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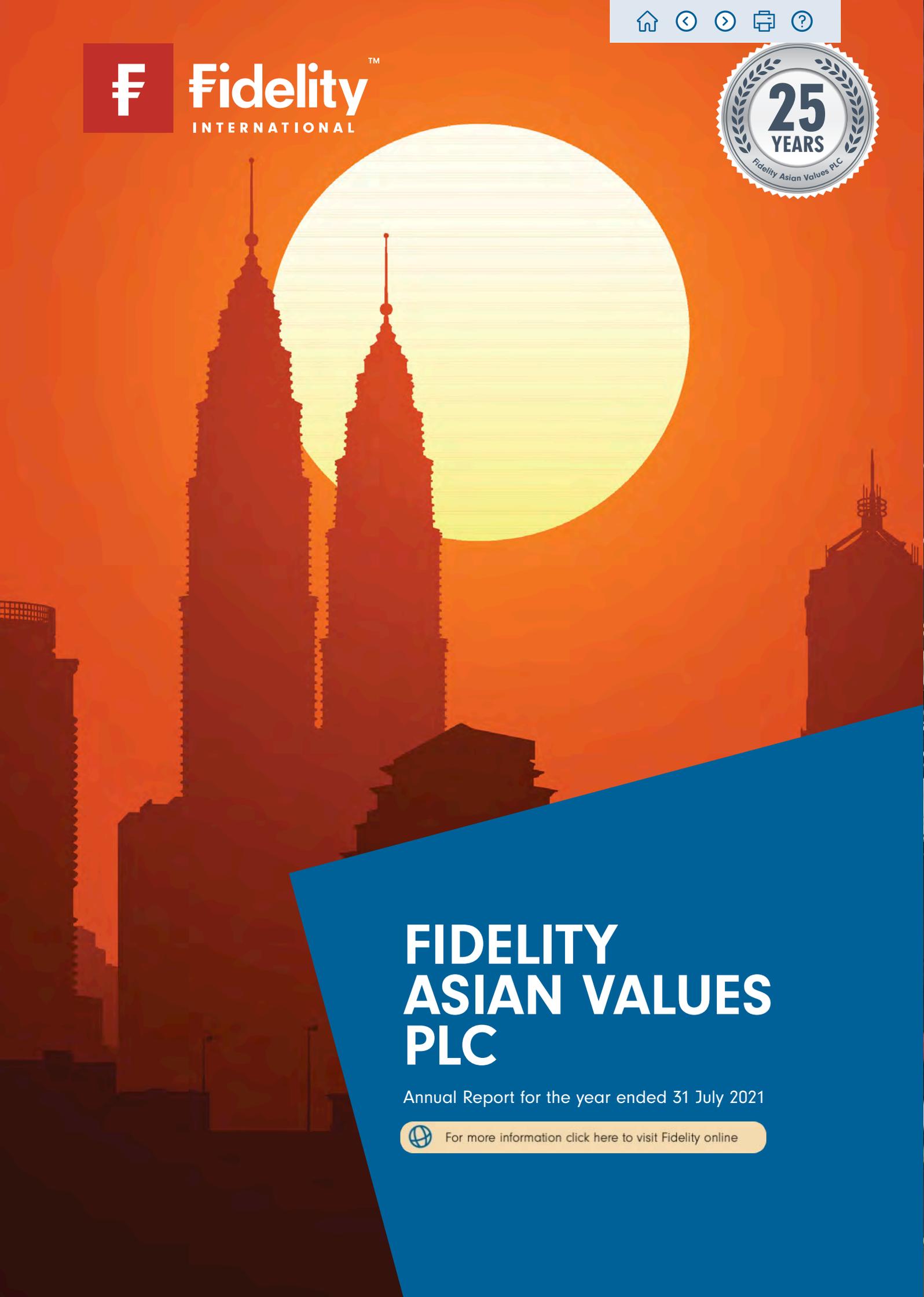
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FIDELITY ASIAN VALUES PLC

Annual Report for the year ended 31 July 2021



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Investment Objective and Overview

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

Asia is the world's fastest-growing economic region, offering investors a potentially unparalleled long-term opportunity. Fidelity Asian Values PLC provides shareholders with a differentiated equity exposure to Asian markets. The Portfolio Manager, Nitin Bajaj, achieves this differentiation by favouring undervalued small and medium-sized companies as this allows him to find mispriced and quality businesses,

the "winners of tomorrow", before they become well known. He utilises Fidelity's Asia-based analyst team and believes the current market environment offers an unprecedented opportunity to invest in high quality Asian smaller companies at attractive valuations.

Kate Bolsover, Chairman,
Fidelity Asian Values PLC



At a Glance



1 Includes reinvested income.
 2 Alternative Performance Measures. See page 80.
 3 See Glossary of Terms on page 92. The 2020 return has been restated using the Comparative Index rather than the Benchmark Index.



* MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms).
 Sources: Fidelity and Datastream.
 Past performance is not a guide to future returns.

Summary of Results

| | 2021 | 2020 |
|--|----------------|----------|
| Assets as at 31 July | | |
| Gross Asset Exposure ¹ | £375.1m | £276.6m |
| Total Shareholders' Funds | £364.1m | £269.4m |
| NAV per Ordinary Share ² | 497.50p | 364.39p |
| Gross Gearing ^{2,3} | 3.0% | 2.7% |
| Share Price and Discount data at 31 July | | |
| Ordinary Share Price at year end | 483.00p | 335.00p |
| Year high | 506.00p | 457.50p |
| Year low | 333.00p | 246.00p |
| (Discount) to NAV per Ordinary Share at year end ² | (2.9%) | (8.1%) |
| Premium year high | 2.6% | 5.3% |
| (Discount) year high | (11.9%) | (15.7%) |
| Results for the year ended 31 July | | |
| Revenue Return per Ordinary Share ² | 9.20p | 8.64p |
| Capital Return/(Loss) per Ordinary Share ² | 132.09p | (82.95p) |
| Total Return/(Loss) per Ordinary Share ² | 141.29p | (74.31p) |
| Ongoing Charges for the year to 31 July ^{2,5} | 0.93% | 0.98% |
| Variable Element of Management Fee ⁴ | -0.20% | -0.11% |
| Ongoing Charges including Variable Element of Management Fee for the year to 31 July | 0.73% | 0.87% |

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

2 Alternative Performance Measures.

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

4 The variable element of the management fee is calculated over a rolling three years with reference to the Benchmark Index comprising of the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) 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).

5 Ongoing Charges (excluding finance costs and taxation) as a percentage of average net asset values for the year (prepared in accordance with methodology recommended by the Association of Investment Companies).

Summary of the key aspects of the Investment Policy

- The Portfolio Manager invests in securities of companies which he considers 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. The variable element of the fee is calculated by reference to its Benchmark 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 2021.

£364.1m

(As at 31 July 2021)
Total Shareholders' Funds

+39.5%

(Year ended 31 July 2021)
Net Asset Value per Ordinary Share
(total return)

+47.6%

(Year ended 31 July 2021)
Ordinary Share Price (total return)

+39.2%

(Year ended 31 July 2021)
Comparative Index (total return)

This year, Fidelity Asian Values PLC marked its 25th anniversary, having been admitted to the official list for trading on 13 June 1996. In this year's Annual Report, in addition to our usual commentary, we have taken the opportunity to review the progress of the Company and Asian markets over that period which has seen periods of economic downturn and market stress followed by remarkable recoveries.

For most of the year under review, COVID-19 continued to dominate headlines and has had a stark impact on our daily lives. Those of us with friends and family overseas may have been separated from them for nearly two years. Indeed, the Company's Portfolio Manager, Nitin Bajaj, has been unable to travel to the UK and the Board has been unable to travel to Asia. At the time of writing, offices are still operating at a fraction of their full capacity and “Zoom”, the video conferencing software that a significant number of us have adopted to communicate remotely, was highlighted by the Oxford English Dictionary as its “Word of an Unprecedented Year”.

It is therefore with a sense of relief, even hope, that we can reflect on improving prospects for a global recovery from the virus and its consequential social, economic and market impacts. Vaccination rates are rising in Asia and at home, hospitalisation rates are falling, and it seems that some limited international travel is resuming with appropriate precautions in place.

Pleasingly, from the low point of COVID-19 (in March 2020), your Company has seen a marked improvement in its performance, beating the Comparative Index and mean peer group returns in both NAV and share price terms. Smaller companies in Asia have rallied relative to companies with larger market caps, and the Company ranked 2nd out of 14 in share price performance terms across all three Asia-focused investment company peer groups for the year ended 31 July 2021.

Of course, with the rise of new COVID-19 variants, we must not grow complacent. The Manager continues to keep its business continuity plans and operational resilience strategies under constant review. Nitin and the investment team are monitoring companies within the portfolio and the wider market for idiosyncratic risks and opportunities arising from the evolving situation – while retaining their fundamental, research-driven bottom-up investment approach.

As the world recovers from COVID-19, our belief in the investment opportunities in Asia remains undimmed. 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.

As Nitin explains in his Portfolio Manager's Review, despite a rally in small-cap growth companies, the value-investing style he deploys, which has historically rewarded investors, remains out of favour and he still sees excellent longer-term opportunities where others are not yet looking.

Investment and Market Review

In the 12 months to 31 July 2021, NAV performance was strong, with a total return of +39.5% which was marginally ahead of the total return of +39.2% for the Comparative Index. Share price performance was stronger still, with a total return of +47.6%. With sentiment toward Asian equities and Company performance improving, the discount narrowed to 2.9% to the NAV. In last year's report, I wrote that value, as an investment style, had been experiencing the longest and deepest underperformance relative to growth since the 1960s but that the Board believed that value investing would return to favour. It remains early days, but there are signs that the tide is turning in the Company's favour.

Outlook

Throughout 2021, global investors have started to rotate out of growth stocks and into more value names, but this trend is not yet significant within the Asian smaller companies sector. As a result, the market is offering an unprecedented opportunity to invest in high quality companies at attractive valuations. Nitin continues to believe that owning good businesses, run by competent management teams, acquired at attractive prices is the most time-tested way to make money in the stock market. The Board has confidence in Nitin and his approach and is reassured by the high quality of his portfolio.

OTHER MATTERS

Gearing

During his tenure, Nitin has not felt the need to use gearing extensively and has increased 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 and he has been able to add new holdings and increase existing positions at more attractive valuations.

Discount Management and Share Repurchases

The Board operates an active discount management policy, the primary purpose of which is to reduce discount volatility. Repurchases of ordinary shares are made at the discretion of the Board, 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.

There were periods of turmoil in the world's financial markets in the reporting year and at times the Company's discount was volatile in reaction to such market conditions. The Board, therefore, approved the repurchase of 753,228 ordinary shares for holding in Treasury in the year ended 31 July 2021. Since then and as at the date of this report, no further shares have been repurchased.

Dividend

Subject to shareholders' approval at the Annual General Meeting ("AGM") on 3 December 2021, the Directors recommend a dividend of 8.80 pence per ordinary share which represents an increase of 3.5% over the 8.50 pence paid in 2020. This dividend will be payable on 8 December 2021 to shareholders on the register at close of business on 29 October 2021 (ex-dividend date 28 October 2021). Shareholders should note 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 Succession

As reported in last year's Annual Report, the Board has a succession plan in place. Grahame Stott will have completed his nine-year tenure in 2022 and will step down from the Board at the AGM in 2022. He will be replaced as Audit Committee Chair by Clare Brady. I will have served four years as a Director and a further nine years as Chairman in 2023 and will step down from the Board at the AGM in 2023. The Board considers that I continue to be independent.

Board of Directors

Following the announcement of the merger in March 2021 between Invesco Enhanced Income Limited (Chaired by me) and City Merchants High Yield Trust Limited (Chaired by Tim Scholefield), Tim Scholefield stood down as the Senior Independent Director of the Company and as Chairman of the Management Engagement Committee on 22 April 2021. He will not be standing for re-election at the AGM on 3 December 2021. I would like to thank him on behalf of the Board and all of the Company's stakeholders for his invaluable contribution to the Company. We shall miss his wisdom as a Board member and he takes with him our good wishes for the future. Tim was succeeded by Clare Brady as Senior Independent Director from 22 April 2021 and by Michael Warren as Chairman of the Management Engagement Committee.

As Tim's replacement, the Board are pleased to announce that Sally Macdonald will be appointed to the Board on 1 January 2022. Sally has over 34 years' experience in asset management, of which seven were in UK markets and 27 covered Asian markets, at houses including Sanwa International, Lazard Brothers Asset Management, Canada Life, Morley Fund Managers, Dalton Strategic Partnership and City of London Investment Management. She is currently Head of Asian Equities at Marlborough Fund Managers until 30 November 2021, a Director of JP Morgan Japanese Investment Trust and a Trustee of Helping the Burmese Delta.

All Directors, with the exception of Tim, are subject to annual re-election at the forthcoming AGM. As Sally's appointment to the Board is not effective until 1 January 2022, she will not stand for election until the AGM in 2022. The Directors' biographies are on page 36, and between them, they have a wide range of appropriate skills and experience to form a balanced Board of the Company.

Chairman's Statement continued

Articles of Association

Among the temporary measures forced upon us by the COVID-19 pandemic was the closed session AGM we held last year.

With the intention of providing the very best experience for shareholders longer-term and mindful of potential future restrictions, the Board is proposing amendments to the Articles of Association (the "Articles") to enable the Company to hold 'hybrid' general meetings. Hybrid meetings involve both the physical attendance and voting by shareholders as well as by shareholders via electronic means. By changing the Company's Articles, the Board will have the ability to determine whether a future AGM or general meeting should be held as a physical meeting or as a hybrid meeting.

My fellow Directors and I greatly enjoy the opportunity to meet and exchange views with shareholders and a physical meeting will remain our preferred format provided Government guidance permits it, but we are keen to provide virtual voting facilities for future AGMs should it be necessary.

We have also taken the opportunity to update certain other provisions within the Articles, including for example, in relation to retirement of Directors, Directors' fees and regulatory restrictions and information. A full tracked version of all the changes proposed to the Articles is available at www.fidelity.co.uk/asianvalues. The principal changes proposed to the Articles are set out in more detail on pages 83 and 84.

Annual General Meeting – Friday, 3 December 2021 at 11.00 am

The AGM of the Company will be held at 11.00 am at **4 Cannon Street, London EC4M 5AB** (nearest tube stations are St Paul's or Mansion House). Appropriate social distancing and hygiene measures will be in place and under the circumstances it is unlikely that we will be able to offer the usual catering service. As the pandemic continues, we anticipate limited numbers in attendance and guests of shareholders will not be permitted. For those shareholders who would prefer not to travel or attend in person, for the first time this year we will live-stream the formal business and presentations of the meeting online. A registration link may be found on the Company's website www.fidelity.co.uk/asianvalues

Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed on their behalf at an appropriate juncture during the meeting.

It will not be possible for those viewing online to participate in voting on the proposed resolutions this year, pending approval of the changes to the Articles of Association as set out above.

Full details of the meeting are given in the Notice of Meeting on pages 85 to 88.

Nitin will be making a presentation on the year's results and the prospects for the Company for the year to come. However, if there are international travel restrictions in place around the time of the AGM, then he may not be able to fly from Asia to London to attend the AGM in person. If this happens, and we need to change the format of the AGM, investors will be advised via the Company's website at www.fidelity.co.uk/asianvalues about alternative arrangements for the Portfolio Manager's presentation. The formal business of the meeting will still be carried out in person. 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.

We urge all shareholders to vote and make use of the proxy form provided. If you hold shares through the Fidelity Platform, other platforms 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 in order to lodge your voting instructions.

Kate Bolsover

Chairman
12 October 2021

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 20 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

The year to 31 July 2021, saw a marked improvement in absolute performance. The NAV of the company increased by 39.5% compared to the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) returning 39.2% during the same period. The share price total return was 47.6%.

Our investment philosophy is encapsulated in three basic principles - owning good businesses, run by competent management teams and acquired at attractive prices. These principles anchor all investments that we make ensuring the Company stays away from speculative investments, expensive stocks and blue-sky business models.

Given this philosophy, I am very happy with our relative returns for the year, as the stock market has seen high retail participation and, in some cases, quite extreme speculative activity, which has meant that the types of companies that we do not invest in have performed very well at the expense of the types of companies we choose to invest in. Historically, we have trailed the market in such conditions.

We were quite fortunate that we had more than our normal share of takeovers/privatisations during the year including Kerry Logistics, Bestway, Hinduja Global Solutions, Convenience Retail Asia, Changshouhua, Saracen and Think Childcare.

I also feel we did well in avoiding hot sectors and stocks like Chinese education and internet companies which have come under increased regulatory pressure at a time when the valuations built in very little margin of safety.

I think it is testament to Fidelity's research team - especially the small cap team in Asia - that we are able to find attractive opportunities while avoiding speculative stocks with a low margin of safety.

Question

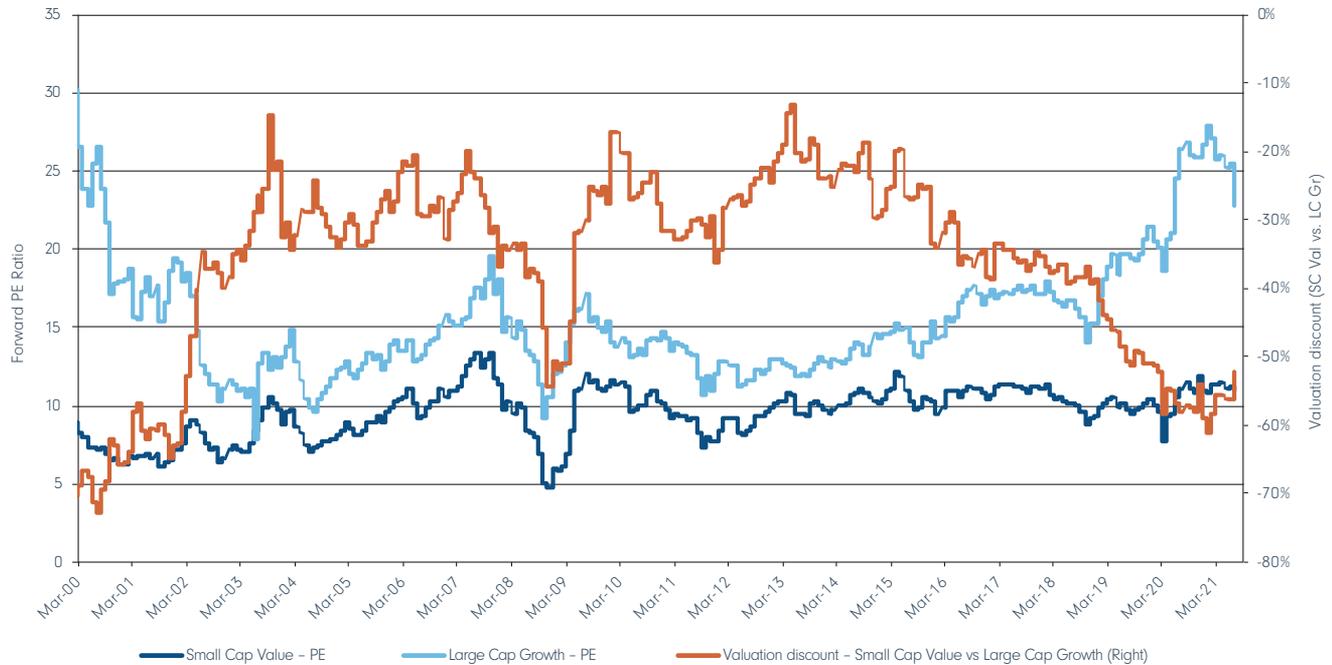
Throughout the year, small cap stocks have outperformed large cap stocks significantly, reversing the trend of recent years. What has driven this and do you expect the pattern to continue?

Answer

I think we are simply seeing the mean-reversion of what happened between 2016 and 2020 when large cap stocks significantly outperformed small cap stocks (especially small cap value stocks). Over the last few years, the valuation differential between large growth stocks and small value stocks had reached an extreme, last seen in the tech bubble of 1999/2000, and we are starting to see this normalise. However, if you look at valuations even now, they remain very bifurcated with many small cap value stocks at significant discounts to large cap companies; so I believe that we may have quite a way to go on this journey.

Portfolio Manager's Review continued

Chart 1: Valuation dispersion – Small Cap Value and Large Cap Growth – over 20 years



Source: Fidelity International, Factset, 31 July 2021. Index: MSCI All Country Asia ex Japan Indices. Past performance is not an indicator of future returns.

Question

How have value stocks performed relative to growth? Is there still an opportunity here?

