Standard were provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Matthew Price
(Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
11 October 2017

Notes:

The maintenance and integrity of the Fidelity International web site is the responsibility of Fidelity International; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 31 July 2017

	Notes	Year ended 31 July 2017 revenue £'000	capital £'000	total £'000	Year ended 31 July 2016 revenue £'000	capital £'000	total £'000
Gains on investments at fair value through profit or loss	10	–	44,906	44,906	–	53,659	53,659
(Losses)/gains on derivative instruments	11	–	(2,376)	(2,376)	–	1,928	1,928
Income	3	8,439	–	8,439	6,441	–	6,441
Investment management fee	4	(2,500)	–	(2,500)	(1,847)	–	(1,847)
Other expenses	5	(725)	(165)	(890)	(674)	–	(674)
Foreign exchange (losses)/gains on cash and cash equivalents		–	(616)	(616)	72	583	655
Net return on ordinary activities before finance costs and taxation		5,214	41,749	46,963	3,992	56,170	60,162
Finance costs	6	(407)	–	(407)	(94)	–	(94)
Net return on ordinary activities before taxation		4,807	41,749	46,556	3,898	56,170	60,068
Taxation on return on ordinary activities	7	(707)	(166)	(873)	(284)	174	(110)
Net return on ordinary activities after taxation for the year		4,100	41,583	45,683	3,614	56,344	59,958
Basic return per ordinary share	8	6.08p	61.62p	67.70p	5.36p	83.49p	88.85p
Diluted return per ordinary share	8	6.06p	61.43p	67.49p	n/a	n/a	n/a

The Company does not have any other comprehensive income. Accordingly the net return on ordinary activities after taxation for the year is also the total comprehensive income for the year 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 Association of Investment Companies.

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

The Notes on pages 44 to 61 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 July 2017

	Notes	share capital £'000	share premium account £'000	capital redemption reserve £'000	other non-distributable reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total shareholders' funds £'000
Total shareholders' funds at 31 July 2016		**16,872**	**20,232**	**3,197**	**7,367**	**8,613**	**176,840**	**4,424**	**237,545**
Net return on ordinary activities after taxation for the year		**–**	**–**	**–**	**–**	**–**	**41,583**	**4,100**	**45,683**
Dividend paid to shareholders	9	**–**	**–**	**–**	**–**	**–**	**–**	**(3,037)**	**(3,037)**
Total shareholders' funds at 31 July 2017		**16,872**	**20,232**	**3,197**	**7,367**	**8,613**	**218,423**	**5,487**	**280,191**
Total shareholders' funds at 31 July 2015		16,872	20,232	3,197	7,367	8,613	120,496	2,160	178,937
Net return on ordinary activities after taxation for the year		–	–	–	–	–	56,344	3,614	59,958
Dividend paid to shareholders	9	–	–	–	–	–	–	(1,350)	(1,350)
Total shareholders' funds at 31 July 2016		16,872	20,232	3,197	7,367	8,613	176,840	4,424	237,545

The Notes on pages 44 to 61 form an integral part of these Financial Statements.

Balance Sheet

as at 31 July 2017
Company number 3183919

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments at fair value through profit or loss	10	**264,076**	222,424
Current assets			
Derivative instruments	11	**2,829**	1,139
Other receivables	12	**1,766**	1,018
Amounts held in margin accounts		**1,937**	991
Cash at bank		**14,822**	14,324
		21,354	17,472
Current Liabilities			
Derivative instruments	11	**(1,554)**	(542)
Other payables	13	**(3,685)**	(1,809)
		(5,239)	(2,351)
Net current assets		**16,115**	15,121
Net assets		**280,191**	237,545
Capital and reserves			
Share capital	14	**16,872**	16,872
Share premium account	15	**20,232**	20,232
Capital redemption reserve	15	**3,197**	3,197
Other non-distributable reserve	15	**7,367**	7,367
Other reserve	15	**8,613**	8,613
Capital reserve	15	**218,423**	176,840
Revenue reserve	15	**5,487**	4,424
Total shareholders' funds		**280,191**	237,545
Net asset value per ordinary share	16	**415.17p**	351.98p
Diluted net asset value per ordinary share	16	**407.77p**	n/a

The financial statements on pages 41 to 61 were approved by the Board of Directors on 11 October 2017 and were signed on its behalf by:

Kate Bolsover

Kate Bolsover
Chairman

The Notes on pages 44 to 61 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Principal Activity

Fidelity Asian Values PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 3183919, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), issued by the Financial Reporting Council ("FRC") and these Financial Statements have been prepared in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Company has early adopted the amendments to FRS 102: Fair value hierarchy disclosures, issued by the FRC in March 2016 and applicable for accounting periods beginning on or after 1 January 2017. The Financial Statements have also been 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. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investments are highly liquid and are carried at market value.

