

Fidelity Asian Values PLC

Annual Report For the year ended 31 July 2016



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"Over recent years, the Board has striven to develop Fidelity Asian Values PLC to be more appealing to its existing and potential investors. Having introduced Nitin Bajaj as Portfolio Manager in 2015, with a particular focus on undervalued small and medium sized companies, we believe the Company is now well positioned to add diversity for those investors looking for further and differentiated exposure to markets in Asia (ex Japan)."

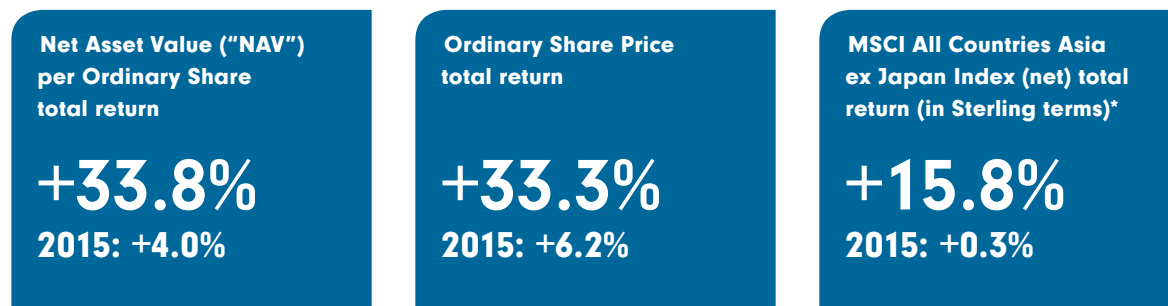
Kate Bolsover, Chairman

**TAKE THE ROAD
LESS TRAVELLED
WITH SOMEBODY
WHO KNOWS
IT WELL**

Objective and Performance

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

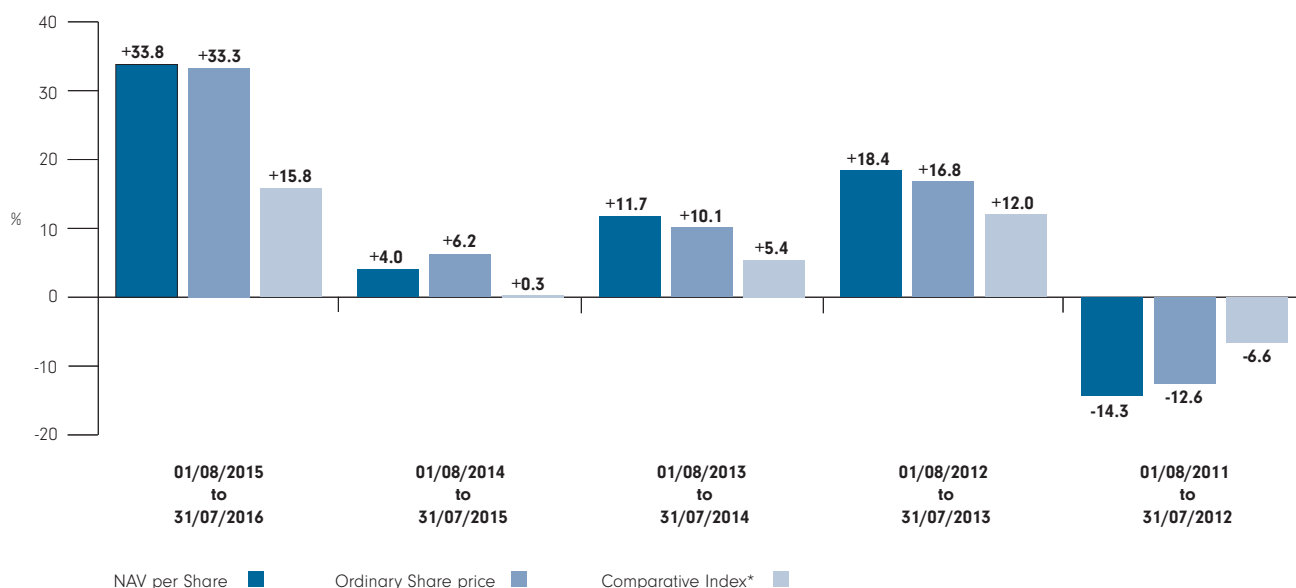
Year to 31 July 2016



As at 31 July 2016

Equity Shareholders' Funds	£237.5m
Market Capitalisation	£211.2m
Ordinary Shares of 25 pence each in issue	67,488,213

Standardised Performance Total Return (%)



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

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Financial Summary

	2016	2015
Assets at 31 July		
Total Gross Asset Exposure ¹	£232.0m	£162.9m
Shareholders' Funds	£237.5m	£178.9m
NAV per Ordinary Share	351.98p	265.14p
Gearing – (net cash position) ²	(2.3)%	(9.0)%
Share Price and Discount data at 31 July		
Ordinary Share Price at year end	313.00p	236.88p
Year high	317.50p	284.00p
Year low	197.30p	223.00p
Discount to NAV at year end	11.1%	10.7%
Year high	14.8%	13.3%
Year low	7.8%	7.5%
Results for the year ended 31 July		
Revenue return per Ordinary Share	5.36p	2.26p
Capital return per Ordinary Share	83.49p	7.99p
Total return per Ordinary Share	88.85p	10.25p
Dividend proposed per Ordinary Share	4.50p	2.00p
Total returns (includes reinvested income) for the year ended 31 July		
NAV per Ordinary Share	+33.8%	+4.0%
Ordinary Share Price	+33.3%	+6.2%
Comparative Index ³	+15.8%	+0.3%
Ongoing charges for the year to 31 July⁴	1.33%	1.42%

1 The value of the portfolio exposed to market price movements

2 Total Gross Asset Exposure less than Shareholders' Funds expressed as a percentage of Shareholders' Funds

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

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

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Chairman's Statement



Kate Bolsover – I have pleasure in presenting the Annual Report of Fidelity Asian Values PLC (the "Company") for the year ended 31 July 2016.

Over recent years, the Board has striven to develop Fidelity Asian Values PLC to be more appealing to its existing and potential investors. Having introduced Nitin Bajaj as Portfolio Manager in 2015, with a particular focus on undervalued small and medium sized companies, we believe the Company is now well positioned to add diversity for those investors looking for further and differentiated exposure to markets in Asia (ex Japan).

Bonus Issue of Subscription Shares

Shareholders will note that there are a number of documents accompanying this report. These relate to a proposal for a Bonus Issue of Subscription Shares which the Directors believe will have the following advantages:

- Following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue and the Company's assets would therefore increase. This may improve the liquidity in the market for its Ordinary Shares;
- On any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares, and this may cause the ongoing charges as a percentage of average net assets to fall; and
- the Bonus Issue may broaden the Company's Shareholder base as the Subscription Shares are dispersed in the market, attracting new investors and improving liquidity for Shareholders.

Additionally, Shareholders will receive securities that may be converted into Ordinary Shares at a future date at a fixed price; the Subscription Shares will also have a monetary value and may be traded in a similar fashion to their Existing Ordinary Shares or converted into Ordinary Shares and finally, unlike warrants, Subscription Shares qualify for the stocks and shares component of an ISA and self-invested personal pensions (SIPPs).

Implementation of the bonus issue requires amendments to the Company's Articles of Association to provide for the rights of the subscription shares, and for authority to be obtained to allot the subscription shares. Shareholders will have an opportunity to vote on this proposal at the AGM. Further details of the proposed Bonus Issue, and the Board's recommendation to vote in favour, are set out in the documents accompanying this report.

Performance

	1 year	3 years	5 years	Since launch
Total return (%)				
NAV per Ordinary Share	+33.8	+55.4	+57.8	+286.8
Share Price	+33.3	+55.9	+59.2	+254.0
Comparative Index*	+15.8	+22.4	+28.1	+117.1

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

Investment Review

As you will read in the Portfolio Manager's review, Nitin's approach to investment is totally stock led. Nevertheless, it is always good to put some broader market context around this for those who do not follow the Asian markets on a daily basis. Globally, markets have been volatile over the past year and, since Brexit, Sterling has also depreciated against most global currencies. Against this background, your Company has outperformed its Comparative Index by 18% in sterling terms over the year, returning 33.8% to shareholders. As Nitin is the first to point out, this will not always be the case, but nevertheless the Board and I would like to thank him and the rest of the Fidelity team for what has been an excellent year for shareholders.

From a country perspective, Indonesia and South Korea were the best performing markets. Reforms and other stimulus measures were at the forefront of everyone's minds and regional central banks maintained monetary policies to boost investment and growth. The Indonesian government also introduced a tax amnesty bill, fuelling a rally towards the end of the year. South Korean equities were supported by foreign institutional investment, despite ongoing tensions with North Korea. Taiwan, Thailand and the Philippines were also among the better performers.

Chinese equities generated positive returns but underperformed the regional index due to concerns about slowing growth and rising corporate debt. Meanwhile, Chinese policymakers continued to provide support to the economy through various policy measures aimed at supporting China's transition to a more sustainable consumption-led economy. These reforms included a focus on cutting excess capacity as well as exporting capacity through its "One-Belt-One Road" initiatives. Indian equities also underperformed the regional average, although marginally, as delay in reforms and the rise in non-performing assets in the Indian banking sector caused investor concerns for most of the review period. However, the market recovered in the last few months as the pace of reforms accelerated and corporate earnings showed early signs of a recovery.

From a sector perspective, companies in the e-commerce, online gaming and electronic components improved most strongly. The emergence of new products in automation and in virtual and augmented reality contributed to good performance for technology hardware producers. Elsewhere, a sharp recovery

Chairman's Statement continued

in commodity prices since the start of 2016 lifted the resources sector. Consumer staples and telecommunication services sectors also outperformed the broader market.

Due Diligence visit to Singapore and India

At the end of March, the Board carried out its bi-annual due diligence visit to Asia, visiting Fidelity International's offices in Singapore and meeting with its analysts before moving onto Mumbai. After two days in Mumbai we went to Delhi, where FIL employs some 2,500 staff, including a team of 13 analysts, many of whom assist Nitin in his fundamental research about companies and sectors. In addition, we met with the team that manages most of the IT capabilities of FIL and were given an excellent explanation of the way in which IT helps analysts and fund managers to make their investment decisions. We made several visits to companies in India which allowed us to watch Nitin and the analysts in action as they discussed and challenged management teams. We also reviewed Fidelity's investment processes which allowed us to see at first-hand the vast pace of change and development in India.

We were greatly encouraged by what we saw throughout a busy few days and came away with a reinforced view that Asia remains a global economic powerhouse, whose developing countries play an increasing role in the consumption of goods as well as their production. With such a large investible universe in Asia, we are confident that Fidelity's depth of research and Nitin Bajaj's stock-picking abilities will be put to excellent use in the future.

Gearing

On 31 July 2016, the Company's net cash position reduced to 2.3%, as compared with 9.0% as on 31 July 2015. Further details are provided on page 60. Nitin has not used gearing in any meaningful way so far in his tenure as the Company's Portfolio Manager. He continues to believe that the Company's performance will be driven by stock picking and gearing will be used when he has more ideas than money. Conversely, if he sees fewer opportunities, as he does today largely due to higher valuations in the small cap space, he will hold net cash.

Outlook

Asia remains very attractive on a number of measures versus the developed world – be it from a fundamental perspective or from a valuation view point. Domestic-driven countries, such as India, Indonesia and the Philippines, will be better-placed because of their lower exposure to the UK and Europe. Their higher growth rates and ongoing reforms will make them attractive to investors in a low-growth world. In India, a stable and business-friendly government continues to focus on improving economic fundamentals and boosting growth in the medium term. The introduction of major tax reforms is likely to boost efficiencies, lower the cost of business and potentially transform the country's manufacturing base with expected productivity gains. A focus on reforms, infrastructure development and investment supports the corporate earnings outlook for Indonesia. The Philippines is also

benefitting from a new leadership that seems to be pro-growth and pro-reforms.

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

Other Matters

Change of Comparative Index

As I explained in last year's Annual Report, the Company adopted the MSCI All Countries Asia ex Japan Index as its Comparative Index from 1 August 2015. The Board felt that this was a more appropriate Index for the Company as it is widely used within the Company's peer group. In particular, this Index includes India, an Asian market in which Nitin is likely to find significant investment opportunities for shareholders.

Change to the Investment Policy

In order to enhance investment returns and provide greater flexibility in how Nitin can implement his investment process, the Board received shareholder approval at the Annual General Meeting ("AGM") on 30 November 2015, to extend the way in which derivatives can be used by the Company. The Board continues to maintain guidelines in respect of these new powers and works closely with Nitin and Fidelity to ensure these are adhered to. Full details of the changes can be found in the Circular dated 21 October 2015.

Fee arrangements

As reported in last year's Annual report, the fee structure with effect from 1 August 2015 is on a tiered basis. The annual management charge is at a rate of 0.90% of the Company's first £200 million of gross assets and at a rate of 0.85% on gross assets above £200 million.

Dividend

Subject to shareholders' approval at the forthcoming AGM, the Directors recommend a dividend of 4.50 pence per ordinary share (2015: 2.00 pence). This dividend will be payable on 6 December 2016 to shareholders on the register at close of business on 4 November 2016 (ex-dividend date 3 November 2016). As the Company's objective is long term capital growth, any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.

Share Repurchases and Treasury Shares

Repurchases of ordinary shares are made at the discretion of the Board and within guidelines set from time to time by it in light of prevailing market conditions. Share repurchases will only be made when it results in an enhancement to the NAV of ordinary shares for remaining shareholders. The Board received shareholder approval at last year's AGM to hold in Treasury ordinary shares

repurchased by the Company, rather than cancelling them. Treasury shares carry no voting rights or rights to receive a dividend and would have no entitlement in a winding up of the Company. No more than 5% of the issued ordinary share capital of the Company can be held in Treasury. Any shares held in Treasury would only be re-issued at NAV per share, or at a premium to NAV per share. This would ensure that the net effect of repurchasing and then re-issuing ordinary shares would enhance NAV per share.

No ordinary shares were repurchased for cancellation or for holding in Treasury during the year under review and none have been repurchased since the end of the reporting period and as at the date of this report.

Board Changes

The Board was pleased to welcome Timothy Scholefield as a non-executive Director on 30 September 2015 and he was subsequently elected by shareholders at the AGM on 30 November 2015. William Knight retired from the Board at the conclusion of the AGM and at the same time, Philip Smiley was appointed as the Senior Independent Director.

Viability Statement

In accordance with the 2014 UK Corporate Governance Code, the Directors are now required to report on the viability of the Company over a longer period than the twelve month period required by the Going Concern statement which is on page 25. This new statement can be found on page 11.

Continuation Vote

In accordance with the Company's Articles of Association, the Company is subject to a continuation vote at this year's AGM and every five years thereafter. The Company's performance record has been strong since launch with a NAV increase of 286.8% compared to the Comparative Index of 117.1%. The share price has increased by 254.0% since launch. During the year to 31 July 2016, both the NAV and share price have outperformed the Comparative Index by 18.0% and 17.5% respectively (all figures in Sterling and on a total return basis). The NAV and share price are also ahead of the Index over 3 and 5 years. In addition, the prospects of the Company over a five year investment horizon can be found in the Viability Statement on page 11. Therefore your Board recommends that shareholders vote in favour of the continuation vote. The resolution being put to the AGM, and the Board's recommendation to vote in favour, are set out in the Notice of Meeting for the AGM accompanying this report.