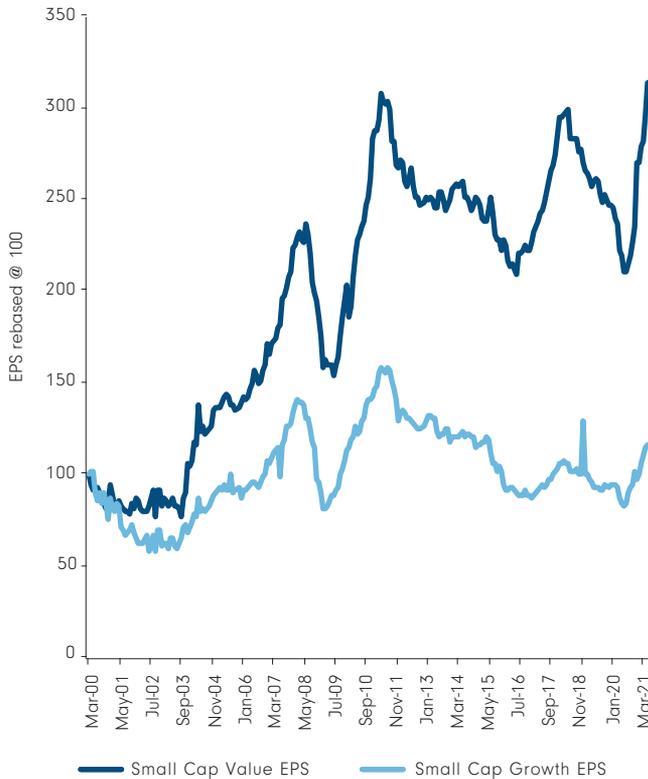
Answer

In the small cap space, both growth and value stocks have performed well, in contrast to other markets. I think this is mainly due to the speculative nature, thematic focus and momentum of domestic retail investors in Asia who have driven a strong recovery in markets since March 2020.

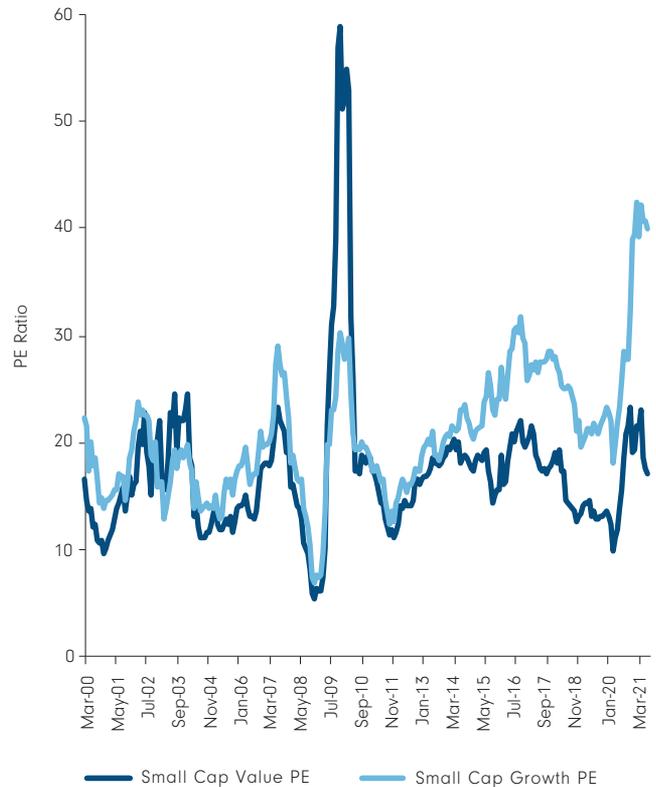
Despite improved share price performance of both, the valuation dispersion between growth and value stocks remains high. Historically, small cap value stocks, in aggregate, have a good track record of growing earnings faster than small cap growth stocks. This makes me very comfortable with our positioning in high quality companies which are trading on attractive valuations, and where earnings should improve moving forwards.

Chart 2: Small Cap Value and Large Cap Growth – Earnings and Valuation

Earnings by Style



Valuation by Style



Source: Fidelity International, Refinitiv Datastream, 31 July 2021. Index: MSCI All Country Asia ex Japan Indices in USD terms. Past performance is not an indicator of future returns.

Question

The end of the period was dominated by news of a crackdown by Chinese regulators on technology and education stocks – did you have any exposure to these areas?

Answer

As I mentioned earlier, we did well to avoid these areas. Since the crackdown, I have built positions in some higher education stocks in China (private universities) where the Chinese government has specifically encouraged private sector participation. I am also exploring some of the internet companies.

Question

Your Top 10 holdings have changed a lot since last year – does that reflect a changing market environment? What is your portfolio turnover?

Answer

We have had some big moves in share prices in the last year – so it was natural for me to take profits and money off the table where I felt the valuation anomaly had corrected and the margin of safety became less or even disappeared in some cases. Portfolio turnover during the reporting year stood at 66.1% which is a little higher than in the past.

Portfolio Manager's Review continued

Question

How do you approach shorting companies? Where do you see opportunities in this space?

Answer

Shorting is a difficult process as risk reward metrics are skewed against you and there may be speculators trying to push up stock prices. Therefore, I try to keep the short book more diversified with smaller sized bets. Generally, I am looking for businesses with excessive leverage, fragile business models and stretched valuations to take a short position.

Question

You have made your first investment into an unlisted company, Tuhu. What attracted you to this and will we see more unlisted investments in the future?

Answer

Tuhu is an online-to-offline 'O2O' retailer for auto parts in China. This means they attract customers online to buy or pick up their spare parts in physical stores. This is an industry that I have been involved with in the US and Australia in the past. It's a difficult business but companies which find the winning formula have high returns on capital and a long runway to grow.

Tuhu is the market leader in China where organised auto parts retailing is still in its infancy. The management team is sound and this business should be able to grow significantly in the next 10 years. It is not a traditional value investment as it is still at an early stage in the company's development. We have taken a small starting position in this business.

It is possible that I will make further investments in the unlisted space in the future.

Question

There is a greater focus than ever on ESG matters. How do you engage with companies in Asia on ESG?

Answer

Our process focuses on owning good businesses run by honest and competent teams. This has mostly kept us away from controversial stocks.

However, formalised ESG policies are becoming more commonplace around the world, and at Fidelity we have developed a systematic and proprietary ESG ratings system. Fidelity has also introduced a company-wide voting policy in specific areas such as carbon emissions and diversity and inclusion. These rules can be a challenge for smaller companies who are focused on running their businesses. The analysts and I engage with these companies to guide them on the new reality and the expectations of investors.

It is very important to think of ESG in context when investing in Asia (especially emerging Asia) and, in particular, smaller companies. The levels of disclosure on ESG remain behind larger companies in the West, and most of the companies in which I invest lack any ESG ratings coverage by the likes of MSCI and Sustainalytics – just as they often lack investment ratings or research from brokers. Fidelity therefore needs to do a lot of its own work and due diligence. It is not unusual for us to start taking positions in companies that have no ratings at all, and as we build conviction in names and their position sizes grow (with wider demand for their shares), they are more likely to receive formal analyst coverage. For this reason, if we are true to our process, it is not unusual for a large proportion of our holdings to be 'unrated' on ESG – but this does not mean it is not being considered within our investment thesis.

Question

What do you view as the biggest risks and opportunities for the next twelve months?

Answer

The biggest risk continues to be the global economic impact of COVID-19 and the level at which the economy will stabilise once government stimulus programmes are withdrawn. We have seen very extreme monetary and fiscal policies over the last few years, and we are in the realm of the unknown. It will be important to stay vigilant and react quickly if the facts change.

Whatever the short-term economic outlook, our long-term success will be driven by hard work, a disciplined investment process and our ability to stand away from the crowd. We continue to stay true to our three pillars of owning good businesses, run by competent management teams and acquired at attractive prices.

Current investor focus on themes and growth stocks is a great opportunity – it creates a bifurcated market in terms of valuations, allowing us to build positions in businesses which have long duration cash flows with good management teams and buy them at attractive prices.

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.

- Return on Equity at 13.8% versus 11.3% for the Comparative Index.
- Balance Sheet better than the Comparative Index. Net debt to equity, excluding financials, at 0.16x versus 0.24x for the Comparative Index.
- Price to earnings at 9.4x versus 14.2x for the Comparative Index.
- Dividend yield at 3.0% versus 2.0% for the Comparative Index.

Charts on the Price to Earnings Ratio and the Return on Equity for the Company's portfolio over 20 years can be found on page 16.

Nitin Bajaj

Portfolio Manager
12 October 2021

Fidelity Asian Values PLC – Taking Stock 25 Years On



Foreword

I have read the history of Fidelity Asian Values PLC with great interest. I lived in Shanghai in 1984 and therefore have followed the dramatic changes that have taken place in China since that time. Coincidentally, I first became involved in investing in Asia when I joined Baring International in 1985. At that time, John Morrell, this Company’s first Chairman, was the Chairman of Baring International. We worked together for over eight years. Sadly, he died earlier this year, but I know he was extremely proud of the Company’s performance over the past 25 years. I would like to take this opportunity to thank all of those involved in the Company’s investment management and administration over that time.

Kate Bolsover, Chairman, December 2014 – Present

25 YEARS OF FIDELITY ASIAN VALUES PLC

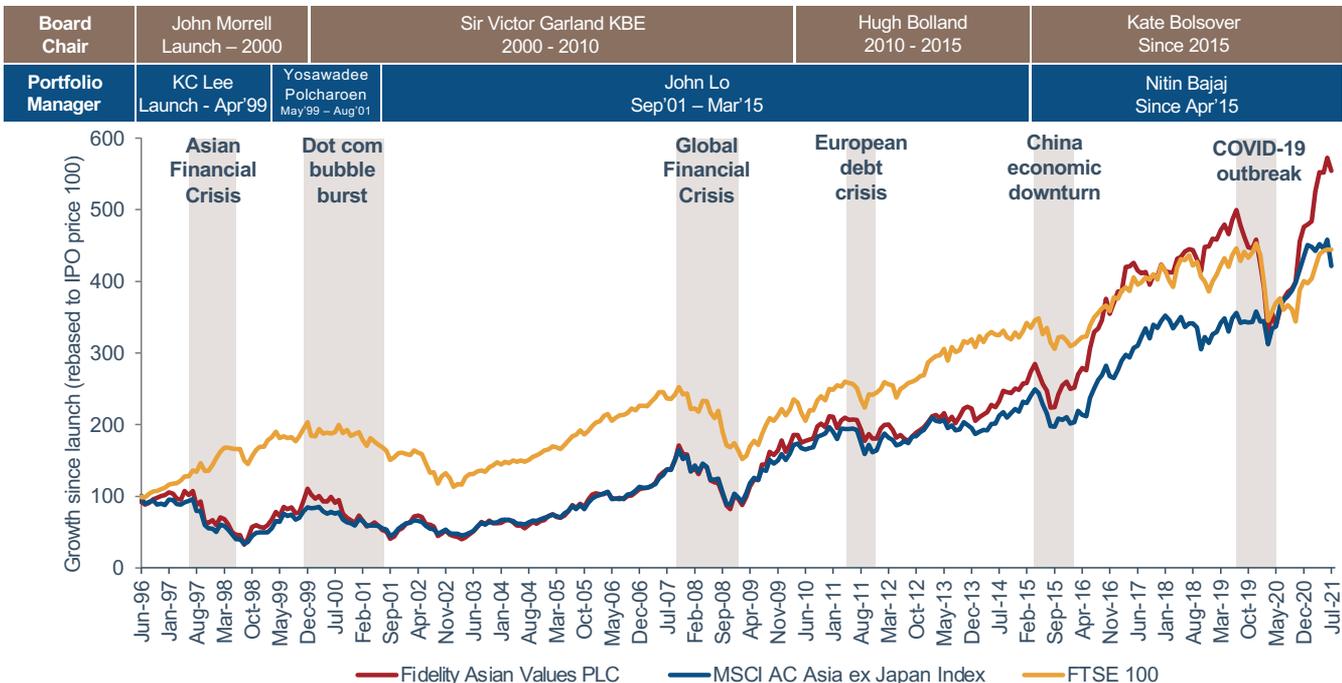
It is 25 years since the launch of Fidelity Asian Values PLC as an investment trust – a period which has seen Asia move from the fringes of global economic development to be the centre of it. This journey is very much mirrored by various stages in the growth of the Company.

An investment of £1,000 invested in the Company at launch would have returned £5,542 compared with £4,213 if the same sum had been invested in the MSCI AC Asia ex Japan Index and £4,445 if invested in the FTSE 100 Index.

| Growth in an initial investment of £1,000 at launch | Value at 31 July 2021 |
|---|-----------------------|
| Fidelity Asian Values PLC | 5,542 |
| MSCI AC Asia ex Japan Index | 4,213 |
| FTSE 100 Index | 4,445 |

Sources: Fidelity and Datastream, 31 July 2021. Total return, net dividends reinvested.

Global markets have seen a few crises over the last 25 years

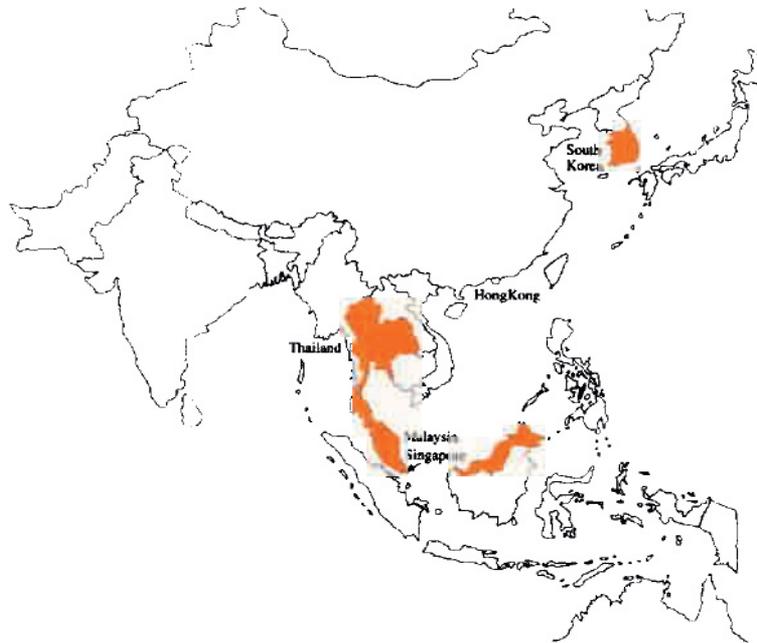


Sources: Fidelity and Datastream, 31 July 2021. Total return, net dividends reinvested.

The launch and the first few years

The Company was launched in 1996 under the stewardship of John Morrell as Chairman of the Board and K.C. Lee as Portfolio Manager. It was originally expected to invest primarily in Singapore, Korea, Thailand, Hong Kong and Malaysia as shown by the image from the original prospectus below.

It is expected that the Company's initial portfolio will be concentrated in Hong Kong, South Korea, Thailand, Singapore and Malaysia.

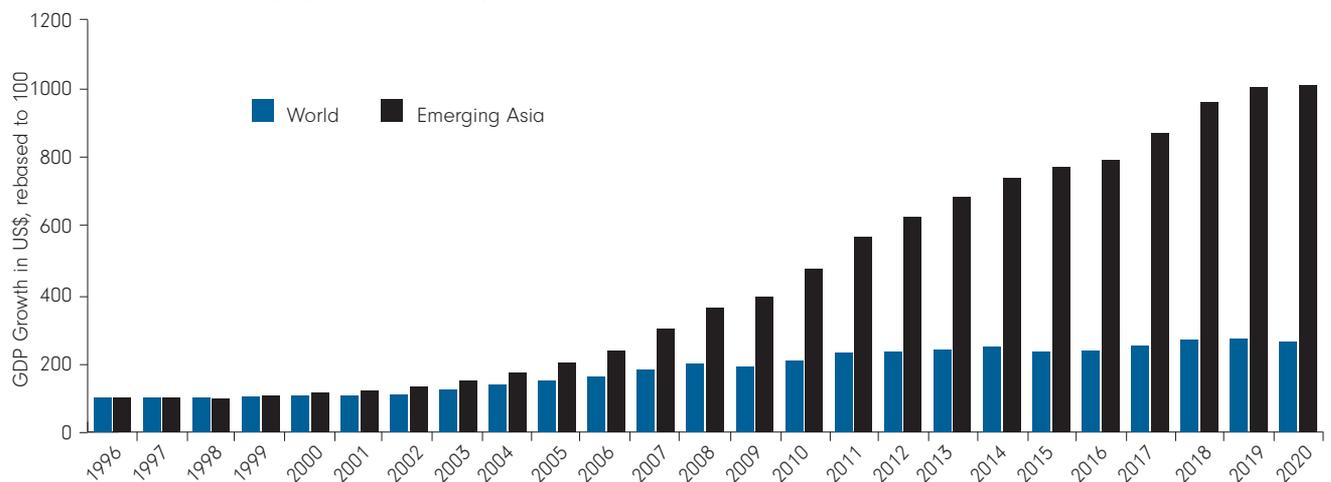


Key countries in which the Company's initial portfolio is likely to be concentrated

To think of an Asian portfolio without China, India, Indonesia, Philippines and Vietnam – the five largest population blocks in Asia – may seem strange today, but this change in mindset encapsulates, by itself, the journey of Asia over the last 25 years. Indeed, it has been a journey where capitalist policies (with different twists and turns in individual countries) have unleashed immense productive capacity leading to economic growth and social welfare in these countries.

What has happened in China in the last 25 years is nothing short of a miracle. Furthermore, based on what we currently see on the ground, this journey in Asia still has further to go as newer population blocks seek to imitate Chinese economic success.

Global GDP versus Emerging and Developing Asian GDP over the last 25 years

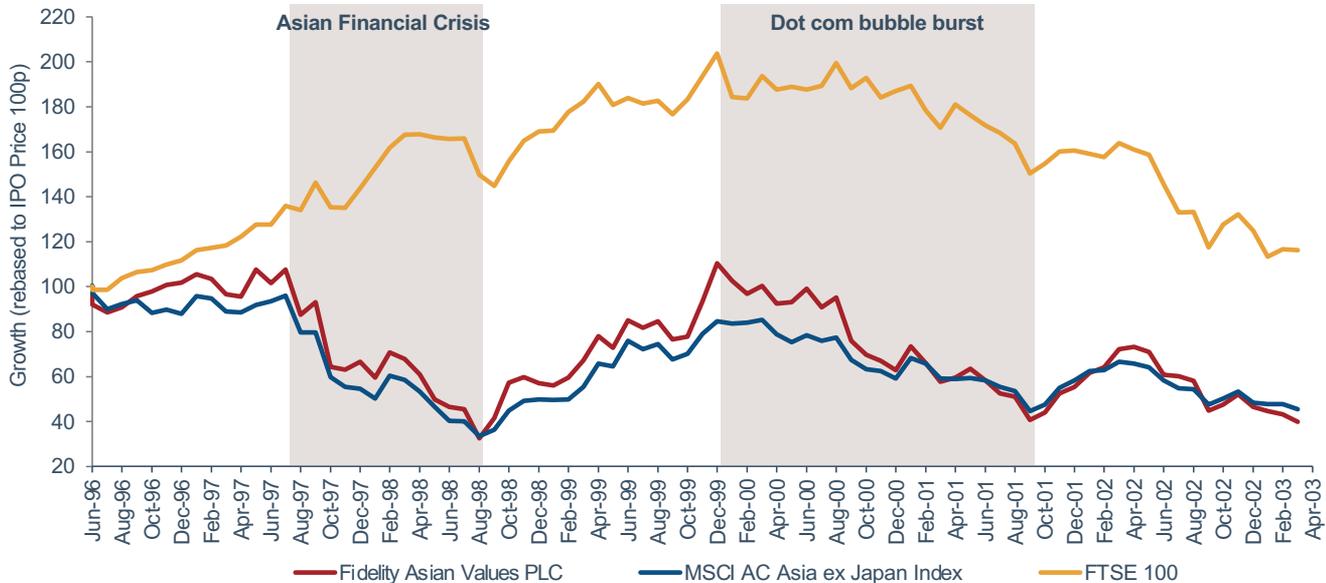


Source: World Economic Outlook Database, April 2021

Fidelity Asian Values PLC – Taking Stock 25 Years On continued

However, like with many journeys, it hasn't all been smooth sailing. Straight after the Company's launch, the Asian economy hit a substantial speed bump with the Asian Financial Crisis, which derailed the fundamentals of many companies. Between August 1997 and August 1998, the Company's share price declined by 70%, hitting a low of 33 pence against a launch price of 100 pence per share in just over two years.

Launch to March 2003: Fidelity Asian Values PLC versus MSCI AC Asia ex Japan Index and FTSE 100



Sources: Fidelity and Datastream, 31 July 2021, Total Return, Net Dividends Reinvested

Over the next five years, the world stumbled from one accident to the next – first, a stock market boom and then a crash led by shares in “new economy companies” followed by the September 11 (“9/11”) terrorist attacks in United States in 2001 and finally the SARS epidemic in Asia in 2002/2003.

The share price of the Company was 40 pence per share as at 31 March 2003. It is fair to say that it was a difficult start for the Company.