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 investments and derivative instruments.

b) Segmental reporting – The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

c) Presentation of the Income Statement – In order to reflect better the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. The net revenue return after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

d) Income – Income from equity investments and derivative instruments is credited to the revenue column of the Income Statement on the date on which the right to receive the income is established, normally the ex dividend date. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as a gain in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case. Interest income is accounted for on an accruals basis.

e) Management fees and other expenses – Management fees and other expenses are accounted for on an accruals basis. Management fees are charged in full to the revenue column of the Income Statement. Other expenses are charged in full to the revenue column of the Income Statement except where they relate to items of a capital nature, in which case they are charged to the capital column of the Income Statement.

f) Foreign currency – The Directors, having regard to the Company's share capital and the predominant currency in which its investors operate, have determined its functional currency to be UK sterling. UK sterling is also the currency in which the Financial Statements are presented. Transactions denominated in foreign currencies are calculated in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

g) Finance costs – Finance costs comprise interest paid on long contracts for difference ("CFDs"), which is accounted for on an accruals basis using the effective interest method, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are charged in full to the revenue column of the Income Statement.

h) Taxation – The taxation expense represents the sum of current taxation and deferred taxation.

Taxation currently payable is based on the taxable profit for the year. Taxable profit differs from net return on ordinary activities before taxation for the year, as reported in the Income Statement, because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the Balance Sheet date.

2 Accounting Policies continued

Deferred taxation is the taxation expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding taxation bases used in the computation of taxable profit based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable. Deferred taxation assets are only recognised if it is considered more likely than not that there will be sufficient future taxable profits to utilise them.

Taxation is charged or credited to the revenue column of the Income Statement, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Income Statement. Where expenses are allocated between revenue and capital any tax relief in respect of the expenses is allocated between revenue and capital returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

i) Dividend paid – Dividends payable to equity shareholders are recognised when the Company's obligation to make payment is established.

j) Investment held at fair value through profit or loss – The 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 on that basis to the Company's Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as bid or last traded prices, depending upon the convention of the exchange on which they are listed, where available, or otherwise at fair value based on published price quotations.

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within gains on investments held at fair value through profit or loss in the capital column of the Income Statement and has disclosed those costs in Note 10.

k) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include CFDs, futures and options. Derivatives are classified as fair value through profit or loss – held for trading, and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- CFDs – the difference between the strike price and the value of the underlying shares in the contract, calculated in accordance with accounting policy 2(j) above;
- Futures – the quoted trade price for the contract; and
- Options – valued based on similar instruments.

Where such transactions are used to protect or enhance income, if the circumstances support this, income derived is included in derivative income in the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, gains and losses derived are included in gains on derivative instruments in the capital column of the Income Statement. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their fair value within current assets or current liabilities.

l) Other receivables – Other receivables include securities sold for future settlement, accrued income and debtors and pre-payments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. Debtors are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

m) Amounts held in margin accounts – Amounts held in margin accounts are amounts deposited by the Company in segregated accounts at the brokers as collateral and are subject to an insignificant risk of changes in value.

n) Cash at bank – Cash at bank is subject to an insignificant risk of change in value.

2 Accounting Policies continued

o) Other payables – Other payables include securities purchased for future settlement and investment management fees, secretarial and administration fees and interest payable and other creditors and expenses accrued in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

p) Capital reserve – The following are transferred to the capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of 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;
- Other expenses which are capital in nature; and
- Taxation charged or credited relating to items which are capital in nature.

As a result of technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/10: Guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having an adequate credit rating. The portfolio was considered to be readily convertible to cash.

3 Income

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Investment income		
Overseas dividends	**8,112**	5,847
Overseas scrip dividends	**207**	413
	8,319	6,260
Derivative income		
Dividends on long CFDs	**90**	165
Interest on short CFDs	**13**	3
	103	168
Other income		
Deposit interest	**17**	13
Total income	**8,439**	6,441

4 Investment Management Fees

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Investment management fee	**2,500**	1,847

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FII"). Both companies are Fidelity group companies. FII charges fees at an annual rate of 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million. Fees are payable quarterly in arrears and are calculated on the last business day of March, June, September and December.

5 Other Expenses

	Year ended 31 July 2017			Year ended 31 July 2016		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
AIC fees	**20**	**–**	**20**	19	–	19
Custody fees	**111**	**–**	**111**	87	–	87
Depositary fees	**25**	**–**	**25**	22	–	22
Directors' expenses	**28**	**–**	**28**	27	–	27
Directors' fees*	**123**	**–**	**123**	123	–	123
Legal and professional fees	**58**	**–**	**58**	62	–	62
Marketing expenses	**144**	**–**	**144**	122	–	122
Printing and publication expenses	**76**	**–**	**76**	63	–	63
Registrars' fees	**30**	**–**	**30**	38	–	38
Secretarial and administration fees	**75**	**–**	**75**	75	–	75
Sundry other expenses	**11**	**–**	**11**	12	–	12
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	**24**	**–**	**24**	24	–	24
Costs of the subscription share issue	**–**	**165**	**165**	–	–	–
	725	**165**	**890**	674	–	674

* Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 31.

6 Finance Costs

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Interest paid on CFDs	**108**	52
Dividends paid on short CFDs	**299**	42
	407	94

