

Fidelity European Values PLC

Half-Yearly Report

For the 6 months ended 30 June 2013



Contents

Investment Objective and Performance Summary	1
Financial Summary	2
Half-Yearly Report	3
Directors' Responsibility Statement	6
Twenty Largest Investments	7
Financial Statements	8
Investor Information	18
Directory	19
Glossary of Terms	20
Warning to Shareholders – Share Fraud Warning	24

Investment Objective and Performance Summary

The investment objective of the Company is to achieve long term capital growth from the stockmarkets of continental Europe.

Performance (on a total return basis) (%)

	Six months to 30 June 2013	From launch 5 November 1991
Net Asset Value ("NAV") per Share Total Return	+11.9%	+1,812.7%
Share Price Total Return	+9.7%	+1,604.8%
FTSE World Europe (ex UK) Index Total Return	+10.9%	+537.0%

Standardised performance (on a total return basis) (%)

	30/06/12 to 30/06/13	30/06/11 to 30/06/12	30/06/10 to 30/06/11	30/06/09 to 30/06/10	30/06/08 to 30/06/09
NAV per share	+26.8%	-12.0%	+30.5%	+14.9%	-24.2%
Share Price	+30.5%	-12.1%	+37.0%	+7.0%	-25.8%
FTSE World Europe (ex UK) Index ¹	+27.9%	-20.0%	+29.4%	+15.1%	-20.8%

1 Data prior to the period ended 30 June 2011 is on a net of tax basis

Sources: Fidelity and Datastream

Past performance is not a guide to future returns



The Company is a member of the Association of Investment Companies

Financial Summary

	30 June 2013	31 December 2012
Assets		
Total portfolio exposure ¹	£710.6m	£684.9m
Shareholders' funds	£665.2m	£616.3m
Total portfolio exposure in excess of shareholders' funds (Gearing)	6.8%	11.1%
NAV per share (cum-income)	1,572.79p	1,428.97p
NAV per share (ex-income)	1,541.69p	1,401.02p
Stockmarket data		
FTSE World Europe (ex UK) Index ²	383.47	355.63
Share price	1,385.00p	1,287.00p
Discount (cum-income basis)	11.9%	9.9%
Discount (ex-income basis)	10.2%	8.1%
Results for the six months to 30 June – see pages 8 and 9		
	2013	2012
Revenue return per ordinary share	30.81p	28.25p
Capital return per ordinary share	139.05p	87.26p
Total return per ordinary share	169.86p	115.51p
Total returns (includes reinvested income) for the six months to 30 June		
	2013	2012
NAV per share	+11.9%	+10.1%
Share price	+9.7%	+10.4%
FTSE World Europe (ex UK) Index	+10.9%	+2.2%

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

2 Price index

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

PERFORMANCE

During the first six months of the year the NAV total return was 11.9% compared to a total return of 10.9% for the FTSE World Europe (ex UK) Index. The share price total return was 9.7%, lagging the NAV total return as a consequence of a widening in the share price discount to NAV, from 9.9% at 31 December 2012 to 11.9% at 30 June 2013. (All figures in sterling terms).

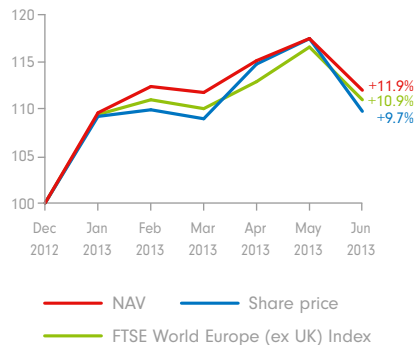
MARKET REVIEW

Investors appear, in this first half of 2013, to have followed the advice of the old adage “sell in May and go away”. Continental European equities, which had been rising since the beginning of the year, continuing the strong second half performance of 2012, peaked in late May. At first, equities were undermined by rising US treasury bond yields, as confidence grew in economic recovery there. Ben Bernanke then announced, in June, that the Federal Reserve was considering a reduction (“tapering”) in the amount of monthly bond purchases (“quantitative easing”) that the central bank would undertake in the future. This resulted in a further step-up in long bond yields and a corresponding fall in equity values such that, by the end of June, continental European equities had retreated some eight percent from their peak. Despite this correction, continental European equities still rose over the period, although, due to the depreciation of the pound, much more in sterling terms than in local currency.