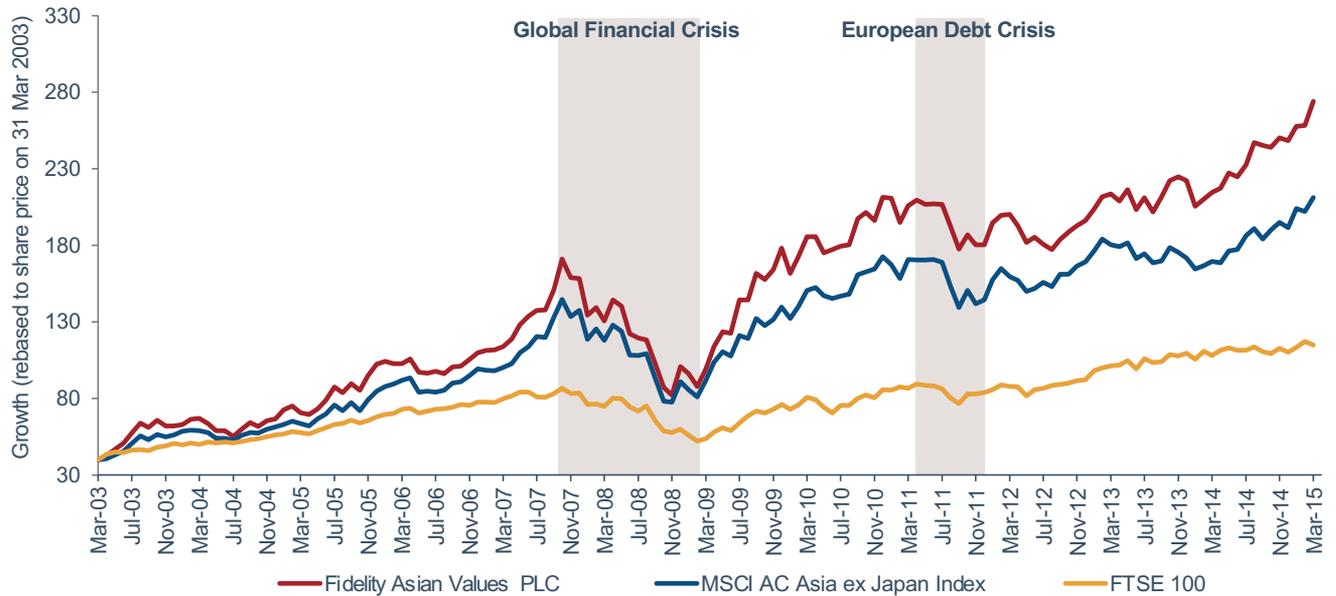
During these turbulent times, the Company undertook two portfolio manager changes, culminating in John Lo being appointed as the Portfolio Manager in September 2001. John expanded the investment remit across Asia to include India, China, Taiwan, Australia and New Zealand. He also took a more active interest in mid-cap opportunities, thus expanding the investable universe of the Company.

The boom, the bust and the great recovery

The recession in the wake of the triple-hit of the technology bubble bursting, 9/11 and the SARS virus outbreak was followed by an equally unprecedented economic and stock market upcycle. This was the period which started to see China take centre-stage. It was also a time marked by a surge in commodity prices, strengthening Asian stock markets and rising global house prices.

From an asset allocation perspective, it was a period where Asian stock markets became mainstream and a core holding in portfolios. The share price of the Company and shares in Asian markets did well during this timeframe, more than quadrupling. By October 2007, the Company was trading at 170 pence per share.

April 2003 to March 2015: Fidelity Asian Values PLC versus MSCI AC Asia ex Japan Index and FTSE 100



Sources: Fidelity and Datastream, 31 July 2021, Total Return, Net Dividends Reinvested

The period between 2003 to 2007 was also a period of heavy investment by Fidelity International in Asia, with its research resources expanded considerably to keep up with the growing number of companies being listed in the region. Research presence was built in Seoul, Mumbai, Singapore and Shanghai, in addition to existing bases in Hong Kong, Sydney and Tokyo.

However, by this time the housing bubble in the US was starting to deflate, leading to significant bank failures in America – the catalyst of the Global Financial Crisis. Asia was not immune to this crisis and experienced a significant decline in corporate profitability. The market gave up most of the gains achieved since the market low of 2003 and the Company was trading at 73 pence per share after the collapse of Lehman Brothers.

John Lo's talent for spotting recovery stocks and Fidelity's depth of research, laid the foundation for a resurgence post the financial crises with strong absolute and relative returns until March 2015 when John stepped down as the Company's Portfolio Manager. The NAV and share price of the Company had increased to 295 pence and 263 pence per share respectively by March 2015.

The shift to "small cap value" approach

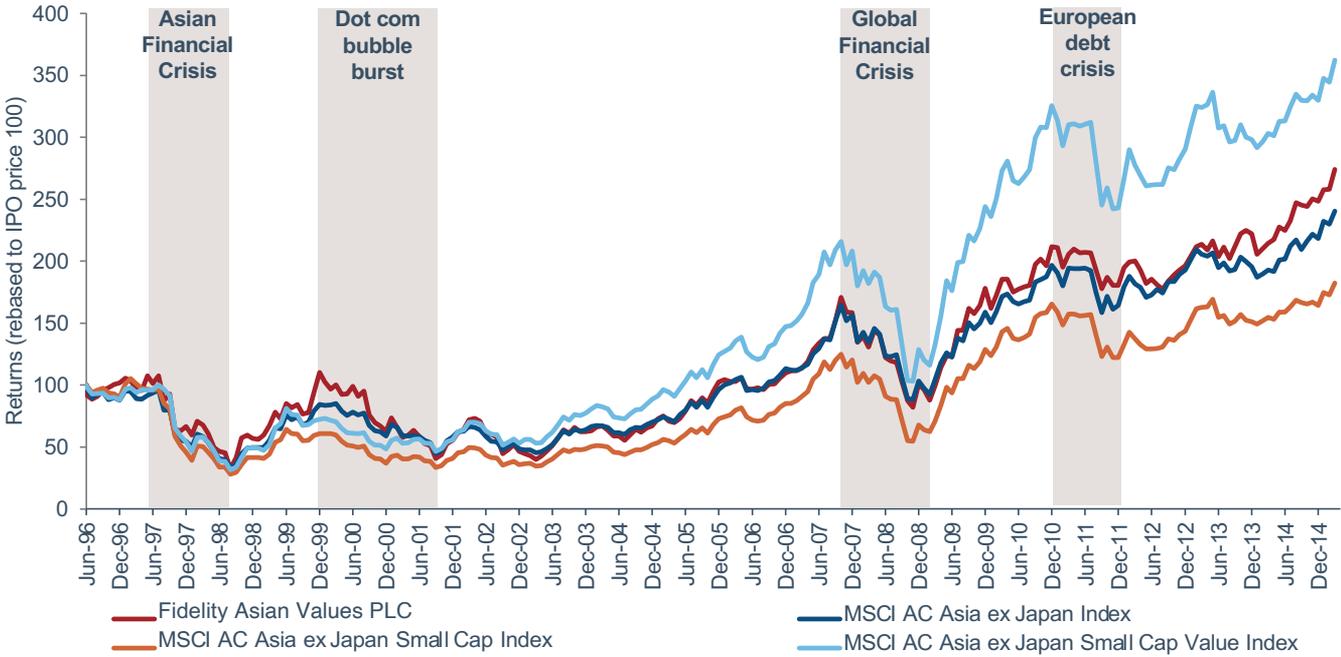
Although the Company's performance was satisfactory, the Board, under the stewardship of Kate Bolsover, decided to move to a small cap strategy with a view to better access the large pool of smaller businesses listed across Asia, while also better utilising the Company's closed-ended structure. Nitin Bajaj, Portfolio Manager of Fidelity's Asian Smaller Companies Fund, took over the management of the Company's portfolio from April 2015.

More importantly, given Nitin's bias towards small cap value investing, the Company's focus moved markedly to small cap value stocks. Notably, over the 20 years of the Company's existence, small cap value had outperformed all other styles in Asia. The Board felt that this would be an interesting and potentially rewarding route to take given Fidelity's research depth and Nitin's investment style.

After an initial three-month transition period, the Company was moved to a portfolio with a high proportion of high-quality small cap stocks which were overlooked by the broader market. This has resulted in a period of strong relative and absolute returns over the last six years, despite the fact that this has been a period where value as an investment style has struggled to keep up with more growth-oriented stocks and sectors.

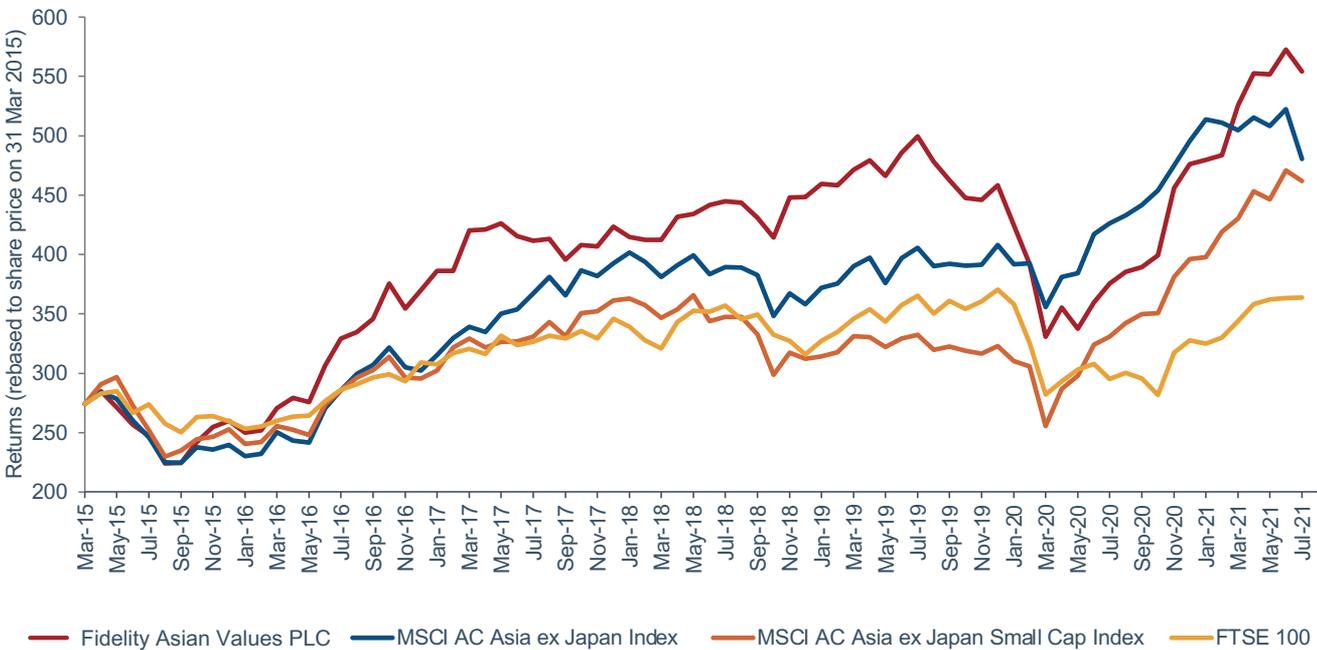
Fidelity Asian Values PLC – Taking Stock 25 Years On continued

Launch to March 2015: Fidelity Asian Values PLC versus MSCI AC Asia ex Japan Index, MSCI AC Asia ex Japan Small Cap Index, and MSCI AC Asia ex Japan Small Cap Value Index



Sources: Fidelity and Datastream, 31 July 2021, Total Return, Net Dividends Reinvested

April 2015 to July 2021: Fidelity Asian Values PLC versus MSCI AC Asia ex Japan Index, MSCI AC Asia ex Japan Small Cap Index and FTSE 100



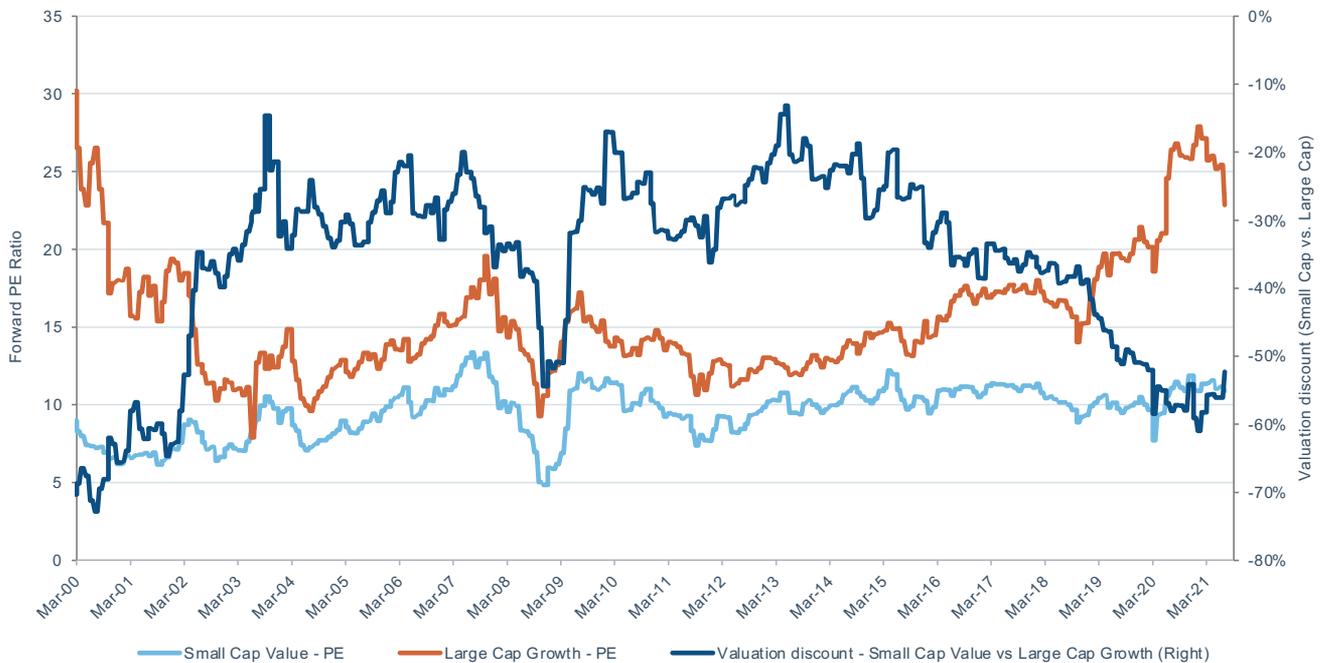
Sources: Fidelity and Datastream, 31 July 2021, Total Return, Net Dividends Reinvested

Growth versus Value debate

So, where do we stand today and what can we expect in the future?

The pivot towards growth stocks between 2016 to 2020 has led to one of the highest dispersions in valuation between growth and value stocks in almost 100 years, only matched by the discount seen in 1999/2000.

Widening valuations in Price to Earnings ratios of Small Cap Value stocks, Large Cap Growth stocks and Valuation discount of Small Cap Value stocks to Large Cap Growth stocks



Sources: Fidelity and Factset, 31 July 2021. Index: MSCI All Country Asia ex Japan Indices.

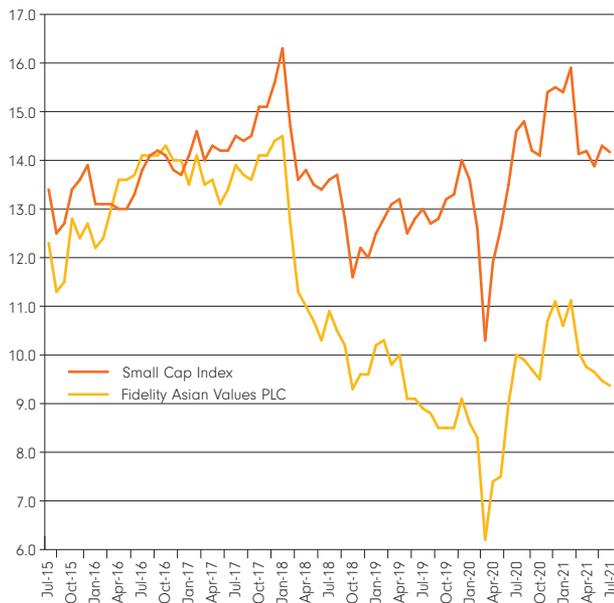
This is not abnormal or inconsistent with history – this is the normal cycle of markets. As the last 25 years have shown, markets are prone to excesses and depressions – both of which tend to mean revert and correct. Whether it was predictions in 1999 that “the old economy was dead” or predictions in 2007 of “peak oil”, market hyperbole is seldom correct.

There is no reason to believe that this time it will be different. We continue to believe that the most time-tested way to preserve and grow capital is to own good businesses run by honest people and buy them at a margin of safety. The Company is fully focused on owning good quality businesses at attractive prices.

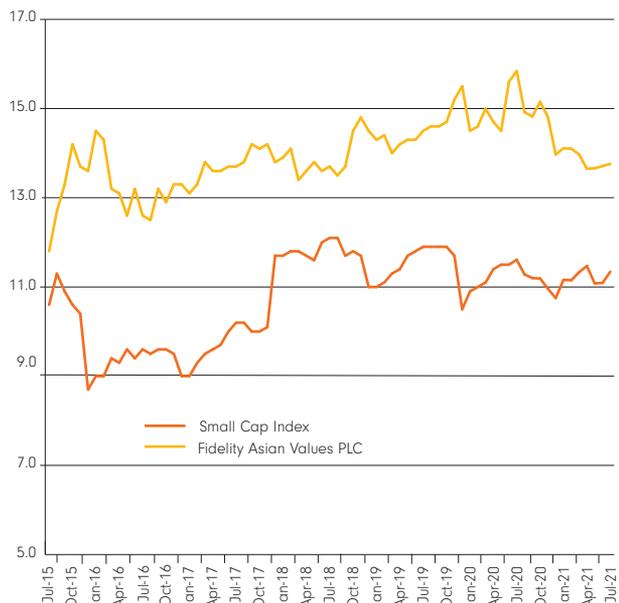
The aggregate data and individual holdings of the Company continue to reflect this philosophy. We own a set of businesses which make superior return on equity to the market but are available at much cheaper valuations.

Fidelity Asian Values PLC – Taking Stock 25 Years On continued

Lower Price to Earnings Ratio versus Indices



Higher Return on Equity versus Indices



Sources: Fidelity and FactSet, 31 July 2021. Index: MSCI AC Asia ex Japan Small Cap Index. Price to Earnings (“P/E”) Ratio is a measure for valuing a company’s share price versus its earnings. P/E 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.

Lessons from last 25 years

Studying the history of the Company over last 25 years has been instructive with a few clear lessons:

- **Economy:** Asia has witnessed a miracle over the past 25 years, with China leading the way. The key was increasing access to capital markets to raise productivity levels in China. There are still four big population centres of India, Indonesia, the Philippines and Vietnam with an opportunity to raise productivity levels significantly over the next 20 years.
- **Markets:** Markets go up and down – often by a lot. Since launch, the share price of the Company has had a drawdown of more than 10% on 15 occasions, from which on four occasions it fell more than 25%. The world and investor behavior is not forecastable and is often emotional.
- **Emotions:** Although every significant decline has been an opportunity to buy, doing so when being fearful is very difficult. Similarly, selling over-hyped stocks when they are doing well can be equally as difficult. It is important to detach yourself emotionally. Be fearful when others are greedy, be greedy when others are fearful.

For us, the most important lesson of this period has been that to preserve capital, one has to avoid speculative excesses. As equity investors, we will not be able to avoid volatility of stock markets but by avoiding “hot areas” and inferior businesses we can avoid permanent loss of capital.

Owning good businesses run by honest people and owning them at attractive prices gives us the best chance to accomplish this. The Board, the Portfolio Manager and Fidelity’s research team are focused on making sure that we stay true to this philosophy.

Nitin Bajaj, Portfolio Manager

Spotlight on the Top 10 Holdings

as at 31 July 2021

(Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.)

Sector Consumer Discretionary



China Yongda Automobiles Services Holdings

Position size 2.9%

China Yongda Automobiles Services Holdings is a luxury car retailer and acts as agent for prestigious brands such as Porsche, BMW, Audi, Mercedes Benz and Lexus. As one of the largest retailers in this sector, it is poised to benefit from China's rising income and societal aspirations. The trend towards consolidation of the industry as well as the shift towards after-sales-services should result in it gaining further market share. Having recently sold its auto-financing business and trading on 9x earnings, it is attractively valued given the quality of its business.

Sector Consumer Discretionary



Chow Sang Sang Holdings International

Position size 2.1%

Chow Sang Sang Holdings International is a Hong Kong based jewellery retailer. Over the past ten years, the company has expanded into China and now boasts roughly 700 stores on the mainland. In addition to its physical presence, it is also the second largest digital retailer in China and continues to grow at more than 10%. It is incredibly well priced at just 7x earnings (below the value of its inventory and legacy stake on the Hong Kong Stock Exchange).

Sector Industrials



Arwana Citramulia

Position size 1.8%

Arwana Citramulia is the lowest cost and most profitable tile maker in Indonesia with roughly 20% market share. The company has consistently earned a return on invested capital in excess of 20%; it has paid 75% of its profits in dividends and grown sales volumes at high single digit percentage. Its excess returns are derived from its low cost positioning and exceptional management quality. Given demographics in Indonesia, tile businesses should continue to grow for many years to come and within that it should be able to take further market share going forward. The business is trading in the stock market at 14x earnings.