Notes to the Financial Statements continued

7 Taxation on Return on Ordinary Activities

	Year ended 31 July 2017			Year ended 31 July 2016		
	revenue £'000	**capital £'000**	**total £'000**	revenue £'000	capital £'000	total £'000
a) Analysis of the taxation charge for the year						
Taxation on overseas dividends	**707**	**–**	**707**	284	–	284
Indian capital gains tax paid	**–**	**166**	**166**	–	–	–
Deferred tax	**–**	**–**	**–**		(174)	(174)
Total taxation charge for the year (see Note 7b)	**707**	**166**	**873**	284	(174)	110

b) Factors affecting the taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 19.67% (2016: 20.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 July 2017			Year ended 31 July 2016		
	revenue £'000	**capital £'000**	**total £'000**	revenue £'000	capital £'000	total £'000
Return on ordinary activities before taxation	**4,807**	**41,749**	**46,556**	3,898	56,170	60,068
Return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19.67% (2016: 20.00%)	**946**	**8,212**	**9,158**	780	11,234	12,014
Effects of:						–
Capital returns not taxable*	**–**	**(8,212)**	**(8,212)**	–	(11,234)	(11,234)
Income not taxable	**(1,528)**	**–**	**(1,528)**	(1,168)	–	(1,168)
Excess management expenses	**543**	**–**	**543**	399	–	399
Excess interest paid	**56**	**–**	**56**	–	–	–
Overseas taxation expensed	**(17)**	**–**	**(17)**	(11)	–	(11)
Overseas taxation suffered	**707**	**–**	**707**	284	–	284
Indian capital gains tax paid	**–**	**166**	**166**	–	–	–
Deferred tax	**–**	**–**	**–**	–	(174)	(174)
Total taxation charge for the year (see Note 7a)	**707**	**166**	**873**	284	(174)	110

* The Company is exempt from UK taxation on capital returns as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £3,270,000 (2016: £2,905,000), in respect of excess management expenses of £16,346,000 (2016: £13,534,000) and excess interest paid of £2,892,000 (2016: £2,605,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

8 Return per ordinary share

	Year ended 31 July 2017			Year ended 31 July 2016		
	revenue	**capital**	**total**	revenue	capital	total
Basic return per ordinary share	**6.08p**	**61.62p**	**67.70p**	5.36p	83.49p	88.85p
Diluted return per ordinary share	**6.06p**	**61.43p**	**67.49p**	n/a	n/a	n/a

The basic returns per ordinary share are based on the net returns on ordinary activities after taxation for the year: revenue return £4,100,000 (2016: £3,614,000), capital return £41,583,000 (2016: £56,344,000) and total return £45,683,000 (2016: £59,958,000). These returns are divided by the weighted average number of ordinary shares in issue during the year of 67,488,213 (2016: 67,488,213).

The diluted returns per ordinary share reflect the notional dilutive effect that would have occurred if the rights attaching to subscription shares had been exercised on 5 December 2016 and additional ordinary shares had been issued. The returns on ordinary activities after taxation for the year used in the diluted calculation are the same as those for the basic returns above. These returns are divided by the notional weighted average number of ordinary shares in issue during the year of 67,695,881. This number of shares reflects the additional number of ordinary shares that could have been purchased at the average ordinary share price for the period with the proceeds from the excess of the subscription share rights exercise price over the average ordinary share price. There were no diluted returns per ordinary share for the year ended 31 July 2016 as there were no subscription shares in issue during that year.

9 Dividends Paid to Shareholders

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Dividend paid		
Dividend paid of 4.50 pence per ordinary share for the year ended 31 July 2016	**3,037**	–
Dividend paid of 2.00 pence per ordinary share for the year ended 31 July 2015	**–**	1,350
	3,037	1,350
Dividend proposed		
Dividend proposed of 5.00 pence per ordinary share for the year ended 31 July 2017	**3,374**	–
Dividend proposed of 4.50 pence per ordinary share payable for the year ended 31 July 2016	**–**	3,037
	3,374	3,037

The Directors have proposed the payment of a dividend for the year ended 31 July 2017 of 5.00 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The dividend will be paid on 12 December 2017 to shareholders on the register at the close of business on 20 October 2017 (ex-dividend date 19 October 2017).

10 Investments at fair value through profit or loss

	2017 £'000	2016 £'000
Listed investments*	**264,076**	222,424
Opening book cost	**185,226**	173,359
Opening investment holding gains/(losses)	**37,198**	(10,501)
Opening fair value of investments	**222,424**	162,858
Movements in the year		
Purchases at cost	**137,251**	105,417
Sales – proceeds	**(140,505)**	(99,510)
Sales – gains in the year	**40,098**	5,960
Movement in investment holding gains in the year	**4,808**	47,699
Closing fair value of investments	**264,076**	222,424
Closing book cost	**222,070**	185,226
Closing investment holding gains	**42,006**	37,198
Closing fair value of investments	**264,076**	222,424

* The Fair Value Hierarchy of the investments is shown in Note 17.

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Gains on investments for the year		
Gains on sales of investments	**40,098**	5,960
Investment holding gains	**4,808**	47,699
	44,906	53,659

Investment transaction costs

Transaction costs incurred in the acquisition and disposal of investments, which are included in the gains on investments at fair value through profit or loss in the capital column of the Income Statement, were as follows:

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Purchase transaction costs	**293**	207
Sales transaction costs	**365**	213
	658	420

The portfolio turnover rate for the year was 55.2% (2016: 55.9%).