Rising bond yields precipitated a change in market leadership too. The strong performers of the first quarter were bond-like equities, which had demonstrated earnings resilience in a difficult environment. Sectors such as pharmaceuticals and consumer staples performed particularly well, which was surprising given the overall strength of the market. As bond yields started to rise in May, investors turned their attention towards companies that would benefit from an improvement in the

global economy and a period of rising rates. Commodities and commodity sectors, including the energy sector, remained poor performers throughout the period.

Total return performance for the six months to 30 June 2013



Rebased to 100 at 31 December 2012
Sources: Fidelity and Datastream

PORTFOLIO MANAGER'S REPORT

Your Company's NAV outperformed the Benchmark over the period. After a strong first quarter, the Company gave up some ground in the second quarter.

At the stock level, strong performances from market-sensitive financials, such as 3i and UBS, were largely off-set by disappointing results among other holdings. Umicore warned that precious metals recycling profits would fall year-on-year, partly as a result of weakness in the price of gold and the platinum group metals. Saipem, the global oil services company, saw a sharp drop in its share price in the first quarter following a major profit warning and the announcement of a cut in the dividend. The holding, which had been reduced last year, was sold immediately. This saved the Company from

Half-Yearly Report

further damage when Saipem delivered a second major profit warning in June.

May was, in general, a difficult month for your Company as rising bond yields impacted the valuation of bond-like equities such as Nestlé and Anheuser Busch Inbev which had, to date, demonstrated earnings resilience in difficult times. The increasing weakness and unrest in emerging markets also affected these stocks as well as other holdings such as Turkiye Garanti.

DISCOUNT MANAGEMENT

The Board continues to adopt an active discount management policy and share buybacks have been made during the period. Whilst the primary purpose of our policy is to reduce share price volatility in relation to NAV, buying in shares at a discount also results in an enhancement to NAV per share.

During the six months to 30 June 2013, 830,679 ordinary shares were repurchased for cancellation, at an average price of 1,401.38 pence per share. Since the reporting period end, a further 29,755 shares have been repurchased for cancellation at a price of 1,396.30 pence per share.

The discount at 30 June 2013 was 11.9% on a cum-income NAV basis.

With effect from 19 June 2013 we began releasing your Company's NAV on an ex-income as well as a cum-income basis. This was to enable an easier comparison with the peer group, who also release daily ex-income as well as cum-income NAVs. On an ex-income NAV basis, our share price discount stood at 10.2% at 30 June 2013.

GEARING

Your Company continues to gear through the use of long Contracts For Difference ("CFDs"). As at 30 June 2013 the level of gearing was 6.8%. The

Board has set a gearing range of 5-15% and in the six month period gearing has made a positive contribution to performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the internal controls process, identifies the key risks that your Company faces. The Board believes that the principal risks and uncertainties faced by your Company continue to fall into the following categories: market risk (including possible impacts of the Eurozone situation); performance risk; income and dividend risk; share price risks; gearing risk; tax and regulatory risks; and operational risks. Information on each of these can be found in the Business Review section of the Annual Report for the year ended 31 December 2012.

GOING CONCERN

The Board receives regular reports from the Manager and the Directors have a reasonable expectation that your Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements as outlined in the Annual Report for the year ended 31 December 2012. The next continuation vote will be put to shareholders at the Annual General Meeting in 2015.

EUROPEAN DIRECTIVE ON ALTERNATIVE INVESTMENT FUND MANAGERS

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Directive that affects many investment funds, including your Company.

The Board has been advised that the Directive is unlikely to have any material effect on the Company although the regulations implementing the Directive will require the appointment of a

depository, amendments to a number of agreements under which services are provided to the Company and will involve some additional reporting, both to you, the shareholder, and to the Financial Conduct Authority.

The Board has been further advised that the only consequence of note for shareholders is a potential increase in the operating costs of the Company, primarily deriving from the additional cost of appointing a depository. At present it is too early to know the precise size of any increase, not least as the Directive is not expected to apply to your Company, under the transitional regime applicable in the UK, until 22 July 2014.