Sector Utilities



PTC India

Position size 1.8%

PTC India is the dominant player in off-market electricity trading in India with roughly 50% market share. Additionally, it owns stakes in a wind generation business and a power financing business (focused on clean energy). PTC has been growing volumes at more than 10% for many years and should continue to do so. The business is trading on 6x earnings, before deducting the value of its stakes in its subsidiary companies and looks to be good value.

Sector Information Technology



Powertech Technology

Position size 1.8%

Powertech Technology is a global leading provider of digital electronic solutions such as turnkey services for chip probing, packaging and testing. Through strategic alliances and resource integration, it has maintained its dominant position in the semiconductor packaging and testing field with over 18,000 employees world-wide, and manufacturing facilities located in Taiwan, China, Singapore, and Japan. The company's business has consistently grown at around 5% per year. At present, it is trading at less than 10x earnings, while achieving an impressive 13x to 15x return on equity.

Spotlight on the Top 10 Holdings continued

as at 31 July 2021

Sector Financials



Shinhan Financial Group

Position size 1.7%

Shinhan Financial Group is one of the leading banks in Korea with a well-entrenched market share. As the country's first civilian-controlled financial services company, it prides itself on its ability to be innovative and responsive to the needs of its client base. It is well-run and consistently earns a return on equity of 8% to 11% and has a well-capitalised balance sheet. It is a deep value stock trading on 4x earnings and just 0.4x its book valuation.

Sector Consumer Discretionary



Bestway Global Holding

Position size 1.6%

Bestway Global Holding is a global leader in leisure inflatables (tubes, floats, pools and camping gear). It is a 'special situation' holding as the business has been privatised and we are waiting to sell our stake in the privatisation offer.

Sector Information Technology



Redington India

Position size 1.6%

Redington India is the market leader for distribution of technology products in India, the Middle East and North Africa. It has a track record of consistently growing earnings for 20 years while earning a return on equity of 15% to 20%. Even after very strong performance over the last 15 months, the business is still valued at just 12x earnings and we see potential for further growth and a re-rating of its shares.

Sector Information Technology



Taiwan Union Technology

Position size 1.6%

Taiwan Union Technology is a materials and advanced mass lamination firm producing products for electronic application - primarily copper-clad laminate for high-end applications like 5G base stations, servers and high switches (100Gb-800Gb). The company has consistently grown sales and earnings at double digit rate driven through the upgrade technology hardware cycle, and strong research and development, coupled with the execution capabilities of the management team. It is valued at 12x to 13x earnings.

Sector Industrials



Sinotrans

Position size 1.6%

Sinotrans is the largest logistics company in China focused on freight forwarding, warehousing and land logistics. It also runs a joint venture with DHL for parcel delivery. Even though it is a government-owned company, it has a consistent track record of growth and cash generation. The business is trading on 5x earnings.

Forty Largest Holdings

as at 31 July 2021

The Asset Exposures shown below measure exposure to market price movements as a result of owning shares, equity linked notes and derivative instruments. The Fair Value is the actual value of the portfolio. Where a contract for difference ("CFD") is held, the Fair 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.

| | Asset Exposure | | Fair Value |
|---|----------------|----------------|------------|
| | £'000 | % ¹ | £'000 |
| Long Exposures – shares unless otherwise stated | | | |
| China Yongda Automobiles Services Holdings (shares and long CFD) | | | |
| Investment holding company engaged in the sale of passenger vehicles and provision of related services | 10,399 | 2.9 | 7,445 |
| Chow Sang Sang Holdings International (shares and long CFD) | | | |
| Jewellery retailer | 7,527 | 2.1 | 7,168 |
| Arwana Citramulia | | | |
| Ceramics manufacturer | 6,528 | 1.8 | 6,528 |
| PTC India | | | |
| Provider of power trading solutions in India | 6,513 | 1.8 | 6,513 |
| Powertech Technology | | | |
| Provider of turnkey services for chip probing, packaging and testing | 6,486 | 1.8 | 6,486 |
| Shinhan Financial Group | | | |
| Financial holding company | 6,273 | 1.7 | 6,273 |
| Bestway Global Holding | | | |
| Manufacturer and distributor of outdoor leisure products | 5,950 | 1.6 | 5,950 |
| Redington India | | | |
| Distributor of information technology products, mobile handsets and accessories | 5,869 | 1.6 | 5,869 |
| Taiwan Union Technology | | | |
| Provider of professional support, value-added materials and advanced mass lamination service to the global electronics industry | 5,850 | 1.6 | 5,850 |
| Sinotrans (shares and long CFD) | | | |
| Logistics, storage and terminal services provider | 5,709 | 1.6 | 3,945 |
| Granules India | | | |
| Pharmaceutical manufacturing company | 5,672 | 1.6 | 5,672 |
| Power Grid Corporation of India | | | |
| Operator of the Indian national electricity grid | 5,652 | 1.6 | 5,652 |
| Texwinca Holdings | | | |
| Production and sales of dyed yarns and knitted fabrics | 5,473 | 1.5 | 5,473 |
| Gold Road Resources | | | |
| Gold production and exploration company | 5,395 | 1.5 | 5,395 |
| Perseus Mining | | | |
| Gold production and exploration company | 5,255 | 1.4 | 5,255 |
| Shriram City Union Finance | | | |
| Financial service provider specialising in retail finance | 5,124 | 1.4 | 5,124 |
| Axis Bank | | | |
| Private sector bank | 5,106 | 1.4 | 5,106 |
| Tech Mahindra | | | |
| Multinational technology company providing information technology and business process outsourcing services | 4,976 | 1.4 | 4,976 |

Forty Largest Holdings continued

| | Asset Exposure | | Fair Value |
|--|----------------|----------------|------------|
| | £'000 | % ¹ | £'000 |
| Taiwan Semiconductor Manufacturing Company Developer, manufacturer and distributor of semiconductor related products | 4,950 | 1.3 | 4,950 |
| Chaowei Power Manufacturer and seller of lead-acid motive batteries | 4,342 | 1.2 | 4,342 |
| Japfa Industrial agri-food company | 4,233 | 1.1 | 4,233 |
| SK Hynix Memory semiconductor supplier of dynamic random-access memory chips and flash memory chips | 4,051 | 1.1 | 4,051 |
| Qingdao Port International Provider of port services | 3,955 | 1.1 | 3,955 |
| Elite Material Manufacturer and distributor of base materials for circuit boards | 3,901 | 1.1 | 3,901 |
| Xingda International Holdings Manufacturer and producer of radical tire cords, bead wires and other wires | 3,898 | 1.1 | 3,898 |
| Federal Bank Private sector bank | 3,786 | 1.0 | 3,786 |
| DL E&C Provider of construction services | 3,733 | 1.0 | 3,733 |
| Pacific Textile Holdings (shares and long CFD) Manufacturer of customised knitted fabric | 3,642 | 1.0 | 2,317 |
| China Railway Signal & Communication Company specialising in train control systems | 3,632 | 1.0 | 3,632 |
| Crystal International Group Manufacturer of clothing | 3,595 | 1.0 | 3,595 |
| Dream International Toy designer, manufacturer and seller | 3,589 | 1.0 | 3,589 |
| PNC Infratech Infrastructure construction, development and management company | 3,530 | 1.0 | 3,530 |
| Alibaba Group Holding e-commerce group | 3,510 | 1.0 | 3,510 |
| Focus Media Information Technology Advertising solution provider | 3,462 | 0.9 | 3,462 |
| KEI Industries Manufacturer and supplier of cables and wires | 3,434 | 0.9 | 3,434 |
| Fufeng Group Bio-fermentation products manufacturer | 3,359 | 0.9 | 3,359 |
| Keshun Waterproof Technologies Manufacturer of waterproof materials | 3,326 | 0.9 | 3,326 |
| Hinduja Global Solutions Provider of business process management services | 3,287 | 0.9 | 3,287 |
| China Overseas Land & Investment Investment holding company engaged in property businesses | 3,189 | 0.9 | 3,189 |

| | Asset Exposure | | Fair Value |
|--|----------------|----------------|----------------|
| | £'000 | % ¹ | £'000 |
| Teejay Lanka | | | |
| Knitted fabric manufacturer | 3,181 | 0.9 | 3,181 |
| Top forty long exposures | 191,342 | 52.6 | 184,940 |
| Other long exposures | 171,907 | 47.2 | 164,603 |
| Total long exposures before futures and hedges (162 holdings) | 363,249 | 99.8 | 349,543 |
| Add: long futures | | | |
| MSCI All Countries Asia ex Japan Index Future 17/09/2021 | 4,384 | 1.2 | (336) |
| Less: hedging exposures | | | |
| Forward Currency Contracts | (100) | - | (100) |
| Total long exposures after the netting of hedges | 367,533 | 101.0 | 349,107 |
| Short exposures | | | |
| Short CFDs (6 holdings) | 5,942 | 1.6 | 176 |
| Short Futures (2 holdings) | 1,589 | 0.4 | 44 |
| Total short exposures | 7,531 | 2.0 | 220 |
| Gross Asset Exposure² | 375,064 | 103.0 | |
| Portfolio Fair Value³ | | | 349,327 |
| Net current assets (excluding derivative assets and liabilities) | | | 14,737 |
| Total Shareholders' Funds/Net Assets | | | 364,064 |

1 Asset Exposure (as defined in the Glossary of Terms on page 92) expressed as a percentage of Total Shareholders' Funds.

2 Gross Asset Exposure comprises market exposure to investments of £350,225,000 (per Note 10: Investments on page 65) plus market exposure to derivative instruments of £24,839,000 (per Note 11: Derivative instruments on page 66).

3 Portfolio Fair Value comprises investments of £350,225,000 plus derivative assets of £437,000 less derivative liabilities of £1,335,000 (per the Balance Sheet on page 56).

A full list of the Company's holdings as at 31 July 2021 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 2021

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

| Portfolio | China | India | Taiwan | Hong Kong | South Korea | Other | 2021 Total | 2021 Index ¹ | 2020 Total ² |
|----------------------------------|------------|------------|------------|------------|-------------|------------|-------------|-------------------------|-------------------------|
| Consumer Discretionary | | | | | | | | | |
| Textiles, Apparel & Luxury Goods | - | - | - | 5.8 | - | 1.0 | 6.8 | 2.7 | 4.8 |
| Auto Components | 3.0 | - | - | - | 0.4 | 1.0 | 4.4 | 2.2 | 7.6 |
| Specialty Retail | 2.3 | - | - | - | - | 0.7 | 3.0 | 0.8 | 2.2 |
| Leisure Products | 1.6 | - | - | 1.0 | - | - | 2.6 | 0.4 | 2.0 |
| Diversified Consumer Services | 0.3 | - | - | - | - | 1.2 | 1.5 | 0.6 | 0.9 |
| Internet & Catalogue Retail | 1.3 | - | - | - | - | - | 1.3 | 0.5 | 1.0 |
| Hotels, Restaurants & Leisure | - | - | - | 0.4 | - | 0.7 | 1.1 | 1.5 | 1.5 |
| Household Durables | 0.3 | - | 0.4 | - | - | - | 0.7 | 1.8 | 1.3 |
| Automobiles | 0.3 | - | - | - | - | 0.3 | 0.6 | 0.3 | 0.6 |
| Distributors | - | - | - | - | - | - | - | 0.1 | 1.0 |
| Multiline Retail | - | - | - | - | - | - | - | 0.4 | 0.3 |
| | 9.1 | - | 0.4 | 7.2 | 0.4 | 4.9 | 22.0 | 11.3 | 23.2 |
| Industrials | | | | | | | | | |
| Construction & Engineering | 0.7 | 2.1 | 0.5 | - | 1.0 | - | 4.3 | 2.4 | 1.7 |
| Building Products | 0.3 | - | - | - | - | 1.8 | 2.1 | 0.9 | 1.4 |
| Electrical Equipment | - | 1.2 | 0.7 | - | - | - | 1.9 | 2.7 | 1.4 |
| Machinery | 0.3 | - | - | 0.3 | - | 1.1 | 1.7 | 2.9 | 2.0 |
| Transportation Infrastructure | 1.1 | - | - | - | - | 0.5 | 1.6 | 0.8 | 0.4 |
| Air Freight & Logistics | 1.5 | - | - | - | - | - | 1.5 | 0.4 | - |
| Professional Services | 0.1 | - | 0.4 | 0.5 | - | - | 1.0 | 0.5 | 0.5 |
| Trading Companies & Distributors | 0.8 | - | - | - | - | 0.2 | 1.0 | 0.5 | 0.5 |
| Airlines | - | 0.2 | - | - | - | 0.6 | 0.8 | 0.6 | - |
| Commercial Services & Supplies | - | 0.4 | - | - | - | - | 0.4 | 0.9 | - |
| Marine | - | - | - | 0.3 | - | - | 0.3 | 1.3 | - |
| Industrial Conglomerates | - | - | - | - | - | 0.2 | 0.2 | 1.0 | 0.8 |
| Transportation | - | - | - | - | - | - | - | - | 2.9 |
| Aerospace & Defense | - | - | - | - | - | - | - | 0.3 | - |
| Road & Rail | - | - | - | - | - | - | - | 0.3 | - |
| | 4.8 | 3.9 | 1.6 | 1.1 | 1.0 | 4.4 | 16.8 | 15.5 | 11.6 |

| Portfolio | China | India | Taiwan | Hong Kong | South Korea | Other | 2021 Total | 2021 Index ¹ | 2020 Total ² |
|---|------------|------------|------------|------------|-------------|------------|-------------|-------------------------|-------------------------|
| Information Technology | | | | | | | | | |
| Electronic Equipment Instruments & Components | 1.0 | 1.9 | 3.3 | - | - | 0.8 | 7.0 | 6.5 | 4.8 |
| Semiconductors & Semiconductor Equipment | - | - | 4.0 | - | 1.7 | 0.5 | 6.2 | 9.9 | 5.1 |
| Information Technology Services | - | 2.3 | - | - | - | - | 2.3 | 2.2 | 3.8 |
| Technology Hardware Storage & Peripherals | - | - | 0.5 | - | - | - | 0.5 | 1.8 | 0.4 |
| Communications Equipment | 0.2 | - | - | - | - | - | 0.2 | 0.7 | - |
| Software | - | - | - | - | - | - | - | 1.1 | 0.5 |
| | 1.2 | 4.2 | 7.8 | - | 1.7 | 1.3 | 16.2 | 22.2 | 14.6 |
| Financials | | | | | | | | | |
| Banks | - | 2.9 | - | - | 1.7 | - | 4.6 | 2.2 | 4.8 |
| Consumer Finance | - | 3.7 | - | - | - | 0.2 | 3.9 | 1.3 | 3.6 |
| Real Estate Management & Development | 1.2 | 0.4 | - | - | - | 0.6 | 2.2 | 5.1 | 2.0 |
| Real Estate Investment Trusts (REITs) | - | 0.6 | - | - | - | 1.0 | 1.6 | 3.9 | 1.8 |
| Insurance | - | - | - | - | 1.2 | - | 1.2 | 1.0 | 1.7 |
| Diversified Financial Services | - | - | 0.4 | - | - | - | 0.4 | 0.4 | 0.5 |
| Capital Markets | - | - | - | - | 0.3 | - | 0.3 | 2.2 | 0.5 |
| Thriffs & Mortgage Finance | - | 0.3 | - | - | - | - | 0.3 | 0.5 | 0.4 |
| | 1.2 | 7.9 | 0.4 | - | 3.2 | 1.8 | 14.5 | 16.6 | 15.3 |
| Materials | | | | | | | | | |
| Metals & Mining | - | - | - | - | 0.5 | 4.7 | 5.2 | 2.1 | 4.5 |
| Chemicals | 1.2 | - | - | - | 0.6 | 0.1 | 1.9 | 7.4 | 3.0 |
| Construction Materials | 0.9 | - | - | - | - | - | 0.9 | 1.2 | - |
| Containers & Packaging | 0.3 | - | - | - | - | - | 0.3 | 0.4 | 0.4 |
| Paper & Forest Products | - | - | - | - | - | - | - | 0.5 | - |
| | 2.4 | - | - | - | 1.1 | 4.8 | 8.3 | 11.6 | 7.9 |
| Consumer Staples | | | | | | | | | |
| Food Products | 0.5 | 0.3 | - | 0.5 | 0.5 | 3.8 | 5.6 | 2.5 | 4.9 |
| Beverages | 0.8 | - | - | - | - | 0.3 | 1.1 | 0.6 | 0.3 |
| Food & Staples Retailing | 0.5 | - | - | 0.2 | - | - | 0.7 | 0.6 | 1.6 |
| Household Products | - | - | - | - | - | 0.3 | 0.3 | 0.1 | 0.9 |
| Tobacco | - | - | - | - | - | - | - | 0.1 | 0.7 |
| Personal Products | - | - | - | - | - | - | - | 0.9 | - |
| | 1.8 | 0.3 | - | 0.7 | 0.5 | 4.4 | 7.7 | 4.8 | 8.4 |

Distribution of the Portfolio continued

as at 31 July 2021

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

| Portfolio | China | India | Taiwan | Hong Kong | South Korea | Other | 2021 Total | 2021 Index ¹ | 2020 Total ² |
|---|-------------|-------------|-------------|------------|-------------|-------------|--------------|-------------------------|-------------------------|
| Health Care | | | | | | | | | |
| Pharmaceuticals | - | 1.6 | - | 0.4 | - | 0.9 | 2.9 | 3.9 | 5.2 |
| Health Care Providers & Services | 0.9 | - | - | - | - | 1.3 | 2.2 | 1.5 | 1.2 |
| Health Care Equipment & Supplies | 0.3 | - | - | - | 1.7 | - | 2.0 | 1.1 | 2.0 |
| Life Sciences Tools & Services | - | - | - | - | - | 0.1 | 0.1 | 0.5 | 0.1 |
| Biotechnology | - | - | - | - | - | - | - | 2.6 | 0.5 |
| | 1.2 | 1.6 | - | 0.4 | 1.7 | 2.3 | 7.2 | 9.6 | 9.0 |
| Utilities | | | | | | | | | |
| Independent Power & Renewable Electricity Producers | - | 1.8 | - | - | - | 1.1 | 2.9 | 1.1 | 2.3 |
| Electric Utilities | - | 2.4 | - | 0.3 | - | - | 2.7 | 0.4 | 2.8 |
| Multi Utilities | - | - | - | - | - | - | - | 0.4 | 0.2 |
| Water Utilities | - | - | - | - | - | - | - | 0.2 | - |
| Gas Utilities | - | - | - | - | - | - | - | 0.6 | - |
| | - | 4.2 | - | 0.3 | - | 1.1 | 5.6 | 2.7 | 5.3 |
| Energy | | | | | | | | | |
| Oil, Gas & Consumable Fuels | 1.2 | 0.3 | - | - | - | 0.5 | 2.0 | 1.1 | 2.4 |
| Energy Equipment & Services | - | - | - | - | - | - | - | 0.2 | - |
| | 1.2 | 0.3 | - | - | - | 0.5 | 2.0 | 1.3 | 2.4 |
| Communication Services | | | | | | | | | |
| Media | 0.9 | - | - | - | - | - | 0.9 | 1.1 | 0.9 |
| Wireless Telecommunication Services | - | - | - | - | - | 0.5 | 0.5 | 0.4 | 0.7 |
| Entertainment | - | 0.1 | - | - | - | - | 0.1 | 1.5 | 0.9 |
| Diversified Telecommunication Services | - | - | - | - | - | - | - | 1.1 | - |
| Interactive Media & Services | - | - | - | - | - | - | - | 0.3 | - |
| | 0.9 | 0.1 | - | - | - | 0.5 | 1.5 | 4.4 | 2.5 |
| Exposure before long futures and hedging | | | | | | | | | |
| | 23.8 | 22.5 | 10.2 | 9.7 | 9.6 | 26.0 | 101.8 | | |
| Add: long futures | - | - | - | - | - | 1.2 | 1.2 | | 2.5 |
| Total Asset Exposure – 2021 | | | | | | | | | |
| | 23.8 | 22.5 | 10.2 | 9.7 | 9.6 | 27.2 | 103.0 | | |
| Index – 2021 | | | | | | | | | |
| | 10.7 | 21.4 | 24.9 | 6.5 | 20.4 | 16.1 | | 100.0 | |
| Total Asset Exposure – 2020 | | | | | | | | | |
| | 20.6 | 19.7 | 8.5 | 8.9 | 12.2 | 32.8 | | | 102.7 |

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

² Reallocated in line with MSCI classification of sectors.