11 Derivative instruments

	Year ended 31.07.17 £'000	Year ended 31.07.16 £'000
Net (losses)/gains on derivative instruments		
Realised gains on long CFDs	**907**	861
Realised losses on short CFDs	**(1,260)**	(36)
Realised (losses)/gains on options	**(74)**	300
Movement in investment holding gains on long CFDs	**83**	1,114
Movement in investment holding losses on short CFDs	**(683)**	(329)
Movement in investment holding (losses)/gains on options	**(1,349)**	18
	(2,376)	1,928

	2017 fair value £'000	2016 fair value £'000
Fair value of derivative instruments recognised on the Balance Sheet		
Derivative assets at fair value through profit or loss	**2,829**	1,139
Derivative liabilities at fair value through profit or loss	**(1,554)**	(542)
	1,275	597

	2017		2016	
	fair value £'000	**gross asset exposure £'000**	fair value £'000	gross asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	**1,197**	**3,009**	1,114	5,263
Short CFDs	**(952)**	**14,099**	(329)	5,458
Short future	**(60)**	**1,094**	–	–
Put options (hedging exposure)	**1,090**	**(8,583)**	–	–
Covered call options reducing long exposure	**–**	**–**	(138)	(1,517)
Written put options	**–**	**–**	(50)	380
	1,275	**9,619**	597	9,584

12 Other Receivables

	2017 £'000	2016 £'000
Securities sold for future settlement	**1,089**	676
Accrued income	**562**	255
Debtors and prepayments	**115**	87
	1,766	1,018

The Directors consider that the carrying amount of other receivables approximates to their fair value.

13 Other Payables

	2017 £'000	2016 £'000
Securities purchased for future settlement	3,083	1,381
Creditors and accruals	602	428
	3,685	1,809

14 Share Capital

	2017 Number of shares	2017 £'000	2016 Number of shares	2016 £'000
Ordinary shares of 25 pence each – issued, allotted and fully paid **Held outside Treasury**				
Beginning and end of the year	67,488,213	16,872	67,488,213	16,872
Subscription shares of 0.001 pence – issued, allotted and fully paid **Beginning of the year**	–	–	–	–
Subscription shares issued	13,497,222	–	–	–
End of the year	13,497,222	–	–	–
Total share capital		16,872		16,872

A bonus issue of subscription shares to ordinary shareholders on the basis of one subscription share for every five ordinary shares held took place on 5 December 2016. Each subscription share gives the holder the right, but not the obligation, to subscribe for one ordinary share upon payment of the subscription price. The subscription price is based on the published unaudited NAV per ordinary share at 2 December 2016, plus a premium depending upon the year in which the right is exercised. The subscription share rights can be exercised annually in the 25 business days prior to the relevant subscription date (on which the exercises would take effect). The subscription dates, subscription prices and premiums are as follows:

	Subscription date	Exercise price	Premium
First subscription date	30 November 2017	370.75p	1%
Second subscription date	30 November 2018	381.75p	4%
Final subscription date	29 November 2019	392.75p	7%

After the final subscription date of 29 November 2019, the Company will appoint a trustee who will exercise any rights remaining that have not been exercised by shareholders, providing that by doing so a profit can be realised. To realise a profit the sale proceeds from selling the resulting ordinary shares in the market would need to be in excess of the 392.75 pence per share price of exercising the rights, plus any related expenses and fees. Any resulting profit will be paid to the holders of those outstanding subscription shares, unless the amount payable to an individual holder is less than £5, in which case such sum shall be retained for the benefit of the Company.

Subscription shares carry no rights to vote, to receive a dividend or to participate in the winding up of the Company.

15 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 from the warrant reserve in prior years with High Court approval. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The "other reserve" represents amounts transferred from the share premium account and the capital redemption reserve in prior years with High Court approval. 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.

16 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £280,191,000 (2016: £237,545,000) and on 67,488,213 (2016: 67,488,213) ordinary shares, being the number of ordinary shares in issue at the year end.

The diluted net asset value per ordinary share reflects the potential dilution in the net asset value per ordinary share if the rights of the 13,497,222 subscription shares in issue had been exercised on 31 July 2017 at the first exercise date price of 370.75 pence per share. The basis of the calculation is in accordance with the guidelines laid down by the AIC. There was no dilution at 31 July 2016 as no subscription shares were in issue.

The net asset value per ordinary share and the diluted net asset values per ordinary share are published by the London Stock Exchange on a daily basis.

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Investment Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are market, performance, discount control, gearing and currency risks. Other risks identified are tax and regulatory and operational risks, including those relating to third party service providers covering investment management, marketing and business development, company secretarial, fund administration and operations and support functions. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified are shown in the Strategic Report on pages 10 and 11.

This note refers to the identification, measurement and management of risks potentially affecting the value of financial instruments. The Company's financial instruments comprise:

- Equity shares;
- Derivative instruments including CFDs, futures and options; and
- Cash, liquid resources and short term receivables and payables that arise from its operations.

17 Financial Instruments continued

The risks identified 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, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Market price risk

Interest rate risk

The Company finances its operations through ordinary share capital and reserves. In addition, the Company may achieve a geared exposure to Asian equities through the use of derivative instruments which incur funding costs. 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:

	2017 £'000	2016 £'000
Exposure to financial instruments that earn interest		
Cash at bank	**14,822**	14,324
Short CFDs – exposure plus fair value	**13,147**	5,129
Amounts held in margin accounts	**1,937**	991
	29,906	20,444
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	**1,812**	4,149
Net exposure to financial instruments that earn interest	**28,094**	16,295

Foreign currency risk

The Company's net return on ordinary activities after taxation and its net assets can be affected by foreign exchange rate movements because the Company has income, assets and liabilities which are denominated in currencies other than the Company's functional currency which is UK sterling.

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

- movements in currency exchange rates affecting the value of investments and derivative instruments;
- movements in currency exchange rates affecting short term timing differences, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs; and
- movements in currency exchange rates affecting income received.