Annual General Meeting

The AGM of the Company will be held at 11.00 am on 2 December 2016 at Fidelity's offices at 25 Cannon Street, London EC4M 5TA (St Paul's or Mansion House tube stations). Full details

of the meeting are given in the Notice of Meeting accompanying this Annual Report.

The Board is looking forward to the opportunity to speak to shareholders. Nitin Bajaj, the Portfolio Manager, will be making a presentation on the year's results and the prospects for the Company for the year to come. We encourage you to join us on this occasion.



Kate Bolsover

Chairman

25 October 2016

Portfolio Manager's Review



Nitin Bajaj has been the Company's Portfolio Manager since 1 April 2015. He has over 17 years of investment experience and is also the Portfolio Manager for the Fidelity Asian Smaller Companies Fund. Nitin joined Fidelity in 2003 as an Investment Analyst in

London. He moved to India in 2009 to take over the Fidelity India Special Situation Fund and subsequently started the Fidelity India Value Fund. Nitin managed these funds until November 2012, when Fidelity decided to sell its India Business. He moved to Singapore in 2013 to manage the Fidelity Asian Smaller Companies Fund. Nitin holds a Bachelor of Commerce from the University of Delhi, India and an MBA from INSEAD. He is also a Chartered Accountant.

Market Review

I am pleased to report that the net asset value ("NAV") of the Company has appreciated 33.8% over the 12 months ended 31 July 2016, as compared to 15.8% total returns (including dividends) for the Comparative Index. This was a good year for performance – both in terms of absolute and relative returns as the NAV appreciated meaningfully above the Comparative Index.

Despite this good performance, I think (and the Board would concur) that one year is too short a duration to effectively adjudge performance. Our investment process is driven by a desire to compound money over a 3 to 5 year time horizon and any performance measurement should be viewed with this timeframe in mind.

My review this year, and in future, will focus less on an evaluation of individual stocks within the portfolio and more on how I choose the companies to invest in. The Company is able to invest in a large number of companies across a wide geographic area and therefore my investment approach is far more process driven rather than focusing on any one particular country, sector or trend.

Finally, before I go through the investment process and details of last year's performance, I should thank the analyst team at Fidelity for their hard work and insights. A good investment team is critical for sustaining good performance, and I am fortunate to be supported by a highly motivated and knowledgeable team of analysts that leaves no stone unturned to find money making opportunities.

Investment philosophy and process

The financial returns that the Company will be able to generate over the forthcoming 5 years will be largely driven by the hard work of the team and my investment philosophy (although a bit of luck always helps). Outlined below are the key tenets of the philosophy I adopt when evaluating potential investments. It's a process built through years of practice, observation and empirical evidence. The Board has bought into this process and I will try to stay true to it – even during testing times.

I seek to buy good businesses run by good management teams at prices that make sense to me. To accomplish this there are three key guiding principles:

First, **understand the business.** Stocks are not merely tickers on a screen but a reflection of businesses that exist and compete in the real world. So, it is very important to understand the economic characteristics of the underlying franchise. I don't think anyone can pick winning stocks if they do not pay close attention to the business of the company. If, for example, I decided to invest in Colgate India – I would be investing, not only, in the future of the tooth paste industry in India but also in the competitive advantages of Colgate within that industry. To make a sound investment decision, I think it is critical to understand the industry and how, as in this example, Colgate would continue to maintain or even enhance its market strength. This is the starting point of every opportunity that is investigated.

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

Third, **beware of chasing hot stories.** I consciously try to stay away from existing trends in the market. This links back to valuations as well-loved sectors generally tend to be more expensively priced than warranted. Large cap growth companies in the late 1990s, technology companies in 2000, real estate and commodities stocks before the stock market crash of 2007/08 and shale gas companies more recently before the oil prices crashed are some such examples. I am generally more curious about businesses where expectations are low and which are out of a mainstream investor's sight.

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

Given this philosophy, most of the Company's investments will have a 2 to 3 year time horizon. I am not trying to gamble with your money. To be successful in the stock market, I need to know more about the businesses that the Company invests in than others do. There is only one way to do it – research, research and more research. If I truly understand the business correctly and enter at a valuation point which provides a margin of safety, then over time I should be able to win. This is not a speculative investment trust and it is important that you feel comfortable with this approach.

Analysis of performance for the year to 31 July 2016 – key contributors and detractors

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

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

In terms of “what went right” – about 5% of the portfolio was invested in stocks which doubled and another 15% in companies that went up by more than 50%. Most of these are not well known blue chip stocks but small niche businesses with good management teams that I am able to discover, thanks to our proprietary research, before they caught the attention of the general stock market. I would credit this success to the depth of our research process.

The Company lost absolute money in only 12% of the portfolio – and within that it lost more than 20% in less than 4% of the portfolio. The result was that stock appreciation in the remaining portfolio, plus the dividends received on many of the stocks owned, collectively delivered a satisfactory 12 month performance.

The most common trait in the companies where money was lost is that these businesses carried more debt than they should have. I am generally averse to companies which need to borrow too much to operate their businesses – this is another reminder that too much debt is an enemy to all equity holders. I have re-learned that lesson.

Market outlook

I do not wish to make predictions as to where markets are headed. As Warren Buffet often says, “Forecasts may tell you a great deal about the forecaster, they tell you nothing about the future.” I pay little attention to forecasts which are aired 24X7 on business channels. They do not help in making money. *I feel our time is better spent understanding the businesses that I invest in on your behalf.*

However, what I would like to add is that the world is uncertain at best. It is difficult to say how the current unorthodox macro-economic policies as well as ongoing political changes will shape the world. My working assumption is that the world economy over the next 5 years will be bumpy at best. Hence, it is all the more important to back winning businesses and buy them at valuations that leave enough margin of safety for bad luck as well as bad analysis. It has never been easy to do this and it is definitely not getting any easier.

That’s why the depth and quality of Fidelity’s research team is a crucial advantage. I can find and invest in companies that are off

the radar for most media and mainstream investors. It requires hard work to unearth them and probably patience before one makes money in them. I am ready for both.

As a final word, I am satisfied with the portfolio as it stands today. As stated earlier, the world is an uncertain place at best and we may even have a bear market in the coming two or three years. To me that would be an opportunity to accumulate more interesting businesses, when the market gets fearful, as I think the long term fundamentals of Asia are good with rising education levels and the potential for productivity which follows. As is often said, “You make your money in the bear market; you just realise the profits in a bull market”. Let’s hope I get more opportunities to buy fantastic businesses at attractive prices!

Nitin Bajaj

Portfolio Manager

25 October 2016



Fidelity International won the Money Observer’s Premier Investment Trust Group of the year.

Strategic Report

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

Business and Status

The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and has no employees.

Objective

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

Strategy

In order to achieve this objective, the Company has an actively managed portfolio of investments and operates as an investment company. As such, it is able to gear the portfolio and the Board takes the view that long term returns for shareholders can be enhanced by using gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services. The Portfolio Manager aims to achieve a total return on the Company's assets over the long term in excess of the equivalent return on the MSCI All Countries Asia ex Japan Index, the Company's Comparative Index. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving this objective.

The Company's objective, strategy and principal activity have remained unchanged throughout the year ended 31 July 2016.

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of securities and instruments issued by or related to companies listed on the stockmarkets in the Asian Region excluding Japan but investments may be made in companies listed elsewhere, which in the opinion of the Portfolio Manager have significant interests in the Asian Region, excluding Japan.

In order to diversify the Company's portfolio, the Board has set broad guidelines for the Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio.

The Company may invest directly in the shares of companies or indirectly through equity related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in quoted securities and in other investment funds, subject to the investment restrictions set out below.

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

Investment Restrictions

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

- no single or aggregate investment in any one company or other investment entity to be more than 10% of Gross Assets at the time of any investment.
- up to 5% of Gross Assets at the time of investment in securities which are not listed on any stock exchange. However the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future.
- up to 15% of 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 Gross Assets at the time of investment in securities which are not listed or domiciled in the Asian Region, provided that 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 weighting.

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

Use of Derivative Instruments

In order to meet its investment objective, the Company may utilise derivative instruments, including index-linked notes, futures, contracts for differences ("CFDs"), call options (including covered calls), put options and other equity-related derivative instruments. Derivatives usage will focus on, but will not be limited to the following investment strategies:

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

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

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

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

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

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

Dividend Policy

In order to continue to qualify as an investment company, the Company is required by Section 1159 of the Corporation Tax Act 2010 to distribute sufficient net income so that it retains no more than 15% of its income in any reporting year.

Investment Management Philosophy, Style and Process

The portfolio is primarily built on a stock by stock basis following the Portfolio Manager's assessment of the fundamental value available in individual securities, with geographical weightings largely the result of stock selection, rather than macroeconomic considerations. The portfolio's geographical weightings may vary significantly from the weightings within its Comparative Index and the concentration on the identification of fundamental value in individual stocks within the Asian Region may result in investments made against prevalent trends and local conventions. The Portfolio Manager invests in securities of companies which he considers to have fundamental value.

Performance

The Company's performance for the year ended 31 July 2016, including a summary of the year's activities, and details on trends and factors that may impact the future performance of the Company are included in the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 7.

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

Results and Dividends

The Company's results for the year ended 31 July 2016 are set out in the Income Statement on page 42. The net return on ordinary activities after taxation was £60.0 million, of which the revenue return was £3.6 million. This equates to a net return per ordinary share of 88.85 pence and a revenue return of 5.36 pence.

The Directors recommend that a dividend of 4.50 pence (2015: 2.00 pence) per ordinary share be paid on 6 December 2016 to shareholders who appear on the register as at the close of business on 4 November 2016 (ex-dividend date 3 November 2016).

Attribution Analysis

The Attribution Analysis table below shows how the increase in the Company's NAV total return for the year ended 31 July 2016 has been achieved.

Analysis of NAV total return for the year (%)	
Impact of:	
Comparative Index (£)	+15.8
Index Gearing (US\$)	+0.7
Exchange Rate Effect	-0.5
Stock selection	+18.6
Expenses and Tax	-1.4
Cash	+0.6
NAV total return for the year to 31 July 2016	+33.8

Key Performance Indicators ("KPIs")

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

	Year ended 31 July 2016 %	Year ended 31 July 2015 %
NAV per share total return	+33.8	+4.0
Share price total return	+33.3	+6.2
Comparative Index ¹	+15.8	+0.3
Discount to NAV	11.1	10.7
Ongoing charges ²	1.33	1.42

¹ Since 1 August 2015, the Company's Comparative Index is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms. For the year ended 31 July 2015, the Index was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms

² The Board has a policy of ensuring that the costs of running the Company are reasonable and competitive

Sources: Fidelity and Datastream

In addition to the KPIs set out above, the Board also reviews the Company's performance against its peer group of investment companies. Long term performance is also monitored and the Ten Year Record and the Summary of Performance charts on pages 21 to 23 show this information.

Strategic Report continued

Principal Risks and Uncertainties

As required by provision C.2.1 of the 2014 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 and this is reviewed on a regular basis.

The Board is responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. It determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. An

internal controls report providing an assessment of risks, together with controls to mitigate these risks, is prepared by the Manager and considered by the Audit Committee at each of its meetings.

The Alternative Investment Fund Manager, FIL Investment Services (UK) Limited, also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal risks and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the following as the principal risks and uncertainties faced by the Company:

Principal Risks	Description and Risk Mitigation
Market risk	<p>The Company's assets consist mainly of listed securities and the principal risks are therefore market related such as market downturn, interest rate movements, and exchange rate movements. The Portfolio Manager's success or failure to protect and increase the Company's assets against this background is core to the Company's continued success.</p> <p>Risks to which the Company is exposed in the market risk category, are included in Note 17 to the Financial Statements on pages 54 to 60 together with summaries of the policies for managing these risks.</p>
Performance risk	<p>The achievement of the Company's performance objective relative to the market requires the taking of risk such as strategy, asset allocation and stock selection, and may lead to underperformance of the Comparative Index. The Board reviews risk at each Board meeting, considers the asset allocation of the portfolio and the risks associated with particular countries and industry sectors within the parameters of the investment objective and strategy. The Portfolio Manager is responsible for actively managing and monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The emphasis is on long term performance and the Board accepts that by targeting long term results the Company risks volatility of performance in the shorter term.</p>
Discount control risk	<p>The price of the Company's shares as well as its discount to NAV, are factors which are not within the Company's total control. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices within the parameters set by the Board. The Company's ordinary share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board regularly.</p>
Gearing risk	<p>The Company has the option to invest up to the total of any loan facilities or to use CFDs to invest in equities. The principal risk is that while in a rising market the Company will benefit from gearing, in a falling market the impact would be detrimental. Other risks are that the cost of gearing may be too high or that the term of the gearing is inappropriate in relation to market conditions. The Company currently has no bank loans and gears through the use of long CFDs which provide greater flexibility and are significantly cheaper than bank loans. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p>
Derivatives risk	<p>The Company increased its derivatives capabilities at the end of 2015. Derivative instruments are used to enable both the protection and enhancement of investment returns. There is a risk that the use of derivatives may lead to a higher volatility in the NAV and the share price than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board.</p> <p>Further details on derivative instruments risk is included in Note 17 on pages 54 to 60.</p>

Principal Risks	Description and Risk Mitigation
Currency risk	The Company's share capital and the predominant currency in which its investors operate is Sterling and thus the Directors have determined that the functional currency of the Company in which it reports its results is Sterling; however, most of its assets and its income are denominated in other currencies. Consequently, it is subject to currency risk on exchange rate movements between Sterling and these other currencies. It is the Company's policy not to hedge against currency risks. Further details can be found in Note 17 to the Financial Statements on pages 54 to 60.

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. A breach of other legal and regulatory rules may lead to suspension from listing on the Stock Exchange. The Board receives regular reports from the Manager confirming tax and regulatory compliance during the year.

Operational risks – Service Providers

The Company relies on a number of third party service providers, principally the Manager, Registrar, Custodian and Depository. It is dependent on the effective operation of the Manager's control systems and those of its service providers with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements.

They are all subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal control reports are received by the Board and any concerns investigated.

Other risks

A continuation vote takes place every five years. There is a risk that shareholders do not vote in favour of continuation during periods when performance is poor. The next continuation vote takes place at this year's Annual General Meeting. Further details including a review of the Company's performance are in the Chairman's Statement on page 5.

Viability Statement

In accordance with provision C.2.2 of the 2014 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long term capital growth and the Board consider 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. A risk to the Company's continuation is shareholder dissatisfaction, and therefore in accordance with the Company's Articles of Association, a continuation vote is held every five years, the next one taking place at this year's Annual General Meeting.

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

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

The Company's performance has been strong since launch. The Board regularly reviews the investment policy and considers it to be appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Manager's compliance with the Company's investment objective, its investment strategy and asset allocation;
- The fact that the portfolio mainly comprises 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 modest in comparison to the Company's net assets.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern statement in the Directors' Report on page 25.

Board Diversity

The Board carries out any candidate search against a set of objective criteria on the basis of merit, with due regard for the benefits of diversity on the Board, including gender. As at 31 July

Strategic Report continued

2016, there were four male Directors and one female Director on the Board.