Naturally, the Board will continue to seek to restrict any increase in operating costs to that necessary for compliance with the new regulatory regime.

The Board has agreed to appoint FIL Investments International (the current manager) as its interim Alternative Investment Fund Manager ('AIFM') (for no additional fee), and as such the Manager is in the process of seeking to become a registered AIFM during the transitional period so that your Company will become fully compliant by July 2014.

OUTLOOK

There is much debate about the recent rise in bond yields. Is this an inflection point, following a very long (more than three decades) decline in bond yields? An inflection point that signals the beginning of a new era in which the global economy, led by the US, shakes off the shackles of the financial crisis and returns to a more normal rate of growth? Or will bond yields sink again when it becomes apparent that it is too soon and the economy is still too fragile for the Federal Reserve to start "tapering" quantitative easing?

Any expectation of renewed growth relies on an assumption that the US economy remains

paramount in shaping the direction of the global economy. There is a risk however that lower rates of growth in the BRIC countries will off-set any US recovery. China's rate of growth is slowing as the government focuses more on the quality and sustainability of growth rather than just the volume of growth. Most notably, commodity prices have been weak, reflecting a slower pace in Chinese demand and a lagged supply response. This is good news for inflation expectations but may lead to further weakness in the new BRIC (Brazil, Russia, India and China) motors of the global economy. The Eurozone sovereign debt crisis, which appears to be in remission, remains vulnerable to any slowdown in global growth.

It will be a fluid environment but your Portfolio Manager's focus will continue to be on attractively-valued companies, with sound balance sheets, which can deliver consistent dividend growth. Over the last year, we have seen a dramatic re-rating of equities, given that stock markets have risen while earnings and dividends have not. Continental European equities are now fairly valued relative to historic norms so, from here, we will need to see earnings and dividend growth for them to continue to rise. Your Portfolio Manager invests on a three to five year investment horizon and remains confident that, over this time frame, the equities held by your Company will grow dividends and perform well.

By order of the Board

FIL Investments International

29 July 2013

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- a) the condensed set of financial statements contained within the Half-Yearly financial report has been prepared in accordance with the UK Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- b) the Half-Yearly Report narrative on pages 3 to 5 (constituting the interim management report) include a fair review of the information required by Rule 4.2.7R of the FCA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties and going concern for the remaining six months of the financial year; and
- c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 30 June 2013 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

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

The Half-Yearly financial report was approved by the Board on 29 July 2013 and the above responsibility statement was signed on its behalf by Humphrey van der Klugt, Chairman.

Twenty Largest Investments as at 30 June 2013

Twenty Largest Investments, including long CFDs	Exposure £'000	Fair value ¹ £'000	Total Exposure ² %
Nestlé			
Packaged food	47,303	47,303	6.7
Sanofi (CFD)			
Pharmaceuticals	37,662	11,279	5.3
UBS			
Financial services	29,679	29,679	4.2
Novo-Nordisk			
Healthcare services	28,789	28,789	4.1
Schneider Electric (CFD)			
Electricity distribution and automation management	24,681	3,742	3.5
Anheuser-Busch InBev (CFD)			
Brewing	21,648	5,294	3.0
Royal Dutch Shell			
Oil and gas	21,506	21,506	3.0
SAP			
Software solutions and consultancy	21,383	21,383	3.0
Sampo			
Property and casualty insurance	19,785	19,785	2.8
Zurich Insurance Group			
Financial services	18,737	18,737	2.6
BNP Paribas (CFD)			
Financial services	18,555	1,169	2.6
Swedish Match			
Smokeless tobacco products	18,137	18,137	2.6
3i Group			
Speciality finance	17,051	17,051	2.4
Christian Dior			
Clothing and accessories	17,029	17,029	2.4
Linde			
Gases and engineering	15,543	15,543	2.2
GAM Holding			
Asset managers	14,865	14,865	2.1
Schindler Holding			
Escalators, elevators and moving walkways	13,734	13,734	1.9
MTU Aero Engines			
Machinery	13,617	13,617	1.9
Volkswagen			
Automobiles	13,504	13,504	1.9
SES			
Broadcasting and entertainment	13,342	13,342	1.8
Twenty Largest Investments	426,550	345,488	60.0
Other Investments	284,053	284,053	40.0
Total Portfolio (including long CFDs)	710,603	629,541	100.0

