



FidelityTM
INTERNATIONAL

FIDELITY ASIAN VALUES PLC

Annual Report for the year ended 31 July 2020

Investment Objective and Overview

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

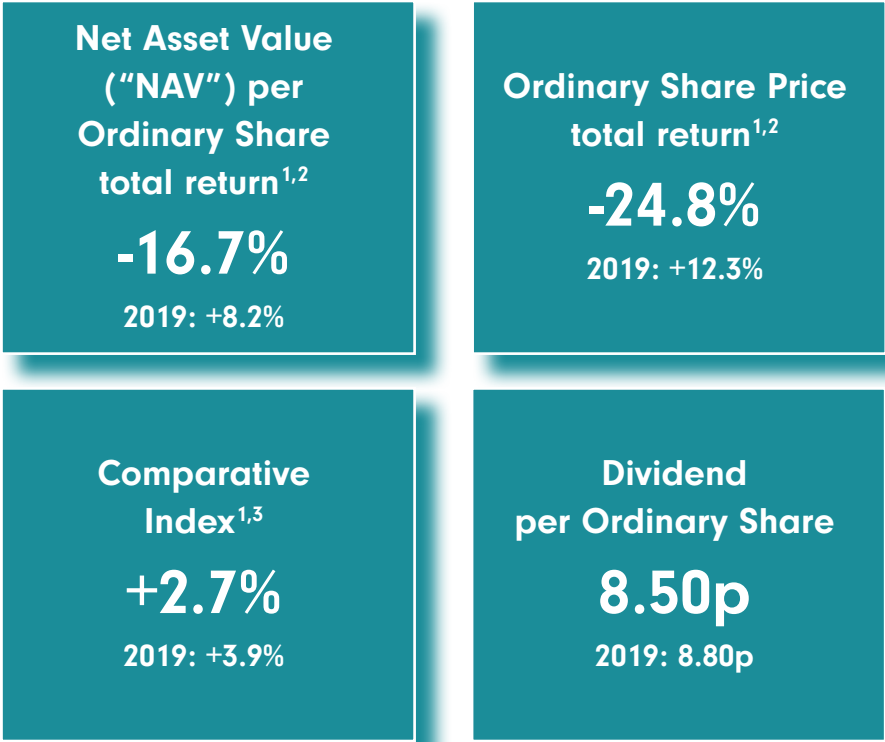
"In this year, perhaps more than most, predicting the future is difficult. The road ahead may be strewn with challenges, but we remain encouraged by the extreme valuation differential between "growth" and "value" companies and the opportunities inherent in that. As we begin the new financial year,

valuations are even more extreme in Asia than they were in the run up to the dot com bubble, when growth stocks sold at extraordinary multiples."

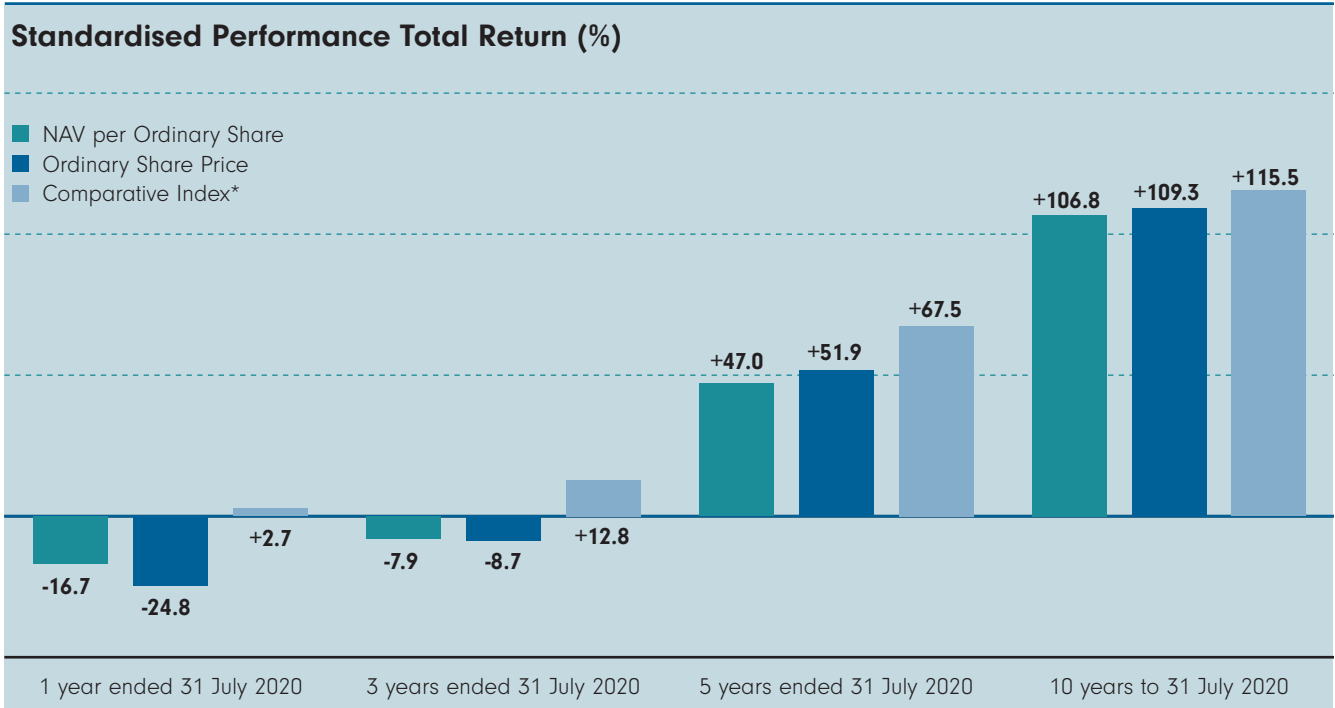
Kate Bolsover, Chairman,
Fidelity Asian Values PLC



At a Glance



1 Includes reinvested income.
2 Alternative Performance Measures. See page 67.
3 See Glossary of Terms on page 76.



Sources: Fidelity and Datastream.
Past performance is not a guide to future returns.
* See Glossary of Terms on page 76.

Summary of Results

	2020	2019
Assets as at 31 July		
Gross Asset Exposure ¹	£276.6m	£347.4m
Total Shareholders' Funds	£269.4m	£323.0m
NAV per Ordinary Share – undiluted ²	364.39p	447.16p
NAV per Ordinary Share – diluted ^{2,3}	n/a	439.91p
Gearing ^{2,4}	2.7%	7.5%
Share Price and Discount data at 31 July		
Ordinary Share Price at year end	335.00p	455.50p
Year high	457.50p	457.00p
Year low	246.00p	356.00p
(Discount)/Premium to NAV per Ordinary Share at year end – undiluted ²	(8.1%)	1.9%
Premium year high	5.3%	5.7%
(Discount) year high	(15.7%)	(4.8%)
Premium to NAV per Ordinary Share at year end – diluted ²	n/a	3.5%
Subscription Share Price at year end	n/a	53.00p
Results for the year ended 31 July		
Revenue Return per Ordinary Share ²	8.64p	10.70p
Capital (Loss)/Return per Ordinary Share ²	(82.95p)	23.71p
Total (Loss)/Return per Ordinary Share ²	(74.31p)	34.41p
Ongoing Charges for the year to 31 July ²	0.98%	0.98%
Variable Element of Management Fee ⁵	-0.11%	+0.11%
Ongoing Charges including Variable Element of Management Fee for the year to 31 July ⁶	0.87%	1.09%

1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measures.

3 There was no diluted NAV per Ordinary Share as all the subscription shares were exercised or cancelled. For more information, see Note 14 on pages 57 and 58.

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

5 For 2019, the +0.11% reported is an annualised variable fee; the actual for the 272 days that the variable fee was in operation was 0.08%.

6 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).

Summary of the key aspects of the Investment Policy

- The Portfolio Manager invests in securities of companies which he considers to have fundamental value that has not been recognised by the market.
- The Company is not restricted in terms of size or industry of companies included in the portfolio and may invest in unlisted securities.
- The Company may also invest into other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management and investment purposes.
- The Company operates a variable management fee arrangement which is calculated by reference to its Comparative Index.

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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 2020.

£269.4m

(As at 31 July 2020)
Total Shareholders' Funds

-16.7%

(Year ended 31 July 2020)
Net Asset Value per Ordinary Share
(total return)

-24.8%

(Year ended 31 July 2020)
Ordinary Share Price (total return)

+2.7%

(Year ended 31 July 2020)
Comparative Index (total return)

By any standard the year under review has been an extraordinary one, with countries around the world experiencing unprecedented challenges in the wake of the Coronavirus (“COVID-19”) pandemic. Our thoughts are with all those who have been affected.

Against a challenging market backdrop, our Portfolio Manager, Nitin Bajaj, ranks first among his small cap peers on a five-year view, however recent performance has, unfortunately, been weaker. From an investment perspective, while ‘in-person’ company meetings have been paused for now, Nitin undertakes virtual meetings with existing and potential investee companies which are proving to be effective.

The Manager is keeping its business continuity plans and operational resilience strategies under constant review and is taking the necessary steps to meet its regulatory obligations and to support its investors. The Company's other third party service providers have also implemented similar measures to ensure business disruption is kept to a minimum.

In seeking to provide shareholders with a differentiated equity exposure to Asian markets, Nitin focuses on buying businesses that have strong management but are mispriced. This often leads him to invest in small and medium sized companies, the ‘winners of tomorrow’, before they become well-known. Unfortunately, this segment of the market has been disproportionately impacted by the prevailing environment and this has weighed on shorter-term performance. As Nitin explains in his Portfolio Manager's Review, the value-investing style he deploys, and which has historically rewarded investors, is currently out of favour, generating excellent longer-term opportunities while demanding patience nearer-term.

Investment and Market Review

In the 12 months to 31 July 2020, NAV performance was -16.7% compared to a return of +2.7% for the Comparative Index*. Share price performance over the same period was a disappointing -24.8%, reflecting the fact that the Company has moved from trading at a premium to its NAV to a discount in more recent times. In addition to the significant impact of COVID-19 on Asian equity markets, Nitin also faces dual headwinds in his stylistic bias for value and also for smaller and medium sized businesses.

Value, as an investment style, is experiencing the longest and deepest underperformance relative to growth since the 1960s. Value stocks considered across a range of valuation metrics, including price-to-book and price-to-earnings multiples, have not traded so cheaply since 1968. The stocks of smaller and medium sized companies meanwhile have been severely punished, certainly by historical standards, in a market environment dominated by mega-cap names. The Board believes that value investing will return to favour and that this is a period of unprecedented opportunity to invest in good companies at competitive prices.

* The Company's Comparative Index changed from the MSCI All Countries Asia ex Japan Index (net) total return (in Sterling terms) to the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) on 1 February 2020. Therefore, the Comparative Index reported is a blend of the two.

Response and Outlook

In response to this difficult environment and with the Company trading at its widest discount in over a decade, the Board initiated a buyback programme in March of this year. The Company has bought back 1,648,782 shares over the period under review (further details below). At the end of the financial year, the Company traded at a discount to NAV of 8.1%. The Board has also carefully monitored service providers throughout the pandemic, ensuring operational robustness.

In this year, perhaps more than most, predicting the future is difficult. The road ahead may be strewn with challenges, but we remain encouraged by the extreme valuation differential between "growth" and "value" companies and the opportunities inherent in that. As we begin the new financial year, valuations are even more extreme in Asia than they were in the run up to the dot com bubble, when growth stocks sold at extraordinary multiples. While we continue to monitor performance carefully, Nitin continues to have our full support in navigating the months and years ahead. We are reassured by the high quality of his portfolio and thank shareholders for their ongoing support.

OTHER MATTERS

Gearing

Increased volatility and risk aversion in the market has created stock picking opportunities and Nitin has been able to add new holdings and increase existing positions at more attractive valuations. Over his tenure, Nitin has not felt the need to use gearing extensively and has reduced gearing slightly from the level reported last year. He continues to believe that the main driver of the Company's performance will be stock picking.

Management Fee

The Company has had a variable management fee structure in place since 1 August 2018. It uses a Comparative Index against which the variable element of the management fee is calculated. The change to the Comparative Index from the MSCI All Countries Asia ex Japan Index (net) total return (in Sterling terms) to the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) from 1 February 2020 has had no impact on any fees accrued until the date of the change. Since then, any over or under performance has been measured against the new Comparative Index.

The fee to 31 July 2020 was £1,655,000 (2019: £2,262,000). Given the relative underperformance, the variable management fee represented 0.59% of net assets throughout the period (2019: 0.78%).

Discount/Premium and Share Repurchases/Issues

As reported in the Company's Half-Yearly Report, up until 31 January 2020 the Company's shares had mostly traded at a premium and the Board authorised the issue of 265,981 ordinary shares from the Company's block listing facility. Issuing shares increases the size of the Company, making it more liquid and allowing for costs to be spread out over a larger asset base. Since then and as at the date of this report, no additional ordinary shares have been issued.

Repurchases of ordinary shares are made at the discretion of the Board and within guidelines set by it and in light of prevailing

market conditions. Shares will only be repurchased when it results in an enhancement to the NAV of the ordinary shares. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury any 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.

As I have highlighted above, we have seen an extraordinary level of turmoil in the world's financial markets and the Company's premium/discount has been commensurately volatile. The Board initiated a buyback program in March whereby 1,648,782 ordinary shares have been repurchased for holding in Treasury (representing 2.18% of the issued share capital). 422,255 shares 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 Annual General Meeting ("AGM") on 8 December 2020, the Directors recommend a dividend of 8.50 pence per ordinary share which represents a decrease of 3.4% over the 8.80 pence paid in 2019. This dividend will be payable on 10 December 2020 to shareholders on the register at close of business on 23 October 2020 (ex-dividend date 22 October 2020). Shareholders should be reminded that as the Company's objective is long-term capital growth, the level of dividend is a function of a particular year's income and it should not be assumed that dividends will continue to be paid in the future.

Board of Directors

As reported in the Company's Half-Yearly Report, Philip Smiley retired from the Board on 30 April 2020. His extensive experience in Asia and unique insights about the region were much appreciated by the Board and I would like to take this opportunity to thank him for his terrific contribution.

Timothy Scholefield succeeded Philip as Senior Independent Director on 1 May 2020.

All Directors are subject to annual re-election at the forthcoming AGM. The Directors' biographies are on page 26, and between them, they have a wide range of appropriate skills and experience to form a balanced Board of the Company.

Board Succession

The Board has spent a considerable amount of time discussing its succession plan for the next four years and wishes to share these with investors. Grahame Stott will have completed his nine-year tenure in 2022 and will step down from the Board at the AGM in 2022 and he will be replaced as Audit Committee Chairman by Clare Brady. By the AGM in 2023, I will have served four years as a Director and a further nine years as Chairman and will step down from the Board at the AGM in 2023. The Board considers that I continue to be independent.

Annual General Meeting – Tuesday, 8 December 2020 at 11.00 am

In response to the wide spread of COVID-19, the current Government guidance stipulates that large gatherings of people are prohibited.

Chairman's Statement continued

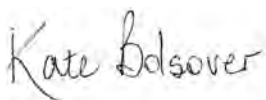
With this in mind, this year's AGM will be virtual in nature. In accordance with the Corporate Governance and Insolvency Act 2020 and with the Company's Articles of Association, the AGM will be conducted in closed session via video conference. This meeting will be restricted to the formal business of the meeting as set out on pages 70 and 71 and voting on the resolutions therein. An online presentation by the Chairman and Portfolio Manager will be made available online at www.fidelity.co.uk/asianvalues.

Copies of the Portfolio Manager's presentation can be requested by email at investmenttrusts@fil.com or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP.

It is not the Board's intention to exclude or discount the views of the Company's shareholders, but at the moment, the health of all investors, workforce and officers must be paramount. We urge all shareholders to make use of the proxy form provided. If you hold shares through the Fidelity Platform or a nominee (and not directly in your own name) proxy forms are not provided and you are advised to contact the company with which you hold your shares to determine alternative options (if available) for lodging your voting instructions.

We encourage all investors who have any questions or comments to contact the Secretary so that she can relay your comments to the Board, and we will respond in due course.

We thank you for your cooperation and sincerely hope to resume the meeting's usual format in the future.



Kate Bolsover

Chairman

13 October 2020

Portfolio Manager's Review



Nitin Bajaj was appointed as the Portfolio Manager of Fidelity Asian Values PLC on 1 April 2015. He is based in Singapore and has over 19 years' investment experience. He is also the Portfolio Manager for the Fidelity Asian Smaller Companies Fund. He first joined Fidelity in 2003 as an Investment Analyst and then took over the Fidelity India Special Situations Fund and subsequently started the Fidelity India Value Fund. He managed these funds until November 2012, when Fidelity decided to sell its India business.

Question

How has the Company performed in the year under review?

Answer

It has been a difficult year and the Company's NAV declined 16.7% over the period, compared to an annualised return of 14.1% up to the prior year during my tenure as Portfolio Manager of the Company. As always, responsibility for performance sits solely with me in both good and bad years.

In order to get a better perspective on performance, I think it's also important to understand what happened over the last year and the market environment we are operating in.

Stock Picking

There are two kinds of errors that an investor can make: errors of omission and errors of commission. Errors of omission are stocks that we don't own that go up. Errors of commission are stocks we own that go down.

Errors of omission are inevitable. There will always be stocks that we do not own that go up a lot. This year these were concentrated in technology and health care – but more generally, in categories of stocks which can be broadly labelled as 'momentum'. These are stocks which we are very unlikely to own as they are expensive, with high expectations and very little margin of error. When they are appreciating, no one questions them.

Unfortunately, we also made a few errors of commission this year – most notably, our investment in mortgage companies in India. The country has been in a housing downcycle for almost eight years resulting in significantly improved housing affordability (house prices compared to household income) – its best level in the last 25 years. Our analysis showed that we should be on the cusp of a turn in the cycle for the better. In a weak economy the recovery was delayed, and it got worse due to COVID-19, which led to unprecedented economic hardship and liquidity stress on households, property developers and the financial system. I feel our analysis was sound and the risk-reward was in our favour when we made the investment – but our bet size was not. At 6% of the Company's NAV, it was too big a position.