Employee, Social, Community and Human Rights Issues

The Company has no employees, all of its Directors are non-executive and its day-to-day activities are carried out by third parties. There are therefore no disclosures to make in respect of employees.

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

The Company has not adopted a policy on human rights as it has no employees and its operational processes are delegated.

The Company's financial reports are printed by a company which has won awards for its environmental awareness and further details of this may be found on the back cover of this report.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or fossil fuel and consequently does not have a measureable carbon footprint. The Manager is registered with the Carbon Reduction Commitment Energy Efficiency Scheme administered by the Environment Agency.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, its investment process takes social, environmental and ethical issues into account when, in the Manager's view, these have a material impact on either investment risk or return.

Corporate engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. Unless there are any particularly controversial issues (which are then referred to the Board) it delegates the responsibility for corporate engagement and shareholder voting to the Manager. These activities are reviewed annually.

Future Developments

Some trends likely to affect the Company in the future are common to many investment companies together with the impact of regulatory change. The factors likely to affect the Company's future development, performance and positions are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 7.

By Order of the Board

FIL Investments International

Secretary

25 October 2016

Portfolio Listing

as at 31 July 2016

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

	Gross Asset Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Power Grid Corp of India			
Operator of the Indian national electricity grid	9,676	4.1	9,676
Taiwan Semiconductor Manufacturing (shares and long CFD)			
Integrated circuit related products developer, manufacturer and distributor	9,541	4.0	5,392
Tisco Financial Group			
Auto finance bank	7,623	3.2	7,623
RHT Health Trust			
Hospital operator in India	6,367	2.7	6,367
WPG Holdings			
Semiconductor and core components distributor	5,923	2.5	5,923
Housing Development Finance			
Provider of housing finance to individual households and corporates in India	5,587	2.3	5,587
LT Group			
Banking, beverages, spirits, tobacco and property development group	5,393	2.3	5,393
Ascendas India Trust			
Real estate investment company	5,146	2.2	5,146
SK Hynix			
Semiconductor and memory chip manufacturer and supplier	4,602	1.9	4,602
WT Microelectronics			
Semiconductor products distributor	4,183	1.8	4,183
Top ten long exposures	64,041	27.0	59,892
Other long exposures			
G8 Education	4,049	1.7	4,049
International Housewares Retail	4,034	1.7	4,034
HDFC Bank	3,987	1.7	3,987
Philippine Seven	3,632	1.5	3,632
Supalai	3,127	1.3	3,127
Essel Propack	2,989	1.3	2,989
Zhaopin	2,960	1.2	2,960
Padini Holdings	2,951	1.2	2,951
Cognizant Technology Solutions (shares and written put options)	2,886	1.2	2,456
Mapletree Commercial Trust	2,667	1.1	2,667
Zhejiang Supor Cookware	2,648	1.1	2,648
Korea Electric Power	2,346	1.0	2,346

Portfolio Listing continued

	Gross Asset Exposure		Balance
	£'000	% ¹	Sheet Value £'000
New Oriental Education & Technology Group (shares net of covered call options)	2,299	1.0	3,678
Pepsi-Cola Products Philippines	2,282	1.0	2,282
Infosys	2,268	1.0	2,268
LPN Development	2,215	0.9	2,215
Anhui Expressway	2,199	0.9	2,199
V-Mart Retail	2,054	0.9	2,054
Ciputra Property	2,021	0.9	2,021
Playmates Toys	1,836	0.8	1,836
Mphasis	1,800	0.8	1,800
Weifu High-Technology Group (equity linked notes)	1,779	0.7	1,779
Muthoot Finance	1,738	0.7	1,738
Techtronic Industries	1,736	0.7	1,736
Premier Marketing	1,730	0.7	1,730
Lung Yen Life Service	1,729	0.7	1,729
CSI Properties	1,728	0.7	1,728
Oberoi Realty	1,685	0.7	1,685
Chaowei Power Holdings	1,664	0.7	1,664
Programmed Maintenance Services	1,645	0.7	1,645
Clinivel Pharmaceuticals	1,638	0.7	1,638
Yowie Group	1,549	0.7	1,549
Cleanaway	1,532	0.6	1,532
Samsonite International	1,521	0.6	1,521
Tempo Scan Pacific	1,505	0.6	1,505
Makalot Industrial	1,461	0.6	1,461
51Job	1,455	0.6	1,455
Astra Graphia	1,450	0.6	1,450
AMVIG Holdings	1,449	0.6	1,449
Capital Securities	1,436	0.6	1,436
RFM	1,434	0.6	1,434
Asics Corp	1,376	0.6	1,376
Luen Thai Holdings	1,365	0.6	1,365
Mangalam Cement	1,360	0.6	1,360
Tech Mahindra	1,358	0.6	1,358
Redington India	1,350	0.6	1,350
Delta Corp	1,302	0.5	1,302

	Gross Asset Exposure		Balance
	£'000	% ¹	Sheet Value £'000
ImpediMed	1,280	0.5	1,280
Guangdong Investment	1,260	0.5	1,260
Career Point	1,249	0.5	1,249
Kyungdong Pharm	1,232	0.5	1,232
Embry Holdings	1,205	0.5	1,205
M1	1,197	0.5	1,197
Wah Lee Industrial	1,197	0.5	1,197
SBS Transit	1,133	0.5	1,133
Shinhan Financial Group	1,115	0.5	1,115
Hyundai Marine & Fire Insurance	1,114	0.5	1,114
InterOil	1,108	0.5	1,108
Kathmandu Holdings	1,077	0.5	1,077
Xtep International Holdings	1,077	0.5	1,077
Gudang Garam	1,053	0.4	1,053
Dream International	1,051	0.4	1,051
VTech Holdings	1,047	0.4	1,047
Nestle Lanka	1,032	0.4	1,032
Yuexiu Transport Infrastructure	1,017	0.4	1,017
Fortis Healthcare	1,015	0.4	1,015
Welling Holding	1,011	0.4	1,011
BFI Finance Indonesia	1,006	0.4	1,006
DLF	984	0.4	984
Life Healthcare Group Holdings	983	0.4	983
Korean Reinsurance	961	0.4	961
Changshouhua Food	952	0.4	952
Nanosonics	927	0.4	927
Pacific Textile Holdings	919	0.4	919
United Phosphorus	918	0.4	918
Lion Brewery Ceylon	917	0.4	917
GS Home Shopping	890	0.4	890
Chorus New Zealand	859	0.4	859
Gujarat State Petronet	856	0.4	856
Creative Sensor	854	0.4	854
Vale Indonesia	850	0.4	850
Valuetronics Holdings	829	0.4	829

Portfolio Listing continued

	Gross Asset Exposure		Balance
	£'000	% ¹	Sheet Value £'000
Convenience Retail Asia	808	0.3	808
CSE Global	796	0.3	796
Daelim Industrial	793	0.3	793
Kindom Construction	790	0.3	790
Asaleo Care	786	0.3	786
Stella International Holdings	783	0.3	783
UOA Development	766	0.3	766
Land & General	762	0.3	762
British American Tobacco Malaysia	757	0.3	757
Intai Technology	734	0.3	734
Cooper Energy	732	0.3	732
Hyundai Hy Communications & Network	729	0.3	729
Bapcor	724	0.3	724
Noida Toll Bridge	718	0.3	718
Pou Sheng International Holdings	711	0.3	711
Astra Otoparts	684	0.3	684
Emperor Watch & Jewellery	674	0.3	674
Mead Johnson Nutrition	668	0.3	668
SomnoMed	667	0.3	667
Sebang Global Battery	665	0.3	665
Shriram City Union Finance	633	0.3	633
Shemaroo Entertainment	627	0.3	627
Best Pacific International Holdings	622	0.3	622
Luk Fook Holdings International	620	0.3	620
McMillan Shakespeare	615	0.3	615
Le Saunda Holdings	608	0.3	608
Chevron Lubricants Lanka	589	0.3	589
KPIT Technologies	583	0.2	583
Delfi	581	0.2	581
Huaneng Renewables	572	0.2	572
West China Cement	557	0.2	557
Clipan Finance Indonesia	538	0.2	538
Magnificent Hotel Investment	532	0.2	532
Hansae	526	0.2	526
Tiphone Mobile Indonesia	496	0.2	496

	Gross Asset Exposure		Balance
	£'000	% ¹	Sheet Value £'000
Casetek Holdings	490	0.2	490
Beijing Yanjing Brewery	456	0.2	456
China Foods	448	0.2	448
China Modern Dairy Holdings	448	0.2	448
Lumax Auto Technologies	436	0.2	436
Hana Microelectronics	435	0.2	435
13 Holdings	399	0.2	399
Nexteer Automotive Group	387	0.2	387
Esprit Holdings	367	0.2	367
Tsingtao Brewery	343	0.2	343
Jubilee Enterprise	341	0.1	341
Korea Ratings	318	0.1	318
Selamat Sempurna	234	0.1	234
Updater	145	0.1	145
Mitra Adiperkasa	133	0.1	133
Geumhwa PSC	126	0.1	126
Golden Friends	82	-	82
Textured Jersey Lanka	54	-	54
Kirloskar Oil Engines	12	-	12
Ceylon Cold Stores	9	-	9
Total long exposures (147 holdings)	226,550	95.4	223,350
Total short exposures (8 short CFDs)	5,458	2.3	(329)
Gross Asset Exposure²	232,008	97.7	
Portfolio Fair Value³			223,021
Net current assets (excluding derivative assets and liabilities)			14,524
Total Shareholders' Funds			237,545

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

2 Gross Asset Exposure comprises market exposure to shares and equity linked notes of £222,424,000 (per Note 10 on page 51) plus market exposure to derivative instruments of £9,584,000 (per Note 11 on page 52)

3 Portfolio Fair Value comprises Investments of £222,424,000 plus derivative assets of £1,139,000 less derivative liabilities of £542,000 (per the Balance Sheet on page 44)

Distribution of the Portfolio

as at 31 July 2016

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

Portfolio	India %	Taiwan %	China %	Hong Kong %	Singapore %	Other %	2016 Total %	2016 Index ¹ %	2015 Total %
Consumer Discretionary									
Textiles, Apparel & Luxury Goods	-	0.6	2.6	1.9	-	0.8	5.9	1.4	3.1
Diversified Consumer Services	1.3	0.7	1.0	0.2	-	1.7	4.9	1.7	8.8
Specialty Retail	-	-	0.3	2.4	-	2.0	4.7	0.2	5.0
Auto Components	0.2	0.2	1.6	-	-	0.7	2.7	1.0	1.2
Leisure Equipment & Products	-	-	-	1.2	-	-	1.2	0.1	0.9
Multiline Retail	0.9	-	-	-	-	0.1	1.0	0.3	0.3
Media	0.3	-	-	-	-	0.3	0.6	0.5	0.9
Internet & Catalogue Retail	-	-	-	-	-	0.4	0.4	1.1	-
Distributors	-	-	-	-	-	0.3	0.3	0.1	0.5
Automobiles	-	-	-	-	-	-	-	3.1	0.4
	2.7	1.5	5.5	5.7	-	6.3	21.7	9.5	21.1
Financials									
Real Estate Management & Development	1.1	0.3	0.2	0.7	2.3	3.8	8.4	5.4	5.3
Banks	4.0	-	-	-	-	3.7	7.7	14.8	9.2
Diversified Financial Services	0.7	-	-	-	-	0.8	1.5	1.9	1.1
Real Estate Investment Trusts (REITs)	-	-	-	-	1.0	-	1.0	0.9	0.9
Insurance	-	-	-	-	-	0.9	0.9	5.2	1.0
Capital Markets	-	0.6	-	-	-	-	0.6	1.0	0.7
	5.8	0.9	0.2	0.7	3.3	9.2	20.1	29.2	18.2
Information Technology									
Electronic Equipment & Instruments	0.6	5.1	-	0.3	-	0.2	6.2	9.1	5.7
Semiconductor Equipment & Products	-	4.2	-	-	-	1.9	6.1	5.9	6.9
Internet Software & Services	2.3	-	-	-	0.3	1.3	3.9	11.2	2.7
Communications Equipment	-	-	-	0.5	-	-	0.5	-	-
Software	0.2	-	-	-	-	-	0.2	0.2	0.6
	3.1	9.3	-	0.8	0.3	3.4	16.9	26.4	15.9

Portfolio	India %	Taiwan %	China %	Hong Kong %	Singapore %	Other %	2016 Total %	2016 Index ¹ %	2015 Total %
Consumer Staples									
Food Products	-	-	0.8	-	0.2	2.5	3.5	2.0	6.0
Food & Staples Retailing	-	-	-	0.3	-	2.3	2.6	0.6	0.7
Beverages	-	-	0.3	-	-	1.4	1.7	0.2	-
Personal Products	0.6	-	-	-	-	0.3	0.9	1.2	0.6
Tobacco	-	-	-	-	-	0.8	0.8	1.0	2.1
Household Products	-	-	-	0.7	-	-	0.7	0.4	2.5
	0.6	-	1.1	1.0	0.2	7.3	10.2	5.4	11.9
Industrials									
Commercial & Professional Services	-	0.6	1.9	-	-	1.6	4.1	0.5	3.2
Industrial Conglomerates	-	-	0.3	-	-	2.3	2.6	3.6	1.3
Transportation Infrastructure	0.3	-	1.4	-	-	-	1.7	1.2	1.4
Construction & Engineering	-	-	-	0.2	-	0.4	0.6	1.2	0.9
Transportation	-	-	-	-	0.5	-	0.5	1.0	0.3
Electrical Equipment	-	-	0.4	-	-	-	0.4	0.1	-
Machinery	-	-	-	-	-	-	-	0.7	1.2
	0.3	0.6	4.0	0.2	0.5	4.3	9.9	8.3	8.3
Health Care									
Health Care Providers & Services	0.4	0.3	-	-	2.7	1.6	5.0	0.7	5.2
Pharmaceuticals	-	-	-	-	-	1.2	1.2	1.6	0.6
Biotechnology	-	-	-	-	-	0.7	0.7	0.3	0.2
Life Sciences Tools & Services	-	-	-	-	-	-	-	-	0.1
	0.4	0.3	-	-	2.7	3.5	6.9	2.6	6.1
Utilities									
Electric Utilities	4.1	-	-	0.3	-	1.0	5.4	2.0	4.7
Water Utilities	-	-	0.5	-	-	-	0.5	0.2	-
Gas Utilities	0.4	-	-	-	-	-	0.4	1.0	-
Other Utilities	-	-	0.2	-	-	-	0.2	0.8	-
	4.5	-	0.7	0.3	-	1.0	6.5	4.0	4.7

Distribution of the Portfolio continued

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

Portfolio	India %	Taiwan %	China %	Hong Kong %	Singapore %	Other %	2016 Total %	2016 Index ¹ %	2015 Total %
Materials									
Containers & Packaging	1.3	-	0.6	-	-	-	1.9	-	1.8
Chemicals	0.4	-	-	-	-	0.6	1.0	2.1	0.3
Metals & Mining	-	-	-	-	-	0.4	0.4	1.3	0.2
Construction Materials	-	-	0.2	-	-	-	0.2	0.9	-
	1.7	-	0.8	-	-	1.0	3.5	4.3	2.3
Telecommunications Services									
Diversified Telecommunication Services	-	-	-	0.3	-	0.4	0.7	2.6	1.4
Wireless Telecommunication Services	-	-	-	-	0.5	-	0.5	3.7	-
	-	-	-	0.3	0.5	0.4	1.2	6.3	1.4
Energy									
Oil, Gas & Consumable Fuels	-	-	-	-	-	0.8	0.8	4.0	1.1
	-	-	-	-	-	0.8	0.8	4.0	1.1
Total Gross Asset Exposure - 2016									
	19.1	12.6	12.3	9.0	7.5	37.2	97.7		
Index - 2016									
	10.0	14.4	29.9	12.0	5.2	28.5		100.0	
Total Gross Asset Exposure - 2015									
	14.4	15.0	12.2	9.5	6.8	33.1			91.0