The portfolio management team monitor foreign currency risk but it is not the Company's policy to hedge against currency risk.

17 Financial Instruments continued

Currency exposure of financial assets

The Company's financial assets comprise equity investments, long exposures to derivative instruments, other receivables and cash and cash equivalents. The currency profile of these financial assets is shown below:

					2017
currency	**investments at fair value through profit or loss £'000**	**gross asset exposure to derivative instruments[1] £'000**	**other receivables[2] £'000**	**cash £'000**	**total £'000**
Indian rupee	**51,520**	**(1,079)**	**1,659**	**21**	**52,121**
Taiwan dollar	**34,214**	**3,009**	**387**	**1,623**	**39,233**
Hong Kong dollar	**41,209**	**(4,327)**	**90**	**762**	**37,734**
South Korean won	**30,140**	**(3,177)**	**–**	**7**	**26,970**
Australian dollar	**24,846**	**–**	**–**	**36**	**24,882**
US dollar	**8,090**	**–**	**1,400**	**11,493**	**20,983**
Philippine peso	**17,380**	**–**	**–**	**–**	**17,380**
Singapore dollar	**15,967**	**–**	**6**	**–**	**15,973**
Indonesian rupiah	**15,739**	**–**	**46**	**–**	**15,785**
Thai baht	**9,959**	**–**	**–**	**–**	**9,959**
Malaysian ringgit	**2,705**	**–**	**–**	**–**	**2,705**
Other overseas currencies	**10,851**	**–**	**–**	**685**	**11,536**
UK sterling	**1,456**	**–**	**115**	**195**	**1,766**
	264,076	**(5,574)**	**3,703**	**14,822**	**277,027**

1 The gross asset exposure of long CFDs after the netting of hedging exposures.

2 Other receivables include amounts held in margin accounts.

17 Financial Instruments continued

currency	investments at fair value through profit or loss £'000	gross asset exposure to long derivative instruments £'000	other receivables* £'000	cash £'000	total £'000
					2016
Indian rupee	45,185	–	63	30	45,278
Hong Kong dollar	35,952	–	104	54	36,110
US dollar	14,291	5,643	1	11,620	31,555
Taiwan dollar	24,690	–	73	904	25,667
Singapore dollar	18,717	–	90	–	18,807
Australian dollar	16,816	–	365	–	17,181
Thai baht	15,471	–	227	–	15,698
South Korean won	15,416	–	1	3	15,420
Philippine peso	12,741	–	–	–	12,741
Indonesian rupiah	9,969	–	4	–	9,973
Malaysian ringgit	5,236	–	–	–	5,236
Other overseas currencies	7,940	–	7	1,564	9,511
UK sterling	–	–	1,074	149	1,223
	222,424	5,643	2,009	14,324	244,400

*Other receivables include amounts held in margin accounts.

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprise short positions on derivative instruments and other payables. The currency profile of these financial liabilities is shown below:

currency	**exposure to short derivative instruments £'000**	**other payables £'000**	**total £'000**
			2017
Hong Kong dollar	**5,960**	**1,387**	**7,347**
Australian dollar	**3,110**	**307**	**3,417**
Indian rupee	**1,094**	**249**	**1,343**
US dollar	**–**	**331**	**331**
Other overseas currencies	**5,029**	**1,031**	**6,060**
UK sterling	**–**	**380**	**380**
	15,193	**3,685**	**18,878**

17 Financial Instruments continued

currency	exposure to short derivative instruments £'000	other payables £'000	2016 total £'000
US dollar	3,520	20	3,540
Hong Kong dollar	2,789	–	2,789
South Korean won	–	806	806
Australian dollar	666	–	666
Other overseas currencies	–	575	575
UK sterling	–	408	408
	6,975	1,809	8,784

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 at least 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.

Liquidity risk

The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold to meet funding commitments when needed. Short term flexibility is achieved by the use of a bank overdraft, if required. Other financial liabilities are repayable within one year.

Counterparty risk

Certain of the derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps Dealers Association's ("ISDA") market standard derivative legal documentation. These are known as Over The Counter ("OTC") trades. As a result the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and by evaluating derivative instrument credit risk exposure.

For OTC derivative transactions, 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 2017 £17,000 (2016: £846,000) was held by the brokers, in government bonds in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company and £1,937,000 (2016: £991,000) was deposited by the Company in cash, shown as amounts in margin accounts on the Balance Sheet, in a segregated account at the brokers, to reduce the credit risk exposure of the brokers.

17 Financial Instruments continued

Credit risk

Financial instruments 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 brokers that have been approved by the Investment Managers and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on unsettled security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

The Company's investment policy allows derivative instruments to be employed for the following purposes:

- as an alternative form of gearing to bank loans. The Company would enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs;
- to hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable cost; and
- to enhance the investment returns by taking short exposures on stocks that the Investment Manager considers to be over-valued.