Ten Year Record

| For the year ended 31 July | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|---------------|--------|---------------------|---------------------|---------------------|--------|--------|--------|--------|---------------------|
| Gross Asset Exposure (£m) ¹ | 375.1 | 276.6 | 347.4 | 285.2 | 273.7 | 232.0 | 162.9 | 192.3 | 167.4 | 123.8 |
| Shareholders' Funds (£m) | 364.1 | 269.4 | 323.0 | 288.0 | 280.2 | 237.5 | 178.9 | 172.8 | 155.8 | 117.1 |
| NAV per Ordinary Share - undiluted (p) ² | 497.50 | 364.39 | 447.16 | 419.36 | 415.17 | 351.98 | 265.14 | 255.99 | 230.24 | 195.40 |
| NAV per Ordinary Share - diluted (p) ² | n/a | n/a | 439.91 ³ | 413.64 ³ | 407.77 ³ | n/a | n/a | n/a | n/a | 194.70 ⁴ |
| Ordinary Share Price (p) | 483.00 | 335.00 | 455.50 | 412.00 | 386.00 | 313.00 | 236.88 | 224.00 | 204.50 | 176.00 |
| Subscription Share Price (p) | n/a | n/a | 53.00 | 23.50 | 29.50 | n/a | n/a | n/a | n/a | 6.75 |
| (Discount)/Premium - undiluted (%) ² | (2.9) | (8.1) | 1.9 | (1.8) | (7.0) | (11.1) | (10.7) | (12.5) | (11.2) | (9.9) |
| Premium/(Discount) - diluted (%) ² | n/a | n/a | 3.5 ³ | (0.4) ³ | (5.3) ³ | n/a | n/a | n/a | n/a | (9.6) ⁴ |
| Revenue return per Ordinary Share (p) ² | 9.20 | 8.64 | 10.70 | 5.70 | 6.08 | 5.36 | 2.26 | 1.14 | 1.05 | 1.45 |
| Dividend per Ordinary Share (p) | 8.80 | 8.50 | 8.80 | 5.50 | 5.00 | 4.50 | 2.00 | 1.10 | 1.10 | 1.00 |
| Ongoing Charges (cost of running the Company) (%) ² | 0.93 | 0.98 | 0.98 | 1.17 | 1.22 | 1.33 | 1.42 | 1.50 | 1.55 | 1.46 |
| Gross Gearing (%) ^{2,5} | 3.0 | 2.7 | 7.5 | (1.0) | (2.3) | (2.3) | (9.0) | 11.3 | 7.4 | 5.7 |
| NAV total return - undiluted (%) ² | +39.5 | -16.7 | +8.2 | +2.2 | +19.3 | +33.8 | +4.0 | +11.7 | +18.4 | -14.3 |
| NAV total return - diluted (%) ² | n/a | n/a | +7.9 ³ | +2.7 ³ | +17.2 ³ | n/a | n/a | n/a | n/a | -12.3 ⁴ |
| Ordinary Share Price total return (%) ² | +47.6 | -24.8 | +12.3 | +8.2 | +24.9 | +33.3 | +6.2 | +10.1 | +16.8 | -12.6 |
| Comparative Index total return (%) ⁶ | +39.2 | -0.8 | -4.6 | +4.7 | +15.6 | +13.1 | n/a | n/a | n/a | n/a |
| Benchmark Index total return (%) ⁷ | +39.2 | +2.7 | +3.9 | +5.7 | +28.2 | +15.8 | +0.3 | +5.4 | +12.0 | -6.6 |

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.

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 78).

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

7 MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms) 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). The variable management fee element of the management fee is measured against the Benchmark Index.

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 only make any such investment, 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.

* 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.

Use of Derivative Instruments

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

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

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

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

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

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

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 2021 % | Year ended 31 July 2020 % |
|--|------------------------------------|------------------------------------|
| NAV per Ordinary Share total ¹ | +39.5 | -16.7 |
| Ordinary Share Price total return ¹ | +47.6 | -24.8 |
| Comparative Index ² | +39.2 | -0.8 |
| Discount to NAV ¹ | 2.9 | 8.1 |
| Ongoing Charges ^{1,3} | 0.93 | 0.98 |

1 Alternative Performance Measures.

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

3 The Board has a policy of ensuring that the costs of running the Company are reasonable and competitive.

Sources: Fidelity and Datastream.

In addition to the KPIs above, the Board also monitors the Company’s performance against its peer group of investment companies. Commentary on performance for the year ended 31 July 2021 can be found in the Chairman’s Statement and Portfolio Manager’s Review on pages 2 to 9. Long-term performance is also monitored and is set out in the Ten Year Record on page 25.

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, including those that could threaten its business model, future performance, solvency and liquidity. The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/ the “Manager”), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties 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 identified 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.

Strategic Report continued

The Board considers the risks listed below and on the next two pages to be the principal risks and uncertainties faced by the Company.

| Principal Risks | Description and Risk Mitigation |
|--|--|
| <p>Market, Economic and Political Risks</p> | <p>The Company's portfolio is made up mainly of listed securities. The principal risks are market related such as market downturns, interest rate movements, deflation/inflation and exchange rate movements. Political change such as continuing tensions between the US and China, Hong Kong protests and the Executive Order issued by the US in November 2020 prohibiting transactions by US persons in publicly traded securities of certain Chinese companies remains a risk. 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>COVID-19 continues to be a global pandemic with severe market and economic impacts. The risk of the ongoing 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 mitigated by the Company's investment trust structure which means no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.</p> <p>The Board reviews market, economic and political risks and legislative changes at each Board meeting.</p> <p>Most of the Company's assets and income are denominated in currencies other than Sterling which is the Company's functional and presentation currency. As a result, movements in exchange rates may affect the Sterling value of these items.</p> <p>The Company's unlisted investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks compared with other investments in the portfolio. No transaction is made in an unlisted investment until the Investment Manager is satisfied that it has been through sufficient scrutiny and approval process. The Board reviews all unlisted investments and their valuations at each Audit Committee or Board meeting.</p> <p>Risks to which the Company is exposed to in the market and currency risk category are included in Note 17 to the Financial Statements on pages 69 to 78 together with summaries of the policies for managing these risks.</p> |
| <p>Discount Control Risk</p> | <p>Due to the nature of investment companies, 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> |
| <p>Cybercrime Risk</p> | <p>The operational risk from cybercrime is significant. 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 cyber attacks. 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. The risk is frequently re-assessed by Fidelity's information security teams and has resulted in the implementation of new tools and processes, including improvements to existing ones. Fidelity has established a dedicated cybersecurity team which provides regular awareness updates and best practice guidance.</p> <p>Risks are increased due to the COVID-19 crisis, primarily related to phishing, remote access threats, extortion and denial of services attacks. The Manager has a dedicated detect and respond resource specifically to monitor the cyber threats associated with COVID-19. The Company's third party service providers also have similar measures in place.</p> |

| Principal Risks | Description and Risk Mitigation |
|--|--|
| Investment Performance Risk | <p>The achievement of the Company's investment performance objective relative to the market requires the taking of risk, such as investment strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Comparative Index and/or peer group companies. Continued underperformance could lead to the Company and its objectives becoming unattractive to investors.</p> <p>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> <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. Further details on derivative instruments risk is included in Note 17 to the Financial Statements on pages 69 to 78.</p> <p>The Company gears through the use of long CFDs which provide greater flexibility and are currently cheaper than bank loans. The principal risk is that the Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or underperform in a falling market. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p> |
| Key Person Risk | <p>The Portfolio Manager, Nitin Bajaj, 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 him. 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> |
| Environmental, Social and Governance ("ESG") Risk | <p>There is a risk that the value of the assets of the Company are negatively impacted by ESG related risks, including climate control. Fidelity International has embedded ESG factors in its investment decision-making process. ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which 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. The Portfolio Manager is also active in analysing the effects of ESG when making investment decisions. The Board continues to monitor developments in this area and reviews the positioning of the portfolio considering ESG factors.</p> <p>Further detail on ESG considerations in the investment process and sustainability investment is on pages 33 to 35.</p> |

Strategic Report continued

Principal Risks

Description and Risk Mitigation

Pandemic Risk

With the pandemic continuing to evolve and variants of COVID-19 appearing, it is evident that although COVID-19 is being tackled by the arrival of vaccines, risks remain. The roll-out of vaccines globally is slow and the effectiveness against the variants is uncertain. There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The Manager follows Government recommendations and guidance and carries on reviewing its business continuity plans and operational resilience strategies on an ongoing basis and continues to take all reasonable steps in 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. PricewaterhouseCoopers LLP has also confirmed in the AAF Internal Controls report issued to Fidelity International that there have not been any significant changes to Fidelity International's control environment as a result of COVID-19. Further to this, the Manager has provided the Board with assurance that the Company has appropriate business continuity plans and the provision of services has continued to be supplied without interruption during the pandemic.

Investment team key activities, including portfolio managers, analysts and trading/support functions, are performing well despite the operational challenges posed when working from home or when split team arrangements were in place.

The Company's other third party service providers have also confirmed the implementation of similar measures to ensure no business disruption.

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 Financial Statements of the Company have been prepared on a going concern basis.

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 and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate

resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has therefore concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 October 2022 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from COVID-19 as set out in the Pandemic Risk above. 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 level of gearing;
- 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 share price performance over the five year reporting period to 31 July 2021 has been strong with a total return of 68.3% compared to a total return of 59.5% for the Comparative Index. The NAV total return was 53.3%. 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 and policy, 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.

A continuation vote takes place every five years. There is a risk that shareholders do not vote in favour of the continuation of the Company during periods when performance of the Company's NAV and share price is poor. The last continuation vote was at the Company's AGM held on 2 December 2016. The next continuation vote will take place at this year's AGM on 3 December 2021. The Directors recommend that shareholders vote in favour of the continuation of the Company as they intend to do in respect of their own shareholdings.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

As an externally managed Investment Trust, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services to the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the external appointed Manager (Fidelity), and other third party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated investment objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 26 and 27.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Manager to present to the shareholders on the Company's performance and future plans and to raise questions and concerns. The Chairman and other Board members are available to meet shareholders as appropriate, and shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at the address provided on page 90 or via the Company Secretary in writing at the same address or by email at investmenttrusts@fil.com. The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. The Board believes that a proper consideration of Environmental, Social and Governance ("ESG") issues aligns with the investment objective to deliver long-term capital growth, and the Board's review of the Manager includes an assessment of their ESG approach, which is set out in detail on pages 33 to 35.

Strategic Report continued

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of this report, have included:

- authorising the repurchase of 753,228 ordinary shares when the Company's discount widened, in line with the Board's discount management policy;
- the decision to pay a final dividend of 8.80 pence per ordinary share, matching the highest rate paid in 2019 since the Company was launched;
- the appointment of Jefferies International Limited as the Company's Broker on 19 August 2021 following a broker review process; and
- as part of the Board's succession plans, the appointment of Sally Macdonald to the Board with effect from 1 January 2022.

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 Board believes that ESG considerations are an increasingly important input into the assessment of the value of its investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager integrates ESG factors in the investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing, and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/responsible-investing. Further information on Fidelity International's approach to ESG in the investment process and sustainable investing can be found on pages 33 to 35 and are part of this Strategic Report.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

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

12 October 2021

ESG in the Investment Process

Fidelity International (“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 is carried out at the fundamental research analyst level within its 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

Although Fidelity’s analysts have overall responsibility for analysing the environmental, social and governance performance of the companies in which it invests, it has a dedicated Sustainable Investing Team working closely with the investment teams and is responsible for consolidating Fidelity’s approach to stewardship, engagement, ESG integration and the exercise of its votes at general meetings.

The Sustainable Investing Team has a key role in assisting the investment teams with ESG integration which includes:

- Implementing Fidelity’s proxy voting guidelines.
- Engagement with investee companies on ESG issues including attending company meetings.
- Working closely with the investment team globally across all asset classes in integrating ESG into analysis and decision-making.
- Providing internal ESG reporting including analyst reports, portfolio manager reviews and industry analysis.
- Co-ordinating and responding to specific client queries on ESG topics.
- Publishing client reporting on ESG integration and proxy voting.
- Maintaining a thorough understanding of current ESG themes and trends around the world.
- Attending external seminars and conferences focusing on trending ESG issues and ESG integration.
- Providing ESG training to the investment team and across the business.

Fidelity’s investment approach involves bottom-up research. As well as studying financial results, the portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers and often visit the companies in person to develop a view of every company in which Fidelity invests and ESG factors are embedded in this research process.

Examples of ESG factors that Fidelity’s investment teams may consider as part of its 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 and 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 and 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.

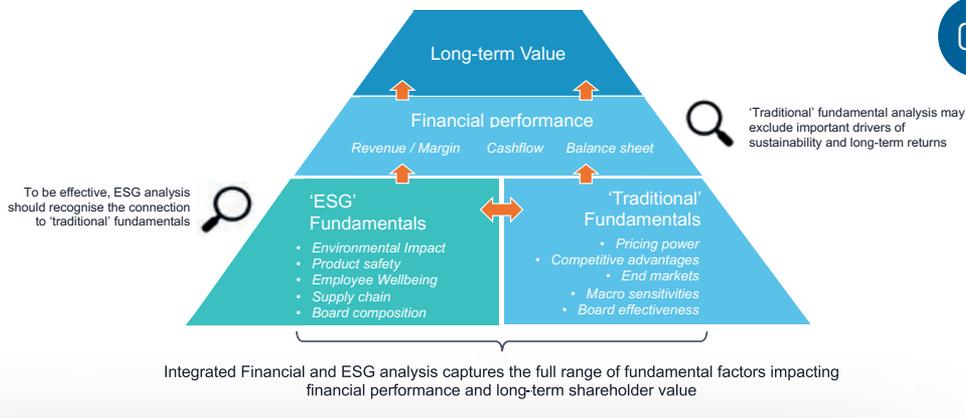
Fidelity uses a number of external research sources around the world that provide ESG-themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company specific and industry specific research as well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

ESG and Sustainable Investing at Fidelity International

Why integrate ESG?

ESG as a dimension of fundamental analysis



What we believe in

| | | | |
|---|---|--|---|
| <p>Enhance investment returns</p> <ul style="list-style-type: none"> Incorporating ESG issues in our bottom up research leads to more complete analysis and better informed investment decisions Encouraging management teams to raise standards of sustainability leads to more robust and resilient business models and behaviours | <p>Integrate non-financial objectives</p> <ul style="list-style-type: none"> Seek to understand, measure and target the non-financial outcomes of our financial decisions Participate and promote the creation of industry frameworks and measurements aimed at contribution of businesses to environmental and societal transitions | <p>Apply local context</p> <ul style="list-style-type: none"> Understand and apply ESG in the context of the local market and objectives of local regulators and policy-makers Interpret ESG from a bottom up issuer perspective, recognising differences in materiality of factors between industries, geographies and business models | <p>Engagement and collaboration</p> <ul style="list-style-type: none"> Prefer engagement over exclusion as a means of promoting and transitioning to more sustainable forms of production and consumption Collaborate with clients, peers and civil society organisations to maximise influence and leverage positive outcomes |
|---|---|--|---|

02

Which leads to our approach

| | | |
|--|---|--------------------------------------|
| <p>Integration across asset classes</p> | <p>Corporate and regulatory engagement</p> | <p>Industry collaboration</p> |
|--|---|--------------------------------------|

03

Top 3 ESG trends for 2021

06



Building Back Greener (restoring our natural ecosystems)

- Climate change will return to the top of the political agenda in 2021
- Climate change and biodiversity loss are systemic risks for society and investors
- Investors must price natural capital and nature based risks correctly



Building Back Stronger (narrowing the social divide)

- The pandemic has disproportionately impacted the vulnerable and widened structural inequality in society
- Employee welfare and supply chain management have become critical success factors for companies



Building Back Inclusively (focusing on digital ethics)

- Digital inclusion: more than 50% of the world has no access to the internet
- Digital ethics: data privacy, cyber-security, online welfare, the spread of mis-information and ethical AI design in technology platforms

Fidelity Sustainability Ratings

Built using its fundamental platform

05



Why our own ratings?

- Does not solely rely on public disclosures
- More forward looking
- Fundamental analysis
- Allows fuller coverage

How we make them

- Collaborative input across 180 equity and fixed income analysts
- Rated relative to peer group on a standardised scale
- Forward looking assessment of a company's ESG trajectory
- Quantify impact on valuation

| | | |
|--------------|----------------|-----------------|
| Ranked A – E | 99 Sub-sectors | 5 – 8 KPIs each |
|--------------|----------------|-----------------|

Fidelity's Sustainable Investing Approach

04



Board of Directors



Kate Bolsover^{1,2}
Chairman (since 9 December 2014)
Appointed 1 January 2010



Kate Bolsover is a non-executive Director of Baillie Gifford & Co. Ltd, TR Property Investment Trust PLC and BB Healthcare Trust plc. She is Senior Independent Director of Invesco Bond Income Plus Limited. She was Chairman of Invesco Perpetual Enhanced Income Limited until its merger with City Merchants High Yield Trust Limited (subsequently renamed Invesco Bond Income Plus Limited). Between 1995 and 2005, she worked for Cazenove Group plc and J.P. Morgan Cazenove as Managing Director of the mutual fund business and latterly Director of Corporate Communications. Prior to this, she worked in business development and mutual funds covering countries in the Far East.



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 extensive consultancy experience and insight into the intermediary market. He spent 20 years at Watson Wyatt in Hong Kong, and 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.



Clare Brady
Senior Independent Director
(since 22 April 2021)
Appointed 1 August 2019



Clare Brady is non-executive Director of Credit Suisse and of Golden Charter Trust Limited. She is a member of the Audit and Risk Commission of the International Federation of Red Cross and Red Crescent Societies ("IFRC"). She 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 and 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' Audit Committee. Internationally, she was Auditor General at the World Bank and was a Director of the International Monetary Fund, both in Washington D.C.



Michael Warren³
Director
Appointed 29 September 2014



Michael Warren is a non-executive Director of Henderson Smaller Companies Investment Trust plc, Carrington Investments and Rathbones Unit Trust Management Ltd. He is also an advisor 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.



Timothy Scholefield^{2,3}
Director
Appointed 30 September 2015



Timothy Scholefield is a non-executive Director of BMO Capital and Income Investment Trust PLC, Standard Life UK Smaller Companies plc and Jupiter Unit Trust Managers Ltd. He is also Chairman of Invesco Bond Income Plus Limited (formerly City Merchants High Yield Trust Limited.) He is also an advisor 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.

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 Kate Bolsover and Timothy Scholefield are both currently on the Board of Invesco Bond Income Plus Limited. Mr Scholefield will be stepping down from the Company's Board on 3 December 2021.
- 3 Timothy Scholefield and Michael Warren are both currently advisors to 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 2021.

Results And Dividends

The Company's results for the year ended 31 July 2021 are set out in the Income Statement on page 54. The revenue return was 9.20 pence and the capital return was 132.09 pence, giving a total return of 141.29 pence per ordinary share.

The Directors recommend that a final dividend of 8.80 pence (2020: 8.50 pence) per ordinary share be paid on 8 December 2021 to shareholders who appear on the share register as at the close of business on 29 October 2021 (ex-dividend date 28 October 2021).

The Board

All Directors served on the Board throughout the year ended 31 July 2021 and up to the date of this report. A brief description of all serving Directors is shown on page 36 and indicates their qualifications for Board membership.

Management Company

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

The Alternative Investment Fund Management and Secretarial Services Agreement (the "Management Agreement") will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated, pursuant to the procedures laid down in the Articles of Association of the Company. It may also be terminated forthwith as a result of a material breach of the Management Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by sixty days' notice if the Manager ceases to be a subsidiary of FIL Limited.

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 40.

Fee Arrangement

The Company has had a variable fee arrangement since 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 Benchmark Index. The performance history built up to a period of three years as at 31 July 2021, after which time the performance period started to roll. The variable element of the fee will increase or decrease 0.033% for each percentage point of the three year NAV per share outperformance or underperformance over the Benchmark 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

Benchmark Index, then the overall fee could fall as low as 0.50% of net assets.

Any increase to the NAV from the repurchase or issue of shares is 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 3 December 2021.

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 39 to 42.

Registrar, Custodian and Depositary Arrangements

The Company has appointed Link Group 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 62.

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 2021, the issued share capital of the Company was 75,580,889 ordinary shares (2020: 75,580,889) of which 2,402,010 shares are held in Treasury (2020: 1,648,782). Therefore, the number of shares with voting rights was 73,178,879 (2020: 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

Ordinary Share Issues

No ordinary shares were issued during the year ended 31 July 2021 (2020: 265,981) and none have been issued since then and as at the date of this report.

The authorities to issue ordinary shares and to disapply pre-emption rights expire at the AGM on 3 December 2021 and resolutions to renew these authorities will be put to shareholders at this AGM.

Ordinary Share Repurchases

During the year ended 31 July 2021, 753,228 ordinary shares were repurchased for holding in Treasury (2020: 1,648,782).

No shares have been repurchased since then and as at the date of this report.

The authority to repurchase ordinary shares expires at the AGM on 3 December 2021 and a resolution to renew the authority to repurchase shares, either for cancellation or to hold them in Treasury, will be put to shareholders at this AGM.

