

Seven per cent return in a year from trust hunting gold in Asia

THE investment managers and board of investment trust Fidelity Asian Values were in London last week to attend the fund's annual general meeting.

Lead manager Nitin Bajaj, based in Singapore, was in buoyant mood as he reflected on the past year – and the year ahead. A past financial year (to the end of July) that has seen the trust edge up its dividend payments and generate double-digit overall returns for shareholders.

And a year ahead full of promise, especially if a global stock market recovery triggers a re-rating in smaller companies – the sector of Asian markets that the £344 million trust is concentrated on.

The trust, launched 27 years ago, invests in smaller companies across all Asian stock markets with the exception of Japan. It has holdings in more than 150 listed stocks with the biggest country position in China.

Catherine Yeung is Asian Equities investment director for Fidelity – and the trust's investment director. Like Bajaj, she was in the UK for the AGM, travelling back to Hong Kong last Thursday where she is based.

She says the trusts' universe – listed businesses with market capitalisations ranging from

FUND FOCUS

By Jeff Prestridge

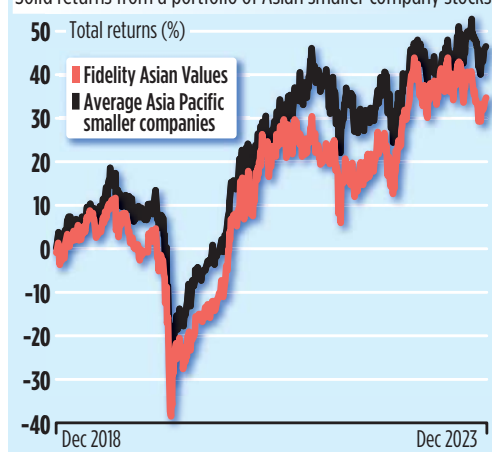
below £1 billion to £10 billion-plus – is rich in investment opportunity. She adds: 'Smaller companies in Asia are under-researched. Provided you are prepared to do lots of hard work, meet companies on the ground and build relationships, the potential to extract stellar returns is significant. It's what we do at Fidelity. We have boots on the ground across the region – in the shape of research analysts digging out investment opportunities and fund managers based in Singapore and Hong Kong.'

The latest performance figures, provided by investment data provider Trustnet, support Yeung's thesis. Over the past year, the trust has generated a return of 6.5 per cent. Annualised returns over the past ten years average 10.4 per cent.

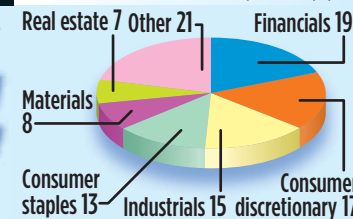
Although antipathy towards China remains strong among UK investors, Yeung says many Chinese companies are doing all the right things – improving their corporate governance and paying dividends to shareholders. 'China is a big part of our overall investment thesis,' she

FIDELITY ASIAN VALUES

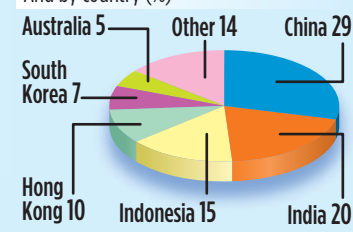
Solid returns from a portfolio of Asian smaller company stocks



Where the trust is invested by sector (%)



And by country (%)



TOP 10 HOLDINGS (country) % of trust

Axis Bank (India)	3.5
HDFC Bank (India)	2.8
Genpact (United States)	2.7
Bank Negara (Indonesia)	2.7
WH Group (Hong Kong)	2.5
Bank Mandiri Persero (Indonesia)	2.3
Granules India (India)	2.2
PTC India (India)	2.1
Gold Road Resources (Australia)	2.0
Chow Sang Sang Holdings (Hong Kong)	2.0

explains. 'I was there last month and many smaller companies have adapted to the regulatory changes made by the Chinese Government. Yes, we are mindful of geopolitical considerations, but our focus is on investing in good businesses run by good people at an attractive price.'

Among the trust's top ten holdings are stakes in pork supplier WH Group and gold jewellery retailer Chow Sang Sang. Both are listed in Hong Kong. Financials is one of the trust's biggest sector themes with key stakes in Indian banks Axis and

HDFC and Indonesian banks Bank Negara and Bank Mandiri.

'Access to credit and banking is a compelling long-term story across the region,' says Yeung. 'It is being fuelled by demographic change and the emergence of a middle-class with money to spend and save.'

Fidelity Asian Values pays a dividend equivalent to just below three per cent a year. In the past ten years, payments have grown in all but two years (2014 and 2020). The payment in the last financial year was 14.5p a share – with the shares

currently trading at around £4.90. Its stock market ID code is 0332231 and ticker FAS. Annual charges total 0.96 per cent.

Separately, Fidelity will cement its reputation as a leading international investor in Asia and China, following the announcement that its China Special Situations trust will absorb the assets of rival trust Abrdn China Investment Company – subject to shareholder approval. If the deal goes ahead, it will create a trust with £1.2 billion under its stewardship. jeff.prestridge@mailonsunday.co.uk