Derivative instruments are subject to Other Price Risk and the measures taken to control it as described above in this Note. In addition, the portfolio management team includes an experienced, specialist derivatives team that uses portfolio risk assessment and construction tools to manage the risk and investment performance of derivative instruments.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the balance sheet date, an increase of 0.25% in interest rates throughout the year would have increased the net return on ordinary activities after taxation for the year and increased the net assets of the Company by £70,000 (2016: £41,000). A decrease of 0.25% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial assets and liabilities held and the exchange rates ruling at the Balance Sheet date, a strengthening of the UK sterling exchange rate by 10% against other currencies would have decreased the net return on ordinary activities after taxation for the year and decreased the net assets of the Company by the following amounts:

currency	**2017 £'000**	2016 £'000
Indian rupee	**(4,808)**	(4,114)
Hong Kong dollar	**(3,671)**	(3,273)
Taiwan dollar	**(3,399)**	(2,333)
South Korean won	**(2,768)**	(1,329)
Australian dollar	**(2,247)**	(1,553)
US dollar	**(1,878)**	(2,427)
	(18,771)	(15,029)

17 Financial Instruments continued

Based on the financial assets and liabilities held and the exchange rates ruling at the Balance Sheet date, a weakening of the UK sterling exchange rate by 10% against other currencies would have increased the net return on ordinary activities after taxation for the year and increased the net assets of the Company by the following amounts:

currency	**2017 £'000**	2016 £'000
Indian rupee	**5,877**	5,028
Hong Kong dollar	**4,487**	4,000
Taiwan dollar	**4,155**	2,852
South Korean won	**3,383**	1,624
Australian dollar	**2,746**	1,899
US dollar	**2,295**	2,966
	22,943	18,369

Other price risk – exposure to investments sensitivity analysis

An increase of 10% in the fair value of investments at 31 July 2017 would have increased the net return on ordinary activities after taxation for the year and increased the net assets of the Company by £26,408,000 (2016: £22,242,000). A decrease of 10% in the fair value of investments would have had an equal and opposite effect.

Other price risk – exposure to derivative instruments sensitivity analysis

An increase of 10% in the fair value of the investments underlying the derivative instruments at 31 July 2017 would have decreased the net return on ordinary activities after taxation for the year and decreased the net assets of the Company by £2,077,000 (2016: £133,000). A decrease of 10% in the fair value of investments underlying the derivative instruments would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. As explained in Note 2 (j) and (k) above, investments and derivative instruments are shown at fair value. In the case of cash, book value approximates to fair value due to the short maturity of the instruments.

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

17 Financial Instruments continued

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 Note 2 (j) and (k). The table below sets out the Company's fair value hierarchy:

	level 1 £'000	**level 2 £'000**	**2017 total £'000**	level 1 £'000	level 2 £'000	2016 total £'000
Financial assets at fair value through profit or loss						
Investments	**259,508**	**4,568**	**264,076**	216,658	5,766	222,424
Derivative instruments	**789**	**2,040**	**2,829**	–	1,139	1,139
	260,297	**6,608**	**266,905**	216,658	6,905	223,563
Financial liabilities at fair value through profit or loss						
Derivative instruments	**(60)**	**(1,494)**	**(1,554)**	(188)	(354)	(542)

18 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 on page 43, and any gearing, which may be achieved through the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 8. The principal risks and their management are disclosed in the Strategic Report on pages 10 and 11 and in Note 17.

The Company's gearing (net cash position) at the year end is set out below:

	2017 gross asset exposure £'000	2016 gross asset exposure £'000
Long exposures to shares and equity linked notes	**264,076**	222,424
Covered call options reducing the above exposure	**–**	(1,517)
Long CFDs	**3,009**	5,263
Written put options	**–**	380
Total long exposures	**267,085**	226,550
Less: hedging exposure to Index linked put options	**(8,583)**	–
Total long exposures after the netting of hedges	**258,502**	226,550
Short CFDs	**14,099**	5,458
Short future	**1,094**	–
Gross Asset Exposure	**273,695**	232,008
Total Shareholders' Funds	**280,191**	237,545
Gearing – (net cash position)*	**(2.3%)**	(2.3%)

* Gross Asset Exposure less Total Shareholders' Funds expressed as a percentage of Total Shareholders' Funds.

19 Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management and the role of company secretary to FIL Investments International ("FII"). Both companies are Fidelity group companies. Details of the fee arrangements are given in the Directors' Report, on page 23, and in Note 4. During the year management fees of £2,500,000 (2016: £1,847,000) and secretarial and administration fees of £75,000 (2016: £75,000) were payable to FII. At the Balance Sheet date management fees of £220,000 (2016: £174,000) and secretarial and administration fees of £46,000 (2016: £46,000) were accrued and included in other payables. FII also provides the Company with marketing services. The total amount payable for these services during the year was £144,000 (2016: £122,000). At the Balance Sheet date marketing services of £3,000 (2016: £14,000) were accrued and included in other payables.

Disclosures of the Directors' interests in the ordinary shares of the Company and Directors' fees and taxable benefits relating to reasonable travel expenses payable to the Directors are given in the Directors' Remuneration Report on pages 31 and 32. The Directors received compensation of £135,000 (2016: £135,000). In addition to the fees and taxable benefits disclosed in the Directors' Remuneration Report, this amount includes £11,000 (2016: £11,000) of employers' National Insurance Contributions paid by the Company.