Position sizing is tricky – when you get it right, you always feel you should have had more, and when you get it wrong, it's the opposite.

In addition, there have been a few other stock specific detractors like Cebu Air. Cebu Air is a low-cost airline with 55% market share in the Philippines. It has an almost insurmountable lead on its competition in terms of its cost structure. The management team is best in class and it has a well-funded balance sheet. The business has been hit hard by COVID-19, and like most airlines, its stock price has declined. I continue to own my position in Cebu Air as they should be able to get through this period given the balance sheet strength and emerge in a stronger competitive position.

Portfolio Manager's Review continued

In terms of positive stock contribution, our investment in e-bike battery company Tianneng Power International performed exceptionally well as the stock was discovered by mainstream investors. Also, our investment in rubber glove company Riverstone has performed well during COVID-19 due to the huge demand for medical grade gloves. I continue to own shares in both these businesses.

Our objective is to not lose money when we are wrong, so that our correct decisions can add up. It did not happen this year. In fact, this was the first year since I have managed Asian portfolios that I have had negative contribution from stock selection. This was partly due to: 1) stock picking; and 2) due to the number of business we own being currently unloved in the stock market. This meant that our bucket of positive contributors was smaller.

Country Allocation

Country allocation for us is an outcome of stock selection rather than a top down view. Going into COVID-19 we had a significant portion of our assets invested in India, Indonesia and Philippines (38.7% at the end of February 2020; and 30% at the end of July 2020 as we adjusted some of our positions). We have historically found exceptional businesses, with significant growth opportunities at attractive valuations in these countries.

However, all three are densely populated countries and have had to impose stringent lockdowns. This was essential and does not change the long-term dynamics of these economies. However, it has led to a significant stock market sell off in these three countries - more than the rest of Asia. Some of this stock market correction is justified but I would argue that quite a few stocks in these countries have been sold off irrespective of fundamentals.

An example would be Power Grid Corporation of India, our 2nd largest holding. Power Grid is a high-quality regulated monopoly for electricity transmission in India and has an enviable track record of growth, stability and return on equity. Irrespective of the strong fundamentals, the stock has been sold off due to COVID-19 and now looks very compelling from a valuation perspective.

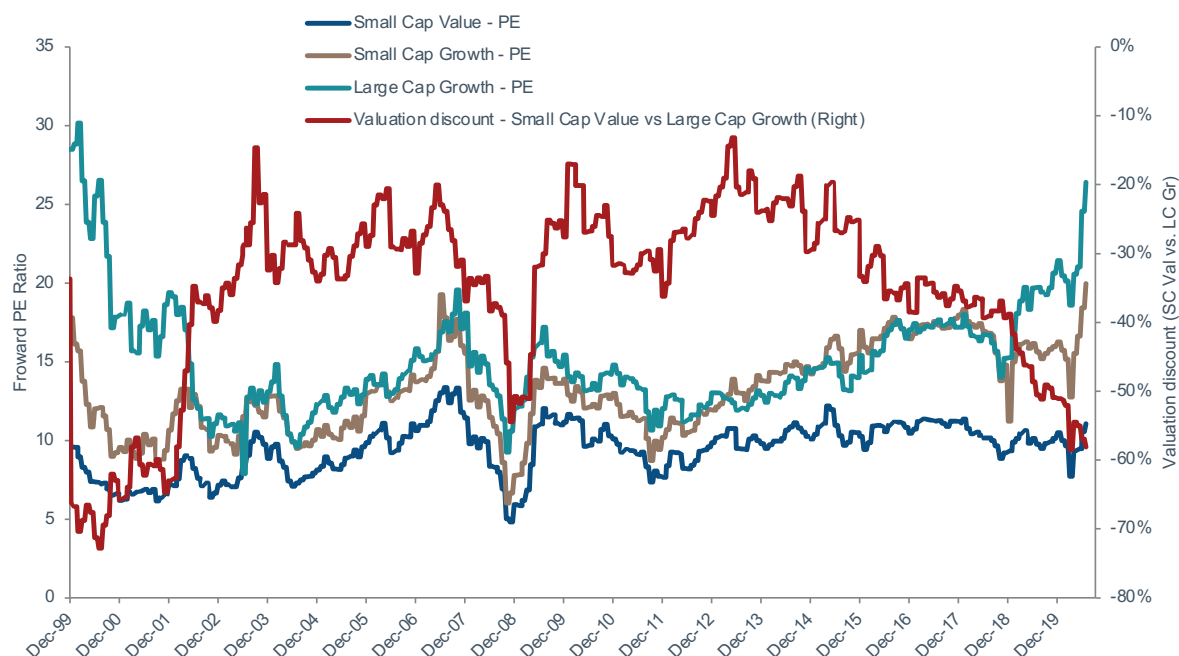
I have adjusted the Company's portfolio in these countries to concentrate our focus on businesses which can endure this economic hardship even if it lasts another two years. COVID-19 will pass, but these businesses will still be around, and having enhanced their competitive position through this period, emerge stronger.

Style Bias

Value investing is what I do and investing in interesting but unloved companies has been the key driver of returns in every portfolio I have managed over the last decade. However, my value bias was a significant headwind to performance last year as there was a sentiment swing in favour of growth companies - both large and small. On a relative basis, this hit the Company twice - as stocks I did not own went up, while the ones I did own fell. A number of stocks in the portfolio, despite being attractively valued and delivering good operating performance, have not appreciated, as a narrow group of stocks (in a few specific sectors) have carried the stock markets in Asia.

Smaller value companies are now trading at a 55% discount to growth companies. This compares to a 65% discount seen during the peak of the tech bubble in 1999-2000 (peak of the previous growth cycle). Similarly, if you compare the lowest quintile of stocks in Asia to the most expensive quintile of stocks, the valuation discount is even more extreme and stands at 90%.

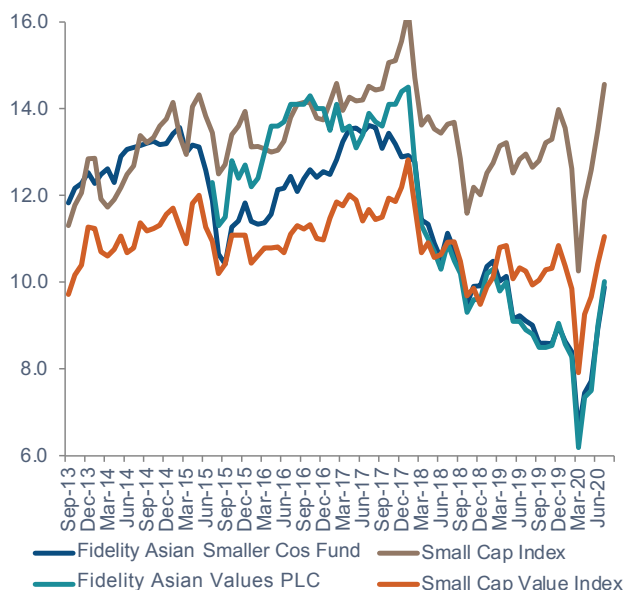
Value Dispersion over the past 20 years



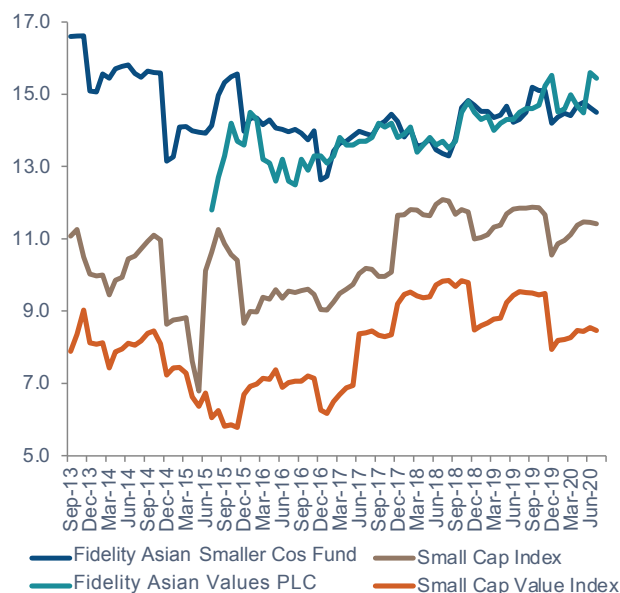
Source: Fidelity International, Bloomberg, 31 July 2020. Index: MSCI All Countries Asia ex Japan Small Cap (net) Index.

Active weight denotes differences in fund weighting versus Index weighting. Past performance is not an indicator of future returns.

Lower Price to Earnings Ratio versus Indices



Higher Return on Equity versus Indices



Source: Fidelity International, FactSet, 31 July 2020. Indices: MSCI AC Asia ex Japan Small-Cap Index and MSCI AC Asia ex Japan Small-Cap Value Index. Price to Earnings (P/E) Ratio is a measure for valuing a company's share price versus its earnings. Price to Earnings based on FY1 estimates. Low P/E can indicate that a company may currently be undervalued. Price to Book (P/B) Ratio is a measure for valuing a company's share price versus its book value. Low P/B can indicate that a company may currently be undervalued.

The most interesting fact for me is that over time "value" companies in Asia normally grow earnings faster than "growth" companies. Not only do these stocks provide you with a better starting margin of safety but these businesses are also able to grow earnings faster.

Hence, it's not surprising that over the long-term it has paid to be invested in small cap value stocks. They have outperformed growth companies by a significant margin over the last 20 years (see chart on page 6).

There is no doubt that currently our style is at the wrong end of the pendulum swing. But I feel that these extreme valuations offer a unique opportunity, not too different from 1999-2000, to invest in these overlooked businesses.

Our investment philosophy is based on owning good businesses, run by competent management teams and buying them at a price that leaves a sufficient margin of safety. Unloved smaller companies with high-quality underlying business have always been a lucrative hunting ground for this philosophy. While the portfolio has strong reflections of the small cap value index and is currently trading at a 32% discount to the broader small cap index (the valuation discount is much bigger versus large cap and growth indices), its return on equity versus the indices is substantially higher.

To conclude, style biases are cyclical – an investment process should not be.

Question

Historically value stocks have tended to perform better than average in market dips, but that doesn't seem to have been the case this time round. Why? What might trigger a reversal in fortunes for value investors?

Answer

There are two reasons in my opinion.

Firstly, fundamentally 'growth' companies have delivered reasonably good operating results during the economic downturn as a lot of them are in the technology and health care sectors. These businesses benefited during lockdown due to an accelerated shift towards online services as well as the trend towards "working from home", which has led to an increase in demand for computers and peripherals.

Secondly, the valuations of these businesses have expanded even further. We are seeing extreme valuations which approximate to what we witnessed during the tech bubble in 1999-2000. In my opinion, this multiple expansion is not supported by facts, as on average, there is a big difference in perception of growth and actual earnings delivery.

Portfolio Manager's Review continued

Growth has significantly outperformed value as a style in almost all markets. We are looking at a value drawdown which is the most extreme in 200 years. Even though data going this far back is bound to have some errors, it is indicative of where we stand versus history. These cycles have always levelled out over time. It would take a brave man to say that "this time it's different".

Question

Small caps have lagged large caps quite markedly for some time. What are the drivers behind that? What might be the catalyst(s) for small cap outperformance?

Answer

This has been primarily driven by huge appreciation in large cap growth stocks. If you look at the earnings of small cap value stocks over time, they have easily outperformed large cap stocks. Even in the last five years, the earnings of small cap value stocks have outperformed the large growth companies despite COVID-19.

So fundamentally, I find it hard to justify, based on earnings or cash flows, why small cap value stocks in Asia (or small caps in general) have lagged materially in the last three years (and particularly in the last 12 months). It basically comes down to the price earnings ratio expansion of large growth companies.

As a fundamental investor, the primary anchor for valuing any business must be earnings and cash flows. This has always been the case and I do not think it is different now. I have no doubt, therefore, that this situation will reverse. The catalyst for and timing of that change is, however, difficult to forecast.

In the meantime, current market factors are giving us an opportunity to own high quality companies at attractive prices. This does not happen often and hence it's important to maintain our discipline and take advantage.

I do understand that being patient is not easy, especially when some of the growth stocks seem to go up every day. I empathise with our investors (I am one of them and have a substantial personal investment in the Company) as it has not been easy. But making money in the markets is not easy. If it was, everyone would be rich.

Question

How has COVID-19 impacted your companies – both operationally and from an earnings perspective?

Answer

None of the businesses in the Company's portfolio have ever experienced anything like COVID-19.

It is a shock that impacts the internal systems of businesses, demand for their products, government policy and social structure. I think everyone is still learning how to deal with it.

So far, most companies seemed to have managed internal operations quite well and productive capacities are starting to normalise, except for a few industries such as travel and hospitality. Businesses are now trying to figure out the "new normal" in demand, especially once the government support stops. We will have to wait and see.

The impact of COVID-19 on earnings has been mixed. Like I said, companies operating in technology, health care, consumer staples, infrastructure and utilities have not really been impacted materially, while those in discretionary consumption, travel and hospitality have seen an adverse impact.

Question

How have valuations changed in the period under review?

Answer

The last six months have been unprecedented. We went from a financial crisis to euphoria in a period of three months. What I see today is a two-speed market where we can find stocks at both valuation extremes.

I am excited by our holdings today. We own a portfolio of businesses which are dominant in their industries, earn good returns on capital and are available at attractive valuations.

Question

There is a greater focus than ever on ESG matters. How does Fidelity think about ESG?

Answer

Fidelity believes that businesses which flout laws or do not respect their employees, customers or communities will not be able to sustain high returns over time. It is simply not a sustainable way to do business. Fidelity is encouraged that the investment community in general is paying more attention to these issues.

Adherence by corporates to the principles of sustainability will have a growing impact on the demand for those companies' goods and services. Monitoring the actions of the corporates and engaging with them to improve, is a core pillar of Fidelity's strategy and embedded into the research methodology which we use to assess companies.

Question

As we move through the early stage of a new decade, what should investors be focusing on in the months and years ahead? Which stocks look the most promising to you?

Answer

I think fundamental analysis and owning good businesses, run by competent managements at attractive prices will continue to be important. If you can combine businesses which can grow revenues through time while earning high returns on capital with attractive purchase prices, then it should go a long way towards helping investors attain their financial objectives.

This is what I am focused on and I and the Fidelity analyst team are working harder than ever to find these businesses and then test every assumption we are making about the business fundamentals going forward. A sound investment process, hard work, discipline and patience have always been important for investing success. I don't think this will change in this decade.

Nitin Bajaj

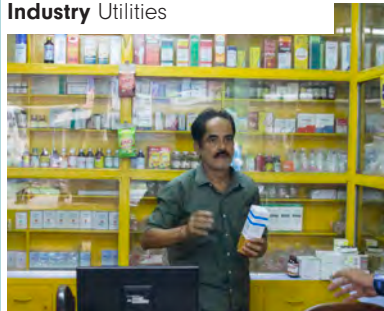
Portfolio Manager
13 October 2020

Spotlight on the Top 10 Holdings

as at 31 July 2020

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

Industry Utilities



Granules India

Position size

2.5%

Headquartered in Hyderabad, India, Granules India is a global pharmaceutical company which manufactures Active Pharmaceutical Ingredients ("APIs"), Pharmaceutical Formulation Intermediates and Finished Dosages. There are three key areas of the operation: the 'core' business which comprises its 'core molecules' capability - Paracetamol, Ibuprofen, Metformin, Guaifenesin and Methocarbamol; the 'emerging' business that focuses on manufacturing APIs with a focus on vertical integration and a third segment, which focuses on contract research and manufacturing. The company has a presence in more than 75 countries and has eight manufacturing sites. Among the key areas of appeal are the business's vertically integrated model, its economies of scale, its strong research and development capabilities and its impressive product suite. The position is owned for its global leadership in high volume bulk drugs, high returns on equity and attractive valuation.

Industry Industrials



Power Grid Corporation of India

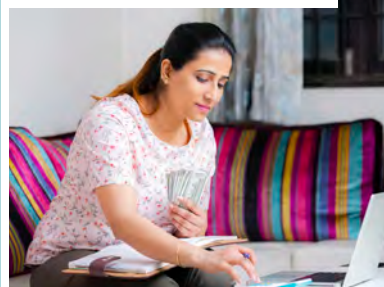
Position size

2.4%

Power Grid Corporation of India is the country's largest electric power transmission utility, transmitting around 50% of the total power generated in India. The state-owned company's transmission network spans the length and breadth of the country, and as at 31 July 2020, the company owned and operated 164,115 circuit kms of transmission lines. It also provides transmission related consultancy and operates a telecom business known as POWERTEL.

The central transmission company is owned for its defensive business model backed by superior execution capability that is attractively valued at current levels. It is a monopoly business with high regulated return on equity.

Industry Financials



HDFC Bank

Position size

2.3%

HDFC Bank is India's leading private bank and was among the first to receive approval from the Reserve Bank of India to set up a private sector bank in 1994. Today, it has a banking network of 5,326 branches and 14,996 ATMs spread across 2,825 cities and towns. The retail focused bank offers a diverse range of financial products and banking services to customers. It also offers a wide range of commercial and transactional banking services and treasury services to businesses and organisations of all sizes.

The company is owned for its leadership in India's underpenetrated banking sector. In addition to benefiting from structural growth in penetration, its high-quality management team, conservative underwriting culture, robust balance sheet and use of technology helps it gain market share from the less efficient public sector banks.

Industry Information Technology



Redington India

Position size

2.0%

Redington is the largest distributor of technology and electronic goods in India and serves as a supply chain manager to many leading branded goods companies. Established in 1993, the company caters to over 220 international technology, telecom, lifestyle, health care and solar brands, and now has more than 38,350 channel partners, in more than 37 markets. Its operations also encompass the Middle East and Africa.

Redington has a strong execution track record of growing earnings in the last decade. It operates in a challenging area, grappling with operational complexities, high working capital investments and low margins. Entry barriers are, therefore, high and incumbents with scale and well-established network, such as Redington, have an advantage over peers.