Substantial Share Interests

As at 31 July 2021 and 31 August 2021, the shareholders listed below held more than 3% of the issued ordinary share capital of the Company.

| | 31 July 2021 % | 31 August 2021 % |
|--------------------------------------|----------------------|------------------------|
| Shareholders | | |
| Fidelity Platform Investors | 15.23 | 15.15 |
| Interactive Investor | 7.22 | 7.19 |
| Hargreaves Lansdown | 7.21 | 7.16 |
| Charles Stanley | 6.30 | 6.39 |
| Rathbones | 4.84 | 4.79 |
| Brewin Dolphin | 4.40 | 4.44 |
| Smith & Williamson Wealth Management | 4.08 | 4.25 |

Additional Information Required in the Directors' Report

Information on proposed dividends, financial instruments and disclosure on Streamlined Energy and Carbon Reporting is set out in the Strategic Report on pages 26 to 32.

By order of the Board

FIL Investments International

Secretary

12 October 2021

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 46, 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 was the Senior Independent Director until 22 April 2021 when Clare Brady took over as the Senior Independent Director. She fulfils the role of sounding board for the Chairman, intermediary for the other Directors as necessary, and she 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 36.

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 also holds a separate annual Strategy meeting. It also undertakes a due diligence trip to Asia every other year. On due diligence trips, the Board meets with the management of existing and potential investee companies, alongside the Portfolio Manager, and also meets Fidelity's research and analyst teams. In light of the COVID-19 pandemic and travel restrictions, the trip that had been scheduled for March 2020 has been postponed until March 2022.

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 |
| Grahame Stott | 5/5 | 3/3 | 1/1 | 1/1 |
| Michael Warren | 5/5 | 3/3 | 1/1 | 1/1 |

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 47 and 48.

Management Engagement Committee

Composition

The Management Engagement Committee is chaired by Michael Warren 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 and concluded that it is in the interests of shareholders that the appointment of the Manager should continue. In reaching this conclusion, the Committee took into consideration the commitment, quality and continuity of the team responsible for the Company. Details of the fee structure for the year ended 31 July 2021 are in the Directors' Report on page 37.

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. This was the case for the recruitment of Sally Macdonald as Timothy Scholefield's replacement. Odgers Berndston, who have no connection with the Company, were engaged to assist the Board in recruiting a new independent non-executive director. Mrs Macdonald's appointment is effective from 1 January 2022.

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, with the exception of Timothy Scholefield who is stepping down from the Board at the conclusion of the AGM.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 46 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 49 to 53. The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit Committee and the Board. In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor and also includes consideration of internal controls covered in similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. The process also assists in identifying any new emerging risks and the action necessary to mitigate their potential impact. The Board confirms that there is an effective ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 July 2021 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

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

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 in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The AGM of the Company will be held at 11.00 am on 3 December 2021. As the pandemic continues, appropriate social distancing and hygiene measures will be in place and we anticipate limited numbers in attendance and guests will not be permitted. For those shareholders who would prefer not to travel or attend in person, for the first time this year we will live-stream the formal business and presentations of the meeting online. A registration link may be found on the company's website www.fidelity.co.uk/asianvalues

Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed on their behalf at an appropriate juncture during the meeting.

It will not be possible for those viewing online to participate in voting on the proposed resolutions this year, pending approval of the changes to the Articles of Association as set out on page 83.

The Portfolio Manager will be making a presentation on the year's results and the prospects for the Company for the year to come. However, if there are international travel restrictions in place around the time of the AGM, then the Portfolio Manager may not be able to fly from Asia to London to attend the AGM in person. If this happens to be the case and we need to change the format of the AGM, investors will be advised via the Company's website at www.fidelity.co.uk/asianvalues about alternative arrangements for the Portfolio Manager's presentation. The formal business of the meeting will still be carried out in person. 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.

Corporate Governance Statement continued

The Notice of Meeting on pages 85 to 88 sets out the business of the AGM and the special business resolutions are explained more fully on pages 82 to 84. 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 AGM.

On behalf of the Board

Kate Bolsover

Chairman
12 October 2021

Directors' Remuneration Report

Directors' Remuneration

The fee structure since 1 August 2021 is as follows: Chairman: £37,000; Chairman of the Audit Committee: £31,000; and Directors: £26,750. Prior to this, fees had remained unchanged since August 2019. 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.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 3 December 2021.

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 8 December 2020 with 99.07% of votes cast in favour, 0.66% of votes cast against and 0.27% of votes withheld. The Policy has been followed throughout the year ended 31 July 2021 and up to the date of this report. As a result of changes being proposed for Directors' fees in the Articles of Association, and which is subject to approval at the AGM on 3 December 2021, the Remuneration Policy will be subject to a vote by shareholders at the AGM in 2022.

Voting on the Directors' Remuneration Report

At the AGM held on 8 December 2020, 99.05% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2020, 0.64% of votes were cast against and 0.31% votes were withheld.

The Directors' Remuneration Report for the year ended 31 July 2021 will be put to shareholders at the AGM on 3 December 2021, 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 ended 31 July 2021 was £144,000 (2020: £164,262). 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 2022 is disclosed in the table on the next page.

| | 31 July 2021 £ | 31 July 2020 £ |
|--|-------------------|-------------------|
| Expenditure on Directors' Remuneration: | | |
| Fees and taxable expenses | 144,000 | 164,262 |
| Distribution to Shareholders: | | |
| Dividend payments | 6,241,000 | 6,380,000 |

Directors' Remuneration Report continued

Remuneration of Directors

| | 2022 Projected Total (£) | 2021 Fees (Audited) (£) | 2021 Taxable Expenses (Audited) (£) | 2021 Total (Audited) (£) | 2020 Fees (Audited) (£) | 2020 Taxable Expenses (Audited) (£) | 2020 Total (Audited) (£) |
|----------------------------------|-----------------------------------|----------------------------------|---|-----------------------------------|----------------------------------|---|-----------------------------------|
| Kate Bolsover | 37,000 | 36,000 | - | 36,000 | 36,000 | 166 | 36,166 |
| Clare Brady | 26,750 | 26,000 | - | 26,000 | 26,000 | - | 26,000 |
| Sally Macdonald ¹ | 15,540 | n/a | n/a | n/a | n/a | n/a | n/a |
| Timothy Scholefield ² | 9,160 | 26,000 | - | 26,000 | 26,000 | - | 26,000 |
| Philip Smiley ³ | n/a | n/a | n/a | n/a | 19,500 | 170 | 19,670 |
| Grahame Stott | 31,000 | 30,000 | - | 30,000 | 30,000 | - | 30,000 |
| Michael Warren | 26,750 | 26,000 | - | 26,000 | 26,000 | 426 | 26,426 |
| Total | 146,200 | 144,000 | - | 144,000 | 163,500 | 762 | 164,262 |

1 To be appointed on 1 January 2022.

2 Retiring on 3 December 2021.

3 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 graph below shows performance over ten years to 31 July 2021 against its Benchmark Index - which is used for the purposes of calculating the Variable Management Fee.

Total return performance for ten years to 31 July 2021



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 2021 | 31 July 2020 | Change during year |
|------------------------|-----------------|-----------------|-----------------------|
| Ordinary Shares | | | |
| Kate Bolsover | 15,452 | 15,452 | - |
| Clare Brady | 2,500 | 2,500 | - |
| Timothy Scholefield | 12,000 | 12,000 | - |
| Grahame Stott | 25,000 | 25,000 | - |
| Michael Warren | 10,000 | 10,000 | - |

The Portfolio Manager also holds shares in the Company.

On behalf of the Board

Kate Bolsover

Chairman

12 October 2021

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 profit of the Company; and
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces.

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

Approved by the Board on 12 October 2021 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 2021.

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 2021.

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 2021; 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 first year that the new Audit Partner, Susan Dawe, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations which restrict the Company's choice of auditor.

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 62. The audit fee for the reporting year was £28,000 (2020: £33,000).

Report of the Audit Committee continued

Annual Report And Financial Statements

During its review of the Company's Financial Statements for the year ended 31 July 2021, the Committee, deliberated and considered the following significant issues, including consideration of principal and emerging risks and uncertainties and the ongoing impact of the pandemic, 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 | <p>Investment income is recognised in accordance with Accounting Policy Note 2(e) on page 58. The Manager provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. In addition, the Committee considered the allocation of special dividends between revenue and capital. 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.</p> |
| Valuation, existence and ownership of investments (including derivatives and unlisted investments) | <p>The valuation of investments (including derivatives and unlisted investments) is in accordance with Accounting Policy Notes 2(k) and 2(l) on page 59. 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 on behalf of the Manager which concluded that controls around the valuation, existence and ownership of investments operate effectively. The valuation of the Company's unlisted investments which are 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. The FVC's proposals include recommendations from Duff & Phelps, an external company that provides global financial information and services.</p> |
| Management fee calculation | <p>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.</p> |

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 July 2021, 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 46.

Grahame Stott

Chairman of the Audit Committee
12 October 2021

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

Opinion

We have audited the Financial Statements of Fidelity Asian Values PLC (the Company) for the year ended 31 July 2021 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 2021 and of its profit 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. 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 going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Company's going concern assessment process and engagement with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.

- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 31 October 2022. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast. Considering the appropriateness of the methods used to calculate the forecast and determined, through testing of the methodology and calculations, that the methods utilised were appropriate to be able to make an assessment for the Company.
- Consideration of the mitigating factors included in the revenue forecasts that are within the control of the Company. Reviewing the Company's assessment of the liquidity of investments held and evaluation of the Company's ability to sell those investments to cover the working capital requirements should its revenue decline significantly.
- Assessing the impact of the continuation vote on going concern, considering the current and historical performance of the Company, reviewing and challenging Manager's assessment of the outcome of the continuation vote.
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 October 2022 which is at least twelve months from when the Financial Statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

| | |
|--------------------------|---|
| Key audit matters | <ul style="list-style-type: none"> • Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio. |
| Materiality | <ul style="list-style-type: none"> • Overall materiality of £3.64m which represents 1% of the Net Assets Value of the Company as at 31 July 2021. |

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

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. All audit work was performed directly by the audit engagement team.

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>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement</p> <p><i>Refer to the Report of the Audit Committee (page 48); Accounting Policies (page 58); and Note 3 of the Financial Statements (page 61)</i></p> <p>The Company has reported revenue of £10.84m (2020: £10.60m).</p> <p>During the year, the Company received special dividends amounting to £4.64m (2020: £0.47m), of which £0.54m (2020: £0.47m) was classified as revenue and £4.10m (2020: £nil) as capital.</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.</p> | <p>We performed the following procedures:</p> <ul style="list-style-type: none"> Walked through the revenue recognition process and classification of special dividends processes and obtained an understanding of the design and implementation of the controls; For a sample of dividends received, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We agreed the amounts received to bank statements and, where applicable, we also agreed the exchange rates to an external source; To test completeness of recorded income, we tested that all expected dividends for a sample of investee companies had been recorded as income with reference to investee company announcements obtained from an independent data vendor; For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 July 2021. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the amount receivable and agreed the subsequent cash receipts to post-year end bank statements where applicable; and Identified the special dividends greater than our testing threshold and assessed the appropriateness of the Company's classification of the special dividends with reference to publicly available information. | <p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital in the Income Statement.</p> |

| Risk | Our response to the risk | Key observations communicated to the Audit Committee |
|--|---|---|
| <p>Risk of incorrect valuation or ownership of the investment portfolio</p> <p><i>Refer to the Report of the Audit Committee (page 48); Accounting Policies (page 59); and Notes 10 and 11 of the Financial Statements (pages 65 and 66)</i></p> <p>The valuation of the investment portfolio as at the year-end was £349.3m (2020: £247.5m), including £348.7m (2020: £240.9m) of listed investments, £1.5m (2020: £0.4m) of unlisted investments and £(0.9)m (2020: £6.2m) of net derivatives.</p> <p>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, including incorrect application of exchange rates, or failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and return generated for shareholders.</p> <p>The fair value of the listed investments are determined using quoted market prices at close of business on the reporting date. The valuation of the unlisted investments is approved by the Directors following a detailed review and appropriate challenge of the valuations proposed by Manager's Fair Value Committee. The unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ("IPEV").</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 design of the controls; For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the valuations as at the year-end; We inspected the stale pricing report to identify prices that have not changed and verified whether the quoted price is a valid fair value; For the unlisted investments, we obtained and assessed the valuation papers to support the valuation of the investments as at the year-end. We agreed the cost of the newly purchased investment to the supporting share purchase agreement and traced the payment to bank statement. We confirmed that the cost price remains an appropriate estimation of fair value of this investment; and We compared the Company's investment holdings at 31 July 2021 to independent confirmation received directly from the Company's Custodian, Depository or Brokers held at the year-end. | <p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.</p> |

In the prior year, our Auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 on going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under "Conclusions relating to going concern".

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £3.64m (2020: £2.69m), which is 1% (2020: 1%) of the Company's net asset value. We believe that net asset value provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £2.73m (2020: £2.02m). 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.

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

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Income Statement of £0.38m (2020: £0.36m) being 5% (2020: 5%) of revenue profit before tax.

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 £0.18m (2020: £0.13m), 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 contained within the Annual Report.

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.

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 course of 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 themselves. 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.

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 the 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 from branches not visited by us; 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.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 30;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 30 and 31;
- Directors' statement on fair, balanced and understandable set out on page 46;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 27;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 41; and
- The section describing the work of the Audit Committee set out on pages 47 and 48.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 46, 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, and Section 1158 of the Corporation Tax Act 2010, and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how Fidelity Asian Values PLC is complying with those frameworks through discussions with the Audit Committee and the Company Secretary and a 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 by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete or inaccurate income recognition, through incorrect classification of special dividends as revenue or capital in the Income Statement. 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

- Following the recommendation from the Audit Committee, 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 6 years, covering the years ending 31 July 2016 to 31 July 2021.

- 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.

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.

Susan Dawe

(Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
12 October 2021

Income Statement

for the year ended 31 July 2021

| | Notes | Year ended 31 July 2021 | | | Year ended 31 July 2020 | | |
|---|-------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains/(losses) on investments | 10 | - | 94,254 | 94,254 | - | (66,743) | (66,743) |
| Gains on derivative instruments | 11 | - | 6,975 | 6,975 | - | 6,285 | 6,285 |
| Income | 3 | 10,842 | - | 10,842 | 10,602 | - | 10,602 |
| Investment management fees | 4 | (2,272) | 649 | (1,623) | (1,967) | 312 | (1,655) |
| Other expenses | 5 | (768) | (3) | (771) | (797) | - | (797) |
| Foreign exchange losses | | - | (1,671) | (1,671) | - | (1,532) | (1,532) |
| Net return/(loss) on ordinary activities before finance costs and taxation | | 7,802 | 100,204 | 108,006 | 7,838 | (61,678) | (53,840) |
| Finance costs | 6 | (287) | - | (287) | (686) | - | (686) |
| Net return/(loss) on ordinary activities before taxation | | 7,515 | 100,204 | 107,719 | 7,152 | (61,678) | (54,526) |
| Taxation on return/(loss) on ordinary activities | 7 | (774) | (3,380) | (4,154) | (731) | 7 | (724) |
| Net return/(loss) on ordinary activities after taxation for the year | | 6,741 | 96,824 | 103,565 | 6,421 | (61,671) | (55,250) |
| Return/(loss) per ordinary share | 8 | 9.20p | 132.09p | 141.29p | 8.64p | (82.95p) | (74.31p) |

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 2021

| | 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 2020 | | 18,895 | 50,501 | 3,197 | 7,367 | 3,379 | 176,283 | 9,778 | 269,400 |
| Net return on ordinary activities after taxation for the year | | - | - | - | - | - | 96,824 | 6,741 | 103,565 |
| Repurchase of ordinary shares | 14 | - | - | - | - | (2,660) | - | - | (2,660) |
| Dividend paid to shareholders | 9 | - | - | - | - | - | - | (6,241) | (6,241) |
| Total shareholders' funds at 31 July 2021 | | 18,895 | 50,501 | 3,197 | 7,367 | 719 | 273,107 | 10,278 | 364,064 |
| 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 |

Balance Sheet

as at 31 July 2021

Company number 3183919

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|----------------|---------------|
| Fixed assets | | | |
| Investments | 10 | 350,225 | 241,271 |
| Current assets | | | |
| Derivative instruments | 11 | 437 | 7,299 |
| Debtors | 12 | 3,489 | 1,886 |
| Amounts held at futures clearing houses and brokers | | 2,825 | 1,115 |
| Cash at bank | | 14,128 | 21,262 |
| | | 20,879 | 31,562 |
| Current liabilities | | | |
| Derivative instruments | 11 | (1,335) | (1,149) |
| Other creditors | 13 | (5,705) | (2,284) |
| | | (7,040) | (3,433) |
| Net current assets | | 13,839 | 28,129 |
| Net assets | | 364,064 | 269,400 |
| Capital and reserves | | | |
| Share capital | 14 | 18,895 | 18,895 |
| Share premium account | 15 | 50,501 | 50,501 |
| Capital redemption reserve | 15 | 3,197 | 3,197 |
| Other non-distributable reserve | 15 | 7,367 | 7,367 |
| Other reserve | 15 | 719 | 3,379 |
| Capital reserve | 15 | 273,107 | 176,283 |
| Revenue reserve | 15 | 10,278 | 9,778 |
| Total shareholders' funds | | 364,064 | 269,400 |
| Net asset value per ordinary share | 16 | 497.50p | 364.39p |

The Financial Statements on pages 54 to 79 were approved by the Board of Directors on 12 October 2021 and were signed on its behalf by:

Kate Bolsover
Chairman

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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31 October 2022 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the continuing risks arising from COVID-19.

The Company's Going Concern Statement in the Strategic Report on page 30 takes account of all events and conditions up to 31 October 2022 which is at least twelve months from the date of approval of these Financial Statements.

b) Significant accounting estimates and judgements – The preparation of the Financial Statements requires the use of estimates and judgements. These estimates and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates.

The key sources of estimation and uncertainty relate to the fair value of the unlisted investments.

Judgements

The Directors consider whether each fair value is appropriate following detailed review and challenge of the pricing methodology. The judgement applied in the selection of the methodology used (see Note 2 (k) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Manager's Fair Value Committee ("FVC") for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Balance Sheet date. When no recent primary or secondary transaction in the company's shares have taken place, the fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The estimates involved in the valuation process may include the following:

- (i) the selection of appropriate comparable companies. Comparable companies are chosen on the basis of their business characteristics and growth patterns;
- (ii) the selection of a revenue metric (either historical or forecast);
- (iii) the selection of an appropriate illiquidity discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;
- (iv) the estimation of the likelihood of a future exit of the position through an initial public offering ("IPO") or a company sale;
- (v) the selection of an appropriate industry benchmark index to assist with the valuation; and
- (vi) the calculation of valuation adjustments derived from milestone analysis and future cash flows (i.e. incorporating operational success against the plans/forecasts of the business into the valuation).

As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in Note 17 below to illustrate the effect on the Financial Statements of an over or under estimation of fair value.

The risk of an over or under estimation of fair value is greater when methodologies are applied using more subjective inputs.

Notes to the Financial Statements continued

2 Accounting Policies continued

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, is charged/credited to capital as it is based on the performance of the net asset value per share relative to the Benchmark 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.

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 collateral 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.

2 Accounting Policies continued

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 not quoted, or are not frequently traded, and are stated at the Directors best estimate of fair value. The Manager's Fair Value Committee ('FVC'), which is independent of the Portfolio Manager's team, meets quarterly to determine the fair value of unlisted investments. These are based on the principles outlined in Note 2 (b) above.

The unlisted investments are valued at fair value following a detailed review and appropriate challenge by the Directors of the pricing methodology proposed by the FVC.

The FVC 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 input received from the Fidelity International analyst that covers the company and valuation reports from a third party specialist.

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within gains/(losses) 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;
- Forward currency contracts – valued at the appropriate quoted forward foreign exchange rate ruling at the Balance Sheet date.

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 current liabilities.

m) Debtors – Debtors include securities sold for future settlement, accrued income, taxation recoverable 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, capital gains tax payable, 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.

Notes to the Financial Statements continued

2 Accounting Policies continued

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 £57,000 (2020: losses of £68,000). See Note 17 on pages 77 and 78 for further details on the level 3 investments.

3 Income

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|---|---------------------------------|---------------------------------|
| Investment income | | |
| Overseas dividends | 9,457 | 9,817 |
| Overseas scrip dividends | 654 | 45 |
| | 10,111 | 9,862 |
| Derivative income | | |
| Dividends received on long CFDs | 720 | 536 |
| Interest received on CFDs | 9 | 154 |
| | 729 | 690 |
| Other interest | | |
| Interest received on collateral and bank deposits | 2 | 50 |
| Total income | 10,842 | 10,602 |

Special dividends of £4,103,000 have been recognised in capital (2020: £nil).

4 Investment Management Fees

| | Year ended 31 July 2021 | | | Year ended 31 July 2020 | | |
|----------------------------|-------------------------|-------------------------------|----------------|-------------------------|-------------------------------|----------------|
| | Revenue £'000 | Capital ¹ £'000 | Total £'000 | Revenue £'000 | Capital ¹ £'000 | Total £'000 |
| Investment management fees | 2,272 | (649) | 1,623 | 1,967 | (312) | 1,655 |

¹ For the calculation of the variable management fee element, the Company's NAV return was compared to the Benchmark 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 and prior period.