Financial Calendar

The key dates in the Company's calendar are:

31 July 2017 – Financial Year End
October 2017 – Announcement of results for the year ended 31 July 2017
October 2017 – Publication of this Report
19 October 2017 – Ex-dividend Date
20 October 2017 – Record Date
7 December 2017 – Annual General Meeting
12 December 2017 – Payment of the Dividend
31 January 2018 – Half-Year End
March 2018 – Announcement of the Half-Yearly results to 31 January 2018
April 2018 – Publication of the Half-Yearly Report

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 7 December 2017 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 2017.
2. To declare that a final dividend for the year ended 31 July 2017 of 5.00 pence per ordinary share be paid to shareholders on the register as at close of business on 20 October 2017.
3. To re-elect Kate Bolsover as a Director.
4. To re-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 30) for the year ended 31 July 2017.
9. To approve the Remuneration Policy as stated in the Directors' Remuneration Report on page 30.
10. To reappoint 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.
11. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, pass the following special business resolutions of which Resolution 12 will be proposed as an ordinary resolution and Resolutions 13 and 14 as special resolutions.

Authority to allot shares and disapply pre-emption rights

Resolutions 12 and 13 will, if approved, authorise the Directors to allot a limited number of new ordinary shares (or to 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 10% of the number of ordinary shares of the Company (including Treasury shares) in issue on 11 October 2017. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority in order 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 be re-issued at no less than net asset value ("NAV") per share or at a premium to NAV per share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per share.

12. 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 £1,687,205 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 11 October 2017) 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 ("AGM") 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 including in respect of the allotment of shares pursuant to the exercise of subscription share rights).
13. THAT, subject to the passing of Resolution 12, set out above, 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 12 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 £1,687,205 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 11 October 2017); 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 NAV per share,

    and this power shall expire at the conclusion of the next AGM 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.

Authority to repurchase shares

Resolutions 14 and 15 are special resolutions which, if approved, will renew the Company's authority to purchase up to 14.99% respectively of the number of ordinary and subscription shares in issue (excluding Treasury shares) on 11 October 2017 either for immediate cancellation or, in respect of the ordinary shares repurchased, 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

Notice of Meeting continued

shares and subscription 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 of ordinary shares will only be made in the market at prices below the prevailing NAV per share, thereby resulting in an increased NAV per share.

14. 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;

    b) the minimum price which may be paid for a share is 25 pence;

    c) the maximum price which may be paid for each 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 amount stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5(6) of the Market Abuse Regulation (EU) No. 596/2014;

    d) the authority hereby conferred shall expire at the conclusion of the next AGM 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.

15. THAT in addition to the authority under section 701 of the Act granted under Resolution 14, the Company be generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its issued subscription shares of 0.001 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 2,023,233;

    b) the minimum price which may be paid for a share is 0.001 pence;

    c) the maximum price 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 amount stipulated by Regulatory Technical Standards adopted by the European commission pursuant to Article 5(6) of the Market Abuse Regulation (EU) No.596/2014;

    d) the authority hereby conferred shall expire on at the conclusion of the next AGM of the Company unless the 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 subscription shares pursuant to any such contract notwithstanding such expiry.

By Order of the Board
FIL Investments International
Secretary
11 October 2017

Notes:

1. A member of the Company entitled to attend and vote at the AGM convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A member may appoint more than one proxy in relation to the AGM 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 Registrar at the address on the form to arrive not later than 11.00 am on 5 December 2017. 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 Registrar, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than 48 hours before the time for holding the meeting or adjourned meeting 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 5 December 2017. 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 Registrar no later than 11.00 am on 5 December 2017.

6. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on 5 December 2017.

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 Note 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 AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on 5 December 2017. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two 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 11 October 2017 (the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 67,488,213 ordinary shares carrying one vote each and 13,497,222 subscription shares with no voting rights. No shares were held in Treasury, therefore, the total number of shares with voting rights in the Company as at 11 October 2017 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 AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report 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 AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

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.fidelityinvestmenttrusts.com**.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Shareholder Information

Investing in Fidelity Asian Values PLC

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

Contact Information

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 of your choice. Links to the websites of major platforms can be found online at:
www.fidelityinvestmenttrusts.com

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.

Telephone: **0871 664 0300** (calls cost 12p per minute plus network extras. If you are outside the United Kingdom, call **+44 371 664 0300**. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm Monday to Friday, excluding public holidays in England and Wales).

Email: **shareholderenquiries@capita.co.uk**

Details of individual shareholdings and other information can also be obtained from the Registrar's website: **www.signalshares.com.**

Fidelity Platform Investors

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

Website: **www.fidelity.co.uk/its**

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.

General enquiries

General enquiries should be made to the 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**.

Email: **investmenttrusts@fil.com**.

Website: **www.fidelityinvestmenttrusts.com**

Online Shareholder Services – Share Portal

Through the website of the Registrar at **www.signalshares.com**, shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online access service. 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 to 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.

Should you have any queries in respect of the above facilities, please contact the Capita Share Portal helpline on **0871 664 0300** (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call **+44 371 664 0300**. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

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**, or by telephoning **0371 664 0445** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 8.00 am to 4.30 pm, Monday to Friday excluding public holidays in England and Wales). The Capita Share Dealing Services allows you to deal in the shares of other companies for which Capita Asset Services 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 Asset Services' Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using their dividend money to purchase additional shares in the Company. 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** or log on to **www.signalshares.com**.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at **www.sharegift.org.uk** or by telephoning **020 7930 3737**.