Industry Industrials



Fufeng Group

Position size

2.0%

Fufeng Group, the largest monosodium glutamate and xanthan gum producer in the world, is headquartered in the Shandong province of China. The corporation's products are divided into four broad categories - food additives (for example, monosodium glutamate, compound seasoning, starch sweeteners and corn oil); animal nutrition (including threonine, tryptophan and corn refined products); colloid (including xanthan gum, welan gum, pectin); and amino acid products (for example, valine, leucine, isoleucine, glutamine, hyaluronic acid).

After a decade of consolidation, the competitive environment in the monosodium glutamate industry has stabilised with top three players accounting for 80-90% market share. This is leading to production cuts, price rises, improving profitability and stronger free cash flows. The stock is trading around historical trough levels on a price-to-book basis.

Industry Industrials



Taiwan Semiconductor Manufacturing Company

Position size 1.9%

Founded in 1987, Taiwan Semiconductor Manufacturing Company ("TSMC") is now the world's largest dedicated semiconductor foundry. The company is headquartered in Hsinchu, Taiwan and has global operations spanning Asia, Europe and North America. In 2019, TSMC deployed 272 distinct process technologies and manufactured 10,761 products for 499 customers by providing a range of advanced, specialty and advanced packaging technology services. The company is the first foundry to provide 5-nanometer production capabilities, among the most advanced semiconductor process technologies available in the world.

TSMC has global technology and cost leadership in the foundry business. It is a good proxy for emerging technology trends, such as artificial intelligence, internet of things, automation and gaming, that need the most advanced semiconductors to run and where competition remains low.

Industry Industrials



Chaowei Power

Position size 1.8%

Chaowei Power focuses primarily on the manufacturing and sales of lead-acid motive batteries, lithium-ion batteries and other related products, which are widely used in electric bikes, electric tricycles and special purpose electric vehicles. Headquartered in Changxing County, Zhejiang Province, China, the Group's manufacturing facilities are strategically located in regions with the higher demand for lead-acid motive batteries, including Shandong, Jiangsu, Henan, Zhejiang, Anhui, Jiangxi and Hebei Provinces in China. The company is one of the few enterprises which has successfully adopted the enclosed battery formation process in large scale production. It also achieved completely cadmium-free production by end of 2013, in fulfilment of its corporate social responsibility as a green enterprise.

Chaowei is the second largest e-bike batteries maker globally, with more than 40% market share in China. Its lightweight technology gives it a significant cost advantage over other lead acid battery players, therefore, allowing it to capture higher margins.

Industry Financials



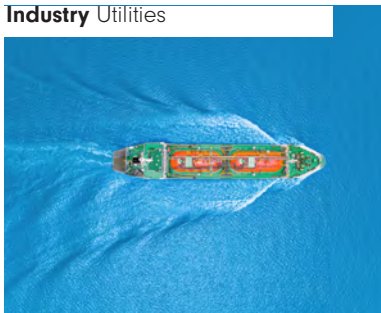
Tianneng Power International

Position size 1.8%

Founded in 1986, Tianneng Power International is in the business of 'new energy' power batteries, focusing on the manufacture and provision of services of environmentally friendly power batteries for electric vehicles. The company offers integrated power storage ancillary services, as well as integrating the R&D, production and sale of lithium batteries for new energy vehicles, start-and-stop batteries for vehicles and wind power and solar power storage batteries; the recycling and cyclic utilisation of waste batteries; the construction of smart micro-grids in cities; and the building of green and smart industrial parks.

Tianneng Power is the largest e-bike batteries maker globally, with more than 40% market share in China. The market underappreciates the company's likely earning and margin upcycle in the next two to three years. Margins remain strong in a two-player market.

Industry Utilities



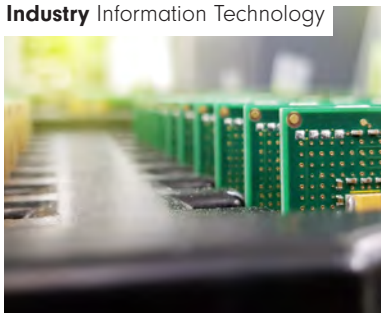
Sinopec Kantons Holdings

Position size 1.6%

Sinopec Kantons Holdings is a storage, logistics and trading company with two wholly-owned subsidiaries: Sinomart KTS Development Limited and Kantons International Investment Limited. The company's principal activities are the operation of crude oil loading and unloading, storage and transportation facilities, LNG shipping and oil & petrochemical trading.

The provider of port services to the oil and gas sector has roughly 50% market share of oil import jetties in China. Given the defensive nature of its business, moderate growth profile, and improving capital allocation, the stock looks attractive at current prices.

Industry Information Technology



SK Hynix

Position size 1.5%

SK Hynix is a leading producer of semiconductors, such as DRAM and NAND flash and System IC including CMOS Image Sensors. It has four production facilities in Wuxi and Chongqing, China as well as domestic business sites in Icheon and Cheongju. It also operates sales subsidiaries in ten countries including the USA, the UK, Germany, Singapore, Hong Kong, India, Japan, Taiwan and China, and four R&D corporate bodies in Italy, the USA, Taiwan and Belarus.

The second largest DRAM memory producer in the world benefits from its strong cost and technology advantage. With supply remaining stable, the recovery in demand (led by servers and mobile devices) is expected to drive its earnings.

Forty Largest Holdings

as at 31 July 2020

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 Balance Sheet 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			
Granules India Pharmaceutical manufacturing company	6,726	2.5	6,726
Power Grid Corporation of India Operator of the Indian national electricity grid	6,508	2.4	6,508
HDFC Bank Private sector bank	6,149	2.3	6,149
Redington India Distributor of information technology products, mobile handsets and accessories	5,488	2.0	5,488
Fufeng Group (shares and long CFD) Bio-fermentation products manufacturer	5,244	2.0	5,115
Taiwan Semiconductor Manufacturing Company Developer, manufacturer and distributor of semiconductor related products	5,045	1.9	5,045
Chaowei Power Manufacturer and seller of lead-acid motive batteries	4,953	1.8	4,953
Tianneng Power International Manufacturer of environmentally friendly power batteries for electric vehicles	4,808	1.8	4,808
Sinopec Kantons Holdings Operator of crude oil loading and unloading, storage and transportation facilities, oil and petrochemical trading	4,301	1.6	4,301
SK Hynix Memory semiconductor supplier of dynamic random-access memory chips and flash memory chips	4,069	1.5	4,069
Axis Bank Private sector bank	3,863	1.4	3,863
Arwana Citramulia Ceramics manufacturer	3,793	1.4	3,793
Dream International Toy designer, manufacturer and seller	3,712	1.4	3,712
Convenience Retail Asia Convenience store chain operator	3,629	1.3	3,629
Hinduja Global Solutions Provider of business process management services	3,546	1.3	3,546
Tempo Scan Pacific Pharmaceuticals, health care and cosmetics products manufacturer and distributor	3,234	1.2	3,234
Cikarang Litrindo Electric power distribution company	3,122	1.2	3,122
Shinhan Financial Group Financial holding company	3,077	1.2	3,077

	Gross Asset Exposure £'000	% ¹	Balance Sheet Value £'000
Xingda International Holdings			
Manufacturer and producer of radical tire cords, bead wires and other wires	3,048	1.1	3,048
PTC India			
Provider of power trading solutions in India	3,044	1.1	3,044
Sebang Global Battery			
Battery manufacturer	3,020	1.1	3,020
Tech Mahindra			
Multinational technology company providing information technology and business process outsourcing services	3,005	1.1	3,005
China Yongda Automobiles Services Holdings (shares and long CFD)			
Investment holding company engaged in the sale of passenger vehicles and provision of related services	2,993	1.1	1,998
Bapcor (long CFD)			
Provider of automotive aftermarket parts, accessories, automotive equipment and services	2,755	1.0	1,095
Cromwell European Real Estate Investment Trust			
Real estate investment company	2,722	1.0	2,722
Vinda International Holdings (long CFD)			
Hygiene company	2,563	1.0	1,112
Texwinca Holdings			
Production and sales of dyed yarns and knitted fabrics	2,558	0.9	2,558
Fast Food Indonesia			
Operator of a fast food chain of restaurants	2,530	0.9	2,530
POSCO			
Steel-making company	2,507	0.9	2,507
Shriram Transport Finance			
Provider of hire purchase and lease finance for medium and heavy commercial vehicles	2,499	0.9	2,499
Powertech Technology			
Provider of turnkey services for chip probing, packaging and testing	2,469	0.9	2,469
China Overseas Land & Investment			
Investment holding company engaged in property businesses	2,383	0.9	2,383
Cebu Air			
Airline operator	2,308	0.9	2,308
Japfa			
Industrial agri-food company	2,269	0.9	2,269
Teejay Lanka			
Knitted fabric manufacturer	2,267	0.9	2,267
Shriram City Union Finance			
Financial service provider specialising in retail finance	2,212	0.8	2,212
Zhongsheng Group Holdings (long CFD)			
Multinational automotive retail and services company	2,173	0.8	999
BFI Finance Indonesia			
Multi-finance company	2,150	0.8	2,150

Forty Largest Holdings continued

	Gross Asset Exposure £'000	% ¹	Balance Sheet Value £'000
LT Group			
Banking, beverages, spirits, tobacco and property development group	2,107	0.8	2,107
Anhui Heli 21/01/2022 (Equity Linked Note)			
Construction equipment manufacturer	2,096	0.8	2,096
Top forty long exposures	136,945	50.8	131,536
Other long exposures	127,556	47.4	115,410
Total long exposures before futures and hedges (160 holdings)	264,501	98.2	246,946
Add: Long futures			
MSCI All Countries Asia ex Japan Index Future September 2020	6,791	2.5	487
Less: hedging exposures			
Forward Currency Contracts	(117)	–	(117)
Total long exposures after the netting of hedges	271,175	100.7	247,316
Add: short exposures			
Short CFDs (9 holdings)	5,393	2.0	105
Gross Asset Exposure²	276,568	102.7	
Portfolio Fair Value³			247,421
Net current assets (excluding derivative assets and liabilities)			21,979
Total Shareholders' Funds/Net assets			269,400

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

2 Gross Asset Exposure comprises market exposure to investments of £241,271,000 (per Note 10: Investments on page 55) plus market exposure to derivative instruments of £35,297,000 (per Note 11: Derivative instruments on page 56).

3 Portfolio Fair Value comprises investments of £241,271,000 plus derivative assets of £7,299,000 less derivative liabilities of £1,149,000 (per the Balance Sheet on page 47).

A full list of the Company's holdings as at 31 July 2020 will be available on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues from the day of the AGM.

Distribution of the Portfolio

as at 31 July 2020

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

Portfolio	China	India	South Korea	Hong Kong	Taiwan	Other	2020 Total	2020 Index ¹	2019 Total ²
Consumer Discretionary									
Auto Components	4.8	-	1.6	-	-	1.2	7.6	3.1	6.7
Textiles, Apparel & Luxury Goods	0.9	-	-	2.8	-	1.1	4.8	2.3	3.2
Hotels, Leisure Equipment & Products	0.7	-	-	1.7	-	1.1	3.5	2.4	4.3
Specialty Retail	1.6	-	-	-	-	0.6	2.2	1.2	2.2
Household Durables	0.5	-	-	-	0.8	-	1.3	1.4	0.8
Internet & Catalogue Retail	1.0	-	-	-	-	-	1.0	0.6	0.3
Distributors	-	-	-	-	-	1.0	1.0	0.1	-
Diversified Consumer Services	-	-	-	-	-	0.9	0.9	1.0	1.0
Automobiles	0.6	-	-	-	-	-	0.6	0.6	-
Multiline Retail	-	-	-	-	-	0.3	0.3	0.6	0.4
	10.1	-	1.6	4.5	0.8	6.2	23.2	13.3	18.9
Financials									
Banks	-	3.7	1.1	-	-	-	4.8	2.3	4.0
Consumer Finance	-	2.7	-	-	-	0.9	3.6	1.1	4.0
Real Estate Management & Development	0.9	-	-	-	-	1.1	2.0	6.2	2.2
Real Estate Investment Trusts (REITs)	-	-	-	-	-	1.8	1.8	5.0	2.1
Insurance	-	-	1.7	-	-	-	1.7	0.9	2.4
Diversified Financial Services	-	-	-	-	0.5	-	0.5	0.3	-
Capital Markets	-	-	0.5	-	-	-	0.5	2.1	0.4
Thriffs & Mortgage Finance	-	0.4	-	-	-	-	0.4	0.3	6.1
	0.9	6.8	3.3	-	0.5	3.8	15.3	18.2	21.2
Information Technology									
Semiconductors and Semiconductor Equipment	-	-	2.3	-	2.8	-	5.1	8.3	3.2
Electronic Equipment Instruments & Components	-	2.1	-	-	2.7	-	4.8	7.6	6.1
Information Technology Services	-	3.3	-	-	-	0.5	3.8	1.8	2.1
Software	-	0.5	-	-	-	-	0.5	0.8	0.2
Technology Hardware Storage & Peripherals	-	-	0.4	-	-	-	0.4	1.8	0.8
Communication Equipment	-	-	-	-	-	-	-	0.9	-
	-	5.9	2.7	-	5.5	0.5	14.6	21.2	12.4

Distribution of the Portfolio continued

as at 31 July 2020

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

Portfolio	China	India	South Korea	Hong Kong	Taiwan	Other	2020 Total	2020 Index ¹	2019 Total ²
Industrials									
Transportation	0.4	-	-	1.4	-	1.1	2.9	2.1	3.2
Machinery	1.1	-	-	0.3	-	0.6	2.0	2.4	0.5
Construction & Engineering	1.0	0.4	0.3	-	-	-	1.7	1.6	1.2
Electrical Equipment	-	0.2	-	-	1.2	-	1.4	2.4	0.8
Building Products	-	-	-	-	-	1.4	1.4	0.5	1.3
Industrial Conglomerates	-	-	-	-	-	0.8	0.8	0.6	2.0
Trading Companies & Distributors	0.3	-	-	-	-	0.2	0.5	0.6	1.9
Commercial & Professional Services	-	-	-	-	0.5	-	0.5	1.3	2.1
Transportation Infrastructure	0.4	-	-	-	-	-	0.4	0.9	0.6
	3.2	0.6	0.3	1.7	1.7	4.1	11.6	12.4	13.6
Health Care									
Pharmaceuticals	-	2.5	0.4	0.4	-	1.9	5.2	5.0	3.2
Health Care Equipment & Supplies	0.2	-	1.1	-	-	0.7	2.0	2.3	1.4
Health Care Providers & Services	0.9	-	-	-	-	0.3	1.2	1.6	2.0
Biotechnology	-	-	0.5	-	-	-	0.5	3.5	0.5
Life Sciences Tools & Services	-	-	-	-	-	0.1	0.1	0.4	0.2
	1.1	2.5	2.0	0.4	-	3.0	9.0	12.8	7.3
Consumer Staples									
Food Products	1.2	-	-	0.5	-	3.2	4.9	3.2	4.4
Food & Staples Retailing	-	-	-	1.4	-	0.2	1.6	0.4	2.0
Household Products	-	-	-	-	-	0.9	0.9	0.1	-
Tobacco	-	-	-	-	-	0.7	0.7	0.1	1.0
Beverages	-	-	-	-	-	0.3	0.3	0.4	0.8
Personal Products	-	-	-	-	-	-	-	0.8	-
	1.2	-	-	1.9	-	5.3	8.4	5.0	8.2
Materials									
Metals & Mining	-	-	0.9	-	-	3.6	4.5	1.6	1.0
Chemicals	1.9	0.1	1.0	-	-	-	3.0	5.7	3.3
Containers & Packaging	0.4	-	-	-	-	-	0.4	0.3	0.9
Paper & Forest Products	-	-	-	-	-	-	-	0.4	-
Construction Materials	-	-	-	-	-	-	-	0.9	0.8
	2.3	0.1	1.9	-	-	3.6	7.9	8.9	6.0

Portfolio	China	India	South Korea	Hong Kong	Taiwan	Other	2020 Total	2020 Index ¹	2019 Total ²
Utilities									
Electric Utilities	-	2.4	-	0.4	-	-	2.8	0.3	4.3
Independent Power & Renewable Electricity Producers	-	1.1	-	-	-	1.2	2.3	1.0	-
Other Utilities	0.2	-	-	-	-	-	0.2	0.2	3.7
Water Utilities	-	-	-	-	-	-	-	0.4	0.9
Gas Utilities	-	-	-	-	-	-	-	0.4	-
	0.2	3.5	-	0.4	-	1.2	5.3	2.3	8.9
Communication Services									
Media & Entertainment	-	0.3	0.4	-	-	1.1	1.8	2.8	0.8
Wireless Telecommunication Services	-	-	-	-	-	0.7	0.7	0.3	1.5
Diversified Telecommunication Services	-	-	-	-	-	-	-	1.3	0.5
	-	0.3	0.4	-	-	1.8	2.5	4.4	2.8
Energy									
Oil, Gas & Consumable Fuels	1.6	-	-	-	-	0.8	2.4	1.2	4.0
Energy Equipment & Services	-	-	-	-	-	-	-	0.3	-
	1.6	-	-	-	-	0.8	2.4	1.5	4.0
Exposure before long futures and hedging	20.6	19.7	12.2	8.9	8.5	30.3	100.2		
Add: long futures	-	-	-	-	-	2.5	2.5		4.2
Total Gross Asset Exposure - 2020	20.6	19.7	12.2	8.9	8.5	32.8	102.7		
Index - 2020	14.1	12.8	20.5	8.0	26.2	18.4		100.0	
Total Gross Asset Exposure - 2019	18.7	22.0	9.9	6.0	8.0	42.9			107.5

¹ MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms), the Company's Comparative Index.

² Restated in line with MSCI classification of sectors.