1 Fair value represents the carrying value in the Balance Sheet on page 12

2 % of the total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

Income Statement

		six months ended 30.06.13 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
Gains on investments designated at fair value through profit or loss		-	57,054	57,054
Gains on derivative instruments held at fair value through profit or loss		-	2,913	2,913
Income	2	17,622	-	17,622
Investment management fees		(2,839)	-	(2,839)
Performance fees		-	(502)	(502)
Other expenses		(384)	-	(384)
Exchange losses on other net assets		(9)	(98)	(107)
Net return before finance costs and taxation		<u>14,390</u>	<u>59,367</u>	<u>73,757</u>
Finance costs		(140)	-	(140)
Net return on ordinary activities before taxation		<u>14,250</u>	<u>59,367</u>	<u>73,617</u>
Taxation on return on ordinary activities	3	(1,097)	-	(1,097)
Net return on ordinary activities after taxation for the period		<u>13,153</u>	<u>59,367</u>	<u>72,520</u>
Return per ordinary share	4	<u>30.81p</u>	<u>139.05p</u>	<u>169.86p</u>

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement.

The total column of the Income Statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

These financial statements have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice issued in January 2009.

revenue £'000	year ended 31.12.12 audited		revenue £'000	six months ended 30.06.12 unaudited	
	capital £'000	total £'000		capital £'000	total £'000
-	93,403	93,403	-	31,009	31,009
-	19,630	19,630	-	9,654	9,654
18,518	-	18,518	15,595	-	15,595
(4,929)	-	(4,929)	(2,392)	-	(2,392)
-	(2,243)	(2,243)	-	(1,495)	(1,495)
(629)	-	(629)	(268)	-	(268)
(76)	(153)	(229)	(61)	(1,123)	(1,184)
<u>12,884</u>	<u>110,637</u>	<u>123,521</u>	<u>12,874</u>	<u>38,045</u>	<u>50,919</u>
(326)	-	(326)	(186)	-	(186)
<u>12,558</u>	<u>110,637</u>	<u>123,195</u>	<u>12,688</u>	<u>38,045</u>	<u>50,733</u>
(503)	-	(503)	(372)	-	(372)
<u>12,055</u>	<u>110,637</u>	<u>122,692</u>	<u>12,316</u>	<u>38,045</u>	<u>50,361</u>
<u>27.78p</u>	<u>254.97p</u>	<u>282.75p</u>	<u>28.25p</u>	<u>87.26p</u>	<u>115.51p</u>

Reconciliation of Movements in Shareholders' Funds

	Notes	share capital £'000	share premium account £'000
Opening shareholders' funds at 1 January 2012		11,073	58,615
Repurchase of ordinary shares	6	(272)	-
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds at 30 June 2012		<u>10,801</u>	<u>58,615</u>
Opening shareholders' funds at 1 January 2012		11,073	58,615
Repurchase of ordinary shares	6	(292)	-
Net return on ordinary activities after taxation for the year		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds at 31 December 2012		<u>10,781</u>	<u>58,615</u>
Repurchase of ordinary shares	6	(207)	-
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds at 30 June 2013		<u>10,574</u>	<u>58,615</u>

capital redemption reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
4,752	425,007	18,170	517,617
272	(11,540)	-	(11,540)
-	38,045	12,316	50,361
-	-	(11,578)	(11,578)
<u>5,024</u>	<u>451,512</u>	<u>18,908</u>	<u>544,860</u>
4,752	425,007	18,170	517,617
292	(12,457)	-	(12,457)
-	110,637	12,055	122,692
-	-	(11,578)	(11,578)
<u>5,044</u>	<u>523,187</u>	<u>18,647</u>	<u>616,274</u>
207	(11,641)	-	(11,641)
-	59,367	13,153	72,520
-	-	(11,921)	(11,921)
<u>5,251</u>	<u>570,913</u>	<u>19,879</u>	<u>665,232</u>