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

Ten Year Record

As at 31 July	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total gross asset exposure (£m) ¹	232.0	162.9	192.3	167.4	123.8	146.2	121.8	98.1	136.4	175.1	107.5
Shareholders' funds (£m)	237.5	178.9	172.8	155.8	117.1	141.3	117.2	92.1	135.9	170.7	99.1
NAV per share – undiluted (p)	351.98	265.14	255.99	230.24	195.40	229.21	192.19	151.18	131.78	156.13	105.95
NAV per share – diluted (p) ²	n/a	n/a	n/a	n/a	194.70	223.20	191.99	n/a	n/a	156.13	104.88
Ordinary Share price (p)	313.00	236.88	224.00	204.50	176.00	202.63	175.75	142.25	119.00	136.75	97.25
Subscription Share price (p) ²	n/a	n/a	n/a	n/a	6.75	27.13	19.00	n/a	n/a	n/a	n/a
Warrant price (p) ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.50
Discount – undiluted (%)	11.1	10.7	12.5	11.2	9.9	11.6	8.6	5.9	9.7	12.4	8.2
Discount – diluted (%) ²	n/a	n/a	n/a	n/a	9.6	9.2	8.5	n/a	n/a	12.4	7.3
Revenue return/ (loss) per Ordinary Share – undiluted (p)	5.36	2.26	1.14	1.05	1.45	0.85	0.27	1.49	1.43	0.63	(0.06)
Dividend per Ordinary Share (p)	4.50	2.00	1.10	1.10	1.00	1.00	nil	1.00	0.81	nil	nil
Cost of running the Company (Ongoing charges) (%)	1.33	1.42	1.50	1.55	1.46	1.47	1.52	1.65	1.34	1.51	1.71
Gearing (%) ³	(2.3)	(9.0)	11.3	7.4	5.7	3.5	3.9	6.5	0.3	2.5	8.5
NAV – undiluted total return (%)	+33.8	+4.0	+11.7	+18.4	-14.3	+19.3	+27.8	+15.7	-15.6	+47.4	+11.7
NAV – diluted total return (%) ²	n/a	n/a	n/a	n/a	-12.3	+16.3	+27.7	n/a	n/a	+48.9	+10.6
Ordinary Share price total return (%)	+33.3	+6.2	+10.1	+16.8	-12.6	+15.3	+24.3	+20.6	-13.0	+40.6	+11.8
Comparative Index total return (%) ⁴	+15.8	+0.3	+5.4	+12.0	-6.6	+16.3	+19.8	+11.0	-10.7	+41.3	+9.2

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

2 The final exercise of the warrants was in December 2006 and there was subsequently no dilution until subscription shares were issued in March 2010. The final exercise of the subscription shares was in June 2013 and there is no longer any dilution

3 Total Portfolio Exposure (less than)/in excess of Shareholders' Funds expressed as a percentage of Shareholders' Funds (see page 60)

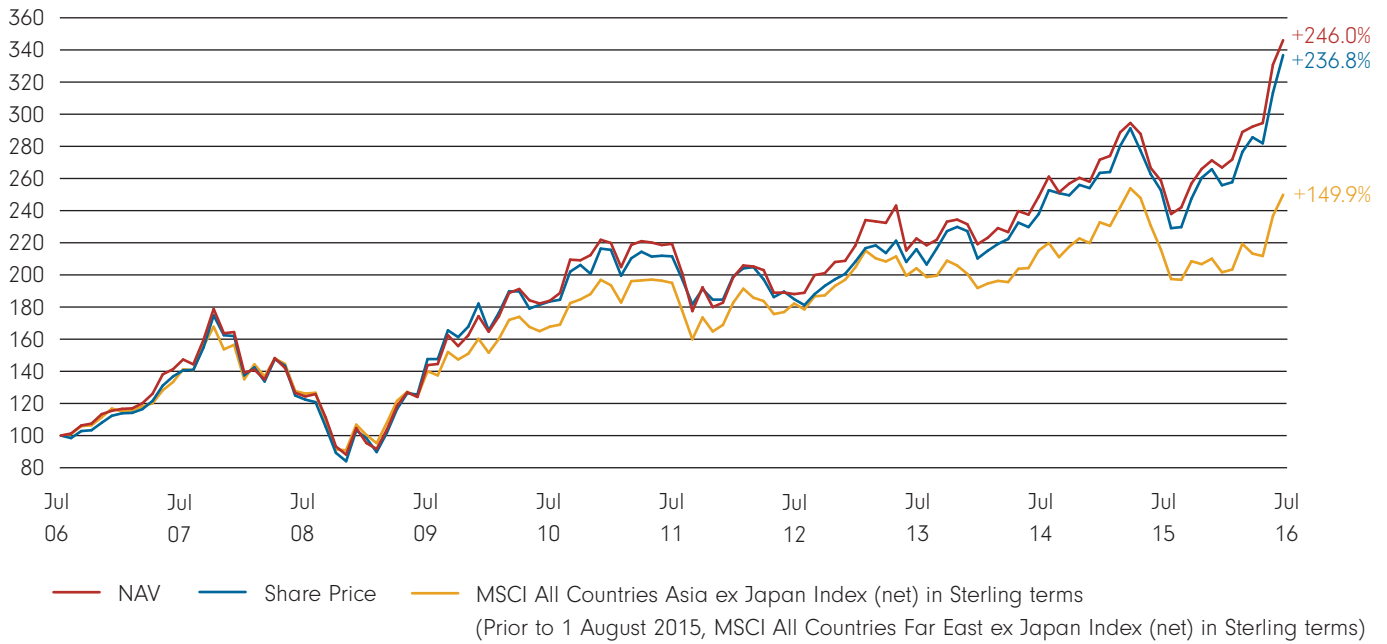
4 Since 1 August 2015, the Company's Comparative Index is the MSCI All Countries Asia ex Japan Index (net) in Sterling terms. Prior to that date, it was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms

Source: Fidelity and Datastream

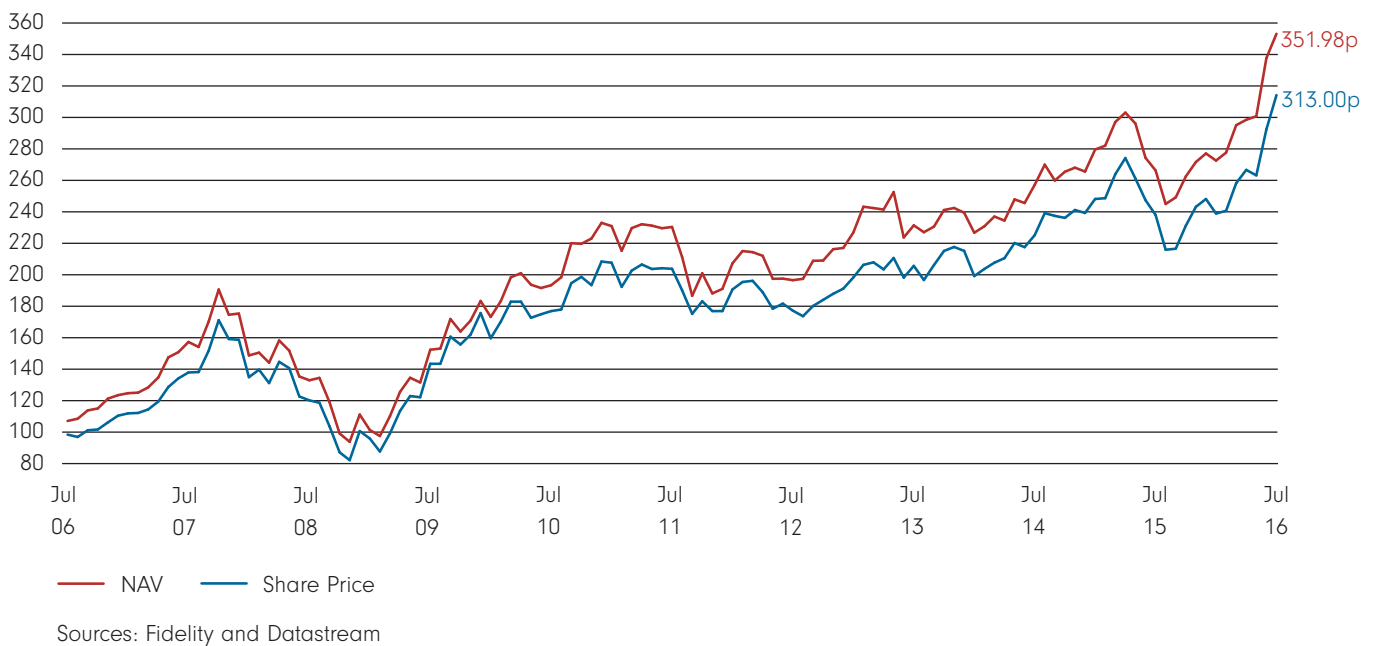
Past performance is not a guide to future returns

Summary of Performance Charts

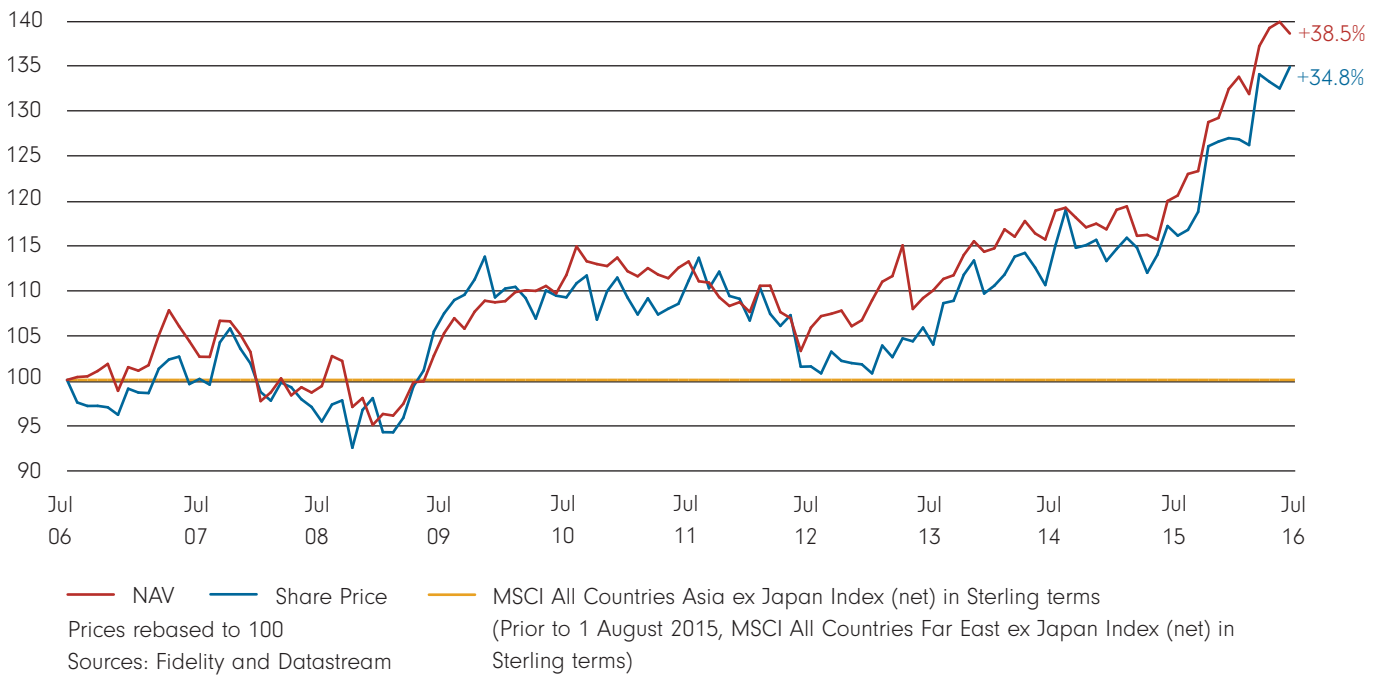
Total Return performance for ten years to 31 July 2016



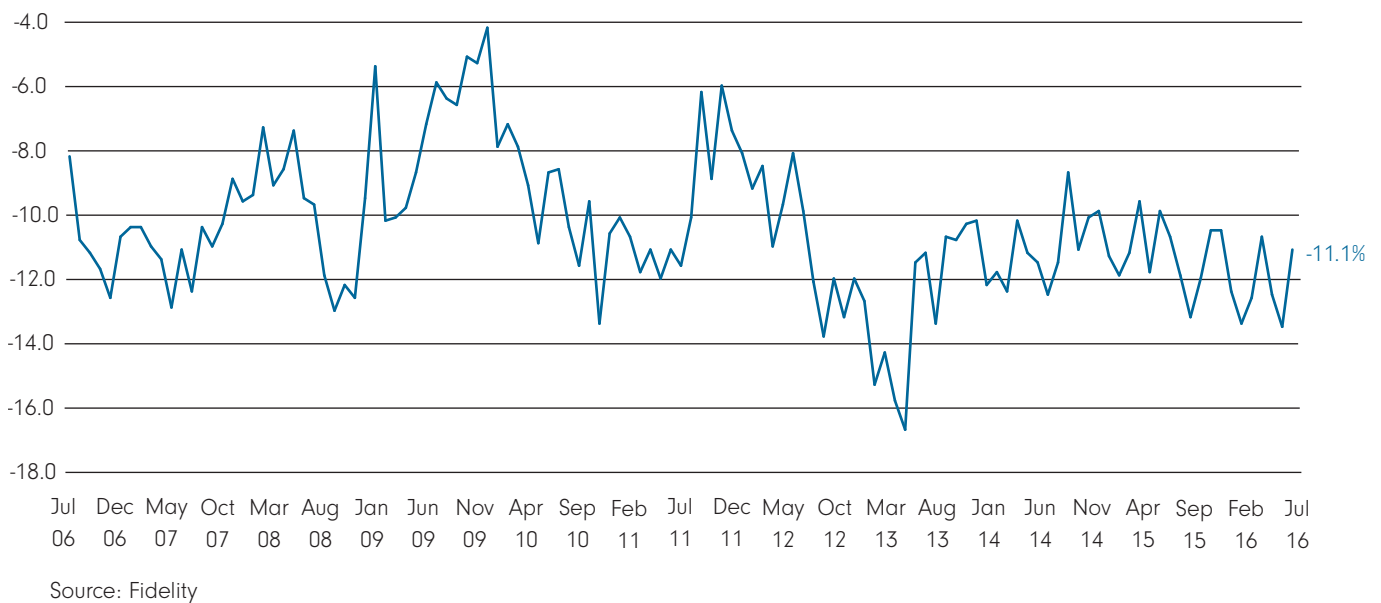
NAV and ordinary share price for ten years to 31 July 2016



Total return performance relative to the Comparative Index for ten years to 31 July 2016



Discount to NAV for ten years to 31 July 2016



Board of Directors



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

Kate Bolsover is a non-executive Director of Montanaro UK Smaller Companies Investment Trust PLC. She is also Chairman of Tomorrow's People Trust Limited and a director of a number of affiliated companies. She retired from the Board of JPMorgan American Investment Trust plc on 30 September 2016. She worked for Cazenove Group plc and J.P. Morgan Cazenove between 1995 and 2005 where she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this, her work involved business development and mutual funds experience covering countries in the Far East.