Ten Year Record

For the year ended 31 July	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Gross Asset Exposure (£m) ¹	276.6	347.4	285.2	273.7	232.0	162.9	192.3	167.4	123.8	146.2
Shareholders' Funds (£m)	269.4	323.0	288.0	280.2	237.5	178.9	172.8	155.8	117.1	141.3
NAV per Ordinary Share – undiluted (p) ²	364.39	447.16	419.36	415.17	351.98	265.14	255.99	230.24	195.40	229.21
NAV per Ordinary Share – diluted (p) ²	n/a	439.91 ³	413.64 ³	407.77 ³	n/a	n/a	n/a	n/a	194.70 ⁴	223.20 ⁴
Ordinary Share Price (p)	335.00	455.50	412.00	386.00	313.00	236.88	224.00	204.50	176.00	202.63
Subscription Share Price (p)	n/a	53.00	23.50	29.50	n/a	n/a	n/a	n/a	6.75	27.13
(Discount)/Premium – undiluted (%) ²	(8.1%)	1.9	(1.8)	(7.0)	(11.1)	(10.7)	(12.5)	(11.2)	(9.9)	(11.6)
Premium/(Discount) – diluted (%) ²	n/a	3.5 ³	(0.4) ³	(5.3) ³	n/a	n/a	n/a	n/a	(9.6) ⁴	(9.2) ⁴
Revenue return per Ordinary Share (p) ²	8.64	10.70	5.70	6.08	5.36	2.26	1.14	1.05	1.45	0.85
Dividend per Ordinary Share (p)	8.50	8.80	5.50	5.00	4.50	2.00	1.10	1.10	1.00	1.00
Ongoing Charges (cost of running the Company) (%) ²	0.98	0.98	1.17	1.22	1.33	1.42	1.50	1.55	1.46	1.47
Gearing (%) ^{2,5}	2.7	7.5	(1.0)	(2.3)	(2.3)	(9.0)	11.3	7.4	5.7	3.5
NAV total return – undiluted (%) ²	-16.7	+8.2	+2.2	+19.3	+33.8	+4.0	+11.7	+18.4	-14.3	+19.3
NAV total return – diluted (%) ²	n/a	+7.9 ³	+2.7 ³	+17.2 ³	n/a	n/a	n/a	n/a	-12.3 ⁴	+16.3 ⁴
Ordinary Share Price total return (%) ²	-24.8	+12.3	+8.2	+24.9	+33.3	+6.2	+10.1	+16.8	-12.6	+15.3
Comparative Index total return (%) ⁶	+2.7	+3.9	+5.7	+28.2	+15.8	+0.3	+5.4	+12.0	-6.6	+16.3

1 The value of the portfolio exposed to market price movements. The values prior to 2013 represent total assets less current liabilities, excluding bank loans.

2 Alternative Performance Measures.

3 The dilution relates to the subscription shares offer that closed in December 2019 (per Note 14 on pages 57 and 58).

4 The dilution relates to the subscription share offer that closed in June 2013.

5 Gross Asset Exposure in excess of/(less than) Total Shareholders' Funds expressed as a percentage of Total Shareholders' Funds (see Note 18 on page 66).

6 See Glossary of Terms on page 76.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Strategic Report

Business and Status

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. It has been approved as an investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 and it is intended that the Company will continue to conduct its affairs in a manner that will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. The Company is not a "close" company for taxation purposes and has no employees, premises, assets or operations.

Investment Objective and Policy

The Company's objective is to achieve capital growth principally from the stockmarkets of the Asian Region* excluding Japan. The Company's performance is measured against the return of its Comparative Index, the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms).

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 unquoted securities and in other investment funds, subject to the investment restrictions set out below.

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

Investment 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 the use of 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 to Fidelity. The Portfolio Manager, Nitin Bajaj, aims to achieve a total return on the Company's net assets over the longer-term in excess of the equivalent return on the Company's Comparative Index. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving this objective.

Investment Management Philosophy, Style and Process

The portfolio is built on a stock by stock basis following the Portfolio Manager's assessment of the fundamental value available in individual securities. Geographical weightings are the result of this stock selection process rather than macroeconomic considerations. The portfolio's geographical weightings may, therefore, vary significantly from the weightings in its Comparative Index. Further, the Portfolio Manager's concentration on the identification of fundamental value in individual stocks within the Asian Region may result in investments that are contrary to prevalent trends and local conventions.

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, 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.

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 weightings.

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

* 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.

Strategic Report continued

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%.

Notwithstanding the Board's intention in the medium to long-term to maintain a Net Market Exposure within a range of between 90%–115%, in the short-term the Net Market Exposure may fall outside of this range from time to time, having regard to the Portfolio Manager's investment style and philosophy as well as the markets he operates in. The sum of all short exposures of the Company from 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.

Key Performance Indicators

The key performance indicators ("KPIs") used to describe 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 2020 %	Year ended 31 July 2019 %
NAV per Ordinary Share total return – undiluted ¹	-16.7	+8.2
Ordinary Share Price total return ¹	-24.8	+12.3
Comparative Index ²	+2.7	+3.9
(Discount)/Premium to NAV ¹	(8.1)	1.9
Ongoing Charges ^{1,3}	0.98	0.98

¹ Alternative Performance Measures.

² See Glossary of Terms on page 76.

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 the Board also monitors the Company's performance against its peer group of investment companies. Comment on performance for the year ended 31 July 2020 can be found in the Chairman's Statement and Portfolio Manager's Review from pages 2 to 9. Long-term performance is also monitored and the Ten Year Record on page 18 shows this performance.

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 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 identifies the key risks that the Company faces and assigns a rating to each risk. This is reviewed by the Audit Committee at least once annually. The Board has also established associated policies and processes designed to manage and where possible, mitigate those risks which are monitored 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.

Emerging Risks and Uncertainties

The Board held a strategy meeting on 29 January 2020. Among wider strategic matters discussed at this meeting, an exercise was carried out to identify any new emerging risks and take any action necessary to mitigate their potential impact. The Board identified the pandemic risk as having a material effect on the Company and took the decision to include this with its principal risks.

The Board considers the risks listed below and on the next page to be the principal risks and uncertainties faced by the Company. The wording of these risks has been revised but they remain unchanged at a high level from those reported in the prior year, apart from the addition of the “Pandemic Risk”.

Principal Risks	Description and Risk Mitigation
Market, Economic and Political risk	<p>The Company’s portfolio is made up mainly of listed securities. The principal risks are, therefore, market related such as market downturn, interest rate movements and exchange rate movements. Political change or protectionism can also have an impact on the Company’s assets, such as a US-led trade war, North Korean conflict, political tensions in the Eurozone and Brexit risks. The Portfolio Manager’s success or failure to protect and increase the Company’s value against this background is core to the Company’s continued success.</p> <p>The risk of the likely effects of COVID-19 on the markets is discussed in the Chairman’s Statement and in the Portfolio Manager’s Review on pages 2 to 9. These risks are somewhat lessened by the investment trust structure which means no forced sales will need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.</p> <p>Risks to which the Company is exposed in the market risk category are included in Note 17 to the Financial Statements on pages 59 to 65 together with summaries of the policies for managing these risks.</p>
Investment Performance risk	<p>The Portfolio Manager’s investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors. In order to manage this risk, the Board reviews Fidelity’s compliance with agreed investment restrictions; investment performance and risk; relative performance; the portfolio’s risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. The Board also regularly canvasses major shareholders for their views with respect to company matters.</p>
Key Person risk	<p>The Portfolio Manager has a differentiated style in relation to his peers. This style is intrinsically linked with the Company’s investment philosophy and strategy and, therefore, the Company has a key person dependency on Nitin Bajaj. Fidelity has succession plans in place for its portfolio managers which have been discussed with the Board and provide some assurance in this regard.</p>
Discount Control risk	<p>The price of the Company’s shares and its premium or discount to NAV are factors which are not within the Company’s total control. The Board has a discount management policy in place and 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 on a regular basis.</p>
Gearing risk	<p>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 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 currently cheaper than bank loans. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
Derivatives risk	<p>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 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 59 to 65.</p>
Currency risk	<p>The base currency of the Company 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. The Company has no formal policy for hedging currency risk but may use foreign currency contracts to limit exposure.</p> <p>Further details can be found in Note 17 to the Financial Statements on pages 59 to 65.</p>
Cybercrime risk	<p>Cybercrime threats evolve rapidly and consequently the risk is regularly re-assessed 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 and the Board is updated on these as part of the reporting it receives from the Manager.</p> <p>Risks are increased due to the COVID-19 crisis, primarily related to phishing, remote access threats, extortion and DDoS (Distributed Denial of Service) attacks. The Manager has a dedicated detect and respond resource specifically to monitor the cyber threats associated with COVID-19.</p>
Pandemic risk	<p>As the COVID-19 outbreak continues to spread, there has been increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The Manager reviews its business continuity plans and operational resilience strategies on an ongoing basis and will take all reasonable steps to continue meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. For example, to enhance its resilience, the Manager has mandated work from home arrangements and implemented split team working for those whose work is deemed necessary to be carried out in an office. The Manager has also imposed self-isolation arrangements on staff in line with Government recommendations and guidance.</p> <p>Investment team key activities, including portfolio managers, analysts and trading/support functions, are performing well despite the operational challenges posed by working from home or split team arrangements.</p> <p>The Company's other third party service providers have also confirmed the implementation of similar measures to ensure no business disruption.</p>

Other risks facing the Company include:

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 Board monitors tax and regulatory changes at each Board meeting and through active engagement with regulators and trade bodies by the Manager.

Operational risks

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. The Registrar, Custodian and Depositary 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.

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. This conclusion also takes into account the Board's assessment of the risks arising from COVID-19 as set out in the Pandemic Risk on the previous page. The prospects of the Company over a period longer than twelve months can be found in the Viability Statement below.

Viability Statement

In accordance with provision 31 of the 2018 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 above. The Board considers 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 Company's NAV and share price performance;
- The principal and emerging risks and uncertainties facing the Company and their potential impact;
- The future demand for the Company's shares;
- The Company's share price relative 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 over the five year reporting period to 31 July 2020, was a NAV total return of 47.0%, a share price total return of 51.9% and a Comparative Index return of 67.5%. 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 fact that 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 Company is subject to a continuation vote at the AGM in 2021 and the Board expect that the vote, when due, will be approved.

Promoting The Success Of The Company

Under Section 172(1) of the Companies Act, the Directors have a duty to promote the success of the Company for the benefit of its stakeholders. This includes having regard (amongst other matters) to fostering relationships with the Company's stakeholders and maintaining a reputation for high standards of business conduct. The Company has no employees, premises, assets or operations. The shareholders in the Company are its key stakeholders and while the Board holds the Manager to account in managing the Company's assets, it recognises that this is also a key relationship. The Directors recognise that carrying out their statutory duty is fundamental to achieving longer-term success, and to this effect continue to work closely with the Manager to further develop the Company's investment strategy and underlying policies. The intention is not simply to achieve the Company's investment objective but to ensure that it is done in an effective and responsible way in the interests of shareholders, future investors and society at large.

It is one of the Board's long-term intentions that the share price should trade at a level close to the underlying net asset value of the shares. In order to achieve this, the Board has implemented a discount policy in order to reduce discount volatility and will, when appropriate, execute share repurchases (in normal market conditions).

The Board is mindful that investors expect their assets to be managed for a competitive fee. The Board negotiated a variable management fee with Fidelity in 2018. The Board believes that this fee arrangement fairly rewards the Manager for any outperformance against the Comparative Index while remaining competitive against fees charged by the Company's peer group. The Board, therefore, believes that this fee also benefits shareholders. Fees for the reporting year were £1,655,000 (2019: £2,262,000). Further information about the variable fee arrangement can be found on page 27 of the Directors' Report.

It is important that shareholders have access to both the Portfolio Manager and the Board. The Portfolio Manager meets with major shareholders, stock market analysts, journalists and other commentators during the year. Since COVID-19, most of these meetings have been virtual in nature. In the run-up to the final subscription share exercise in November 2019, the Chairman, through the Broker, proactively offered to meet with major shareholders without representatives from Fidelity present to discuss any concerns investors may have had. However, no concerns were raised and shareholders did not feel the need to meet with the Chairman privately.

Long-term investors look to the future – the Portfolio Manager in constructing the portfolio and the Board in governing the Company. The performance of the Company and its reputation

Strategic Report continued

for transparency and good governance are paramount to its long-term success.

CORPORATE AND SOCIAL RESPONSIBILITY

Board Diversity

As at the date of this Annual Report, there were three male Directors and two female Directors on the Board. 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.

Environmental, Social, and Governance in the Investment Process

The Board has contracted with Fidelity to provide the Company with investment management and administrative services. The Fidelity group of companies (including the Manager, FIL Investment Services (UK) Limited and FIL Investments International) sets out its commitment to responsible investing, and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/responsible-investing. Fidelity has embedded Environmental, Social and Governance ("ESG") factors in its investment decision making process. Fidelity 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.

ESG integration at Fidelity International is carried out at the fundamental research analyst level within the investment teams, primarily through the implementation of the Fidelity Proprietary Sustainability Rating. This rating was established in 2019 and is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities, based on sector-specific key performance indicators across 99 individual and unique sub-sectors. In addition, Fidelity's portfolio managers are also active in analysing the effects of ESG factors when making investment decisions.

Fidelity's approach to integrating ESG factors into its investment analysis includes the following activities:

- In-depth research.
- Company engagement.
- Active ownership.
- Collaboration within the investment industry.

Examples of ESG factors that Fidelity's investment teams may consider as part of their company and industry analysis include:

- Corporate governance (e.g. Board structure, executive remuneration).
- Shareholder rights (e.g. election of directors, capital amendments).
- Changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes).

- Physical threats (e.g. extreme weather, climate change, water shortages).
- Brand and reputational issues (e.g. poor health & safety record, cyber security breaches).
- Supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations).
- Work practices (e.g. observation of health, safety and human rights provisions and compliance with the provisions of the Modern Slavery Act).

Fidelity operates analyst training and development programmes which include modules on ESG themes, topics, strategies, and attendance at external seminars on the trending ESG issues in the market globally as well as conferences to explore new ways of integrating ESG into the investment process across all asset classes.

Fidelity uses a number of external research sources around the world that provide ESG themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company specific and industry specific research as well as ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and it uses these ratings in conjunction with its wider analysis. Fidelity's sources of ESG research are reviewed on a regular basis.

The ESG ratings and associated company reports are included on Fidelity's centralised research management system, which is an integrated desktop database, so that each analyst has a first-hand view of how each company under their coverage is rated according to ESG factors. In addition, ESG ratings are included in the analyst research notes which are published internally and form part of the investment decision. The external research vendor also provides controversy alerts which include information on companies within its coverage which have been identified to have been involved in a high-risk controversy that may have a material impact on the company's business or its reputation.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint.

Bribery Act 2010 and the Criminal Finances Act 2017

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 has adopted a zero tolerance policy in respect to bribery and tax evasion and its facilitation.

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 Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

By order of the Board

FIL Investments International

Secretary

13 October 2020

Board of Directors



Kate Bolsover¹

Chairman (since 9 December 2014)

Appointed 1 January 2010



Kate Bolsover is a non-executive Director of Baillie Gifford & Co. Ltd. and TR Property Investment Trust PLC. She is also Chairman of Invesco Perpetual Enhanced Income Limited. 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.



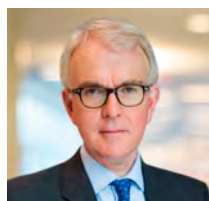
Clare Brady

Director

Appointed 1 August 2019



Clare Brady is a governance professional with 30 years' experience in banking and financial services. In the private sector, she headed audit and oversight functions at Barclays Capital, HSBC and Republic National Bank of New York. She was a Managing Director at Deutsche Bank in London and Singapore. In the public sector, she was the Head of Audit at the Bank of England, representing the UK on the European System of Central Banks' (ESCB) Audit Committee. Internationally, she held the position of Auditor General at the World Bank and was a Director of the International Monetary Fund ("IMF"), both in Washington D.C. She currently sits on the Audit and Risk Commission of the International Federation of Red Cross and Red Crescent Societies ("IFRC").



Timothy Scholefield²

Senior Independent Director

(since 1 May 2020)

Appointed 30 September 2015



Timothy Scholefield is a non-executive Director of BMO Capital and Income Investment Trust PLC, Jupiter Unit Trust Managers Ltd and Standard Life UK Smaller Companies plc. He is also Chairman of City Merchants High Yield Trust Ltd. He is also a consultant to Gresham House Asset Management Ltd (formerly known as Livingbridge LLP). He has over thirty 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.



Grahame Stott

Director

Appointed 24 September 2013



Grahame Stott is Chairman of the Management Board of the Institute and Faculty of Actuaries. He is also a non-executive Director and Chairman of the Audit Committee and the Remuneration Committee of China Motor Bus Company Limited. He is a Fellow of the Institute and Faculty of Actuaries and an Affiliate of the ACCA. He has 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.



Michael Warren²

Director

Appointed 29 September 2014



Michael Warren is a non-executive Director of Carrington Investments and Rathbones Unit Trust Management Ltd. He is also consultant to Gresham House Asset Management Ltd (formerly known as Livingbridge LLP). He is a past non-executive Director of Liontrust Panthera, 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 at Deutsche Asset Management, where he was a main board member. Latterly, he served as Managing Director of the UK mutual fund business, DWS.

All Directors are non-executive Directors and all are considered to be independent.

- 1 In accordance with the AIC Code, the Board considers Mrs Bolsover to remain independent notwithstanding the fact that her total tenure on the Board exceeds nine years as a non-executive Director.
- 2 Timothy Scholefield and Michael Warren both currently hold senior positions at Gresham House Asset Management Ltd.

Committee membership key

Audit Management Engagement Nomination Committee Chair

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 July 2020.

Results And Dividends

The Company's results for the year ended 31 July 2020 are set out in the Income Statement on page 45. The revenue return was 8.64 pence and the capital loss was 82.95 pence, giving a total loss of 74.31 pence per ordinary share.

The Directors recommend that a final dividend of 8.50 pence (2019: 8.80 pence) per ordinary share be paid on 10 December 2020 to shareholders who appear on the share register as at the close of business on 23 October 2020 (ex-dividend date 22 October 2020).

The Board

All Directors served on the Board throughout the year ended 31 July 2020 and up to the date of this report, with the exception of Philip Smiley who retired from the Board on 30 April 2020. A brief description of all serving Directors is shown on page 26 and indicates their qualifications for Board membership.

Management Company

FIL Investment Services (UK) Limited ("FIL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FIL, 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 30.

Fee Arrangement

The Company adopted a variable fee arrangement from 1 August 2018.