Balance Sheet

Company No. 2638812

	Notes	30.06.13 unaudited £'000	31.12.12 audited £'000	30.06.12 unaudited £'000
Fixed assets				
Investments designated at fair value through profit or loss		<u>608,057</u>	<u>583,938</u>	<u>508,855</u>
Current assets				
Derivative assets held at fair value through profit or loss		21,484	16,448	5,695
Debtors		2,409	1,940	2,955
Fidelity Institutional Liquidity Fund plc		32	30	30
Cash at bank		<u>35,346</u>	<u>20,450</u>	<u>34,631</u>
		<u>59,271</u>	<u>38,868</u>	<u>43,311</u>
Creditors				
Derivative liabilities held at fair value through profit or loss		-	(2,747)	(2,833)
Other creditors		<u>(2,096)</u>	<u>(3,785)</u>	<u>(4,473)</u>
		<u>(2,096)</u>	<u>(6,532)</u>	<u>(7,306)</u>
Net current assets		<u>57,175</u>	<u>32,336</u>	<u>36,005</u>
Total net assets		<u>665,232</u>	<u>616,274</u>	<u>544,860</u>
Capital and reserves				
Share capital	6	10,574	10,781	10,801
Share premium account		58,615	58,615	58,615
Capital redemption reserve		5,251	5,044	5,024
Capital reserve		570,913	523,187	451,512
Revenue reserve		<u>19,879</u>	<u>18,647</u>	<u>18,908</u>
Total equity shareholders' funds		<u>665,232</u>	<u>616,274</u>	<u>544,860</u>
Net asset value per ordinary share	7	<u>1,572.79p</u>	<u>1,428.97p</u>	<u>1,261.13p</u>

Cash Flow Statement

	six months ended 30.06.13 unaudited £'000	year ended 31.12.12 audited £'000	six months ended 30.06.12 unaudited £'000
Operating activities			
Investment income received	12,037	13,165	10,968
Income received on long CFDs	2,835	1,162	1,162
Deposit interest received	19	53	26
Investment management fee paid	(2,736)	(4,721)	(2,330)
Performance fee paid	(2,243)	-	-
Directors' fees paid	(72)	(161)	(97)
Other cash payments	(335)	(675)	(417)
Net cash inflow from operating activities	<u>9,505</u>	<u>8,823</u>	<u>9,312</u>
Finance costs			
Interest paid on long CFDs	(141)	(335)	(189)
Net cash outflow from finance costs	<u>(141)</u>	<u>(335)</u>	<u>(189)</u>
Overseas taxation recovered	<u>550</u>	<u>1,106</u>	<u>590</u>
Financial investment			
Purchase of investments	(60,500)	(129,219)	(52,432)
Disposal of investments	94,015	144,451	80,916
Net cash inflow from financial investment	<u>33,515</u>	<u>15,232</u>	<u>28,484</u>
Derivative activities			
Net (payments)/proceeds from long CFD positions closed	(4,870)	9,038	9,902
Net cash (outflow)/inflow from derivative activities	<u>(4,870)</u>	<u>9,038</u>	<u>9,902</u>
Dividend paid to shareholders	<u>(11,921)</u>	<u>(11,578)</u>	<u>(11,578)</u>
Net cash inflow before use of liquid resources and financing	<u>26,638</u>	<u>22,286</u>	<u>36,521</u>
Cash flow from management of liquid resources			
Fidelity Institutional Liquidity Fund plc	-	1	1
Net cash inflow from management of liquid resources	<u>-</u>	<u>1</u>	<u>1</u>
Net cash inflow before financing	<u>26,638</u>	<u>22,287</u>	<u>36,522</u>
Financing			
Repurchase of ordinary shares	(11,642)	(14,055)	(13,139)
Net cash outflow from financing	<u>(11,642)</u>	<u>(14,055)</u>	<u>(13,139)</u>
Increase in cash	<u>14,996</u>	<u>8,232</u>	<u>23,383</u>

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The Half-Yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's annual report and financial statements for the year ended 31 December 2012.