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

Philip Smiley is a Director of the Arisaig India Fund and the Endowment Fund SPC. He is also Chairman of the PXP Vietnam Emerging Equity Fund Limited and Chairman of the Advisory Board of the Emerging Beachfront Land Investment Fund G.P. Limited. He has 31 years of experience of working in the Asia Pacific region, including several years with the Hong Kong Government (Civil Service Branch and then Economic Services Branch) followed by five years with the W.I. Carr Group, latterly as Managing Director of W.I. Carr (Far East) Limited in Hong Kong and group director of finance in London. Between 1991 and 2001 he served as managing director and country head of Jardine Fleming in Korea, where he was also elected Chairman of the British Chamber of Commerce, and then in Singapore, where he was appointed to the Stock Exchange Review Committee. From 2001 to 2005 he was group country chairman of Jardine Matheson in Thailand and Indochina.



Grahame Stott
Chairman of the Audit Committee
Appointed 24 September 2013
Member of the:
Audit Committee (Chairman);
Management Engagement Committee;
Nomination Committee.

Grahame Stott is a qualified actuary with considerable consultancy experience and insight into the intermediary market. He spent 20 years at Watson Wyatt in Hong Kong, during which time he became the regional director for 12 countries across Asia Pacific. He also served as the head of Watson Wyatt's Global Investment Consulting Business. His background is in working with fast growing listed companies. He is a non-executive Director and Chairman of the Audit Committee of China Motor Bus Company Limited.



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

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



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

Michael Warren is a non-executive Director of Carrington Investments and Liontrust Panthera Fund Limited. He is also a Quoted Operating Partner of LivingBridge VC LLP and a past non-executive director of Alquity Investment Management Ltd and Vindependents. He worked for Thames River Capital from 2007 until 2012 as Investment Director. Prior to that he worked at HSBC Investments, where he was responsible for Institutional and Retail distribution, and before that Deutsche Asset Management, where he was a main board member. Latterly, he has served as managing director of the UK mutual fund business, DWS.

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 July 2016.

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

Management Company

FIL Investment Services (UK) Limited ("FISL") was appointed as the Company's Alternative Investment Fund Manager ("the Manager") with effect from 17 July 2014. At the same time, FISL, as the new Manager, delegated the portfolio management of assets and the role of the company secretary to FIL Investments International ("FIL").

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

Fee Arrangements

With effect from 1 August 2015, the Company's annual management fee changed to a tiered pricing structure. The revised fee is 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million (2015: 1.00% of gross assets). In addition, the Company pays the Manager a secretarial and administration fee which since 1 August 2015 is fixed at £75,000 per annum (2015: £42,000). Fees are calculated and paid quarterly.

The Manager has an arrangement with certain brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce transaction costs. Amounts received by the Company under this arrangement are credited to capital and included in the gains on sales of investments in Note 10 on page 51. In the year to 31 July 2016, £39,000 was received (2015: £20,000). There is a regulatory requirement on the Manager to obtain best execution and no deal is entered into which prevents compliance.

The Board

All Directors served throughout the year ended 31 July 2016 with the exception of Timothy Scholefield who was appointed to the Board on 30 September 2015. William Knight stepped down from the Board on 30 November 2015. A brief description of all

serving Directors careers is shown on page 24 and indicates their qualifications for Board membership.

Directors And Officers' Liability Insurance

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

Going Concern

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue to adopt the going concern basis for at least 12 months from the date of this Annual Report. The prospects of the Company over a period longer than 12 months can be found in the Viability Statement on page 11.

Auditor's Appointment

As mentioned in last year's Annual Report, Ernst & Young LLP was appointed as the Company's independent Auditor at the Annual General Meeting on 30 November 2015.

Auditor's Right to Information

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 they are aware, there is no relevant audit information of which the independent 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 relevant audit information, and to establish that the independent Auditor is aware of that information.

Corporate Governance

Full details are given in the Corporate Governance Statement, which forms part of this Directors' Report, and can be found on pages 27 to 30.

Registrar, Custodian and Depositary Arrangements

The Company employs Capita Asset Services to manage the Company's share register. Fees for its registration services for the year under review were £38,000 (2015: £36,000).

The Company employs JPMorgan Chase Bank as its Custodian which is primarily responsible for safeguarding the Company's assets. Fees for its custodial services for the year under review were £87,000 (2015: £96,000).

The Company employs J.P. Morgan Europe Limited, under a tri-partite agreement, as its Depositary which is primarily

Directors' Report continued

responsible for oversight of the custody of investment funds and the protection of investor's interests. Fees for its depository services for the year under review were £22,000 (2015: £23,000).

Share Capital

The Company's share capital comprises ordinary shares of 25 pence each and are fully listed on the London Stock Exchange. As at 31 July 2016, the issued share capital of the Company was 67,488,213 ordinary shares (2015: 67,488,213). No shares are held in Treasury. Each ordinary share in issue carries one vote. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the shareholder can exercise voting rights are detailed in the Notes to the Notice of Meeting accompanying this Annual Report.

Premium/Discount Management: Enhancing Shareholder Value

The Board recognises the importance to investors of the relationship between the Company's share price and the net asset value ("NAV") per share and monitor this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to NAV either for cancellation or for holding in Treasury. The Board only use these authorities to enhance the NAV per share and to protect or improve the premium/discount rating of the shares.

Share Issues

No ordinary shares were issued during the year to 31 July 2016 (2015: nil) and none have been issued since the year end and as at the date of this report.

The authorities to issue shares and disapply pre-emption rights expire at the conclusion of this year's Annual General Meeting ("AGM") and therefore, resolutions renewing these authorities will be put to shareholders for approval at the AGM on 2 December 2016.

In addition, the Board is proposing a bonus issue of subscription shares, in respect of which authority is being sought to allot such subscription shares and implement the proposed bonus issue by way of a resolution being put to shareholders at the AGM on 2 December 2016, as noted in the Chairman's Statement on page 3.

The resolutions being put to the AGM, and the Board's recommendation to vote in favour, are set out in the Notice of Meeting for the AGM accompanying this report. Details of the proposed bonus issue and subscription shares are set out in the Prospectus accompanying this report.

Share Repurchases

No ordinary shares were repurchased for cancellation or for holding in Treasury during the year to 31 July 2016 (2015: nil) and none have been repurchased since the year end and as at the date of this report.

The authority to repurchase shares expires at the forthcoming AGM and a special resolution to renew the authority to purchase shares for cancellation, including the ability to buy them into Treasury, will therefore be put to shareholders at the AGM on 2 December 2016.

Substantial Share Interests

	30 September 2016	31 July 2016
Shareholders		
Fidelity Investors ¹	15.50	15.55
Wells Capital Management	11.87	11.39
Lazard Asset Management	8.50	8.50
City of London Investment Management	4.58	6.48
Hargreaves Lansdown	4.38	3.81
Charles Stanley	3.65	3.29

¹ ISA, SIPP, General Investments Accounts and Share Plan

An analysis of ordinary shareholders as at 31 July 2016 is detailed in the table below.

Ordinary shareholders as at 31 July 2016	% of issued share capital
Private shareholders ¹	60.03
Mutual funds	18.02
Pension funds	10.67
Hedge funds	7.15
Insurance companies	2.85
Other	0.73
Trading companies	0.55

¹ Includes Fidelity Investors

Requirement of Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information on a single identifiable section of the Annual Report or a cross reference table showing where such information is set out. The Directors confirm that no such disclosures are required to be made.

By Order of the Board

FIL Investments International

Secretary

25 October 2016

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Corporate Governance Codes

The Board follows the principles of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in September 2014 and the AIC's Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in February 2015. The FRC has confirmed that investment companies which report against the AIC Code and which follow the AIC Guide on Corporate Governance will meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules.

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

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this report, except in relation to the UK Code provisions relating to the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations.

THE BOARD

Board Composition

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

Philip Smiley is the Senior Independent Director and fulfils the role as a "sounding board" for the Chairman and as intermediary for the other non-executive Directors where necessary.

Biographical details of all the Directors are on page 24.

Board Responsibilities and Board Meetings

The Board has overall responsibility for the Company's affairs and for promoting the long term success of the Company. All matters which are not delegated to the Company's Manager under the Management Agreement are reserved for the Board's decision. Matters considered at Board meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, appointment of the Manager and the Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All the Directors are independent of the Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

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. The Portfolio Manager and representatives of the Manager are in attendance at these meetings. Between these meetings there is regular contact with the Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them by the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present.

Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

The Company Secretary

The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring Board procedures are followed and that applicable rules and regulations are complied with.

Corporate Governance Statement continued

	Regular Board Meetings	Nomination Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
Kate Bolsover	5/5	1/1	3/3	1/1
William Knight (retired 30 November 2015)	2/2	1/1	1/1	n/a
Timothy Scholefield	5/5	1/1	3/3	1/1
Philip Smiley	5/5	1/1	3/3	1/1
Grahame Stott	5/5	1/1	3/3	1/1
Michael Warren	5/5	1/1	3/3	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.

In addition to the formal Board and Committee meetings, the Board as a whole undertake a week long due diligence trip to Asia once every two years. During this trip, the Board meet with the management of existing and potential investee companies alongside the Portfolio Manager. Further information on the most recent trip can be found in the Chairman's Statement on page 4.

Director Training

Upon appointment, each Director is provided with all relevant information regarding the Company and receives training on the investment operations and administration functions of the Company, together with a summary of their duties and responsibilities. Directors also receive regular briefings from, amongst others, the AIC, the Company's Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that affect the Company and/or the Directors.

Election and Re-Election of Directors

All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. All other Directors are subject to annual re-election by the shareholders. Directors submitted for re-election are accompanied by sufficient biographical details on page 24 to enable shareholders to make an informed decision. The terms and letters of appointment of Directors are available for inspection at the registered office of the Company and will be available prior to the forthcoming AGM.

The Board has a policy of reviewing the tenure of each Director annually and an independent Director may serve for more than nine years, provided that the Director is considered by the Board to continue to be independent. The Board has a policy that a Chairman must step down after nine years in that role but may remain thereafter, an independent Director, subject to annual re-election.

Board Evaluation

An annual evaluation of the Board, its Committees and the individual Directors is undertaken ahead of each AGM. It takes the form of written questionnaires and discussions. The performance of the Chairman is evaluated by the other Directors. The Company Secretary and Portfolio Manager also participate in this process

to provide all-round feedback to the Board. The results of these evaluations are discussed by the Board and the process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and action is taken on the basis of these results. The Board considers tenure as one of the matters under review during the evaluation process.

Directors' Remuneration and Share Interests

Details of Directors' fees and share interests are disclosed in the Directors' Remuneration Report on pages 31 to 33.

BOARD COMMITTEES

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

The Audit Committee

The Audit Committee is chaired by Grahame Stott as the Board believes it is appropriate for him to do so given his financial background and actuarial experience. Full details are disclosed in the Report of the Audit Committee on pages 35 and 36.

The Management Engagement Committee

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

The Committee met on 14 June 2016 and reviewed the performance of the Manager and the fee basis and also that of its peers. The Committee noted the Company's good long term performance record and the commitment, quality and continuity of the team which was responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue.

The Nomination Committee

The Nomination Committee is chaired by Kate Bolsover and meets at least once a year and makes recommendations to the Board where appropriate. It is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The Committee carries out its candidate search against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender. New Directors are appointed on the basis of merit and this process has led to a diverse Board membership. External consultants may be used to identify future potential candidates. However, the Board currently feels that due to the nature of the Company's business, it has access to a sufficiently wide pool of candidates not to use external consultants.

The Committee also considers the re-election of Directors ahead of each AGM. The Committee met on 4 October 2016 to consider the performance and contribution to the Company of each Director and concluded that each Director had been effective and continued to demonstrate commitment to their roles. Accordingly, the Committee has recommended their continued service and this has been endorsed by the Board which recommends their reappointment, and in turn approval by the shareholders at the forthcoming AGM to shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 34 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report on pages 37 to 41.

The Board has a responsibility to present a fair, balanced and understandable assessment of annual, half-yearly, other price sensitive public reports and reports to regulators, as well as to provide information required to be presented by statutory requirements. All such reports are reviewed and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide

reasonable, but not absolute, assurance against material misstatement or loss.

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

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment and it confirms that this is an effective ongoing process in order to identify, evaluate and manage the principal risks faced by the Company. This process has been in place throughout the year ended 31 July 2016 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 provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit Committee meets the Manager's internal audit representative at least three times a year.

Whistle-Blowing Procedure

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreement includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. This policy has been endorsed accordingly.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager,

Corporate Governance Statement continued

the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

Responsibility as an Institutional Shareholder

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity is a signatory to the UK Stewardship Code setting out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at www.fidelity.co.uk.

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Directors, are available to meet with shareholders to discuss strategy and governance. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and shareholders. If any shareholder wishes to contact a member of the Board directly they should either email the Company Secretary at investmenttrusts@fil.com or write to the address provided on page 64. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole as appropriate.

The Board encourages all shareholders to attend the AGM at which there is a presentation by Nitin Bajaj, the Portfolio Manager, of the past year's results and the prospects for the forthcoming year. Shareholders have the opportunity to meet and address questions to the Chairman and other members of the Board, the Portfolio Manager and representatives of the Manager. The Board is looking forward to having the opportunity to speak to shareholders.

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

Voting rights in the Company's shares

Every shareholder on a show of hands has one vote. On a poll every shareholder who is present in person or by proxy or representative has one vote for every ordinary share. At general meetings all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com.

Articles of Association

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

On behalf of the Board



Kate Bolsover

Chairman

25 October 2016

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 July 2016 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the Annual General Meeting ("AGM") on 2 December 2016. The Company's independent Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 37 to 41.

Directors' Remuneration

The fee structure from 1 August 2016 is as follows: Chairman: £30,000; Chairman of the Audit Committee: £25,000; and Directors: £22,750. Prior to this, the fee structure since 24 September 2013 had been: Chairman: £29,000; Chairman of the Audit Committee: £24,000; and Directors: £22,000. Levels of remuneration are competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy

The Remuneration Policy is subject to a binding vote, in the form of an ordinary resolution at every third AGM. A binding vote means that if it is not successful the Board will be obliged to revise the policy and seek further shareholder approval at a General Meeting specially convened for that purpose. The current policy is set out below.

The Company's Articles of Association limit the aggregate fees payable to each Director to £50,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role individual Directors fulfil. Other than fees and reasonable travel expenses, 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. No other payments are made to Directors other than reasonable out-of-pocket expenses which have been incurred as a result of attending to the affairs of the Company. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own fees. The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by

the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's AGM and can be obtained from the Company's registered office.

In common with most investment trusts there is no chief executive officer and no employees.