The base management fee is 0.70% of net assets per annum plus a +/- 0.20% variation based on performance relative to the Company's Comparative Index. Following shareholder approval, the Company's Comparative Index changed to the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) from 1 February 2020. The performance history will in time build up to a period of three years, after which the performance period will start to roll. The variable element of the fee will increase or decrease 0.033% for each percentage point of 3 year NAV per share outperformance or underperformance over

the Comparative Index to a maximum of +0.20% or a minimum of -0.20%. Therefore, the maximum fee that the Company will pay is 0.90% of net assets, but if the Company underperforms against the Comparative Index, then the overall fee could fall as low as 0.50% of net assets.

Any increase to NAV (performance attribution) from the repurchase or issue of shares will be removed from the fee calculation, so that the Manager cannot benefit from performance outside of portfolio management activities.

In addition, the Company pays the Manager a secretarial and administration fee of £75,000 per annum.

Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 8 December 2020.

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:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- 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 forms part of this report and can be found on pages 29 to 31.

Registrar, Custodian and Depositary Arrangements

The Company has appointed Link 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 the 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 52.

Share Capital

The Company's share capital comprises ordinary shares of 25 pence each which are fully listed on the London Stock Exchange. As at 31 July 2020, the issued share capital of the Company was 75,580,889 ordinary shares (2019: 72,233,453) of which 1,648,782 shares are held in Treasury (2019: nil). Therefore, the number of shares with voting rights was 73,932,107.

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.

Directors' Report continued

Bonus Issue of Subscription Shares

The Company issued 3,081,455 ordinary shares of 25 pence on 2 December 2019 (effective date of 29 November 2019) on the exercise of the conversion rights attached to subscription shares. On the final exercise date of 29 November 2019, the conversion rights attached to 8,021,575 subscription shares remained unexercised and as per paragraph 8(f) of Part 4 of the Prospectus published by the Company on 26 October 2016, a Final Subscription Trustee was appointed. The Final Subscription Trustee determined that the net proceeds of sale, after the deduction of all costs and expenses and any fee payable to the Final Subscription Trustee would not have exceeded the costs of exercising the outstanding 8,021,575 subscription share rights. Therefore, these outstanding subscription share rights lapsed on 13 December 2019 with nil value. The Final Subscription Trustee, decision in this respect is final and binding on all holders of outstanding subscription shares.

Ordinary Share Issues

During the year ended 31 July 2020, 265,981 ordinary shares were issued from the Company's block listing facility. Since the end of the reporting year and as at the date of this report, no further ordinary shares have been issued. The authorities to issue ordinary shares and to disapply pre-emption rights and to issue shares from Treasury expire at this year's AGM, therefore,

resolutions renewing these authorities will be put to shareholders at the AGM on 8 December 2020.

Ordinary Share Repurchases

During the year ended 31 July 2020, 1,648,782 ordinary shares were repurchased for holding in Treasury (2019: nil) and 422,255 have been repurchased since then 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, or to hold them in Treasury, will, therefore, be put to shareholders at the AGM on 8 December 2020.

Substantial Share Interests

As at 31 July 2020 and 31 August 2020, the shareholders listed below held more than 3% of the issued ordinary share capital of the Company.

Additional Information required in the Directors' report

Information on the financial instruments and greenhouse emissions is set out in the Strategic Report on pages 19 to 25.

Shareholders	31 July 2020 %	31 August 2020 %
Fidelity Platform Investors	15.84	15.93
Hargreaves Lansdown	6.96	6.98
Interactive Investor	5.48	5.39
Charles Stanley	5.46	5.51
Brewin Dolphin	4.22	4.20
Rathbones	3.83	3.79
Smith & Williamson Wealth Management	3.13	3.10

By order of the Board

FIL Investments International

Secretary

13 October 2020

Corporate Governance Statement

This 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 and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018. The Board also follows the AIC Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies ("AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code 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 35, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at www.theaic.co.uk and the UK Code can be found 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. 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. All of its day to day management and administrative functions are delegated to the Manager.

THE BOARD

Board Composition

The Board, chaired by Kate Bolsover, consists of five non-executive Directors as at the date of this Annual Report. 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.

Timothy Scholefield is the Senior Independent Director and fulfils the role of sounding board for the Chairman, intermediary for the other Directors as necessary, and he acts 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 26.

Training And Development

On appointment, Directors receive a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the evaluation process and are agreed with the Chairman.

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.

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. The Board also considers shareholder issues including communication and investor relations.

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

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 the next page gives the attendance record for the meetings held during the reporting year. 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. The Board also meets with Fidelity's research and analyst teams. In light of the COVID-19 outbreak, the trip that had been scheduled for March 2020 has been postponed until October 2021. The Board has determined that a separate Strategy meeting will also take place annually.

Corporate Governance Statement continued

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Kate Bolsover	5/5	n/a	1/1	1/1
Clare Brady	5/5	3/3	1/1	1/1
Timothy Scholefield	5/5	3/3	1/1	1/1
Philip Smiley ¹	4/4	1/1	1/1	n/a
Grahame Stott	5/5	3/3	1/1	1/1
Michael Warren	5/5	3/3	1/1	1/1

¹ Retired on 30 April 2020.

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.

BOARD COMMITTEES

The Board has three Committees through which it discharges certain of its corporate governance responsibilities. These are the Audit Committee, the Management Engagement Committee and the Nomination Committee. Terms of reference of each Committee can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues.

Audit Committee

The Audit Committee is chaired by Grahame Stott and consists of all of the Directors, except for Kate Bolsover which is in line with the recommendation of the 2018 UK Corporate Governance Code. Full details, including the Committee's role and responsibilities, are disclosed in the Report of the Audit Committee on pages 36 and 37.

Management Engagement Committee Composition

The Management Engagement Committee is chaired by Timothy Scholefield and consists of all of the Directors.

Role and Responsibilities

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

Manager's Reappointment

Ahead of the AGM, the Committee has reviewed the performance of the Manager and the current fee structure and also that of its peers. Notwithstanding recent weak under performance, the Committee continues to believe, in line with comments made in the Chairman's Statement, that it is in the interests of shareholders that the appointment of the Manager should continue. The Committee has also taken into consideration

the commitment, quality and continuity of the team responsible for the Company in reaching this conclusion. Details of the fee structure for the year ended 31 July 2020 is in the Directors' Report on page 27.

Nomination Committee Composition

The Nomination Committee is chaired by Kate Bolsover and consists of all of the Directors. In accordance with the AIC Code, the Board considers Mrs Bolsover to remain independent notwithstanding the fact that her total tenure on the Board exceeds nine years as a non-executive Director.

Role and Responsibilities

The Committee is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The search for a candidate is carried out 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 potential candidates.

The Committee meets at least once a year and reviews the composition, size and structure of the Board and makes recommendations to the Board as appropriate. It is also responsible for succession planning and for Directors' appointments.

The Committee also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM, it has considered the performance and contribution to the Company of each Director subject to re-election and concluded that each Director has been effective and continues to demonstrate commitment to their role. Accordingly, the Committee has recommended their continued service to the Board.

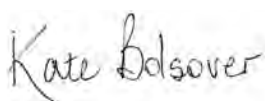
Relations with Shareholders

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 74. 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.

Under normal circumstances, the Board would encourage investors to attend the AGM. However, in view of the public health impact of COVID-19, and having the well-being of investors, the Board and the Fidelity team in mind, the AGM this year will be virtual in nature, with an online presentation by the Chairman and Portfolio Manager which will be made available online at fidelity.co.uk/asianvalues. As at the date of this report, the current Government guidance stipulates that large gatherings of people are prohibited. Further information can be found on pages 3 and 4.

The Notice of Meeting on pages 70 to 72 sets out the business of the AGM and the special business resolutions are explained more fully on page 69. A separate resolution is proposed on each substantially separate issue including the Annual Report and Financial Statements. The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the Meeting.

On behalf of the Board



Kate Bolsover

Chairman

13 October 2020

Directors' Remuneration Report

Directors' Remuneration

The fee structure has remained the same since 1 August 2019 and is as follows: Chairman: £36,000; Chairman of the Audit Committee: £30,000; and Directors: £26,000. Levels of remuneration are reviewed to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy is subject to a binding vote, in the form of an ordinary resolution, at every third 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 current policy was last approved at the AGM in 2017 and is set out below. It will be put to shareholders for approval at the AGM on 8 December 2020. No changes are recommended.

The Remuneration Policy

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 would 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 AGMs 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.

Voting on the Remuneration Policy

The Remuneration Policy (the "Policy"), as set out above, was approved at the AGM on 7 December 2017 with 98.72% of votes cast in favour, 0.90% of votes cast against and 0.38% of votes withheld. The next vote will be put to shareholders at the AGM on 8 December 2020 and the votes cast will be disclosed on the Company's pages of the Manager's website at: www.fidelity.co.uk/asianvalues. The Policy has been followed throughout the year ended 31 July 2020 and up to the date of this report.

Voting on the Directors' Remuneration Report

At the AGM held on 6 December 2019, 99.54% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2019, 0.22% of votes were cast against and 0.24% votes were withheld.

The Directors' Remuneration Report for the year ended 31 July 2020 will be put to shareholders at the AGM on 8 December 2020, and the votes cast will be disclosed on the Company's website at: www.fidelity.co.uk/asianvalues.

Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year under review was £164,262 (2019: £138,409). This includes expenses incurred by Directors in attending to the affairs of the Company and which are considered by HMRC to be a taxable expense. Information on individual Directors' fees and taxable Directors' expenses are shown in the table on the next page.

Expenditure on Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 July 2021 is disclosed in the table on the next page.

	31 July 2020 £	31 July 2019 £
Expenditure on Directors' Remuneration:		
Fees and taxable expenses	164,262	138,409
Distribution to Shareholders:		
Dividend payments	6,380,000	3,777,000

	2021 Projected Total (£)	2020 Fees (Audited) (£)	2020 Taxable Expenses (Audited) (£)	2020 Total (Audited) (£)	2019 Fees (Audited) (£)	2019 Taxable Expenses (Audited) (£)	2019 Total (Audited) (£)
Remuneration of Directors							
Kate Bolsover	36,000	36,000	166	36,166	34,000	780	34,780
Clare Brady ¹	26,000	26,000	–	26,000	n/a	n/a	n/a
Timothy Scholefield	26,000	26,000	–	26,000	25,000	238	25,238
Philip Smiley ²	n/a	19,500	170	19,670	25,000	391	25,391
Grahame Stott	30,000	30,000	–	30,000	28,000	–	28,000
Michael Warren	26,000	26,000	426	26,426	25,000	–	25,000
Total	144,000	163,500	762	164,262	137,000	1,409	138,409

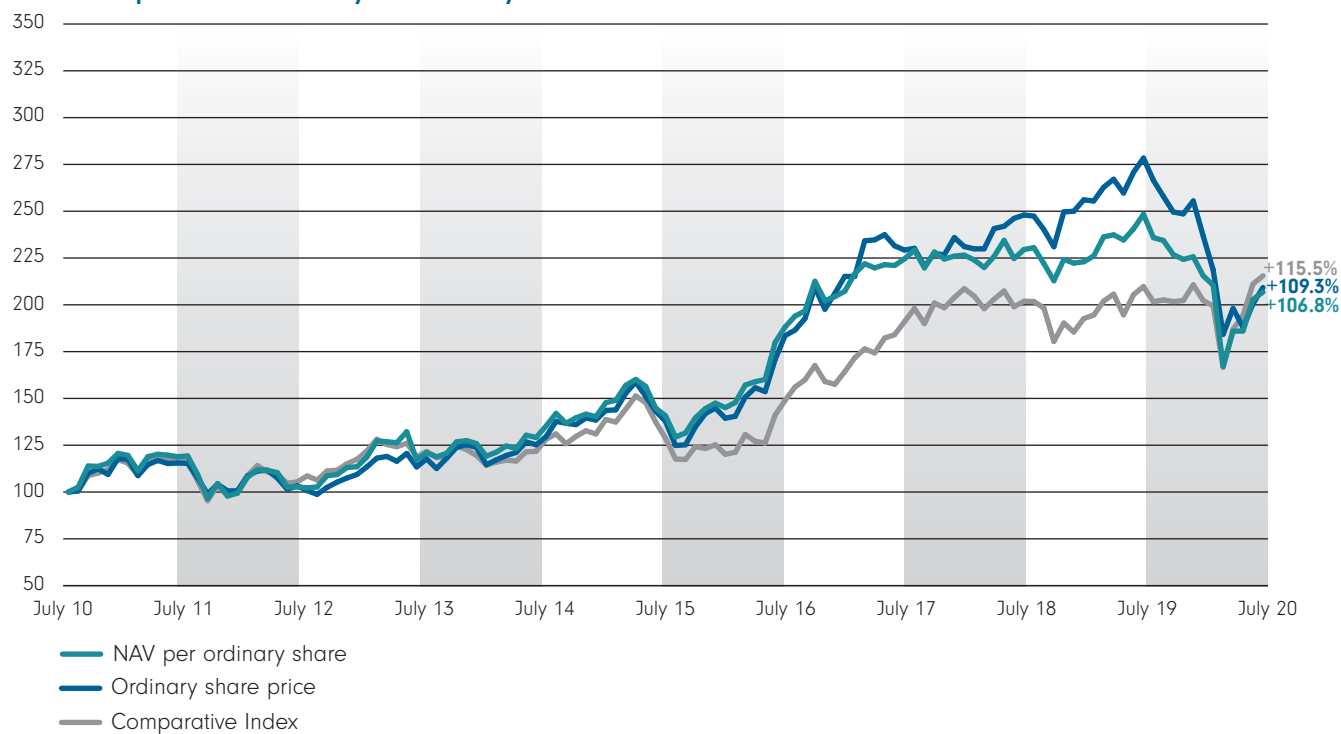
¹ Appointed on 1 August 2019.

² Retired on 30 April 2020.

Performance

The Company's objective is to achieve capital growth principally from the stockmarkets of the Asian Region excluding Japan. The Company's performance is measured against the return of its Comparative Index. The graph below shows performance over ten years to 31 July 2020.

Total return performance for ten years to 31 July 2020



Prices rebased to 100.

Sources: Fidelity and Datastream.

Directors' Remuneration Report continued

Directors' Interest in the Company's Ordinary Shares

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

Directors' Shareholdings (Audited)

	31 July 2020	31 July 2019	Change during year
Ordinary Shares			
Kate Bolsover	15,452	15,452	-
Clare Brady ^{1, 2}	2,500	n/a	2,500
Timothy Scholefield ³	12,000	10,000	2,000
Philip Smiley ⁴	n/a	2,500	-
Grahame Stott ⁵	25,000	20,000	5,000
Michael Warren ¹	10,000	6,000	4,000

1 Purchase of Ordinary Shares.

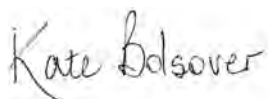
2 Appointed on 1 August 2019.

3 Ordinary Shares allotted on the exercise of the subscription share rights.

4 Retired on 30 April 2020.

The Portfolio Manager also holds shares in the Company.

On behalf of the Board



Kate Bolsover

Chairman

13 October 2020

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.

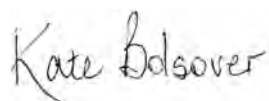
The Directors have delegated the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues. Visitors to the website need to be aware that legislation in the UK governing the preparation 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 loss 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 13 October 2020 and signed on its behalf by:



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 external audit process and how this has been assessed for the year ended 31 July 2020.

Composition

The members of the Committee are myself as Chairman, Clare Brady, Timothy Scholefield and Michael Warren. The Committee considers that collectively its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

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.fidelity.co.uk/asianvalues.

These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, 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 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 review of internal controls 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.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Auditor for the year ended 31 July 2020. Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 52.

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

- The Auditor's arrangements for managing any conflicts of interest;
- The fact that no non-audit services were provided to the Company during the reporting year and as at the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulators and their professional standards.

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

- The fulfilment by the Auditor of the agreed audit plan, including the audit team and approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 July 2020; 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 Auditor on 30 November 2015 following a formal audit tender process. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the fifth year that the audit partner, Matthew Price, has been in place. This is, therefore, the final year that Matthew Price will serve as audit partner. On behalf of the Committee I wish to thank Matthew for his work on the Company's audits. 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 which restrict the Company's choice of auditor.

Annual Report And Financial Statements

During its review of the Company's Financial Statements for the year ended 31 July 2020, the Committee, having deliberated on the Company's principal and emerging risks and uncertainties which included the impact of the COVID-19 pandemic, considered the following significant issues, including consideration of principal and emerging risks and uncertainties in light of the Company's activities, and issues communicated by the Auditor during its reporting.

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

Recognition of Investment Income	Investment income is recognised in accordance with accounting policy Note 2(e) on page 48. 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, including the AAF controls report prepared by PricewaterhouseCoopers LLP on behalf of the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's investment income.
Valuation, existence and ownership of investments (including derivatives)	The valuation of investments (including derivatives) is in accordance with accounting policy Notes 2(k) and 2(l) on pages 49 and 50. The Committee took comfort from the Depositary's regular oversight reports that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and the AAF controls report prepared by PricewaterhouseCoopers LLP which concluded that controls around the valuation, existence and ownership of investments operate effectively. The valuation of two investments subject to fair value oversight by the Manager's Fair Value Committee ("FVC") was reviewed by the Committee. It receives reporting from the FVC and reviews the proposed valuation methodology to be adopted.
Management fee calculation	The Company has a variable management fee arrangement in place. At each Committee meeting, the Manager reports on the accruals for the variable part of the fee that have been included in the Company's NAV and confirms that it has been calculated in accordance with the Management Agreement. These variable management fee accruals are reviewed by the Committee. It also receives reporting on the work carried out by the Auditor that the Company's variable management fee has been calculated in accordance with the terms of the Management Agreement.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 July 2020, 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. The Committee has reported these findings to the Board and recommended that they be approved. The Board's conclusion in this respect is set out in the Statement of Directors' Responsibilities on page 35.