30.06.13 unaudited £'000	31.12.12 audited £'000	30.06.12 unaudited £'000
--------------------------------	------------------------------	--------------------------------

2 INCOME

Income from investments designated at fair value through profit or loss

Overseas dividends	13,834	15,301	13,137
Overseas scrip dividends	561	1,435	898
UK dividends	371	570	372
	<u>14,766</u>	<u>17,306</u>	<u>14,407</u>

Income from derivative instruments held at fair value through profit or loss

Dividends on long CFDs	2,835	1,162	1,162
	<u>17,601</u>	<u>18,468</u>	<u>15,569</u>

Other income

Deposit interest	21	50	26
Total income	<u>17,622</u>	<u>18,518</u>	<u>15,595</u>

Notes to the Financial Statements

	30.06.13 unaudited £'000	31.12.12 audited £'000	30.06.12 unaudited £'000
3 TAXATION ON RETURN ON ORDINARY ACTIVITIES			
Overseas taxation suffered	2,039	2,584	2,146
Overseas taxation recovered	(942)	(2,081)	(1,774)
Current taxation charge	1,097	503	372

	30.06.13 unaudited	31.12.12 audited	30.06.12 unaudited
4 RETURN PER ORDINARY SHARE			
Revenue return per ordinary share – pence	30.81	27.78	28.25
Capital return per ordinary share – pence	139.05	254.97	87.26
Total return per ordinary share – pence	169.86	282.75	115.51

The return per ordinary share is based on the net return on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares in issue during the period.

	30.06.13 unaudited	31.12.12 audited	30.06.12 unaudited
Net revenue return on ordinary activities after taxation for the period – £'000	13,153	12,055	12,316
Net capital return on ordinary activities after taxation for the period – £'000	59,367	110,637	38,045
Net total return on ordinary activities after taxation for the period – £'000	72,520	122,692	50,361
Weighted average number of ordinary shares in issue during the period	42,695,559	43,391,355	43,599,364

Notes to the Financial Statements

	30.06.13 unaudited £'000	31.12.12 audited £'000	30.06.12 unaudited £'000
5 DIVIDENDS PAID			
Final dividend of 27.75 pence per ordinary share paid for the year ended 31 December 2012	11,921	-	-
Final dividend of 26.50 pence per ordinary share paid for the year ended 31 December 2011	-	11,578	11,578
	<u>11,921</u>	<u>11,578</u>	<u>11,578</u>

No dividend has been declared in respect of the six months to 30 June 2013.

	30.06.13 unaudited shares £'000		31.12.12 audited shares £'000		30.06.12 unaudited shares £'000	
6 SHARE CAPITAL						
Issued, allotted and fully paid						
Ordinary shares of 25 pence each						
Beginning of the period	43,127,073	10,781	44,294,946	11,073	44,294,946	11,073
Repurchase of ordinary shares	(830,679)	(207)	(1,167,873)	(292)	(1,090,853)	(272)
End of the period	<u>42,296,394</u>	<u>10,574</u>	<u>43,127,073</u>	<u>10,781</u>	<u>43,204,093</u>	<u>10,801</u>

7 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £665,232,000 (31.12.12: £616,274,000 and 30.06.12: £544,860,000) and on 42,296,394 (31.12.12: 43,127,073 and 30.06.12: 43,204,093) ordinary shares, being the number of ordinary shares in issue at the period end.

Notes to the Financial Statements

8 INVESTMENT TRANSACTION COSTS

Transaction costs are incurred on the acquisition and disposal of investments. These are included in the gains on investments designated at fair value through profit or loss in the capital column of the Income Statement and are summarised below:

	30.06.13 unaudited £'000	31.12.12 audited £'000	30.06.12 unaudited £'000
Purchases	71	173	93
Sales	109	121	51
	<u>180</u>	<u>294</u>	<u>144</u>

9 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 30 June 2013 and 30 June 2012, which are unaudited, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the year ended 31 December 2012 are extracted from the latest published financial statements. These financial statements, on which the Independent Auditor gave an unqualified report, have been delivered to the Registrar of Companies.

Investor Information

CONTACT INFORMATION

Private investors: can call free on 0800 41 41 10 9am to 6pm, Monday to Saturday.