The Remuneration Policy will apply to new Board members, who will be paid at the same level as current Directors.

Report on the Implementation of the Remuneration Policy

The Remuneration Policy was formalised for the first time at the AGM held on 9 December 2014 and the next vote will be put to shareholders in 2017. The Policy has been followed throughout the year ended 31 July 2016.

The Directors' Remuneration Report is subject to approval by shareholders by way of an ordinary resolution at each AGM. This is a non-binding 'advisory' resolution. In the event that shareholders vote against the resolution, the Board will be required to put its Remuneration Policy for shareholder approval at the next AGM, regardless of whether the Remuneration Policy was approved by shareholders within the last three years.

Statement of Voting at the Company's Annual General Meeting

At the AGM held on 30 November 2015, 99.47% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2015, 0.34% of votes were cast against and 0.19% of votes were withheld. Votes cast on the Directors' Remuneration Report at this year's AGM will be disclosed on the Manager's website at www.fidelityinvestmenttrusts.com.

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

Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year under review was £124,169 (2015: £125,447). Information on individual Directors' fees is disclosed in the table on page 32. In addition, following HMRC regulations, the Company is required to disclose expenses incurred by Directors in attending to the affairs of the Company. These are considered to be a taxable benefit and are also disclosed in the table on page 32.

Directors' Remuneration Report continued

Remuneration of Directors	2017	2016	2016	2016	2015	2015	2015
	Projected Total (£)	Fees (Audited) (£)	Taxable Benefits (Audited) (£)	Total (Audited) (£)	Fees (Audited) (£)	Taxable Benefits (Audited) (£)	Total (Audited) (£)
Hugh Bolland ¹	n/a	n/a	n/a	n/a	12,083	157	12,240
Kate Bolsover ²	30,000	29,000	666	29,666	26,541	-	26,541
William Knight ³	n/a	7,333	-	7,333	22,000	-	22,000
Timothy Scholefield ⁴	22,750	18,418	-	18,418	n/a	n/a	n/a
Philip Smiley	22,750	22,000	599	22,599	22,000	164	22,164
Grahame Stott	25,000	24,000	-	24,000	24,000	-	24,000
Michael Warren ⁵	22,750	22,000	153	22,153	18,502	-	18,502
Total	123,250	122,751	1,418	124,169	125,126	321	125,447

1 Retired on 9 December 2014

2 Appointed Chairman on 9 December 2014

3 Retired 30 November 2015

4 Appointed 30 September 2015

5 Appointed 29 September 2014

Directors do not serve a notice period if their appointment were to be terminated.

Expenditure on Remuneration and Distributions to Shareholders

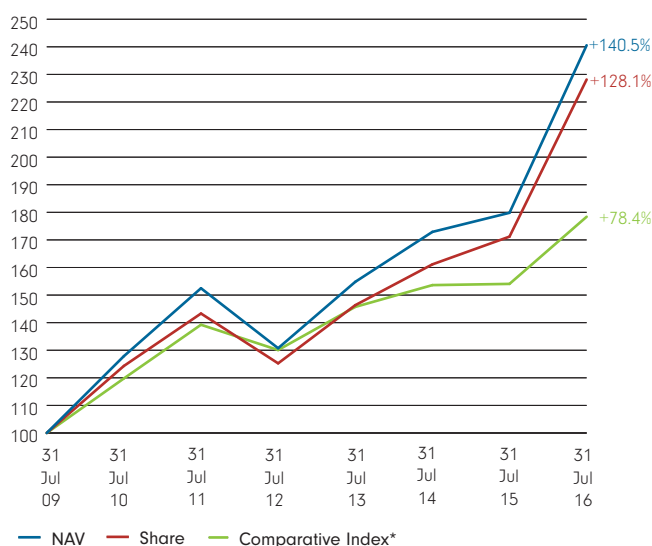
The table below shows the total amount paid out in remuneration and distribution to shareholders for the years ended 31 July 2016 and 31 July 2015.

	31 July 2016 £	31 July 2015 £
Expenditure on Remuneration:		
Aggregate of Directors' Remuneration	124,169	125,447
Distribution to Shareholders:		
Dividend payments	1,350,000	742,000
Shares repurchased	-	-

Performance

The Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian Region excluding Japan. The Company's performance is measured against the return of the MSCI All Countries Asia ex Japan Index as this is considered to be the most appropriate Comparative Index in respect of its asset allocation. The graph opposite shows performance over seven years to 31 July 2016.

Total return performance for seven years to 31 July 2016



— NAV — Share — Comparative Index*

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

Directors' Interest in Ordinary Shares

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

Directors' Shareholdings (Audited)

	31 July 2016	31 July 2015	Change during year
Kate Bolsover	15,250	3,439	11,776 ¹
William Knight ²	n/a	3,960	n/a
Timothy Scholefield	10,000	n/a	10,000 ³
Philip Smiley	2,500	2,500	-
Grahame Stott	20,000	20,000	-
Michael Warren ³	4,000	nil	4,000

1 Purchase of shares

2 Retired 30 November 2015

3 Purchase of shares

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

On behalf of the Board



Kate Bolsover

Chairman

25 October 2016

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 and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors have delegated responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com to the Manager. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces.

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

Approved by the Board on 25 October 2016 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 on the role and responsibilities of the Committee and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 July 2016.

Composition

The Committee is chaired by me and consists of all of the Directors. Kate Bolsover is a member of the Committee because the Board believes it to be appropriate for all Directors to have such responsibility. The Committee considers that collectively its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

Role and Responsibilities

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

- Establishing with the independent Auditor the nature and scope of the audit; reviewing the Auditor's quality control procedures; the effectiveness of the audit process; and the

Meetings and Business

The Committee met three times during the reporting year and the independent Auditor attended two of these meetings.

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

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

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

September 2015

- Consideration of the independent Auditor's findings
- Review of the Auditor's performance, independence and appointment; and the tender selection process
- Review of compliance with Corporate Governance and regulatory requirements
- Review of the Annual Report and Financial Statements and recommendation of its approval to the Board
- Recommendation of the final dividend payment to the Board
- Review of the effectiveness of the Committee

March 2016

- Review of the Half-Yearly Report and Financial Statements and recommendation of its approval to the Board

June 2016

- Review of the Auditor's engagement letter and audit plan for the Company's year ending 31 July 2016

Annual Report and Financial Statements

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities is on page 34. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and on any specific areas which require judgement. The Committee members apply their expertise and knowledge in reviewing disclosures made in order to ensure that the Financial Statements are fair, balanced and understandable.

Auditor's independence and objectivity with particular regard to the provision of non-audit services;

- Responsibility for making recommendations on the appointment, reappointment and removal of the Company's independent Auditor;
- Considering the scope of work undertaken by the Manager's internal audit department; reviewing the Company's procedures for detecting fraud; and reviewing the effectiveness of the internal controls system (including financial, operational and compliance controls and risk management);
- Monitoring the integrity of the Company's half-yearly and annual financial statements of the Company to ensure they are fair, balanced and understandable;
- Reviewing the existence and performance of all controls operating in the Company, including the control reporting of its service providers; and
- Reviewing the relationship with and the performance of third party service providers (such as the registrar, custodian and depositary) and the risks associated with audit firms withdrawing from the market.

Report of the Audit Committee continued

Significant Issues considered by the Audit Committee during the Year

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

Recognition of Investment Income	The recognition of investment income is undertaken in accordance with accounting policy Note 2(d) on page 45. The Manager provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee reviewed the internal audit and compliance monitoring reports received from the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's income. Investment income was also tested and reported on by the independent Auditor.
Valuation, existence and ownership of investments (including derivatives)	The valuation of investments (including derivatives) is in accordance with accounting policy Notes 2(j) and 2(k) on page 46. The Committee took comfort from the Depositary's regular oversight reports that investment related activities were conducted in accordance with the Company's investment policy. The Committee received reports from the Manager and the independent Auditor who had verified the valuation of investments and derivatives by reference to independent sources and had also confirmed the existence and ownership of the investments with the Company's Custodian and that of the derivatives with the Company's counterparty.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's independent Auditor for the year ended 31 July 2016. The Committee reviewed the independence of the Auditor and the effectiveness of the audit process.

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

- The audit plan for the year, including the audit team and approach to significant risks;
- The Auditor's arrangements for any conflicts of interest;
- The extent of any non-audit services (there were no audit services provided to the Company during the period. Any indirect services provided to Fidelity which the Company utilised, were terminated before the start of the audit engagement); and
- The statement by the Auditor that they remain 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;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 July 2016; and
- Feedback from the Manager.

Auditor's Appointment and Audit Tenure

In line with EU regulations on mandatory audit rotation, a formal audit tender process was carried out last year and Ernst & Young LLP was appointed as the Company's independent Auditor on 30 November 2015. The Committee has reviewed the Auditor's independence and effectiveness of the audit process and recommend the reappointment of Ernst & Young LLP to the Board at the forthcoming Annual General Meeting. The Auditor is required to rotate the audit partner every five years and this is the first year that the audit partner has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditor.

Grahame Stott

Chairman of the Audit Committee
25 October 2016

Independent Auditor's Report

To the Members of Fidelity Asian Values PLC

Our opinion on the financial statements

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Company's affairs as at 31 July 2016 and of its profit for the year then ended;
- Have been properly prepared in accordance with UK GAAP; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

We have audited the Financial Statements of Fidelity Asian Values PLC for the year ended 31 July 2016 which comprise:

- The Income Statement for the year ended 31 July 2016;
- The Balance Sheet as at 31 July 2016;
- The Statement of Changes in Equity for the year ended 31 July 2016; and
- The related notes 1 to 19 to the Financial Statements.

The financial reporting framework that has been applied in the preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Overview of our audit approach

Materiality	Overall materiality is £2.38m which represents 1% of Net Asset Value
Audit scope	<ul style="list-style-type: none"> • We performed the audit of the Financial Statements at Fidelity International to which the Board has delegated the provision of company secretarial and administration services; • Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company; and • All audit work was performed directly by the audit engagement team.
Risks of material misstatement	<ul style="list-style-type: none"> • Valuation and existence of listed investments and derivatives; and • Incomplete or inaccurate income recognition.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the

efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the Financial Statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
<p>Valuation and existence of listed investments and derivatives</p> <p><i>Refer to the Report of the Audit Committee (page 36); Accounting policies (page 46); and Notes 10 and 11 of the Financial Statements (pages 51 and 52)</i></p> <p>The valuation of the investments held at fair value through profit and loss and derivative instruments at 31 July 2016 was £223.0m (2015: £162.9m) comprising £222.4m (2015: £162.9m) of investments and £0.6m (2015: £0) of derivatives. The investment balance is made of predominantly listed securities £217m (2015: £162m).</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.</p> <p>Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Independently revalued all listed investments and derivatives in the portfolio at the year-end using our proprietary pricing tool, EY Visual Portfolio ('EYVP'); • EYVP obtains pricing data from multiple market sources (Bloomberg, Datalink, Standard & Poors and Markit) in order to identify the most appropriate market price for a particular security; • Compared EYVP pricing reports at the year end to the Company's valuation and investigated differences outside of our tolerable variance; • Agreed 100% of exchange rates to a relevant independent source; and • Agreed 100% of the holdings in the listed equity portfolio and derivatives to third party confirmation received from the Custodian, Brokers and Depository. 	<p>For all listed investments and derivatives, we noted no material differences in market value or exchange rates.</p> <p>We noted no unreconciled differences between the Custodian, Brokers or Depository confirmations and the Company's underlying financial records.</p>

Independent Auditor's Report

To the Members of Fidelity Asian Values PLC continued

Risk	Our response to the risk	What we concluded to the Audit Committee
<p>Incomplete or inaccurate income recognition Refer to the Report of the Audit Committee (page 36); Accounting policies (page 45); and Note 3 of the Financial Statements (page 47)</p> <p>The Company has reported revenue of £6.4m (2015: £4.5m).</p> <p>We focused on the recognition of revenue and its presentation in the Financial Statements given the importance of the total return to shareholders.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Walkthrough of process to obtain an understanding of the design of the controls; • Agreed a sample of dividends received on investments held from an independent pricing source to the income report and bank statements; • Agreed a sample of dividends declared during the year by the largest listed investments held by the Company as at the year end to an independent pricing source, income report and bank statements; • Agreed material accrued dividends at the beginning of the year and at the end of the year to an independent source and to the cash received post year end; • We reviewed the recognition criteria applied to the special dividends received during the year and assessed the appropriateness of the conclusion on the relevant treatment as documented by the Manager; and • Agreed the exchange rates used to translate a sample of income received in foreign currencies during the year. 	<p>We noted no issues in agreeing the sample of dividend income from equity and derivative securities to and from the independent source and to the bank statements.</p> <p>We noted no issues in agreeing the accrued dividend to an independent source.</p>

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, 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 at the Investment Manager, Administrator and Custodian 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.

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	£2.38m
Basis	1% of Net Asset Value
Rational	We applied this basis as it is a generally accepted auditing practice for investment trust audits.
Performance materiality for the financial statements as a whole	£1.19m
Specific performance materiality for the income statement column	£0.1m
Reporting Threshold	£0.12m

Materiality

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

We determined materiality for the Company to be £2.38m, which is 1% of the Company's Net Asset Value. We believe that Net Asset Value provides the most important financial metric on which shareholders would judge the performance of the Company and it is a generally accepted auditing practice for investment trust audits.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of materiality, namely £1.19m.

- We have set performance materiality at 50% of materiality, namely £1.19m to reflect this is our first year as Auditor of Fidelity Asian Values PLC.
- Given the importance of the revenue/capital distinction for the Company, we also applied a lesser testing threshold of £0.1m for the revenue column of the Income Statement, being 2.5% of profit before taxation.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.12m, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free

from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 34, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

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

Independent Auditor's Report

To the Members of Fidelity Asian Values PLC continued

Matters on which we are required to report by exception

International Standards on Auditing (UK and Ireland) reporting	<p>We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:</p> <p>Materially inconsistent with the information in the audited Financial Statements; or</p> <p>Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or otherwise misleading.</p> <p>In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.</p>	We have no exceptions to report.
Companies Act 2006 reporting	<p>We are required to report to you if, in our opinion:</p> <p>Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or</p> <p>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</p> <p>Certain disclosures of Directors' remuneration specified by law are not made; or</p> <p>We have not received all the information and explanations we require for our audit.</p>	We have no exceptions to report.
Listing Rules review requirements	<p>We are required to review:</p> <p>The Directors' statement in relation to going concern, set out on page 25, and longer-term viability, set out on page 11; and</p> <p>The 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.</p>	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

International Standards on Auditing (UK and Ireland) reporting

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:

We have nothing material to add or to draw attention to.

The Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;

The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;

The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and

The Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Matthew Price

(Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP

Statutory Auditor

London

25 October 2016

Notes:

- The maintenance and integrity of the Fidelity International web site is the responsibility of Fidelity International; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the web site.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 31 July 2016

	Notes	Year ended 31 July 2016			Year ended 31 July 2015		
		revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Gains on investments held at fair value through profit or loss	10	-	53,659	53,659	-	1,589	1,589
Gains on derivative instruments	11	-	1,928	1,928	-	4,352	4,352
Income	3	6,441	-	6,441	4,527	-	4,527
Investment management fee	4	(1,847)	-	(1,847)	(2,018)	-	(2,018)
Other expenses	5	(674)	-	(674)	(622)	-	(622)
Foreign exchange gains		72	583	655	24	19	43
Net return on ordinary activities before finance costs and taxation		3,992	56,170	60,162	1,911	5,960	7,871
Finance costs	6	(94)	-	(94)	(101)	-	(101)
Net return on ordinary activities before taxation		3,898	56,170	60,068	1,810	5,960	7,770
Taxation on return on ordinary activities	7	(284)	174	(110)	(287)	(566)	(853)
Net return on ordinary activities after taxation for the year		3,614	56,344	59,958	1,523	5,394	6,917
Return per ordinary share	8	5.36p	83.49p	88.85p	2.26p	7.99p	10.25p

The Company does not have any income or expenses that are not included in the net return on ordinary activities after taxation for the year. Accordingly the net return on ordinary activities after taxation for the year is also the total comprehensive income for the year and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

The Notes on pages 45 to 61 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 July 2016

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' equity £'000
Total shareholders' funds at 31 July 2015	16,872	20,232	3,197	7,367	8,613	120,496	2,160	178,937
Net return on ordinary activities after taxation for the year	-	-	-	-	-	56,344	3,614	59,958
Dividend paid to shareholders	9	-	-	-	-	-	(1,350)	(1,350)
Total shareholders' funds at 31 July 2016	16,872	20,232	3,197	7,367	8,613	176,840	4,424	237,545
Total shareholders' funds at 31 July 2014	16,872	20,232	3,197	7,367	8,613	115,102	1,379	172,762
Net return on ordinary activities after taxation for the year	-	-	-	-	-	5,394	1,523	6,917
Dividend paid to shareholders	9	-	-	-	-	-	(742)	(742)
Total shareholders' funds at 31 July 2015	16,872	20,232	3,197	7,367	8,613	120,496	2,160	178,937

The Notes on pages 45 to 61 form an integral part of these financial statements.

Balance Sheet

as at 31 July 2016

Company number 3183919

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	222,424	162,858
Current assets			
Derivative instruments	11	1,139	-
Other receivables	12	1,018	3,737
Amounts held in margin accounts		991	-
Cash at bank		14,324	14,366
		17,472	18,103
Current Liabilities			
Derivative instruments	11	(542)	-
Other payables	13	(1,809)	(2,024)
		(2,351)	(2,024)
Net current assets		15,121	16,079
Net assets		237,545	178,937
Capital and reserves			
Share capital	14	16,872	16,872
Share premium account	15	20,232	20,232
Capital redemption reserve	15	3,197	3,197
Other non-distributable reserve	15	7,367	7,367
Other reserve	15	8,613	8,613
Capital reserve	15	176,840	120,496
Revenue reserve	15	4,424	2,160
Total shareholders' funds		237,545	178,937
Net asset value per ordinary share	16	351.98p	265.14p

The Financial Statements on pages 42 to 61 were approved by the Board of Directors on 25 October 2016 and were signed on its behalf by:

Kate Bolsover
Chairman

The Notes on pages 45 to 61 form an integral part of these financial statements.

Notes to the Financial Statements

1 Principal Activity

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

2 Accounting Policies

The Company has for the first time applied the revised UK Generally Accepted Accounting Practice ("UK GAAP"), issued by the Financial Reporting Council ("FRC") and these Financial Statements have been prepared in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, effective for accounting periods beginning on or after 1 January 2015. The Company has early adopted the amendments to FRS 102: Fair value hierarchy disclosures, issued by the FRC in March 2016. The Financial Statements have also been prepared in accordance with the revised Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in November 2014.

As a result of the adoption of the revised UK GAAP and SORP presentation formats have been amended where appropriate. The Reconciliation of Movements in Shareholders' Funds has been renamed the Statement of Changes in Equity. A Cash Flow Statement has not been presented. 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. The net return on ordinary activities after taxation for the year and total shareholders' funds remain unchanged from what was reported under the former UK GAAP basis applied in the 2015 Annual Report and the 2015 figures have not required restatement.

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. A resolution proposing the continuation of the Company as an investment trust will be put to shareholders at the AGM on 2 December 2016. The Directors are recommending that shareholders vote in favour of this resolution. In accordance with this recommendation and given that the Company's assets consist mainly of securities which are readily realisable and that the Directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis. Accordingly the Financial Statements do not include any adjustments that may arise from a reconstruction or liquidation of the Company. Such adjustments would include expenses of reconstruction or liquidation along with any costs associated with realising the portfolio.

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

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

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

e) Management fees and other expenses – Management fees and other expenses are accounted for on an accruals basis and are charged in full to the revenue column of the Income Statement.

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

Notes to the Financial Statements continued

2 Accounting Policies continued

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

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

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

Deferred taxation is the taxation expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding taxation bases used in the computation of taxable profit based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

j) Investment held at fair value through profit or loss – The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company’s Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as bid or last traded prices, depending upon the convention of the exchange on which they are listed, where available, or otherwise at fair value based on published price quotations. Equity linked notes are valued at the same price as the listed investment underlying the contract.

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

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

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

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

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

2 Accounting Policies continued

m) Amounts held in margin accounts – Amounts held in margin accounts are amounts held in segregated accounts as collateral on behalf of brokers and are subject to an insignificant risk of changes in value.

n) Cash at bank – Cash at bank and cash equivalents may comprise cash and short-term money market funds which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

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

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Dividends receivable which are capital in nature; and
- Taxation charged or credited relating to items which are capital in nature.

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

3 Income

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Investment income		
Overseas dividends	5,847	4,021
Overseas scrip dividends	413	325
Overseas interest	–	16
	6,260	4,362
Derivative income		
Dividends on long CFDs	165	162
Interest on short CFDs	3	–
	168	162
Other income		
Deposit interest	13	3
Total income	6,441	4,527

Notes to the Financial Statements continued

4 Investment Management Fees

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Investment management fee	1,847	2,018

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. FIL charges fees at an annual rate of 0.90% on the first £200 million of gross assets and 0.85% on gross assets over £200 million. Prior to 1 August 2015, fees were charged at a flat annual rate of 1.00% on gross assets. Fees are payable quarterly in arrears and are calculated on the last business day of March, June, September and December.

5 Other Expenses

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
AIC fees	19	16
Custody fees	87	96
Depository fees	22	23
Directors' expenses	27	27
Directors' fees ¹	123	125
Legal and professional fees	62	66
Marketing expenses	122	101
Printing and publication expenses	63	53
Registrars' fees	38	36
Secretarial and administration fees	75	42
Sundry other expenses	12	13
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	24	24
	674	622

¹ Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 32.

6 Finance Costs

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Interest paid on long CFDs	52	101
Dividends paid on short CFDs	42	-
	94	101

7 Taxation on Return on Ordinary Activities

	Year ended 31 July 2016			Year ended 31 July 2015		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
a) Analysis of the taxation charge for the year						
Taxation on overseas dividends	284	-	284	287	-	287
Indian capital gains tax						
- paid in the year	-	-	-	-	742	742
Deferred tax	-	(174)	(174)	-	(176)	(176)
Total taxation charge for the year (see Note 7b)	284	(174)	110	287	566	853

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 20% (2015: 20.67%). A reconciliation of taxation at the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 July 2016			Year ended 31 July 2015		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Return on ordinary activities before taxation	3,898	56,170	60,068	1,810	5,960	7,770
Return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20% (2015: 20.67%)	780	11,234	12,014	374	1,232	1,606
Effects of:						
Gains on investments not taxable ¹	-	(11,234)	(11,234)	-	(1,232)	(1,232)
Income not taxable	(1,168)	-	(1,168)	(821)	-	(821)
Excess management expenses	399	-	399	454	-	454
Overseas taxation expensed	(11)	-	(11)	(7)	-	(7)
Overseas taxation suffered	284	-	284	287	-	287
Overseas capital gains tax suffered	-	-	-	-	742	742
Deferred tax	-	(174)	(174)	-	(176)	(176)
Total taxation charge for the year (see Note 7a)	284	(174)	110	287	566	853

¹ The Company is exempt from UK taxation 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 £2,905,000 (2015: £2,546,000), in respect of excess management expenses of £13,534,000 (2015: £11,539,000) and excess loan interest of £2,605,000 (2015: £2,605,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

A deferred tax liability at 31 July 2016 of nil (2015: £174,000) has been recognised in respect of Indian capital gains tax on Indian securities sold within a year of their purchase. A deferred tax liability of £438,000 has not been recognised at 31 July 2016 due to uncertainty as to whether future sales within a year of their purchase will occur, and if they did occur, whether the future price paid would result in a capital gain.

Notes to the Financial Statements continued

8 Return per Ordinary Share

	Year ended 31 July 2016			Year ended 31 July 2015		
	revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Return per ordinary share – basic and diluted	5.36p	83.49p	88.85p	2.26p	7.99p	10.25p

The returns per ordinary share are based on, respectively; the net revenue return on ordinary activities after taxation for the year of £3,614,000 (2015: £1,523,000), the net capital return on ordinary activities after taxation for the year of £56,344,000 (2015: £5,394,000) and the net total return on ordinary activities after taxation for the year of £59,958,000 (2015: £6,917,000), and on 67,488,213 ordinary shares (2015: 67,488,213), being the weighted average number of ordinary shares in issue during the year.

9 Dividends Paid to Shareholders

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Dividend paid		
Dividend paid of 2.00 pence per ordinary share for the year ended 31 July 2015	1,350	-
Dividend paid of 1.10 pence per ordinary share for the year ended 31 July 2014	-	742
	1,350	742
Dividend proposed		
Dividend proposed of 4.50 pence per ordinary share for the year ended 31 July 2016	3,037	-
Dividend proposed of 1.10 pence per ordinary share payable for the year ended 31 July 2015	-	1,350
	3,037	1,350

The Directors have proposed the payment of a dividend for the year ended 31 July 2016 of 4.50 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The dividend will be paid on 6 December 2016 to shareholders on the register at the close of business on 4 November 2016 (ex dividend date 3 November 2016).

10 Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Total investments¹	222,424	162,858
Opening book cost	173,359	142,586
Opening investment holding (losses)/gains	(10,501)	27,294
Opening fair value	162,858	169,880
Movements in the year		
Purchases at cost	105,417	253,555
Sales – proceeds	(99,510)	(262,166)
Sales – gains in the year	5,960	39,384
Movement in investment holding gains/(losses) in the year	47,699	(37,795)
Closing fair value	222,424	162,858
Closing book cost	185,226	173,359
Closing investment holding gains/(losses)	37,198	(10,501)
Closing fair value	222,424	162,858

¹ The Fair Value Hierarchy of the investments is shown in Note 17 below.

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Gains on investments in the year		
Gains on sales of investments	5,960	39,384
Investment holding gains/(losses)	47,699	(37,795)
	53,659	1,589

Investment transaction costs

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

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Purchase transaction costs	207	388
Sales transaction costs	213	619
	420	1,007

The portfolio turnover rate for the year was 55.9% (2015: 142.9%).

Notes to the Financial Statements continued

11 Derivative instruments

	Year ended 31.07.16 £'000	Year ended 31.07.15 £'000
Net gains on derivative instruments		
Realised gains on long CFDs	861	6,360
Realised losses on short CFDs	(36)	-
Realised gains on options	300	-
Movement in investment holding gains/(losses) on long CFDs	1,114	(2,008)
Movement in investment holding losses on short CFDs	(329)	-
Movement in investment holding gains on options	18	-
	1,928	4,352

	2016 fair value £'000	2015 fair value £'000
Fair value of derivative instruments recognised on the Balance Sheet		
Derivative assets held at fair value through profit or loss	1,139	-
Derivative liabilities held at fair value through profit or loss	(542)	-
	597	-

	2016		2015	
	fair value £'000	gross asset exposure £'000	fair value £'000	gross asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	1,114	5,263	-	-
Short CFDs	(329)	5,458	-	-
Covered call options reducing long exposure	(138)	(1,517)	-	-
Written put options	(50)	380	-	-
	597	9,584	-	-

12 Other Receivables

	2016 £'000	2015 £'000
Securities sold for future settlement	676	3,318
Accrued income	255	366
Debtors and prepayments	87	53
	1,018	3,737

13 Other Payables

	2016 £'000	2015 £'000
Securities purchased for future settlement	1,381	1,502
Deferred tax	-	174
Creditors and accruals	428	348
	1,809	2,024

14 Share Capital

	2016		2015	
	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid - Ordinary Shares of 25 pence each held outside Treasury				
Beginning and end of the year	67,488,213	16,872	67,488,213	16,872

15 Reserves

The share premium account represents the amount by which the proceeds, from the issue of ordinary shares on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The other non-distributable reserve represents amounts transferred with High Court approval from the warrant reserve, in prior years. It is not distributable by way of dividend. It cannot be used to fund share repurchases.

The other reserve represents amounts transferred with High Court approval from the share premium account and the capital redemption reserve, in prior years. It is not distributable by way of dividend. It can be used to fund share repurchases.

The capital reserve reflects realised gains or losses on investments and derivative instruments sold, unrealised increases and decreases in the fair value of investments and derivative instruments held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund share repurchases and it is distributable by way of dividend. The Board has stated that it has no current intention to pay dividends out of capital.

The revenue reserve represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

16 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £237,545,000 (2015: £178,937,000) and on 67,488,213 (2015: 67,488,213) ordinary shares, being the number of ordinary shares in issue at the year end.

Notes to the Financial Statements continued

17 Financial Instruments

Management of risk

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

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

- Equity shares and equity linked notes;
- Derivative instruments including CFDs and options; and
- Cash, liquid resources and short-term receivables and payables 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 ordinary share capital and reserves. In addition, the Company may achieve a geared exposure to Asian equities through the use of derivative instruments which incur funding costs. Consequently the Company is exposed to a financial risk as a result of increases in Asian interest rates.

Interest rate risk exposure

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

	2016 £'000	2015 £'000
Exposure to financial instruments that earn interest		
Cash at bank	14,324	14,366
Short CFDs – exposure plus fair value	5,129	-
Amounts held in margin accounts	991	-
	20,444	14,366
	£'000	£'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	4,149	-
Net exposure to financial instruments that earn interest	16,295	14,366

17 Financial Instruments continued

Foreign currency risk

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

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

- Movements in foreign exchange rates affecting the value of investments and derivative instruments;
- Movements in foreign exchange rates affecting short term timing differences; and
- Movements in foreign exchange rates affecting income received.

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

Currency exposure of financial assets

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

currency					2016
	investments held at fair value through profit or loss £'000	long exposure to derivative instruments £'000	other receivables £'000	cash ¹ £'000	total £'000
Indian rupee	45,185	–	63	30	45,278
Hong Kong dollar	35,952	–	104	54	36,110
Taiwan dollar	24,690	–	73	904	25,667
US dollar	14,291	5,643	1	11,620	31,555
Singapore dollar	18,717	–	90	–	18,807
Australian dollar	16,816	–	365	–	17,181
Thai baht	15,471	–	227	–	15,698
Korean won	15,416	–	1	3	15,420
Philippine peso	12,741	–	–	–	12,741
Indonesian rupiah	9,969	–	4	–	9,973
Malaysian ringgit	5,236	–	–	–	5,236
Other overseas currencies	7,940	–	7	1,564	9,511
UK sterling	–	–	83	1,140	1,223
	222,424	5,643	1,018	15,315	244,400

¹ Cash includes cash at bank and amounts held in margin accounts.