Grahame Stott

Chairman of the Audit Committee
13 October 2020

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

Opinion

We have audited the Financial Statements of Fidelity Asian Values PLC for the year ended 31 July 2020 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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 in the Annual Report set out on pages 21 and 22 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 20 in the Annual Report 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 pages 22 and 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 23 in the Annual 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	<ul style="list-style-type: none"> • Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the income statement. • Incorrect valuation and/or defective title to the investment portfolio and derivatives. • Impact of COVID-19.
Materiality	<ul style="list-style-type: none"> • Overall materiality of £2.69m (2019: £3.20m) which represents 1% of net asset value of the Company as of 31 July 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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
<p>Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the income statement</p> <p><i>Refer to the Report of the Audit Committee (page 37); Accounting policies (page 48); and Note 3 of the Financial Statements (page 51).</i></p> <p>The Company had reported revenue of £10.6m (2019: £11.5m), out of which special dividends comprised £0.5m (2019: £0.9m).</p> <p>The investment income receivable by the Company during the year directly affects the Company's ability to pay a dividend to shareholders. There is a risk that income is recognised incorrectly through failure to recognise proper income entitlements or applying appropriate accounting treatment.</p> <p>We identified the classification of special dividends between revenue and capital to be a fraud risk due to the level of judgment involved in this classification.</p> <p>Special dividends can be included within either capital or revenue columns of the income statement, depending on the commercial circumstances behind the payments.</p> <p>There were three special dividends above our testing threshold received by the Company during the year amounting to £0.39m, all classified as revenue.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Walked through the revenue recognition and classification of special dividend processes to obtain an understanding of the design and implementation of the controls; • Performed a review of the income and capital reports to identify special dividends, above our testing threshold, that have been received and accrued during the period; • For special dividends above our testing threshold, we considered the recognition criteria applied to the special dividends received during the year and their classification as revenue or capital; • Agreed a sample of dividends as noted in the income report to the corresponding announcement made by the investee company and recalculating the investment income by multiplying the investment holdings at the XD date, traced from the accounting records, by the dividend per share rate as agreed to an external source. We agreed a sample to bank statements, and, where applicable, we also agreed the exchange rates to an external source; • To test the completeness of ordinary and special dividends, we agreed all dividends received on a sample of investments held from an independent data vendor to the income recorded by the Company; • For all dividends accrued at the year end, we agreed the dividend entitlement to an independent data vendor and agreed the amount receivable to post year-end bank statements. 	<p>The results of our procedures identified no material misstatement in relation to incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the income statement. Based on the work performed we had no matters to report to the Audit Committee.</p>

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
<p>Incorrect valuation and/or defective title to the investment portfolio and derivatives</p> <p>Refer to the Report of the Audit Committee (page 37); Accounting policies (pages 49 and 50); and Notes 10 and 11 of the Financial Statements (pages 55 and 56).</p> <p>The Company's investment portfolio consists of listed equity investments, equity-linked notes and derivatives which are held at fair value in line with the Company's accounting policy.</p> <p>Investments held at the year-end were valued at £241.3m (2019: £312.7m), while the net derivative position was valued at £6.2m (2019: £(0.7)m).</p> <p>As at 31 July 2020, the Company also held two unlisted investments with a value of £0.4m (2019: £0.8m). These investments represent 0.13% of the Company's NAV as at the year-end.</p> <p>The valuation of the investments and derivatives held in the portfolio is the key driver of the Company's net asset value and total return.</p> <p>The fair value of investments and derivatives is determined by reference to stock exchange quoted market bid prices at the close of business on the year-end date.</p> <p>The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, could have a significant impact on the Financial Statements.</p> <p>In addition, there is a risk of defective title of the entire investment portfolio.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Walked through the investment valuation process to obtain an understanding of the controls; • Agreed 100% of the listed investments and derivative prices in the portfolio using independent pricing sources; • For those investments priced in currencies other than sterling, we compared the exchange rates to an independent source; • Obtained and reviewed the Manager's liquidity assessment, in light of COVID-19, and performed an independent evaluation of the portfolio's liquidity using trading volumes obtained from an external data vendor, where available; • Reviewed the valuation methodology used by the Fair Value Committee for the pricing of unlisted investments and confirmed that this was performed in accordance with FRS 102 and International Private Equity and Venture Capital Valuation Guidelines; and • Agreed 100% of the holdings in the investment portfolio and derivatives to third party confirmations received from the Custodian or Brokers. 	<p>The results of our procedures identified no material misstatement in relation to incorrect valuation or title of the investment portfolio. Based on the work performed we had no matters to report to the Audit Committee.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Impact of COVID-19</p> <p><i>Refer to the Strategic Report, pages 21 and 22, the Report of the Audit Committee, page 37 and the Accounting Policy set out on page 48).</i></p> <p>The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. As of the date of our audit report, the longer-term impact remains uncertain. This uncertainty had an impact on our risk assessment and, as a result, on our audit of the Financial Statements.</p> <p>The COVID-19 pandemic and resultant uncertainties had the most significant impact on our audit of the Financial Statements in the following areas:</p> <p>Going concern</p> <p>There is increased uncertainty in certain of the assumptions underlying Directors' assessment of future prospects, which includes the ability of the Company to fund ongoing costs.</p> <p>Financial Statements disclosures</p> <p>There is a risk that the impact of COVID-19 is not adequately disclosed in the Financial Statements.</p>	<p>We performed the following procedures:</p> <p>Going concern</p> <ul style="list-style-type: none"> We inspected the Directors' assessment of going concern, which includes consideration of the impact of COVID-19 on revenue and cash forecasting. We have agreed the inputs and assumptions used in the assessment to our audit working papers and historically observed results of the Company. <p>Financial statements disclosures</p> <ul style="list-style-type: none"> We reviewed the adequacy of the going concern disclosures by evaluating whether they were consistent with the Directors' assessment. We reviewed the disclosures for compliance with the reporting requirements. 	<p>As a result of our procedures, we have determined that the Directors' conclusion that there is no material uncertainty relating to going concern is appropriate. We have reviewed the disclosures relating to going concern and determined that they are appropriate.</p>

We re-assessed the risks determined in the prior year and, due to the uncertainty in global markets caused by the COVID-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of COVID-19'. Our other Key Audit Matters are unchanged from the prior year.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

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.

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

We determined materiality for the Company to be £2.69m (2019: £3.20m), which is 1% (2019: 1%) of net asset value of the Company as of 31 July 2020. We believe that net asset value provides the most important financial metric on which shareholders judge the performance of the Company.

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 judgment was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £2.02m (2019: £2.42m). We have set performance materiality at this percentage 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 investment trusts, we also applied a separate testing threshold of £0.36m (2019: £0.40m) for the revenue column of the Income Statement, being 5% of profit before taxation.

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 £0.13m (2019: £0.16m), which is set at 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, 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 35** – 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
- **Report of the Audit Committee set out on page 36** – 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 29** – 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.

In our opinion, 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 35, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, 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 the Directors either intend to liquidate the Company or to cease operations, or have 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 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 the Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur through key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- 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.

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

- We were appointed by the Company on 30 November 2015 to audit the Financial Statements for the year ending 31 July 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 July 2016 to 31 July 2020.

- The non-audit services prohibited by the FRC's Ethical Standard were not 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.

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

Use of our report

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.

Matthew Price

(Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

13 October 2020

Notes:

1. The maintenance and integrity of the Fidelity International website is the responsibility of Fidelity International; the work carried out by the Auditor 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 website.
2. 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 2020

	Notes	year ended 31 July 2020			year ended 31 July 2019		
		revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
(Losses)/gains on investments	10	-	(66,743)	(66,743)	-	16,606	16,606
Gains/(losses) on derivative instruments	11	-	6,285	6,285	-	(573)	(573)
Income	3	10,602	-	10,602	11,481	-	11,481
Investment management fees	4	(1,967)	312	(1,655)	(2,030)	(232)	(2,262)
Other expenses	5	(797)	-	(797)	(772)	(39)	(811)
Foreign exchange (losses)/gains		-	(1,532)	(1,532)	-	879	879
Net return/(loss) on ordinary activities before finance costs and taxation		7,838	(61,678)	(53,840)	8,679	16,641	25,320
Finance costs	6	(686)	-	(686)	(678)	-	(678)
Net return/(loss) on ordinary activities before taxation		7,152	(61,678)	(54,526)	8,001	16,641	24,642
Taxation on return/(loss) on ordinary activities	7	(731)	7	(724)	(492)	4	(488)
Net return/(loss) on ordinary activities after taxation for the year		6,421	(61,671)	(55,250)	7,509	16,645	24,154
Basic return/(loss) per ordinary share	8	8.64p	(82.95p)	(74.31p)	10.70p	23.71p	34.41p
Diluted return per ordinary share	8	n/a	n/a	n/a	10.58p	23.46p	34.04p

The Company does not have any other comprehensive income. Accordingly, the net return/(loss) 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 AIC.

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

Statement of Changes in Equity

for the year ended 31 July 2020

	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 2019		18,058	38,073	3,197	7,367	8,613	237,954	9,737	322,999
Net (loss)/return on ordinary activities after taxation for the year		-	-	-	-	-	(61,671)	6,421	(55,250)
Repurchase of ordinary shares	14	-	-	-	-	(5,234)	-	-	(5,234)
Issue of ordinary shares on the exercise of rights attached to subscription shares	14	770	11,332	-	-	-	-	-	12,102
Issue of new ordinary shares	14	67	1,096	-	-	-	-	-	1,163
Dividend paid to shareholders	9	-	-	-	-	-	-	(6,380)	(6,380)
Total shareholders' funds at 31 July 2020		18,895	50,501	3,197	7,367	3,379	176,283	9,778	269,400
Total shareholders' funds at 31 July 2018		17,167	24,316	3,197	7,367	8,613	221,309	6,005	287,974
Net return on ordinary activities after taxation for the year		-	-	-	-	-	16,645	7,509	24,154
Issue of ordinary shares on the exercise of rights attached to subscription shares	14	303	4,327	-	-	-	-	-	4,630
Issue of new ordinary shares	14	588	9,430	-	-	-	-	-	10,018
Dividend paid to shareholders	9	-	-	-	-	-	-	(3,777)	(3,777)
Total shareholders' funds at 31 July 2019		18,058	38,073	3,197	7,367	8,613	237,954	9,737	322,999

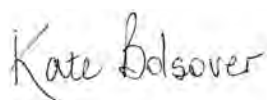
Balance Sheet

as at 31 July 2020

Company number 3183919

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	10	241,271	312,681
Current assets			
Derivative instruments	11	7,299	1,537
Debtors	12	1,886	3,325
Amounts held at futures clearing houses and brokers		1,115	2,905
Cash at bank		21,262	5,796
		31,562	13,563
Creditors			
Derivative instruments	11	(1,149)	(2,192)
Other creditors	13	(2,284)	(1,053)
		(3,433)	(3,245)
Net current assets		28,129	10,318
Net assets		269,400	322,999
Capital and reserves			
Share capital	14	18,895	18,058
Share premium account	15	50,501	38,073
Capital redemption reserve	15	3,197	3,197
Other non-distributable reserve	15	7,367	7,367
Other reserve	15	3,379	8,613
Capital reserve	15	176,283	237,954
Revenue reserve	15	9,778	9,737
Total shareholders' funds		269,400	322,999
Net asset value per ordinary share	16	364.39p	447.16p
Diluted net asset value per ordinary share	16	n/a	439.91p

The Financial Statements on pages 45 to 66 were approved by the Board of Directors on 13 October 2020 and were signed on its behalf by:



Kate Bolsover
Chairman

The Notes on pages 48 to 66 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"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). 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 October 2019. 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. The Company's Going Concern Statement in the Strategic Report takes account of all events and conditions up to the date of approval of these Financial Statements and includes 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 adopt the going concern basis for at least twelve months from the date of this Annual Report.

b) Significant accounting estimates and judgements – The Directors make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements required in order to determine the appropriate valuation methodology of level 3 financial instruments have a risk of causing an adjustment to the carrying amounts of assets. These judgements include making assessments of the possible valuations in the event of a listing or other marketability related risks.

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

d) 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.

e) Income – Income from equity investments is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Amounts are credited to the revenue column of the Income Statement. 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 in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised 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.

Derivative instrument income received from dividends on long contracts for difference ("CFDs") are accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited to the revenue column of the Income Statement.

Interest received on CFDs, collateral and bank deposits are accounted for on an accruals basis and credited to the revenue column of the Income Statement.

f) Investment management fees and other expenses – Investment management fees and other expenses are accounted for on an accruals basis and are charged as follows:

- The base investment management fee is allocated in full to revenue;
- The variable investment management fee, which took effect from 1 November 2018, is charged/credited to capital as it is based on the performance of the net asset value per share relative to the Comparative Index; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

2 Accounting Policies continued

g) Functional currency and foreign exchange – The functional and reporting currency of the Company is UK Sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated in the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on the 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.

h) Finance costs – Finance costs comprise interest on bank overdrafts and interest paid on CFDs, which are accounted for on an accruals basis, 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.

i) Taxation – The taxation charge represents the sum of current taxation and deferred taxation.

Current taxation is taxation suffered at source on overseas income less amounts recoverable under taxation treaties. 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.

Deferred taxation is the taxation expected to be payable or recoverable on timing differences between the treatment of certain items for accounting purposes and their treatment for the purposes of computing taxable profits. Deferred taxation is based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable. Deferred tax assets are only recognised if it is considered more likely than not that there will be sufficient future taxable profits to utilise them.

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

k) Investments – The Company's business is investing in financial instruments with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments 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 follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed; and
- Unlisted investments are investments which are not quoted, or are not frequently traded, and are stated at the Directors' best estimate of fair value. The Manager's Fair Value Committee, which is independent of the Portfolio Manager's team, provide a recommendation of fair values to the Directors based on recognised valuation techniques that take account of the cost of the investment, recent arm's length transactions in the same or similar investments and financial performance of the investment since purchase. Consideration is also given to the valuations received from an external valuer.

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within (losses)/gains on investments in the capital column of the Income Statement and has disclosed these costs in Note 10 below.

l) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short CFDs, futures, options and forward currency contracts. Derivatives are classified as other financial instruments 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:

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;
- Futures – the difference between the contract price and the quoted trade price;
- Options – valued based on similar instruments or the quoted trade price for the contract; and
- Forward currency contracts – valued at the appropriate quoted forward foreign exchange rate ruling at the Balance Sheet date.

Notes to the Financial Statements continued

2 Accounting Policies continued

Where transactions are used to protect or enhance income, if the circumstances support this, the income and expenses derived are included in net income in the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the income and expenses 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 on the Balance Sheet at their fair value within current assets or creditors.

m) Debtors – Debtors include securities sold for future settlement, accrued income and other debtors and prepayments 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. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

n) Amounts held at futures clearing houses and brokers – These are amounts held in segregated accounts as collateral on behalf of brokers and are carried at amortised cost.

o) Other creditors – Other creditors include securities purchased for future settlement, investment management fees, secretarial and administration fees and other creditors and expenses accrued in the ordinary course of business. If payment is due within one year or less (or in the normal operating cycle of the business, if longer) they are classified as current liabilities. If not, they are presented as non-current liabilities. They 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 accounted for in 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;
- Variable investment management fees;
- 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 02/17BL, the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that 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, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding losses of £68,000 (2019: gains of £393,000). See Note 17 on page 65 for further details on the level 3 investments.

3 Income

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Investment income		
Overseas dividends	9,817	10,694
Overseas scrip dividends	45	370
	9,862	11,064
Derivative income		
Dividends received on long CFDs	536	126
Interest received on short CFDs	154	201
	690	327
Other income		
Interest received on collateral and deposits	50	90
Total income	10,602	11,481

No special dividends have been recognised in capital (2019: £nil).

4 Investment Management Fees

	year ended 31 July 2020			year ended 31 July 2019		
	revenue £'000	capital ¹ £'000	total £'000	revenue £'000	capital ¹ £'000	total £'000
Investment management fees	1,967	(312)	1,655	2,030	232	2,262

¹ For the calculation of the variable management fee element, the Company's NAV return was compared to the Comparative Index return for the period from 1 August 2018 to the relevant reporting dates. This has resulted in an underperformance of the NAV and, therefore, a credit to the Company in the current period. Further details of the Fee Arrangement are given in the Directors' Report on page 27.

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

Since 1 August 2018, the Company pays base investment management fees at a rate of 0.70% of net assets per annum. In addition, with effect from 1 November 2018, there is +/- 0.20% variation fee based on the NAV per share performance relative to the Comparative Index. Fees are payable monthly in arrears and are calculated on a daily basis.

Notes to the Financial Statements continued

5 Other Expenses

	year ended 31 July 2020		year ended 31 July 2019	
	revenue £'000	capital £'000	revenue £'000	capital £'000
AIC fees	21	–	21	–
Custody fees	134	–	133	–
Depository fees	26	–	27	–
Directors' expenses	9	–	26	–
Directors' fees*	164	–	137	–
Legal and professional fees	93	–	63	–
Marketing expenses	118	–	146	–
Printing and publication expenses	74	–	68	–
Registrars' fees	34	–	35	–
Secretarial and administration fees payable to the Investment Manager	75	–	75	–
Sundry other expenses	16	–	13	–
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	33	–	28	–
Cost of the issue of new ordinary shares	–	–	–	39
	797	–	772	39

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

6 Finance Costs

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Interest on bank overdrafts	2	4
Interest paid on CFDs	428	341
Dividends paid on short CFDs	256	333
	686	678

7 Taxation on Return/(Loss) on Ordinary Activities

	year ended 31 July 2020			year ended 31 July 2019		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
a) Analysis of the taxation charge for the year						
Overseas taxation	731	-	731	492	-	492
Indian capital gains tax received	-	(7)	(7)	-	(4)	(4)
Taxation charge for the year (see Note 7b)	731	(7)	724	492	(4)	488

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 19.00% (2019: 19.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	year ended 31 July 2020			year ended 31 July 2019		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Net return/(loss) on ordinary activities before taxation	7,152	(61,678)	(54,526)	8,001	16,641	24,642
Net return/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	1,359	(11,719)	(10,360)	1,520	3,162	4,682
Effects of:						
Capital losses/(gains) not taxable*	-	11,778	11,778	-	(3,213)	(3,213)
Income not taxable	(1,826)	-	(1,826)	(2,058)	-	(2,058)
Excess management expenses	467	(44)	423	488	44	532
Expenses not deductible	-	-	-	-	7	7
Excess interest paid	-	(15)	(15)	50	-	50
Overseas taxation	731	-	731	492	-	492
Indian capital gains tax received	-	(7)	(7)	-	(4)	(4)
Taxation charge for the year (see Note 7a)	731	(7)	724	492	(4)	488

* The Company is exempt from UK corporation tax on capital gains 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 £5,354,000 (2019: £4,425,000), in respect of excess management expenses of £24,531,000 (2019: £22,304,000) and excess interest paid of £3,648,000 (2019: £3,728,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

Notes to the Financial Statements continued

8 Return/(Loss) per Ordinary Share

	year ended 31 July 2020			year ended 31 July 2019		
	revenue	capital	total	revenue	capital	total
Basic return/(loss) per ordinary share	8.64p	(82.95p)	(74.31p)	10.70p	23.71p	34.41p
Diluted return per ordinary share	n/a	n/a	n/a	10.58p	23.46p	34.04p

The basic return/(loss) per ordinary share are based on, respectively; the net revenue return on ordinary activities after taxation for the year of £6,421,000 (2019: £7,509,000), the net capital loss on ordinary activities after taxation for the year of £61,671,000 (2019: return of £16,645,000), and the net total loss on ordinary activities after taxation for the year of £55,250,000 (2019: return of £24,154,000), and on 74,348,836 ordinary shares (2019: 70,193,856), being the weighted average number of ordinary shares held outside Treasury during the year.