Keeping You Updated

If you hold Fidelity Asian Values PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

Managers 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
Email: **investmenttrusts@fil.com**

Financial Advisers and Stockbrokers
Stifel Nicolaus Europe Ltd
150 Cheapside
London
EC2V 6ET

Independent Auditor
Ernst & Young LLP
25 Churchill Place
London
E14 5EY

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

Depositary
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 Speechlys LLP
5 Fleet Place
London
EC4M 7RD

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 final subscription date for the warrants was December 2016). The Company issued one subscription share for every five ordinary shares held on 4 March 2010 (the final subscription date was May 2013). A further subscription share issue was made on 2 December 2016 on the basis of one subscription share for every five held by qualifying investors. The dates for exercising these subscription shares will be November 2017, 2018 and 2019. Further details can be found on page 4.

The Company is a member of The Association of Investment Companies (the "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 Fidelity Asian Values PLC is published daily in the Financial Times under the heading "Investment Companies". The share price is also published in The Times, The Daily Telegraph and The Independent. Price and performance information is also available at **www.fidelityinvestmenttrusts.com**.

Investors can also obtain current price information by telephoning Fidelity for free on **0800 41 41 10** or FT Cityline on **0905 817 1690**, (voice activated service – 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. The sedol for the subscription shares is BDQZFVS and the ISIN is GB00BDQZFV55.

Net Asset Value ("NAV") Information

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

Capital Gains Tax

All UK individuals under present legislation are permitted to have £11,300 of capital gains in the current tax year 2017/2018 (2016/2017: £11,100) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent 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 ("AIFMD") is a European Union Directive implemented on 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
Assets provided as security.

Comparative Index
MSCI All Countries Asia ex Japan Index (net) in Sterling terms total return.

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 holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

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.

Diluted Net Asset Value per Ordinary Share
The diluted net asset value per ordinary share reflects what the net asset value per ordinary share would have been if all the rights attached to the outstanding subscription shares had been exercised at the year end date. A dilution occurs when the exercise price of the subscription share rights is less than the net asset value per ordinary share.

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 investments, including derivatives, at a point in time and this is measured as:

- Listed investments – valued at bid prices, or last market prices, as available, otherwise at published price quotations;
- Contracts for difference – valued as the difference between the settlement price of the contract and the underlying shares in the contract (unrealised gains or losses); and
- Options – valued at the quoted trade price for the contract.

Futures
Agreements to buy or sell a stated amount of a security at a specific future date and at a pre-agreed price.

Gearing
Gearing describes the level of the Company's exposure and is expressed as a percentage of shareholders' funds. It reflects the amount of exposure the Company uses to invest in the market. It can be obtained through the use of bank loans, bank overdrafts and derivatives, in order to increase the Company's exposure to investments. If assets rise in value, gearing magnifies the return to shareholders. Correspondingly, if assets fall in value, gearing

magnifies the fall. Derivatives 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 derivatives), 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.

Gross Asset Exposure
A measure of the Company's total equity exposure. It is calculated as the sum of all long exposures, after taking account of hedging positions and the absolute value of all short exposures.

Hedging
A strategy aimed at minimising or eliminating the risk or loss through adverse movements normally involving taking a position in a derivative such as a future or an option.

Manager
FIL Investments Services (UK) Limited, was appointed as the Manager in accordance with the Alternative Investment Fund Managers' Directive (AIFMD), and has delegated the portfolio management of assets to FIL Investments International.

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.

Net Asset Value per Ordinary Share
The Net asset value divided by the number of ordinary shares in issue.

Net Market Exposure
A measure of the Company's net equity exposure. It is calculated as the total of all long exposures (less the total of any exposures hedging the portfolio) less the total of all short exposures.

Ongoing Charges
Total operational expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average net asset values.

Options
An option is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. Options may be calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis.

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 10% of the Company's issued share capital.

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 return; 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 share price or net asset value per share taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested for additional shares (for share price total return) or in 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 receive dividends, have no voting rights and are excluded from the net asset value per share 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 23.

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

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	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. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 8 and 9.
Risk management	The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management. 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. 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.	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 10 and 11 and in Note 17 to the Financial Statements on pages 53 to 60.
Valuation of illiquid assets	The Directive requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	Not Applicable.
Leverage	The Company uses leverage to increase its exposure to the stockmarkets of the Asian Region (excluding Japan) and currently holds derivative instruments. 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. There are two methods of leverage - the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.	The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. At 31 July 2017, actual leverage was 1.04 for the Gross Method and 1.03 for the Commitment Method.
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 57.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy. 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).	Details of Fidelity International's Global Reumeration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page.

EU Securities Financing Transactions Regulations ('SFTR')

The following disclosures relate to the contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, which came into force on 12 January 2016. For the year ended 31 July 2017, the total return from CFDs was a loss of £1,257,000. CFDs were contracted bilaterally with Deutsche Bank AG ("DB"), Goldman Sachs ("GS"), HSBC Bank plc ("HSBC") and UBS AG ("UBS") and had an open maturity. At 31 July 2017, the fair value of CFDs was £245,000 (0.1% of net assets) comprising: DB £142,000; GS £3,000; HSBC (£235,000) and UBS £335,000. Collateral from UBS of £17,000 was held in a segregated account on behalf of the Company in UK Government bonds denominated in Sterling.

Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited

Printed on FSC® certified paper.

100% of the inks used are vegetable oil based 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

The FSC® logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council®.

This document is printed on Cocoon Silk; a paper made using 50% recycled fibre from genuine waste paper and 50% virgin fibre.

The unavoidable carbon emissions generated during the manufacture and delivery of this document, have been reduced to net zero through a verified, carbon offsetting project.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

CERTIFIED CARBON NEUTRAL® publication
CarbonNeutral.com