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.

The Company charges base investment management fees at an annual rate of 0.70% of net assets. In addition, there is +/- 0.20% variation fee based on the Company's NAV per share performance relative to the Company's Benchmark Index. Fees are payable monthly in arrears and are calculated on a daily basis.

Notes to the Financial Statements continued

5 Expenses

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|---|---------------------------------|---------------------------------|
| Allocated to revenue: | | |
| AIC fees | 16 | 21 |
| Custody fees | 128 | 134 |
| Depository fees | 29 | 26 |
| Directors' expenses | 13 | 9 |
| Directors' fees* | 144 | 164 |
| Legal and professional fees | 99 | 93 |
| Marketing expenses | 124 | 118 |
| Printing and publication expenses | 66 | 74 |
| Registrars' fees | 31 | 34 |
| Secretarial and administration fees payable to the Investment Manager | 75 | 75 |
| Sundry other expenses | 15 | 16 |
| Fees payable to the Company's Independent Auditor for the audit of the Financial Statements | 28 | 33 |
| | 768 | 797 |
| Allocated to capital: | | |
| Legal and professional fees | 3 | - |
| Other expenses | 771 | 797 |

* Details of the breakdown of Director's fees are disclosed in the Director's Remuneration Report on page 44.

6 Finance Costs

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|--|---------------------------------|---------------------------------|
| Interest on bank overdrafts and collateral | 3 | 2 |
| Interest paid on CFDs | 225 | 428 |
| Dividends paid on short CFDs | 59 | 256 |
| | 287 | 686 |

7 Taxation on Return/(Loss) on Ordinary Activities

| | Year ended 31 July 2021 | | | Year ended 31 July 2020 | | |
|--|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| a) Analysis of the taxation charge for the year | | | | | | |
| Overseas taxation | 774 | - | 774 | 731 | - | 731 |
| Indian capital gains tax | - | 3,380 | 3,380 | - | (7) | (7) |
| Taxation charge for the year (see Note 7b) | 774 | 3,380 | 4,154 | 731 | (7) | 724 |

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% (2020: 19%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

| | Year ended 31 July 2021 | | | Year ended 31 July 2020 | | |
|---|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Net return/(loss) on ordinary activities before taxation | 7,515 | 100,204 | 107,719 | 7,152 | (61,678) | (54,526) |
| Net return/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2020: 19%) | 1,428 | 19,039 | 20,467 | 1,359 | (11,719) | (10,360) |
| Effects of: | | | | | | |
| Capital (gains)/losses not taxable* | - | (18,916) | (18,916) | - | 11,778 | 11,778 |
| Income not taxable | (1,866) | - | (1,866) | (1,826) | - | (1,826) |
| Excess management expenses | 438 | - | 438 | 467 | (44) | 423 |
| Excess interest paid | - | (123) | (123) | - | (15) | (15) |
| Overseas taxation | 774 | - | 774 | 731 | - | 731 |
| Indian capital gains tax | - | 3,380 | 3,380 | - | (7) | (7) |
| Taxation charge for the year (Note 7a) | 774 | 3,380 | 4,154 | 731 | (7) | 724 |

* 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 £7,460,000 (2020: £5,354,000), in respect of excess management expenses of £26,837,000 (2020: £24,531,000) and excess interest paid of £3,003,000 (2020: £3,648,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

In the Spring Budget the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This rate has been substantively enacted at the balance sheet date and has therefore been applied to calculate the unrecognised deferred tax asset for the current year (2020: 19%).

Notes to the Financial Statements continued

8 Return/(Loss) per Ordinary Share

| | Year ended 31.07.21 | Year ended 31.07.20 |
|--|------------------------|------------------------|
| Revenue return per ordinary share | 9.20p | 8.64p |
| Capital return/(loss) per ordinary share | 132.09p | (82.95p) |
| Total return/(loss) per ordinary share | 141.29p | (74.31p) |

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

| | £'000 | £'000 |
|---|---------|----------|
| Net revenue return on ordinary activities after taxation | 6,741 | 6,421 |
| Net capital return/(loss) on ordinary activities after taxation | 96,824 | (61,671) |
| Total return/(loss) on ordinary activities after taxation | 103,565 | (55,250) |

| | Number | Number |
|--|------------|------------|
| Weighted average number of ordinary shares held outside Treasury | 73,297,971 | 74,348,836 |

9 Dividends Paid to Shareholders

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|--|---------------------------------|---------------------------------|
| Dividend paid | | |
| Dividend of 8.50 pence per ordinary share paid for the year ended 31 July 2020 | 6,241 | - |
| Dividend of 8.80 pence per ordinary share paid for the year ended 31 July 2019 | - | 6,380 |
| | 6,241 | 6,380 |
| Dividend proposed | | |
| Dividend proposed of 8.80 pence per ordinary share for the year ended 31 July 2021 | 6,440 | - |
| Dividend proposed of 8.50 pence per ordinary share for the year ended 31 July 2020 | - | 6,250 |
| Total dividends paid | 6,440 | 6,250 |

The Directors have proposed the payment of a dividend for the year ended 31 July 2021 of 8.80 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 3 December 2021 and has not been included as a liability in these Financial Statements. The dividend will be paid on 8 December 2021 to shareholders on the register at the close of business on 29 October 2021 (ex-dividend date 28 October 2021).

10 Investments at fair value through profit or loss

| | 2021 £'000 | 2020 £'000 |
|---|----------------|---------------|
| Listed investments | 348,779 | 240,932 |
| Unlisted investments | 1,446 | 339 |
| Investments at fair value | 350,225 | 241,271 |
| Opening book cost | 266,633 | 289,167 |
| Opening investment holding (losses)/gains | (25,362) | 23,514 |
| Opening fair value | 241,271 | 312,681 |
| Movements in the year | | |
| Purchases at cost | 201,449 | 173,591 |
| Sales - proceeds | (186,749) | (178,258) |
| Gains/(losses) on investments | 94,254 | (66,743) |
| Closing fair value | 350,225 | 241,271 |
| Closing book cost | 321,813 | 266,633 |
| Closing investment holding gains/(losses) | 28,412 | (25,362) |
| Closing fair value | 350,225 | 241,271 |

The Company received £186.7m (2020: £178.3m) from investments sold in the year. The book cost of these investments when they were purchased was £146.3m (2020: £196.1m). 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 gains/(losses) on the investments above, were as follows:

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|-----------------------------|---------------------------------|---------------------------------|
| Purchases transaction costs | 265 | 268 |
| Sales transaction costs | 377 | 360 |
| | 642 | 628 |

The portfolio turnover rate of the year was 66.1% (2020: 67.0%).

Notes to the Financial Statements continued

11 Derivative Instruments

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|---|---------------------------------|---------------------------------|
| Gains on derivative instruments | | |
| Realised gains/(losses) on long CFD positions closed | 13,998 | (1,741) |
| Realised (losses)/gains on short CFD positions closed | (910) | 430 |
| Realised gains on futures contracts closed | 970 | 142 |
| Realised gains on options contracts closed | - | 1,162 |
| Realised losses on forward currency contracts | (35) | (238) |
| Movement in investment holding (losses)/gains on long CFDs | (6,357) | 6,745 |
| Movement in investment holding gains/(losses) on short CFDs | 71 | (757) |
| Movement in investment holding (losses)/gains on futures | (779) | 732 |
| Movement in investment holding losses on options | - | (142) |
| Movement in investment holding gains/(losses) on forward currency contracts | 17 | (48) |
| | 6,975 | 6,285 |

| | 2021 Fair value £'000 | 2020 Fair value £'000 |
|---|-----------------------------|-----------------------------|
| Derivative instruments recognised on the Balance Sheet | | |
| Derivative instrument assets | 437 | 7,299 |
| Derivative instrument liabilities | (1,335) | (1,149) |
| | (898) | 6,150 |

| | 2021 | | 2020 | |
|--|---------------------|----------------------------|---------------------|----------------------------|
| | Fair value £'000 | Asset exposure £'000 | Fair value £'000 | Asset exposure £'000 |
| At the year end the Company held the following derivative instruments | | | | |
| Long CFDs | (682) | 13,024 | 5,675 | 23,230 |
| Long future | (336) | 4,384 | 487 | 6,791 |
| Short CFDs | 176 | 5,942 | 105 | 5,393 |
| Short futures | 44 | 1,589 | - | - |
| Forward currency contracts (hedging exposure) | (100) | (100) | (117) | (117) |
| | (898) | 24,839 | 6,150 | 35,297 |

12 Debtors

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Securities sold for future settlement | 1,384 | 619 |
| Accrued income | 1,595 | 1,183 |
| Taxation recoverable | 425 | - |
| Other debtors and prepayments | 85 | 84 |
| | 3,489 | 1,886 |

13 Other Creditors

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Securities purchased for future settlement | 2,402 | 1,780 |
| Indian capital gains tax payable | 2,902 | - |
| Creditors and accruals | 401 | 504 |
| | 5,705 | 2,284 |

14 Share Capital

| | 2021 | | 2020 | |
|--|-------------------|---------------|------------------|--------|
| | 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 | 73,932,107 | 18,483 | 72,233,453 | 18,058 |
| Ordinary shares issued on the exercise of rights | - | - | 3,081,455 | 770 |
| New ordinary shares issued | - | - | 265,981 | 67 |
| Ordinary shares repurchased into Treasury | (753,228) | (188) | (1,648,782) | (412) |
| End of the year | 73,178,879 | 18,295 | 73,932,107 | 18,483 |
| Ordinary shares of 25 pence each held in Treasury¹ | | | | |
| Beginning of the year | 1,648,782 | 412 | - | - |
| Ordinary shares repurchased into Treasury | 753,228 | 188 | 1,648,782 | 412 |
| End of the year | 2,402,010 | 600 | 1,648,782 | 412 |
| Subscription shares of 0.001 pence | | | | |
| Beginning of the year | - | - | 11,103,030 | - |
| Cancellation of subscription shares on the exercise of rights | - | - | (3,081,455) | - |
| Cancellation of subscription shares | - | - | (8,021,575) | - |
| End of the year | - | - | - | - |
| Total share capital | | 18,895 | | 18,895 |

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 £2,660,000 (2020: £5,234,000).

Notes to the Financial Statements continued

14 Share Capital continued

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 depending upon the year in which the right was exercised. The subscription share rights were 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 premia were as follows:

| | 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 of the Company announced the Trustee did not exercise 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.

In the prior period, the Company issued 3,081,455 ordinary 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 on the issue of ordinary shares of £11,332,000 was credited to the share premium account.

The Company issued no new ordinary shares during the period (2020: 265,981 shares). In the prior period, the total premium received on the issue of new ordinary shares of £1,096,000 was credited to the share premium account.

15 Capital and Reserves

| | 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 |
|---|------------------------|-----------------------------------|--|---|------------------------|--------------------------|--------------------------|------------------------------------|
| At 1 August 2020 | 18,895 | 50,501 | 3,197 | 7,367 | 3,379 | 176,283 | 9,778 | 269,400 |
| Gains on investments (see Note 10) | - | - | - | - | - | 94,254 | - | 94,254 |
| Gains on derivative instruments (see Note 11) | - | - | - | - | - | 6,975 | - | 6,975 |
| Foreign exchange losses | - | - | - | - | - | (1,671) | - | (1,671) |
| Investment management fees (see Note 4) | - | - | - | - | - | 649 | - | 649 |
| Other expenses (see Note 5) | - | - | - | - | - | (3) | - | (3) |
| Indian capital gains tax (see Note 7) | - | - | - | - | - | (3,380) | - | (3,380) |
| Revenue return on ordinary activities after taxation for the year | - | - | - | - | - | - | 6,741 | 6,741 |
| Dividend paid to shareholders (see Note 9) | - | - | - | - | - | - | (6,241) | (6,241) |
| Repurchase of ordinary shares (see Note 14) | - | - | - | - | (2,660) | - | - | (2,660) |
| At 31 July 2021 | 18,895 | 50,501 | 3,197 | 7,367 | 719 | 273,107 | 10,278 | 364,064 |

The capital reserve balance at 31 July 2021 includes investment holding gains on investments of £28,412,000 (2020: losses of £25,362,000) as detailed in Note 10 above. See Note 2 (p) above for further details. The revenue and capital reserves are distributable by way of dividend.

16 Net Asset Value per Ordinary Share

| | 2021 | 2020 |
|--|---------------------|--------------|
| Total shareholders' funds | £364,064,000 | £269,400,000 |
| Ordinary shares held outside of Treasury at year end | 73,178,879 | 73,932,107 |
| Net asset value per ordinary share | 497.50p | 364.39p |

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.

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, environmental, social and governance ("ESG"), 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 28 to 30.

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 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.

Notes to the Financial Statements continued

17 Financial Instruments continued

Interest rate risk exposure

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

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Exposure to financial instruments that earn interest | | |
| Cash at bank | 14,128 | 21,262 |
| Short CFDs - exposure plus fair value | 6,118 | 5,498 |
| Amounts held at futures clearing houses and brokers | 2,825 | 1,115 |
| | 23,071 | 27,875 |
| Exposure to financial instruments that bear interest | | |
| Long CFDs - exposure less fair value | 13,706 | 17,555 |
| Net exposure to financial instruments that earn interest | 9,365 | 10,320 |

Foreign currency risk

The Company's net return/(loss) 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.

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.

17 Financial Instruments continued

Currency exposure of financial assets

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

| Currency | | | | | 2021 |
|---------------------------|---------------------------------------|--|-------------------------------|--------------------------|----------------|
| | Investments at fair value £'000 | Long exposure to derivative instruments ¹ £'000 | Debtors ² £'000 | Cash at bank £'000 | Total £'000 |
| Hong Kong dollar | 93,093 | 10,693 | 1,104 | 137 | 105,027 |
| Indian rupee | 80,078 | - | 2,524 | 1,979 | 84,581 |
| Taiwan dollar | 37,202 | - | 865 | 28 | 38,095 |
| South Korean won | 35,849 | - | 2 | 6 | 35,857 |
| Indonesian rupiah | 25,135 | - | - | - | 25,135 |
| US dollar | 7,576 | 5,113 | 1,140 | 11,028 | 24,857 |
| Australian dollar | 21,055 | - | - | 24 | 21,079 |
| Chinese renminbi | 14,606 | - | - | 261 | 14,867 |
| Singapore dollar | 8,562 | 1,602 | - | - | 10,164 |
| Philippine peso | 7,330 | (87) | 480 | - | 7,723 |
| Sri Lankan rupee | 6,157 | - | - | - | 6,157 |
| Vietnamese dong | 4,364 | - | 115 | 665 | 5,144 |
| Other overseas currencies | 7,651 | (13) | - | - | 7,638 |
| UK Sterling | 1,567 | - | 84 | - | 1,651 |
| | 350,225 | 17,308 | 6,314 | 14,128 | 387,975 |

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.

Notes to the Financial Statements continued

17 Financial Instruments continued

| Currency | Investments at fair value £'000 | Long exposure to derivative instruments ¹ £'000 | Debtors ² £'000 | Cash at bank £'000 | 2020 |
|---------------------------|---------------------------------------|--|-------------------------------|--------------------------|----------------|
| | | | | | 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 |
| Chinese renminbi | 2,809 | - | - | 169 | 2,978 |
| Other overseas currencies | 5,753 | - | - | 977 | 6,730 |
| 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.

Currency exposure of financial liabilities

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

| Currency | Short exposure to derivative instruments ¹ £'000 | Other creditors £'000 | 2021 |
|-------------------|---|-----------------------------|----------------|
| | | | Total £'000 |
| Hong Kong dollar | 4,025 | 2,166 | 6,191 |
| Indian rupee | 1,589 | 2,987 | 4,576 |
| US dollar | 1,917 | - | 1,917 |
| Australian dollar | - | 98 | 98 |
| Indonesian rupiah | - | 53 | 53 |
| Taiwan dollar | - | 9 | 9 |
| Singapore dollar | - | - | - |
| UK Sterling | - | 392 | 392 |
| | 7,531 | 5,705 | 13,236 |

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

17 Financial Instruments continued

| Currency | Short exposure to derivative instruments ¹ | Other creditors | 2020 Total |
|-------------------|---|-----------------|------------|
| | £'000 | £'000 | £'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.

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 2021, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £1,335,000 (2020: £1,149,000) and creditors of £5,705,000 (2020: £2,284,000).

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. These are known as Over the Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the 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.

Notes to the Financial Statements continued

17 Financial Instruments continued

For OTC and exchange traded 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 2021, £129,000 (2020: £5,758,000) 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: J.P. Morgan Securities plc £129,000 in cash denominated in US dollars (2020: Goldman Sachs International Ltd £350,000, HSBC Bank plc £1,424,000 and UBS AG £3,984,000 all in cash denominated in US dollars). £2,825,000 (2020: £1,115,000), 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 comprised: UBS AG £2,559,000 (2020: £1,115,000) in cash and HSBC Bank Plc £266,000 (2020: £nil) in cash.

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 2021, an increase of 0.25% in interest rates throughout the year, with all other variables held constant, would have increased the net return on ordinary activities after taxation for the year and increased the net assets of the Company by £23,000 (2020: decreased the net loss and increased the net assets by £26,000). A decrease of 0.25% in interest rates throughout the year would have had an equal but opposite effect.

17 Financial Instruments continued

Foreign currency risk sensitivity analysis

Based on the financial instruments held and currency exchange rates as at the Balance Sheet date, a 10% strengthening of the UK Sterling exchange rate against other currencies would have decreased the Company's net return on ordinary activities after taxation for the year and decreased the net assets (2020: increased the net loss and decreased the net assets) by the following amounts:

| Currency | 2021 £'000 | 2020 £'000 |
|---------------------------|---------------|---------------|
| Hong Kong dollar | 8,986 | 6,677 |
| Indian rupee | 7,273 | 4,772 |
| Taiwan dollar | 3,462 | 2,136 |
| South Korean won | 3,260 | 2,889 |
| Indonesian rupiah | 2,280 | 1,948 |
| US dollar | 2,085 | 3,238 |
| Australian dollar | 1,907 | 1,537 |
| Chinese renminbi | 1,352 | 271 |
| Singapore dollar | 924 | 636 |
| Philippine peso | 702 | 590 |
| Sri Lankan rupee | 560 | 450 |
| Vietnamese dong | 468 | 364 |
| Other overseas currencies | 693 | 594 |
| | 33,952 | 26,102 |

Notes to the Financial Statements continued

17 Financial Instruments continued

Based on the financial instruments held and currency exchange rates as at the Balance Sheet date, a 10% weakening of the UK Sterling exchange rate against other currencies would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets (2020: decreased the net loss and increased the net assets) by the following amounts:

| Currency | 2021 £'000 | 2020 £'000 |
|---------------------------|---------------|---------------|
| Hong Kong dollar | 10,982 | 8,161 |
| Indian rupee | 8,889 | 5,832 |
| Taiwan dollar | 4,232 | 2,611 |
| South Korean won | 3,984 | 3,531 |
| Indonesian rupiah | 2,787 | 2,381 |
| US dollar | 2,549 | 3,958 |
| Australian dollar | 2,331 | 1,878 |
| Chinese renminbi | 1,652 | 331 |
| Singapore dollar | 1,129 | 778 |
| Philippine peso | 858 | 721 |
| Sri Lankan rupee | 684 | 550 |
| Vietnamese dong | 572 | 445 |
| Other overseas currencies | 848 | 726 |
| | 41,497 | 31,903 |

Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 July 2021, an increase of 10% in share prices, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £34,878,000 (2020: decreased the net loss and increased the net assets by £24,093,000). A decrease of 10% in share prices would have had an equal and opposite effect.

An increase of 10% in the valuation of unlisted investments held at the Balance Sheet date would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £145,000 (2020: decreased the net loss and increased the net assets by £34,000). A decrease of 10% in the valuation 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 2021, an increase of 10% in the share prices underlying the derivative instruments, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £988,000 (2020: decreased the net loss and increased the net assets by £2,463,000). 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.

17 Financial Instruments continued

| 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 in 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. |

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 | 2021 Total £'000 |
|---|------------------|------------------|------------------|------------------------|
| Financial assets at fair value through profit or loss | | | | |
| Investments | 346,634 | 1,869 | 1,722 | 350,225 |
| Derivative instrument assets | 44 | 393 | - | 437 |
| | 346,678 | 2,262 | 1,722 | 350,662 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivative instrument liabilities | (336) | (999) | - | (1,335) |

| | 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) |

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

| | Year ended 31.07.21 £'000 | Year ended 31.07.20 £'000 |
|---|---------------------------------|---------------------------------|
| Beginning of the year | 339 | 800 |
| Purchases at cost | 1,049 | - |
| Transfer into level 3* | 323 | - |
| Proceeds from closing of the China Ding Yi Feng Holdings (Short CFD) position | - | (208) |
| Movement in investment holding gains/(losses) | 11 | (253) |
| End of the year | 1,722 | 339 |

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

Notes to the Financial Statements continued

17 Financial Instruments continued

Eden Biologics (formerly JHL Biotech)

Eden Biologics develops biosimilars and is also engaged in providing process development and contract manufacturing solutions to the biopharmaceutical industry and is an unlisted company. On 26 February 2018, the company voluntarily delisted from the Taipei Exchange. The valuation at 31 July 2021 is based on the company's financial information, the macro-environment and benchmarking the position to a range of comparable market data. As at 31 July 2021, its fair value was £321,000.