Notes to the Financial Statements continued

17 Financial Instruments continued

2015

currency	investments held at fair value through profit or loss £'000	exposure to long derivative instruments £'000	other receivables £'000	cash £'000	total £'000
US dollar	13,953	-	476	14,074	28,503
Taiwan dollar	27,427	-	283	156	27,866
Hong Kong dollar	27,105	-	13	40	27,158
Indian rupee	25,808	-	429	-	26,237
Australian dollar	14,153	-	1,279	-	15,432
Korean won	14,428	-	10	4	14,442
Singapore dollar	12,721	-	397	-	13,118
Thai baht	9,217	-	-	-	9,217
Indonesian rupiah	6,991	-	-	-	6,991
Malaysian ringgit	4,332	-	797	-	5,129
Other overseas currencies	6,723	-	-	26	6,749
UK sterling	-	-	53	66	119
	162,858	-	3,737	14,366	180,961

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

17 Financial Instruments continued

currency	exposure	other	2015
	to short derivative instruments £'000	payables £'000	total £'000
Singapore dollar	-	529	529
Indian rupee	-	372	372
Taiwan dollar	-	325	325
Korean won	-	256	256
Other overseas currencies	-	197	197
UK sterling	-	345	345
	-	2,024	2,024

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets at least quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively managing and monitoring the existing portfolio, selected in accordance with the overall asset allocation parameters described above, and seeks to ensure that individual stocks also meet an acceptable risk/reward profile.

Liquidity risk

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

The remaining undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument financial liabilities held at fair value through profit or loss of £542,000 (2015: nil) and other payables of £1,809,000 (2015: £2,024,000).

Counterparty risk

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

For OTC derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions. At 31 July 2016 £846,000 (2015: nil) was held by the brokers, in government bonds in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company and £991,000 (2015: nil) was held by the Company in cash, shown as amounts in margin accounts on the Balance Sheet, in a segregated collateral account on behalf of the brokers, to reduce the credit risk exposure of the brokers.

Notes to the Financial Statements continued

17 Financial Instruments continued

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Investment Managers and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on unsettled security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

The Company's investment policy was changed following the 2015 AGM and derivative instruments may now be employed for the following purposes:

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

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

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the balance sheet date, an increase of 0.25% in interest rates throughout the year would have increased the return on ordinary activities after taxation for the year and increased the net assets of the Company by £41,000 (2015: £36,000). A decrease of 0.25% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

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

currency	2016 £'000	2015 £'000
Indian rupee	(4,114)	(2,351)
Hong Kong dollar	(3,273)	(2,469)
US dollar	(2,427)	(2,591)
Taiwan dollar	(2,333)	(2,504)
Singapore dollar	(1,689)	(1,144)
Australian dollar	(1,553)	(1,403)
	(15,389)	(12,462)

17 Financial Instruments continued

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

currency	2016 £'000	2015 £'000
Indian rupee	5,028	2,874
Hong Kong dollar	4,000	3,018
US dollar	2,966	3,167
Taiwan dollar	2,852	3,060
Singapore dollar	2,065	1,399
Australian dollar	1,899	1,714
	18,810	15,232

Other price risk – exposure to investments sensitivity analysis

An increase of 10% in the fair value of investments at 31 July 2016 would have increased the total return on ordinary activities after taxation for the year and increased the net assets of the Company by £22,242,000 (2015: £16,286,000). A decrease of 10% in the fair value of investments would have had an equal and opposite effect.

Other price risk – exposure to derivative instruments sensitivity analysis

An increase of 10% in the fair value of the investments underlying the derivative instruments at 31 July 2016 would have decreased the total return on ordinary activities after taxation for the year and decreased the net assets of the Company by £133,000 (2015: nil). A decrease of 10% in the fair value of investments underlying the derivative instruments would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

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

Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Notes to the Financial Statements continued

17 Financial Instruments continued

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in Note 2 (j) and (k) above. The table below sets out the Company's fair value hierarchy:

	level 1 £'000	level 2 £'000	2016 total £'000	level 1 £'000	level 2 £'000	2015 total £'000
Financial assets at fair value through profit or loss						
Investments	216,658	5,766	222,424	161,602	1,256	162,858
Derivative instruments	-	1,139	1,139	-	-	-
	216,658	6,905	223,563	161,602	1,256	162,858
Financial liabilities at fair value through profit or loss						
Derivative instruments	(188)	(354)	(542)	-	-	-

18 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed in the Balance Sheet above, and its gearing which is achieved through the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 8. The principal risks and their management are disclosed in the Strategic Report on pages 10 and 11 and in Note 17 above.

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

	2016 gross asset exposure £'000	2015 gross asset exposure £'000
Long exposures – shares and equity linked notes	222,424	162,858
Covered call options reducing the above exposure	(1,517)	-
Written put options	380	-
Long CFDs	5,263	-
Total long exposures	226,550	162,858
Short exposures – short CFDs	5,458	-
Gross Asset Exposure	232,008	162,858
Total Shareholders' Funds	237,545	178,937
Gearing – (net cash position)¹	(2.3)%	(9.0)%

¹ Gross Asset Exposure less than 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 fee arrangements are given in the Directors' Report, on page 25, and in Note 4 above. During the year management fees of £1,847,000 (2015: £2,018,000) and secretarial and administration fees of £75,000 (2015: £42,000) were payable to FIL. At the Balance Sheet date management fees of £174,000 (2015: £150,000) and secretarial and administration fees of £46,000 (2015: £3,000) were accrued and included in other payables. FIL also provides the Company with marketing services. The total amount payable for these services during the year was £122,000 (2015: £101,000). At the Balance Sheet date marketing services of £14,000 (2015: £47,000) were accrued and included in other payables.

Disclosures of the Directors' interests in the ordinary shares of the Company and Directors' fees and taxable benefits relating to reasonable travel expenses payable to the Directors are given in the Directors' Remuneration Report on pages 32 and 33. The Directors received compensation of £135,000 (2015: £137,000). In addition to the fees and taxable benefits disclosed in the Directors' Remuneration Report, this amount includes £11,000 (2015: £12,000) of employers' National Insurance Contributions paid by the Company.

Financial Calendar

The key dates in the Company's calendar are:

31 July 2016 – Financial Year End

October 2016 – Announcement of results for the year ended 31 July 2016

November 2016 – Publication of this Report

3 November 2016 – Ex-dividend Date

4 November 2016 – Record Date

2 December 2016 – Annual General Meeting

6 December 2016 – Payment of the Dividend

31 January 2017 – Half-Year End

March 2017 – Announcement of the Half-Yearly results to 31 January 2017

April 2017 – Publication of the Half-Yearly Report

Shareholder Information

Investing in Fidelity Asian Values PLC

As Fidelity Asian Values PLC is a company listed on the London Stock Exchange, you can buy its shares through a stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest can be found on Fidelity's website at

www.fidelityinvestmenttrusts.com

Contact Information

Existing shareholders should contact the appropriate administrator using the contact details given below. This may be Capita Asset Services, the Company's Registrar, or Fidelity, or it may be another platform or administrator of your choice. Links to the websites of major platforms can be found online at www.fidelityinvestmenttrusts.com

Holders of ordinary shares on the main share register

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

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

Email: shareholderenquiries@capita.co.uk

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

Fidelity Platform Investors

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

Website: www.fidelity.co.uk/its

Private investors: call free to **0800 41 41 10**, 9.00 am to 6.00 pm, Monday to Saturday.

Financial advisers: call free to **0800 41 41 81**, 8.00 am to 6.00 pm, Monday to Friday.

General enquiries

General enquiries should be made to the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. Email: investmenttrusts@fil.com. Telephone: **01732 361 144**.

Website: www.fidelityinvestmenttrusts.com

Online Shareholder Services – Share Portal

Through the website of the Registrar, Capita Asset Services, shareholders are able to manage their shareholding online by registering for the Share Portal, a free, secure, online access to your shareholding. Facilities include:

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

Amendment of Standing Data – Allows shareholders to change their registered postal address and to add, change or delete dividend mandate instructions. Shareholders can also download from this site forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

To make use of any of these facilities, please log on to the Capita Asset Services website: www.capitashareportal.com

Should you have any queries in respect of the above facilities, please do not hesitate to contact the Capita Share Portal helpline on **0871 664 0300** (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call **+44 371 664 0300**. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Capita Share Dealing Services

You can make use of a low cost share dealing service provided by Capita Asset Services to buy or sell shares. Further information is available at www.capitadeal.com, or by telephoning **0371 664 0454** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 8.00 am to 4.30 pm, Monday to Friday excluding public holidays in England and Wales). The Capita Share Dealing Services allows you to deal in the shares of other companies for which Capita acts as Registrar, provided you are already a shareholder in the relevant company, and that company offers the Share Deal facility to its shareholders.

Dividend Reinvestment Plan

Capita's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using your dividend money to purchase additional shares in the Company. The plan is provided by Capita Asset Services, a trading name of Capita IRG Trustees Limited which is authorised and regulated by the Financial Conduct Authority.

For more information and an application pack call **0371 664 0381** between 9.00 am and 5.30 pm Monday to Friday. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Alternatively you can email: shares@capita.co.uk or log on to www.capitashareportal.com

ShareGift

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

Keeping You Updated

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

Shareholder Information continued

Managers and Advisors

Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent
TN11 9DZ

Portfolio Manager, Secretary and Registered Office

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

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker and Custodian

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

Depository

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

Registrar

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

Lawyer

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Financial Advisers and Stockbrokers

Stifel Nicolaus Europe Ltd
150 Cheapside
London
EC2V 6ET

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 Company issued one subscription share for every five ordinary shares held on 4 March 2010 (the final subscription date for the subscription shares was 31 May 2013).

The Company is a member of The Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning 020 7282 5555 (email address: enquiries@theaic.co.uk).

Price Information

The share price of Fidelity Asian Values PLC is published daily in the Financial Times under the heading "Investment Companies". The share price is also published in The Times, The Daily Telegraph and The Independent and is also available at www.fidelityinvestmenttrusts.com.

Investors can also obtain current price information by telephoning Fidelity for free on 0800 41 41 10 (freephone) or FT Cityline on 0905 817 1690, (voice activated service - all calls charged at 60p per minute on a per second basis from a BT landline. Charges for other telephone networks may vary). The Reuters code for Fidelity Asian Values PLC is FAS.L, the sedol is 0332231 and the ISIN is GB0003322319.

Net Asset Value ("NAV") Information

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

UK Capital Gains Tax

Your Directors have been advised that, for the purposes of calculating an investor's possible liability to capital gains tax, the base cost of ordinary shares, acquired at the time of the Company's launch, is 93.04 pence. All UK individuals under present legislation are permitted to have £11,100 of capital gains in the current tax year 2016/2017 (2015/2016: £11,100) before being liable for capital gains tax. From 6 April 2016, capital gains tax is charged at 10% and 20% dependant on the total amount of taxable income.

Glossary of Terms

AIF

Alternative Investment Fund. The Company is an AIF.

AIFM

Alternative Investment Fund Manager. The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM/the Manager.

AIFMD

The Alternative Investment Fund Managers Directive is a European Union Directive and was implemented on 22 July 2014.

American Depositary Receipt (ADR)

A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

Capital Gains Tax (CGT)

The tax you may have to pay if you sell your shares at a profit.

Collateral

Asset provided as security for the unrealised gain or loss under a contract for difference.

Comparative Index

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

Contract For Difference (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received.

Corporation Tax

The UK tax the Company may have to pay on its profits for a year. As an investment trust company, the Company is exempt from UK corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income and consequently it is tax efficient and does not pay corporation tax.

Custodian

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

Depository

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

Derivatives

Financial instruments (such as futures, options and contracts for difference) whose value is derived from the value of an underlying asset.

Discount

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

Equity Linked Notes

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on equity linked notes may be determined by an equity index, a basket of equities, or a single equity.

Fair Value

The fair value is the best measure of the realisable value of the investments, including derivatives, at a point in time and this is measured as:

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

Futures

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

Gearing

Gearing describes the level of the Company's exposure and is expressed as a percentage of shareholders' funds. It reflects the amount of exposure the Company uses to invest in the market. It can be obtained through the use of bank loans, bank overdrafts and derivatives, in order to increase the Company's exposure to investments. If assets rise in value, gearing magnifies the return to shareholders. Correspondingly, if assets fall in value, gearing magnifies the fall. Derivatives are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

Glossary of Terms continued

Gearing Percentage

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

Gross Asset Exposure

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

Hedging

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

Leverage

Any method by which an AIFM increases the exposure of an AIF it manages whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means. Leverage is measured in terms of exposure and is expressed as a ratio of net asset value. There are two measures of calculating leverage:

- The Gross Method which does not reduce exposure for hedging; and
- The Commitment Method which reduces exposure for hedging.

Manager

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

Net Asset Value (NAV)

Net asset value is sometimes also described as "shareholders' funds", and represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the net asset value on a per share basis.

Net Market Exposure

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

Ongoing Charges

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

Options

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

Portfolio Manager

Nitin Bajaj is the appointed Portfolio Manager for the Company and is responsible for managing the Company's assets.

Pre-Emption Rights

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held by existing shareholders. At each Annual General Meeting, the Board seek shareholder approval to disapply pre-emption right provisions, up to 5% of the Company's issued share capital.

Premium

If the share price of the Company is higher than the net asset value per share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value. The opposite of a premium is a discount.

Registrar

An entity that manages the Company's shareholders register. The Company's Registrar is Capita Asset Services.

Return

The return generated in the period from the investments:

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

Shareholders' Funds

Shareholders' funds are also described as net asset value and represent the total value of the Company's assets less the total value of its liabilities.

Total Return Performance

The return on the share price or net asset value per share taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested for additional shares (for share price total return) or in the Company's assets (for net asset value total return).

Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not receive dividends, have no voting rights and are excluded from the net asset value per share calculation.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Board appointed FIL Investment Services (UK) Limited ("FISL") (a Fidelity group company) as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the portfolio management and company secretarial function to FIL Investments International (another Fidelity group company). Details of the Management Agreement can be found in the Directors' Report on page 25.

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

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 8 and 9.
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 is agreed with the Board and demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</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.</p> <p>The Board remains responsible for the Company's system of internal control and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 10 and 11 and in Note 17 to the Financial Statements on pages 54 to 60.</p>
Valuation of illiquid assets	<p>The Directive requires the disclosure of the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. Further, any new arrangements for managing the liquidity of the Company must be disclosed.</p>	Not Applicable.
Leverage	<p>The Company can use leverage to increase its exposure to the stockmarkets of the Asian Region (excluding Japan) and currently uses long contracts for difference 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>A definition of leverage is included in the Glossary of Terms on page 66.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. There have been no changes to the maximum level of leverage that the Company may employ during the year.</p> <p>At 31 July 2016, actual leverage was 0.98 for the Gross Method and 1.04 for the Commitment Method.</p>
Liquidity management	<p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is reviewed and updated, if required, 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 57.</p>
Remuneration of the AIFM	<p>The AIFM operates under the terms of Fidelity International's Global Remuneration Policy. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).</p>	<p>Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page.</p>

The AIFM's Annual Report is available to shareholders on request. Please contact the Company Secretary whose address can be found on page 64.



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