Financial advisers: can call free on 0800 41 41 81 8am to 6pm, Monday to Friday.
www.fidelity.co.uk/its

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

Holders of ordinary shares

Capita Registrars, Registrars to Fidelity European Values PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday).

Email: ssd@capitaregistrars.com

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

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 12062, Mellon House, Ingrave Road, Brentwood, Essex CM14 9LX. Telephone: 0845 358 1107

(calls to this number are charged at 3.95p per minute from a BT landline. Other telephone service providers' costs may vary).

Fidelity ISA investors

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

General enquiries should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: 01732 36 11 44

Fax: 01737 83 68 92

www.fidelity.co.uk/its

Dividend Reinvestment Plan

This is a convenient way to build up your shareholding by using your cash dividends to buy more shares in the Company. If you prefer to receive shares for your next dividend instead of cash please complete an application form online at www.capitashareportal.com or call Capita IRG Trustees on 0871 664 0381 (calls cost 10p per minute plus network extras) from the UK or +44 20 8639 3402 from overseas.

FINANCIAL CALENDAR

30 June 2013 – Half-Yearly period end

29 July 2013 – Announcement of Half-Yearly results

August 2013 – Publication of Half-Yearly report

31 December 2013 – Financial year end

March 2014 – Publication of Annual Report

May 2014 – Annual General Meeting

BOARD OF DIRECTORS

Humphrey van der Klugt (Chairman)
James Robinson (Chairman of the Audit Committee
and Senior Independent Director)
Simon Fraser
Robin Niblett
Marion Sears

MANAGER, SECRETARY AND REGISTERED OFFICE

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

FINANCIAL ADVISERS AND STOCKBROKERS

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

INDEPENDENT AUDITOR

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

BANKERS AND CUSTODIAN

JP Morgan Chase Bank (London Branch)
125 London Wall
London EC2Y 5AJ

REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

LAWYERS

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Speechly Bircham LLP
6 New Street Square
London EC4A 3LX

Glossary of Terms

BENCHMARK

FTSE World Europe (ex UK) Index against which the performance of the Company is measured.

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 the underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A [Contract For Difference](#) allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received. The Company only uses long [Contracts For Difference](#).

DERIVATIVES

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

DISCOUNT

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

FAIR VALUE

The [fair value](#) is the best estimate of the 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, where available, otherwise at published price quotations;
- Unlisted investments valued using an appropriate valuation technique in the absence of an active market; and
- [Contracts For Difference](#) are valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

GEARING

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

GEARING PERCENTAGE

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

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.

NAV PER SHARE (CUM-INCOME)

The net asset value per share including the net revenue on ordinary activities after taxation for the period, as shown in the revenue column of the Income Statement.

NAV PER SHARE (EX-INCOME)

The net asset value per share excluding the net revenue on ordinary activities after taxation for the period, as shown in the revenue column of the Income Statement.

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**.

Glossary of Terms

RETURN

The return generated in the period from the investments:

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

The total of fixed asset investments at fair value plus the fair value of the underlying securities within the Contracts For Difference.

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 in additional shares (for share price total return) or the Company's assets (for net asset value total return).

Further Information

For application forms or more information about any of the investment options described here, please call the Fidelity Investment Trust Line on 0800 41 41 10 and talk to a Fidelity customer representative (9am to 6pm).

Alternatively, you may like to visit the Fidelity London Investor Centre at 25 Cannon Street, next to St Paul's Cathedral.

You can also find out more by visiting fidelity.co.uk/its or contacting your Financial Adviser.

The Fidelity Individual Savings Account ("ISA") and Junior ISA is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are regulated by the Financial Conduct Authority.

The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by FIL Investments International. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser.

Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than older developed markets. Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity.

Fidelity, Fidelity Worldwide Investment, the Fidelity Worldwide Investment logo and  symbol are trademarks of FIL Limited.

The content of websites referenced in this document does not form part of this document.

Warning to Shareholders

SHARE FRAUD WARNING

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

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

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

PROTECT YOURSELF

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

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

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

REPORT A SCAM

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

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

0300 123 2040



Fidelity, Fidelity Worldwide Investment, the Fidelity Worldwide Investment 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.