There is no diluted return/(loss) per ordinary share for the current period as all the subscription shares were exercised or cancelled (see Note 14 for further details).

In the prior year, the diluted returns per ordinary share reflected the notional dilutive effect that would have occurred if the rights attached to subscription shares had been exercised and additional ordinary shares had been issued. The returns on ordinary activities after taxation used in the prior year 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 of 70,964,574. This number of shares reflected the additional number of ordinary shares that could have been purchased at the average ordinary share price for the year with the proceeds from the excess of the subscription share rights exercise price over the average ordinary share price.

9 Dividends Paid to Shareholders

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Dividend paid		
Dividend paid of 8.80 pence per Ordinary Share paid for the year ended 31 July 2019	6,380	-
Dividend paid of 5.50 pence per ordinary share for the year ended 31 July 2018	-	3,777
	6,380	3,777
Dividend proposed		
Dividend proposed of 8.50 pence per Ordinary Share paid for the year ended 31 July 2020	6,250	-
Dividend proposed of 8.80 pence per Ordinary Share paid for the year ended 31 July 2019	-	6,380
	6,250	6,380

The Directors have proposed the payment of a dividend for the year ended 31 July 2020 of 8.50 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 8 December 2020 and has not been included as a liability in these Financial Statements. The dividend will be paid on 10 December 2020 to shareholders on the register at the close of business on 23 October 2020 (ex-dividend date 22 October 2020).

10 Investments at fair value through profit or loss

	2020 £'000	2019 £'000
Listed investments	240,932	312,139
Unlisted investments	339	542
Investments at fair value	241,271	312,681
Opening book cost	289,167	260,237
Opening investment holding gains	23,514	13,477
Opening fair value	312,681	273,714
Movements in the year		
Purchases at cost	173,591	157,608
Sales – proceeds	(178,258)	(135,247)
(Losses)/gains on investments	(66,743)	16,606
Closing fair value	241,271	312,681
Closing book cost	266,633	289,167
Closing investment holding (losses)/gains	(25,362)	23,514
Closing fair value	241,271	312,681

The Company received £178.3m (2019: £135.2m) from investments sold in the year. The book cost of these investments when they were purchased was £196.1m (2019: £128.7m). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs

Transaction costs incurred in the acquisition and disposal of investments, which are included in the (losses)/gains on the investments above, were as follows:

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Purchases transaction costs	268	207
Sales transaction costs	360	292
	628	499

The portfolio turnover rate of the year was 67.0% (2019: 52.2%).

Notes to the Financial Statements continued

11 Derivative Instruments

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Gains/(losses) on derivative instruments		
Realised losses on long CFD positions closed	(1,741)	(36)
Realised gains on short CFD positions closed	430	636
Realised gains on futures contracts closed	142	284
Realised gains/(losses) on options contracts closed	1,162	(2,506)
Realised losses on forward currency contracts	(238)	(431)
Movement in investment holding gains/(losses) on long CFDs	6,745	(903)
Movement in investment holding (losses)/gains on short CFDs	(757)	497
Movement in investment holding gains/(losses) on futures	732	(245)
Movement in investment holding (losses)/gains on options	(142)	2,230
Movement in investment holding (losses)/gains on forward currency contracts	(48)	26
Movement in investment holding losses on warrants	-	(125)
	6,285	(573)

	2020 fair value £'000	2019 fair value £'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	7,299	1,537
Derivative instrument liabilities	(1,149)	(2,192)
	6,150	(655)

	2020 fair value £'000	2020 gross asset exposure £'000	2019 fair value £'000	2019 gross asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	5,675	23,230	(1,070)	5,654
Long future	487	6,791	(330)	13,532
Short CFDs	105	5,393	862	13,055
Short futures	-	-	85	1,401
Written put option	-	-	(133)	1,101
Forward currency contracts (hedging exposure)	(117)	(117)	(69)	(69)
	6,150	35,297	(655)	34,674

12 Debtors

	2020 £'000	2019 £'000
Securities sold for future settlement	619	1,559
Accrued income	1,183	1,499
Other debtors and prepayments	84	267
	1,886	3,325

13 Other Creditors

	2020 £'000	2019 £'000
Securities purchased for future settlement	1,780	644
Creditors and accruals	504	409
	2,284	1,053

14 Share Capital

	2020		2019	
	number of shares	£'000	number of shares	£'000
Issued, allotted and fully paid				
Ordinary shares of 25 pence each held outside Treasury				
Beginning of the year	72,233,453	18,058	68,669,402	17,167
Ordinary shares issued on the exercise of rights	3,081,455	770	1,213,003	303
New ordinary shares issued	265,981	67	2,351,048	588
Ordinary shares repurchased into Treasury	(1,648,782)	(412)	-	-
End of the year	73,932,107	18,483	72,233,453	18,058
Ordinary shares of 25 pence each held in Treasury¹				
Beginning of the year	-	-	-	-
Ordinary shares repurchased into Treasury	1,648,782	412	-	-
End of the year	1,648,782	412	-	-
Subscription shares of 0.001 pence				
Beginning of the year	11,103,030	-	12,316,033	-
Cancellation of subscription shares on the exercise of rights	(3,081,455)	-	(1,213,003)	-
Cancellation of subscription shares	(8,021,575)	-	-	-
End of the year	-	-	11,103,030	-
Total share capital		18,895		18,058

¹ Ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

The cost of ordinary shares repurchased into Treasury during the year was £5,234,000 (2019: £nil).

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 gave the holder the right, but not the obligation, to subscribe for one ordinary share upon payment of the subscription price. The subscription price was based on the published unaudited NAV per ordinary share at 2 December 2016, plus a premium (rounded to the nearest quarter penny) depending upon the year in which the right was exercised. The subscription share rights could have been exercised annually in the 25 business days prior to the relevant subscription date (on which the exercise would take effect). The subscription dates, subscription prices and premiums were as follows:

Notes to the Financial Statements continued

14 Share Capital continued

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

After the final subscription date of 29 November 2019, the Company appointed a Trustee to exercise any rights remaining that were not exercised by shareholders, providing that by doing so a profit could 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. On 13 December 2019, the Board announced that the Trustee had not exercised any of the unexercised subscription rights of the 8,021,575 outstanding subscription shares. The Trustee determined the net proceeds of sale, after deduction of all costs and expenses, would not have exceeded the costs of exercising the subscription share rights. Therefore, all subscription share rights for the outstanding subscription shares lapsed with nil value.

During the year, the Company issued 3,081,455 ordinary shares (2019: 1,213,003 shares) on the exercise of rights attached to subscription shares. The subscription share price of 392.75 pence per ordinary share issued represented a premium of 367.75 pence per share over the 25 pence nominal value of each share. The total premium received in the year on the issue of ordinary shares of £11,332,000 (2019: £4,327,000) was credited to the share premium account.

The Company issued 265,981 new ordinary shares during the year (2019: 2,351,048 shares). The total premium received in the year on the issue of new ordinary shares of £1,096,000 (2019: £9,430,000) was credited to the share premium account.

15 Reserves

The "share premium account" represents the amount by which the proceeds, from the issue of new ordinary shares or 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. Refer to Notes 10 and 11 for information on investment holding gains/(losses) included in this reserve. See Note 2(p) above for further details. 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 basic net asset value per ordinary share is based on net assets of £269,400,000 (2019: £322,999,000) and on 73,932,107 (2019: 72,233,453) ordinary shares, being the number of ordinary shares of 25 pence each held outside of Treasury at the year end. It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

There is no diluted net asset value per ordinary share as all the subscription shares were exercised or cancelled during the year (see Note 14 for further details).

The diluted net asset value per ordinary share at 31 July 2019 reflects the potential dilution in the net asset value per ordinary share if the rights of the 11,103,030 subscription shares in issue had been exercised on 31 July 2019 at the next exercise date price of 392.75 pence per share. The basis of the calculation is in accordance with the guidelines laid down by the AIC.

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 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, economic and political, investment performance, key person, discount control, gearing, derivatives, currency, cybercrime and pandemic 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. These risks and how they are identified, evaluated and managed are shown in the Strategic Report on pages 20 to 22.

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

- Equity shares (listed and unlisted) and equity linked notes held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise CFDs, forward currency contracts, futures and options on listed stocks and equity indices; and
- Cash, liquid resources and short-term debtors and creditors that arise from its operations.

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 its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The level of gearing is reviewed by the Board and the Portfolio Manager. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

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

	2020 £'000	2019 £'000
Exposure to financial instruments that earn interest		
Cash at bank	21,262	5,796
Short CFDs – exposure plus fair value	5,498	13,917
Amounts held at futures clearing houses and brokers	1,115	2,905
	27,875	22,618
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	17,555	6,724
Net exposure to financial instruments that earn interest	10,320	15,894

Foreign currency risk

The Company's net return/(loss) on ordinary activities after taxation for the year 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. The Portfolio Manager may seek to manage exposure to currency movements by using forward and spot foreign exchange contracts. The Company can also be subject to short-term exposure to exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs.

Notes to the Financial Statements continued

17 Financial Instruments continued

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; and
- Movements in currency exchange rates affecting income received.

Currency exposure of financial assets

The currency exposure profile of the Company's financial assets is shown below:

Currency					2020
	investments at fair value £'000	long exposure to derivative instruments ¹ £'000	debtors ² £'000	cash at bank £'000	total £'000
Hong Kong dollar	59,135	15,730	474	50	75,389
Indian rupee	51,163	–	1,234	162	52,559
South Korean won	31,527	–	106	150	31,783
Taiwan dollar	23,098	–	312	89	23,499
Indonesian rupiah	21,064	–	362	–	21,426
Australian dollar	15,230	2,755	117	–	18,102
US dollar	9,616	9,549	66	19,665	38,896
Philippine peso	6,390	(117)	216	–	6,489
Singapore dollar	5,672	1,987	30	–	7,689
Sri Lankan rupee	4,948	–	–	–	4,948
Thai baht	3,809	–	–	–	3,809
Other overseas currencies	8,562	–	–	1,146	9,708
UK Sterling	1,057	–	84	–	1,141
	241,271	29,904	3,001	21,262	295,438

¹ The exposure to the market of long CFDs and long futures after the netting of hedging exposures.

² Debtors include amounts held at futures clearing houses and brokers.

17 Financial Instruments continued

					2019
Currency	investments held at fair value £'000	long exposure to derivative instruments ¹ £'000	debtors ² £'000	cash at bank £'000	total £'000
Hong Kong dollar	74,204	5,654	776	–	80,634
Indian rupee	69,495	–	1,016	446	70,957
Indonesian rupiah	33,872	–	5	–	33,877
South Korean won	29,967	–	–	7	29,974
Taiwan dollar	28,157	–	1,475	282	29,914
Philippine peso	17,359	(69)	27	–	17,317
Singapore dollar	13,419	–	25	–	13,444
Australian dollar	11,777	–	20	–	11,797
Thai baht	10,562	–	–	–	10,562
Sri Lankan rupee	6,504	14,633	2,255	3,035	26,427
US dollar	6,429	–	–	–	6,429
Other overseas currencies	10,936	–	365	1,867	13,168
UK Sterling	–	–	266	159	425
	312,681	20,218	6,230	5,796	344,925

1 The exposure to the market of long CFDs, long futures and options after the netting of hedging exposures.

2 Debtors include amounts held at futures clearing houses and brokers.

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:

	2020		
Currency	short exposure to derivative instruments ¹ £'000	other creditors £'000	total £'000
US dollar	1,834	1,440	3,274
Hong Kong dollar	1,756	188	1,944
Australian dollar	1,114	83	1,197
Singapore dollar	689	–	689
Indian rupee	–	69	69
UK Sterling	–	504	504
	5,393	2,284	7,677

1 The exposure to the market of short CFDs.

Notes to the Financial Statements continued

17 Financial Instruments continued

Currency	short exposure to derivative instruments ¹	other creditors	2019 total
	£'000	£'000	£'000
US dollar	6,680	90	6,770
Australian dollar	3,341	-	3,341
Hong Kong dollar	3,034	54	3,088
Indian rupee	1,401	366	1,767
Other overseas currencies	-	134	134
UK Sterling	-	409	409
	14,456	1,053	15,509

¹ The exposure to the market of short CFDs and short futures.

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

The Portfolio Manager is responsible for actively 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. Other price risks arising from derivative positions, mainly due to the underlying exposures, are estimated using Value at Risk and Stress Tests as set out in the Company's internal Derivative Risk Measurement and Management Document.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Liquidity risk exposure

At 31 July 2020, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £1,149,000 (2019: £2,192,000) and creditors of £2,284,000 (2019: £1,053,000).

Counterparty risk

Certain 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 and Derivatives Association's ("ISDA") market standard derivative legal documentation. 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 Manager employs, the Manager will seek to minimise such risk 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 Over The Counter ("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 2020, £5,758,000 (2019: £nil) was held by the brokers in cash in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company. This collateral comprised: Goldman Sachs International Ltd £350,000 in cash denominated in US dollars, HSBC Bank plc £1,424,000 in cash denominated in US dollars and UBS AG £3,984,000 in cash denominated in US dollars. £1,115,000 (2019: £2,905,000), shown as amounts held at futures clearing houses and brokers on the Balance Sheet, was held by the Company in a segregated collateral account, on behalf of the brokers, to reduce the credit risk exposure of the brokers. This collateral is comprised of: UBS AG £1,115,000 (2019: £2,610,000) in cash and HSBC Bank Plc £nil (2019: £295,000) in cash.

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 Manager 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 Manager. Exposure to credit risk arises on unsettled security transactions and derivative instrument contracts and cash at bank.

Derivative instruments risk

The risks and risk management processes which result from the use of derivative instruments, are set out in a documented Derivative Risk Measurement and Management Document. Derivative instruments are used by the Manager for the following purposes:

- to gain unfunded long exposure to equity markets, sectors or single stocks. Unfunded exposure is exposure gained without an initial flow of capital;
- to hedge equity market risk using derivatives with the intention of at least partially mitigating losses in the exposures of the Company's portfolio as a result of falls in the equity market; and
- to position short exposures in the Company's portfolio. These uncovered exposures benefit from falls in the prices of shares which the Portfolio Manager believes to be over valued. These positions, therefore, distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at 31 July 2020, an increase of 0.25% in interest rates throughout the year, with all other variables held constant, would have decreased the net loss on ordinary activities after taxation for the year and increased the net assets of the Company by £26,000 (2019: increased the net return and net assets by £40,000). 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 instruments held and currency exchange rates at the Balance Sheet date, a 10% strengthening of the UK Sterling exchange rate against other currencies would have increased the Company's net loss on ordinary activities after taxation for the year and decreased the net assets (2019: decreased the net return and net assets) by the following amounts:

Currency	2020 £'000	2019 £'000
Hong Kong dollar	6,677	7,611
Indian rupee	4,772	6,611
US dollar	3,238	3,018
South Korean won	2,889	2,729
Taiwan dollar	2,136	2,721
Indonesian rupiah	1,948	3,080
Australian dollar	1,537	1,376
Singapore dollar	636	1,222
Philippine peso	590	1,574
Sri Lankan rupee	450	584
Thai baht	346	960
Other overseas currencies	883	1,204
	26,102	32,690

Notes to the Financial Statements continued

17 Financial Instruments continued

Based on the financial instruments held and currency exchange rates at the Balance Sheet date, a 10% weakening of the UK Sterling exchange rate against other currencies would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the net assets (2019: increased the net return and net assets) by the following amounts:

Currency	2020 £'000	2019 £'000
Hong Kong dollar	8,161	9,302
Indian rupee	5,832	8,080
US dollar	3,958	3,689
South Korean won	3,531	3,335
Taiwan dollar	2,611	3,325
Indonesian rupiah	2,381	3,764
Australian dollar	1,878	1,682
Singapore dollar	778	1,494
Philippine peso	721	1,924
Sri Lankan rupee	550	714
Thai baht	423	1,174
Other overseas currencies	1,079	1,471
	31,903	39,954

Other price risk – exposure to investments sensitivity analysis

Based on the investments held and share prices at 31 July 2020, an increase of 10% in share prices, with all other variables held constant, would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the net assets of the Company by £24,127,000 (2019: increased the net return and net assets by £31,268,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Other price risk – net exposure to derivative instruments sensitivity analysis

Based on the derivative instruments held and share prices at 31 July 2020, an increase of 10% in the share prices underlying the derivative instruments, with all other variables held constant, would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the net assets of the Company by £2,463,000 (2019: increased the net return and net assets by £583,000). A decrease of 10% in share prices 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 Notes 2 (k) and (l) above, investments and derivative instruments are shown at fair value. In the case of cash at bank, 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 inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
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 Notes 2 (k) and (l) above. The table below sets out the Company's fair value hierarchy:

	level 1 £'000	level 2 £'000	level 3 £'000	2020 total £'000
Financial assets at fair value through profit or loss				
Investments	238,836	2,096	339	241,271
Derivative instrument assets	487	6,812	-	7,299
	239,323	8,908	339	248,570
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	-	(1,149)	-	(1,149)

	level 1 £'000	level 2 £'000	level 3 £'000	2019 total £'000
Financial assets at fair value through profit or loss				
Investments	311,753	386	542	312,681
Derivative instrument assets	85	1,194	258	1,537
	311,838	1,580	800	314,218
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(463)	(1,729)	-	(2,192)

The table below sets out the movements in level 3 financial instruments during the year:

	year ended 31.07.20 £'000	year ended 31.07.19 £'000
Beginning of the year	800	407
Transfer into level 3 - China Ding Yi Feng Holdings (Short CFD)*	-	258
Proceeds from closing of the China Ding Yi Feng Holdings (Short CFD) position	(208)	-
(Losses)/gains on investments	(253)	135
End of the year	339	800

* Financial instruments are transferred into level 3 on the date they are suspended, delisted or when they have not traded for thirty days.