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 and is an unlisted company. The valuation at 31 July 2021 is based on the company's financial information, the macro-environment and benchmarking the position to a range of comparable market data. As at 31 July 2021, its fair value was £76,000.

Tuhu Car

Tuhu Car is an online retailer of auto spare parts and is an unlisted company. The valuation at 31 July 2021 is based on the cost of the investment when it was purchased in June 2021. At 31 July 2021, its fair value was £1,049,000.

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 56 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 26. The principal risks and their management are disclosed in the Strategic Report on pages 28 to 30 and in Note 17 above.

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

| | 2021 Asset exposure £'000 | 2020 Asset exposure £'000 |
|---|------------------------------------|------------------------------------|
| Long exposure to shares and equity linked notes | 350,225 | 241,271 |
| Long CFDs | 13,024 | 23,230 |
| Long future | 4,384 | 6,791 |
| Total long exposures | 367,633 | 271,292 |
| Less: hedging exposure to forward currency contracts | (100) | (117) |
| Total long exposures after the netting of hedges | 367,533 | 271,175 |
| Short CFDs | 5,942 | 5,393 |
| Short futures | 1,589 | - |
| Gross Asset Exposure | 375,064 | 276,568 |
| Total Shareholders' Funds | 364,064 | 269,400 |
| Gross gearing* | 3.0% | 2.7% |

* 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 44. During the year, management fees of £1,623,000 (2020: £1,655,000), and secretarial and administration fees of £75,000 (2020: £75,000) were payable to FIL. At the Balance Sheet date, management fees of £156,000 (2020: £117,000), and secretarial and administration fees of £25,000 (2020: £6,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the year was £124,000 (2020: £118,000). At the Balance Sheet date, marketing services of £25,000 (2020: £25,000) were 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 44 and 45. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £14,000 (2020: £16,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £12,000 (2020: £12,000) were accrued and payable.

Alternative Performance Measures

Total Return

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

The tables below provide information relating to the NAV per ordinary share, the ordinary share price of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 July 2021 and 31 July 2020.

| | Net asset value per ordinary share | Ordinary share price |
|----------------------------------|------------------------------------|----------------------|
| 2021 | | |
| 31 July 2020 | 364.39p | 335.00p |
| 31 July 2021 | 497.50p | 483.00p |
| Change in year | +36.5% | +44.2% |
| Impact of dividend reinvestment | +3.0% | +3.4% |
| Total return for the year | +39.5% | +47.6% |

| | Net asset value per ordinary share | Ordinary share price |
|---------------------------------|------------------------------------|----------------------|
| 2020 | | |
| 31 July 2019 | 447.16p | 455.50p |
| 31 July 2020 | 364.39p | 335.00p |
| Change in year | -18.5% | -26.5% |
| Impact of dividend reinvestment | +1.8% | +1.7% |
| Total return for the year | -16.7% | -24.8% |

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.

| | 2021 | 2020 |
|---|----------------|---------|
| Investment management fees (£'000) | 2,272 | 1,967 |
| Other expenses (£'000) | 771 | 797 |
| Ongoing charges (£'000) | 3,043 | 2,764 |
| Variable element of management fees (£'000) | (649) | (312) |
| Average net assets (£'000) | 325,111 | 280,521 |
| Ongoing charges ratio | 0.93% | 0.98% |
| Ongoing charges ratio including variable element of management fee | 0.73% | 0.87% |

Gross Gearing

Gross Gearing is considered to be an Alternative Performance Measure. See Note 18 on page 78 for details of the Company's gearing.

Financial Calendar

The key dates in the Company's calendar are:

| | |
|------------------------|--|
| 31 July 2021 | Financial Year End |
| October 2021 | Announcement of results for the year ended 31 July 2021 |
| October 2021 | Publication of the Annual Report |
| 28 October 2021 | Ex-dividend Date |
| 29 October 2021 | Dividend Record Date |
| 3 December 2021 | Annual General Meeting |
| 8 December 2021 | Payment of the Dividend |
| 31 January 2022 | Half-Year End |
| April 2022 | Announcement of the Half-Yearly results for the six months ended 31 January 2022 |
| April 2022 | 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.

The AGM of the Company will be held at **11.00 am on 3 December 2021**. As the pandemic continues, appropriate social distancing and hygiene measures will be in place and we anticipate limited numbers in attendance. Shareholders will not be permitted to bring guests although the meeting will be live-streamed online. A registration link may be found on the company's website www.fidelity.co.uk/asianvalues.

The Portfolio Manager will be making a presentation on the year's results and the prospects for the Company for the year to come. However, if there are international travel restrictions in place around the time of the AGM, then the Portfolio Manager may not be able to fly from Asia to London to attend the AGM in person. If this happens to be the case and we need to change the format of the AGM, investors will be advised via the Company's website at www.fidelity.co.uk/asianvalues about alternative arrangements for the Portfolio Manager's presentation. The formal business of the meeting will still be carried out in person. 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.

We urge all shareholders to vote and make use of the proxy form provided. If you hold shares through the Fidelity Platform, other platforms 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 in order to lodge your voting instructions.

Fidelity Platform Investors

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. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting

Link Group, the Registrar, introduced a paperless proxy voting process in 2018. However, in view of the ongoing public health impact of COVID-19 and your well-being as shareholders, we are sending a paper Proxy Form to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

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 3 December 2021, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 85 and 86, including the items of special business summarised below.

Authority to Allot Shares

Resolution 10 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 12 October 2021, 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 11 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 12 October 2021 and equivalent to 7,558,088 ordinary shares).

Authority to Repurchase Shares

Resolution 12 is a special resolution which renews the Company's authority to purchase up to 14.99% (10,969,513) of the ordinary shares in issue (excluding Treasury shares) on 12 October 2021, 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.

Continuation Vote

Resolution 13 is an ordinary resolution regarding the continuation of the Company as an investment trust for a further five years. The Directors expect this continuation vote to be passed.

Proposed Changes to the Company's Articles of Association

Resolution 14 is a special resolution regarding the adoption of the New Articles of Association ("New Articles") by the Company.

Summarised below are the principal changes proposed to be introduced through the adoption of new Articles by the Company. A copy of the proposed New Articles showing all the changes as against the current Articles of Association is available for inspection at www.fidelity.co.uk/asianvalues, together with a copy of the current Articles of Association and a 'clean' copy of the New Articles (which do not highlight the amendments), from the date of this report until the end of the AGM (and at the AGM itself for the duration of the meeting and for at least 15 minutes prior to the meeting). The documents are also available for inspection at 4 Cannon Street, London EC4M 5AM until the close of the AGM. However, given the ongoing COVID-19 pandemic and potential restrictions, we would ask you to inspect the documents through the website rather than in person and to contact us by email at investmenttrusts@fil.com should you wish to inspect any documents in person.

Hybrid General Meetings

The Company will continue to follow guidelines and consider the safety of those attending shareholder meetings during the pandemic, but also wants to provide the very best experience for shareholders in the longer-term and be mindful of potential future restrictions.

It is not proposed to pursue fully "virtual" meetings, where there is no physical location that shareholders can attend and attendance is only through electronic means unless there are Government imposed restrictions in place.

The Board value the opportunity to meet and exchange views with shareholders and a physical meeting will remain the preferred format as long as Government guidance permits it, but the Board is also keen to provide additional virtual facilities in the future for those shareholders who may not wish to or are unable to attend AGMs in person.

It is therefore proposed to provide for the ability to hold "hybrid" meetings, where there is a primary physical location with the facility for shareholders who wish to do so to attend through electronic means.

The New Articles therefore permit (but do not require) the Company to hold hybrid general meetings, and add further flexibility to hold meetings across more than one physical location, but there would always be a primary physical location from which the chair of the meeting would conduct proceedings. This will facilitate wider attendance by shareholders, but with the continued option for shareholders to attend a physical meeting in person should they wish to do so.

Various consequential and related changes have been made throughout the New Articles to reflect and facilitate these amendments.

Retirement of Directors at Annual General Meetings

In line with best practice and the UK Corporate Governance Code, for a number of years all Directors have offered themselves for re-election at every AGM (other than those very recently appointed or who retire at the AGM).

At present, this is not a requirement under the Company's current Articles, which provide "retirement by rotation" provisions under which Directors appointed since the previous AGM, who have held office for the previous two AGMs without being re-elected, or who have held office for nine or more years are required to retire.

The New Articles have been simplified to provide that Directors retire at each AGM, but may offer themselves for re-election.

Directors' Fees

The Board considers it is appropriate to increase the limit on Directors' fees (Fee Cap), which was set at £50,000 per annum per Director in March 2010, and to express the Fee Cap as an aggregate amount for all Directors to provide greater flexibility. The proposed new Fee Cap is £300,000 in aggregate per annum. The Board considers that the increase and change to an aggregate Fee Cap will provide sufficient head-room to enable the Board to execute any succession plans for the future. The Board is satisfied that this new Fee Cap is in-keeping with current market practice.

Regulatory restrictions and information requirements

Various international requirements for the exchange of information in relation to tax reporting have been brought in over recent years which the Company is required to comply with, such as pursuant to the U.S. Foreign Account Tax Compliance Act of 2010 (FATCA) and the OECD common reporting standard. For example, under the UK International Tax Compliance Regulations 2015, investment trust companies are required to provide information to HMRC on certain investors who purchase their shares and to provide information annually to the local tax authority on the tax residency of certain non-UK based shareholders.

The New Articles therefore include provisions to give the ability to the Company to require shareholders to co-operate in respect of the exchange of information to allow the Company to comply with its obligations and avoid related penalties being imposed upon it (including potentially having to pay withholding tax to the US Internal Revenue Service). The New Articles also update and clarify related provisions which provide for potentially onerous requirements affecting the Company as a result of international laws. In each case, the Company has powers to seek information and to procure or prevent the transfer of shares in order to avoid the impact of such penalties and/or onerous obligations being imposed upon it.



Annual General Meeting continued

Administrative updates

These include a specific provision for the certification of documents on behalf of the Company, up-dating provisions in relation to summary financial statements (now superseded by the ability to send strategic reports and supplementary material) and various minor clarificatory amendments.

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

12 October 2021

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held 4 Cannon Street, London EC4M 5AB on Friday, 3 December 2021 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 2021.
2. To declare that a final dividend for the year ended 31 July 2021 of 8.80 pence per ordinary share be paid to shareholders on the register as at close of business on 29 October 2021.
3. To re-elect Kate Bolsover as a Director.
4. To re-elect Clare Brady as a Director.
5. To re-elect Grahame Stott as a Director.
6. To re-elect Michael Warren as a Director.
7. To approve the Directors' Remuneration Report (excluding the section headed The Remuneration Policy set out on page 43) for the year ended 31 July 2021.
8. 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.
9. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, pass the following special business resolutions of which Resolutions 10 and 13 will be proposed as ordinary resolutions and Resolutions 11, 12 and 14 as special resolutions.

Authority to Allot Ordinary Shares and Disapply Pre-emption Rights

Resolutions 10 and 11 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 12 October 2021. 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.

10. 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 12 October 2021) 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.

11. THAT, subject to the passing of Resolution 10, 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 11 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 12 October 2021); 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.

Notice of Meeting continued

Authority to Repurchase Ordinary Shares

Resolution 12 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 12 October 2021 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 will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

12. 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 10,969,513;
 - 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) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;
 - 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.

Continuation of the Company

Resolution 13 is an ordinary resolution that relates to the continuation of the Company.

13. THAT the Company continues to carry on business as an investment trust.

Adoption of New Articles of Association

Resolution 14 is a special resolution that relates to the adoption of new Articles of Association by the Company to make changes in relation to general meetings, retirement of Directors, Directors' fees, regulatory restrictions and information requirements and other administrative updates, as described further on pages 83 and 84.

14. THAT with effect from the passing of this resolution, the draft Articles of Association produced to the meeting and, for the purpose of identification, initialled by the Chairman, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By Order of the Board

FIL Investments International

Secretary

12 October 2021

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 in to 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 Group.
2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11.00 am on Wednesday, 1 December 2021. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on Wednesday, 1 December 2021. 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) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 11.00 am on Wednesday, 1 December 2021.
6. Proximity Voting – If you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to **www.proximity.io**. Your proxy must be lodged by no later than 11.00 am on Wednesday, 1 December 2021 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proximity'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 Wednesday, 1 December 2021. Shareholders are urged to vote using the proxy form provided or electronically where permitted by your nominee or platform.
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 above 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 Wednesday, 1 December 2021. 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,

Notice of Meeting continued

or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.

11. As at 12 October 2021 (the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 75,580,889 ordinary shares carrying one vote each. The number of shares held by the Company in Treasury was 2,402,010. Therefore, the total number of shares with voting rights in the Company was 73,178,879.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
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 the Company's pages of the Manager'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 Group, Registrar to Fidelity Asian Values PLC, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

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 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 online 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 access 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 mandates 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 0391** (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 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth, Surrey 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 834798**

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 Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

Investment Manager, Secretary and Registered Office

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

Email: investmenttrusts@fil.com

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

Up to 18 August 2021:
Stifel Nicolaus Europe Ltd
150 Cheapside
London
EC2V 6ET

With effect from 19 August 2021:
Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Registrar

Link Group
10th Floor
29 Wellington Street
Leeds
LS1 4DL

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.fidelity.co.uk/asianvalues.

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.

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 2021/2022 (2020/2021: £12,300) 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/security-privacy/>

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.

ADR (American Depositary Receipt)

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.

AIC

The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

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 (Net Asset Value Total Return and Share Price Total Return).

Asset Exposure

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivatives).

Benchmark Index

The [Benchmark Index](#) is used to calculate the Variable Management Fee, in accordance with the European Benchmark Directive. Since 1 February 2020, it is the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in Sterling terms). Prior to that and since 1 August 2015, it was the MSCI All Countries Asia ex Japan Index (net) total return (in Sterling terms).

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) against which the performance of the Company is measured.

Contract for Difference (CFD)

A [contract for difference](#) is a [derivative](#). It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of 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. As an investment trust company, the Company is exempt from UK [corporation tax](#) on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income and consequently it is tax efficient and does not pay [corporation tax](#).

Custodian

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's [Custodian](#) is JPMorgan Chase Bank.

Depositary

An entity that oversees the custody, cash arrangements and other [AIFM](#) responsibilities of the Company. J.P.Morgan Europe Limited act as the Company's [Depositary](#).

Derivatives

Financial instruments whose value is derived from the value of an underlying asset or other financial instrument. The main categories of [derivatives](#) are [contracts for difference](#), warrants, [futures](#) and [options](#).

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 any outstanding subscription shares had been exercised at a particular 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](#).

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.

Fidelity International and Fidelity

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as [AIFM](#), Secretary and [Investment Manager](#).

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

The economic exposure of the portfolio to its underlying assets (either gross or net) in excess of total net assets. It represents the additional exposure to the market above [Shareholders' Funds](#).

Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the [derivatives](#)). This is the sum total of all [Asset Exposures](#).

Gross Gearing

Gross Asset Exposure in excess of [Net Assets](#).

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](#).

Independent Valuer

Duff & Phelps who provide an objective and independent assessment of value of unlisted and hard to price assets.

Initial Public Offering (IPO)

An [initial public offering](#) (“IPO”) is the first sale of a stock by a private company to the public. [IPOs](#) are often issued by smaller, younger companies seeking the capital to expand, but can also be done by larger privately owned companies that are looking to become publicly traded.

Investment Manager

FIL Investments International.

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 Assets or Net Asset Value (NAV)

Sometimes described as “shareholders’ funds”, [net assets](#) represent 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 Gearing

[Net Market Exposure](#) in excess of [Net Assets](#).

Net Market Exposure

[Net Market Exposure](#) is the total of all long exposures, less short exposures and less exposures hedging the portfolio.

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

Glossary of Terms continued

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, for 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](#).

Price-to-Earnings Ratio

The [price-to-earnings ratio](#) (also known as P/E ratio) is the ratio of a company's share price to the company's earnings per share. The ratio is used for valuing companies and to find out whether they are overvalued or undervalued.

Registrar

An entity that manages the Company's shareholder register. The Company's [Registrar](#) is Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **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 and it cannot be used to fund share repurchases.
- **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 and it cannot be used to fund share repurchases.
- **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.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund share repurchases and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

Return

The [return](#) 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** – reflects the return on capital, excluding any revenue return; and
- **Total Return** – reflects the aggregate of revenue and capital returns.

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 37.

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> | <p>Details of the Company's investment objective, its strategy and investment policy, including limits, are on pages 26 and 27.</p> |
| 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 which 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 27 to 30 and in Note 17 to the Financial Statements on pages 69 to 78.</p> |
| Valuation of illiquid assets | <p>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 and any new arrangements for managing the liquidity of the Company.</p> | <p>As at the date of this report, none of the Company's assets are subject to special arrangements arising from its illiquid nature.</p> |

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 and 1.50 for the Commitment Method.</p> <p>At 31 July 2021, actual leverage was 1.11 for the Gross Method and 1.09 for the Commitment Method.</p> |
| Liquidity management | <p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.</p> | <p>No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 73.</p> |
| Remuneration of the AIFM | <p>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).</p> | <p>Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page.</p> |

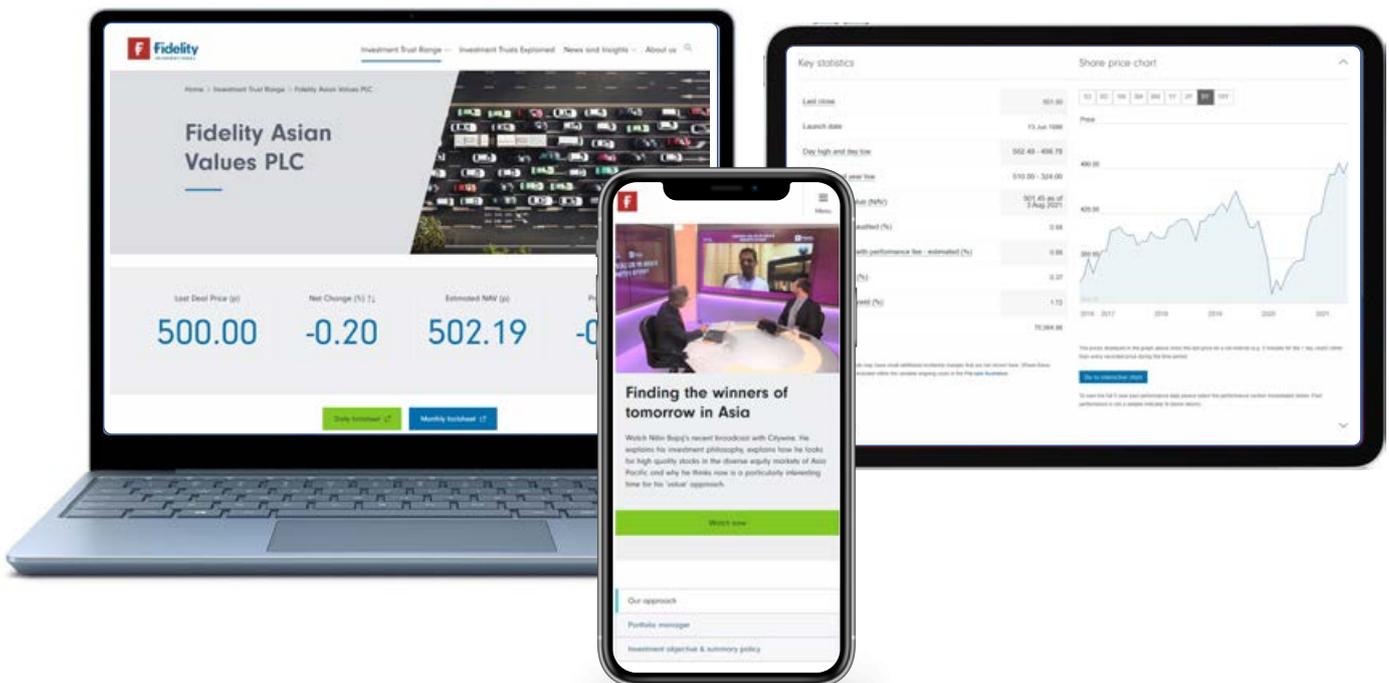
EU Securities Financing Transactions Regulation ("SFTR")

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 2021, 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) | 2 | 0.00% | - | - |
| HSBC Bank plc (UK) | (342) | (0.09%) | - | 266 |
| J.P. Morgan Securities plc (UK) | 117 | 0.03% | 129 | - |
| UBS AG (UK) | (283) | (0.08%) | - | 316 |

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 2021 from CFDs was a gain of £7,247,000.



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.



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

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