JHL Biotech Inc

JHL Biotech Inc develops biosimilars and is also engaged in providing process development and contract manufacturing solutions to the biopharmaceutical industry. On 26 February 2018, JHL Biotech voluntarily delisted from the Taipei Exchange. The valuation at 31 July 2020 is based on the company's financial information and benchmarking the position to a range of comparable companies.

Chime Biologics

Chime Biologics is a China-based Contract Development and Manufacturing Organization (CDMO) that provides a solution supporting customers from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing. The valuation at 31 July 2020 is based on the price of the shares when US\$277 million of funding was raised in February 2020.

Notes to the Financial Statements continued

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 in the Balance Sheet on page 47, and any gearing, which is managed by 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 19. The principal risks and their management are disclosed in the Strategic Report on pages 20 to 22 and in Note 17 above.

The Company's gearing at the year end is set out below:

	2020 gross asset exposure £'000	2019 gross asset exposure £'000
Long exposure to shares and equity linked notes	241,271	312,681
Long CFDs	23,230	5,654
Long future	6,791	13,532
Written put option	–	1,101
Total long exposures	271,292	332,968
Less: hedging exposure to forward currency contracts	(117)	(69)
Total long exposures after the netting of hedges	271,175	332,899
Short CFDs	5,393	13,055
Short futures	–	1,401
Gross Asset Exposure	276,568	347,355
Total Shareholders' Funds	269,400	322,999
Gearing*	2.7%	7.5%

* 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 ("FIL"). Both companies are Fidelity group companies.

Details of the current fee arrangements are given in the Directors' Report on page 27. During the year, management fees of £1,655,000 (2019: £2,262,000), and secretarial and administration fees of £75,000 (2019: £75,000) were payable to FIL. At the Balance Sheet date, management fees of £117,000 (2019: £217,000), and secretarial and administration fees of £6,000 (2019: £6,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services was £118,000 (2019: £146,000). At the Balance Sheet date, £25,000 (2019: £20,000) for marketing services was accrued and included in other creditors.

Disclosures of the Directors' interests in the ordinary shares of the Company and Director's fees and taxable expenses relating to reasonable travel expenses payable to the Directors are given in the Directors' Remuneration Report on pages 33 and 34. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £16,000 (2019: £13,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £12,000 (2019: £11,000) were accrued and payable.

Alternative Performance Measures

Total Return

Total return is considered to be an Alternative Performance Measure. NAV and diluted NAV total return includes reinvestment of the dividend in the NAV/diluted NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 July 2020 and 31 July 2019.

	Net asset value per ordinary share – undiluted	Net asset value per ordinary share – diluted	Share price
2020			
31 July 2019	447.16p	439.91p	455.50p
31 July 2020	364.39p	n/a	335.00p
Change in year	-18.5%	n/a	-26.5%
Impact of dividend reinvestment	+1.8%	n/a	+1.7%
Total return for the year	-16.7%	n/a	-24.8%

	Net asset value per ordinary share – undiluted	Net asset value per ordinary share – diluted	Share price
2019			
31 July 2018	419.36p	413.64p	412.00p
31 July 2019	447.16p	439.91p	455.50p
Change in year	+6.6%	+6.4%	+10.6%
Impact of dividend reinvestment	+1.6%	+1.5%	+1.7%
Total return for the year	+8.2%	+7.9%	+12.3%

Ongoing charges

Ongoing charges are considered to be an Alternative Performance Measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and other expenses expressed as a percentage of the average net asset values throughout the year.

	2020	2019
Investment management fees (£'000)	1,967	2,030
Other expenses (£'000)	797	811
Ongoing charges (£'000)	2,764	2,841
Variable element of management fees (£'000)	(312)	232
Average net assets (£'000)	280,521	289,809
Ongoing charges ratio	0.98%	0.98%
Ongoing charges ratio including variable element of management fee	0.87%	1.06%

Gearing

Gearing is considered to be an Alternative Performance Measure. See Note 18 on page 66 for details of the Company's gearing.

Financial Calendar

The key dates in the Company's calendar are:

31 July 2020	Financial Year End
October 2020	Announcement of results for the year ended 31 July 2020
October 2020	Publication of this Report
22 October 2020	Ex-dividend Date
23 October 2020	Dividend Record Date
8 December 2020	Annual General Meeting
10 December 2020	Payment of the Dividend
31 January 2021	Half-Year End
April 2021	Announcement of the Half-Yearly results for the six months ended 31 January 2021
April 2021	Publication of the Half-Yearly Report

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.

In view of the public health impact of COVID-19 and in the interests of your well-being as investors, we have changed the format of the AGM this year and we are actively encouraging you to vote by proxy or through investor voting facilities available to you. As mentioned in the Chairman's Statement on pages 3 and 4, and as at the date of this report, the current Government guidance stipulates that large gatherings of people are prohibited. The AGM will be virtual in nature, with an online presentation by the Chairman and Portfolio Manager which will be made available online at fidelity.co.uk/asianvalues

Fidelity Platform Investors – Voting at AGMs

If you hold your shares in the Company through the Fidelity platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. As attendance in person is not possible at this year's AGM, Fidelity platform investors should vote online via the Broadridge Service (a company that specialises in investor voting facilities) as explained in previous correspondence from Fidelity. Investors can sign up to this facility via their Fidelity Investor Account.

Paperless Proxy Voting

Link Asset Services, the Registrar, introduced a paperless proxy voting process last year. However, in view of the public health impact of COVID-19 and your well-being as shareholders, and as attendance in person is not possible for this year's AGM, we are sending a paper Proxy Form to all shareholders who hold shares on the main share register so that you are able to vote in advance of the meeting.

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, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 8 December 2020, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 70 and 71, including the items of special business summarised below.

Authority to Allot Ordinary 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 £1,889,522. If passed, this resolution will enable the Directors to allot a maximum of 7,558,088 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury shares) as at 13 October 2020, 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 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 £1,889,522 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company as at 13 October 2020 and equivalent to 7,558,088 ordinary shares).

Authority to Repurchase Ordinary Shares

Resolution 14 is a special resolution which renews the Company's authority to purchase up to 14.99% (11,019,126) of the ordinary shares in issue (excluding Treasury shares) on 13 October 2020, 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.

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

13 October 2020

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held as a closed session via video conference on Tuesday, 8 December 2020 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 2020.
2. To declare that a final dividend for the year ended 31 July 2020 of 8.50 pence per ordinary share be paid to shareholders on the register as at close of business on 23 October 2020.
3. To re-elect Kate Bolsover as a Director.
4. To re-elect Clare Brady as a Director.
5. To re-elect Timothy Scholefield as a Director.
6. To re-elect Grahame Stott as a Director.
7. To re-elect Michael Warren as a Director.
8. To approve the Directors' Remuneration Report (excluding the section headed The Remuneration Policy set out on page 32) for the year ended 31 July 2020.
9. To approve the Remuneration Policy as stated in the Directors' Remuneration Report on page 32.
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 Ordinary Shares and Disapply Pre-emption Rights

Resolutions 12 and 13 will, if approved, authorise the Directors to allot a limited number of 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 13 October 2020. 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 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 to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 13 October 2020) 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.

13. THAT, subject to the passing of Resolution 12, as 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 £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 13 October 2020); 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 Ordinary Shares

Resolution 14 is special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% respectively of the number of ordinary shares in issue (excluding Treasury shares) on 13 October 2020 either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by

subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be 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 (the "shares") in the capital of the Company provided that:
- a) the maximum number of shares hereby authorised to be purchased shall be 11,019,126;
 - b) the minimum price which may be paid for a share is 25 pence;
 - c) the maximum price (excluding expenses) which may be paid for 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.

By Order of the Board
FIL Investments International
 Secretary
 13 October 2020

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the share portal at www.signalshares.com, you will need to log into your share portal account or register if you have not previously done so. To register you will need your Investor Code which can be found on your share certificate or dividend confirmation or by contacting our Registrar, **Link Asset Services**.
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 on Friday, 4 December 2020. 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 notari ally or in some other way approved by the Directors), must be deposited with the Company's Registrar, **Link 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 on Friday, 4 December 2020. 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 on Friday, 4 December 2020.

Notice of Meeting continued

6. Proxymity Voting, If you are an institutional investor you may also be able to appoint a proxy electronically via the proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by no later than 11:00 a.m. on Friday, 4 December 2020 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
7. 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 Friday, 4 December 2020.
8. 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 on the previous page does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
9. 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.
10. 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 Friday, 4 December 2020. 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.
11. As at 13 October 2020 (the latest practicable date prior to the publication of this document) the Company's issued share capital consisted of 75,580,889 ordinary shares. The number of shares held in Treasury by the Company was 2,071,037. Therefore, the total number of shares with voting rights in the Company as at 13 October 2020 was 73,509,852.
12. Any corporation that 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.
13. 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.
14. 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.
15. No Director has a service contract with the Company.
16. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at **www.fidelity.co.uk/asianvalues**.

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 platform, 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 and the latest Key Information Document can be found on Fidelity's website at: www.fidelity.co.uk/asianvalues

CONTACT INFORMATION

Shareholders and Fidelity's Platform Investors should contact the appropriate administrator using the contact details given below and in the next column. Links to the websites of major platforms can be found online at: www.fidelityinvestmenttrusts.com

Shareholders on the main share register

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

Email: enquiries@linkgroup.co.uk

Telephone: **0371 664 0300** (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 between 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at www.signalshares.com. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online service. Facilities include:

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

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download 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 Link Share Portal, contact the helpline on **0371 664 0300** (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 between 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Link Share Dealing Service

Link Asset Services offer a low cost share dealing service to buy or sell shares. Further information is available at www.linksharedeal.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 – 16:30, Monday to Friday excluding public holidays in England and Wales). The Link Share Dealing Service allows you to deal in the shares of other companies for which Link 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

Link Asset Services offer a Dividend Re-investment Plan which is 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 Link Asset Services, a trading name of Link Market Services 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 – 17:30 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@link.co.uk or log on to www.signalshares.com.

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

Website: www.fidelity.co.uk/its

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, 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: **01737 837846**

Email: investmenttrusts@fil.com

Website: www.fidelityinvestmenttrusts.com

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.

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**.

Shareholder Information continued

Managers and Advisors

Alternative Investment Fund Manager (AIFM/the Manager)

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

Banker and Custodian

JPMorgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Depository

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

Financial Adviser and Stockbroker

Stifel Nicolaus Europe Ltd
150 Cheapside
London
EC2V 6ET

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Registrar

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

Investment Manager, Secretary and Registered Office

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP
Email: investmenttrusts@fil.com

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 2006). On 4 March 2010, the Company issued one subscription share for every five ordinary shares held with a final subscription date of May 2013. A further subscription share issue was made on 2 December 2016 on the basis of one subscription share for every five held with a final exercise date of 29 November 2019.

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". It is also published in The Times and The Daily Telegraph. 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's ordinary shares is FAS.L, the sedol is 0332231 and the ISIN is GB0003322319. The sedol for the subscription shares is BDQZV5 and the ISIN is GB00BDQZV55.

Net Asset Value ("NAV") Information

The Company's NAV 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 12,300 of capital gains in the current tax year 2020/2021 (2019/2020: £12,000) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent on the total amount of taxable income.

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will, therefore, collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company website at <https://investment-trusts.fidelity.co.uk/privacy-policy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity group but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

How long will personal data be kept for?

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary of Terms

AAF REPORT

A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIF

Alternative Investment Fund ("AIF"). The Company is an AIF.

AIFM

Alternative Investment Fund Manager ("AIFM"). 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.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges;
- Return (Revenue, Capital and Total Returns); and
- Total Return Performance.

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

The MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms). This has been in place since 1 February 2020. Prior to that and since 1 August 2015, it was the MSCI All Countries Asia ex Japan Index (net) total return (in Sterling terms). Before 1 August 2015, it was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms.

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.

Depository

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

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 ordinary share, the Company's shares are said to be trading at a discount. It is shown as a percentage of the net asset value per ordinary share. 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;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;
- **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);

- **Futures and options** – valued at the quoted trade price for the contract; and
- **Forward currency contracts** – valued at the appropriate quoted forward foreign exchange rate ruling at the Balance Sheet date.

Forward Currency Contract

Agreement to buy or sell a currency at a specified future date and at a pre-agreed price.

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 Investment Services (UK) Limited is the appointed **Manager** under 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 ordinary 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 expense (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** of 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 to existing shareholders. At each Annual General Meeting, the Board seeks shareholder approval to disapply **pre-emption rights** provision, 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 ordinary 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 per ordinary share**.

Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is Link Asset Services.

Return/(Loss)

The **return/(loss)** generated in a given period from investments:

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

Glossary of Terms continued

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 as shown in the balance sheet.

Total Return Performance

The return on the share price or [net asset value per ordinary 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 ordinary share](#) calculation.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has 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 current Management Agreement can be found in the Directors' Report on page 27.

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

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	Details of the Company's investment objective, its strategy and investment policy, including limits, are on pages 19 and 20.
Risk management	<p>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.</p> <p>The Company has a Risk Management Process Document and demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remain responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	<p>The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 20 to 22 and in Note 17 to the Financial Statements on pages 59 to 65.</p>
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature. Further, any new arrangements for managing the liquidity of the Company must be disclosed.	Not Applicable.

Alternative Investment Fund Manager's Disclosure continued

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company uses leverage to increase its exposure to the stockmarkets of the Asian Region (excluding Japan) and currently holds derivative instruments to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>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.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method.</p> <p>At 31 July 2020, actual leverage was 1.16 for the Gross Method and 1.12 for the Commitment Method.</p>
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 62.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B); and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page .

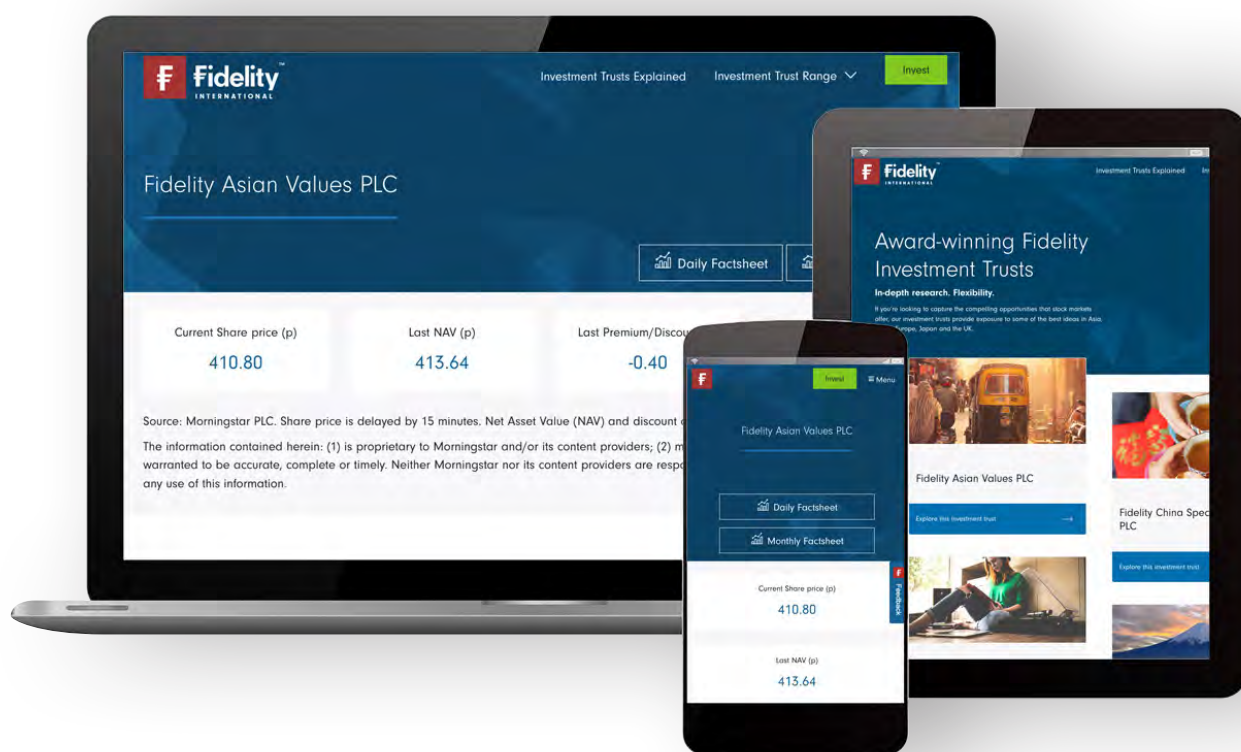
EU Securities Financing Transactions Regulation ("SFTR")

The following disclosures relate to 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.

As at 31 July 2020, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the broker £'000	Collateral held by the Company £'000
Goldman Sachs International (UK)	314	0.12%	350	–
HSBC Bank plc (UK)	1,465	0.54%	1,424	–
UBS AG (UK)	4,001	1.49%	3,984	–

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 July 2020 from CFDs was a gain of £4,683,000.



To find out more about Fidelity Asian Values PLC, visit our new website www.fidelityinvestmenttrusts.com where you can read articles and watch videos on the Company.



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