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Welcome to the Fidelity Asian Values PLC Annual Report 2023.

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FIDELITY ASIAN VALUES PLC

Annual Report for the year ended 31 July 2023



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Investment Objective and Overview

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

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

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

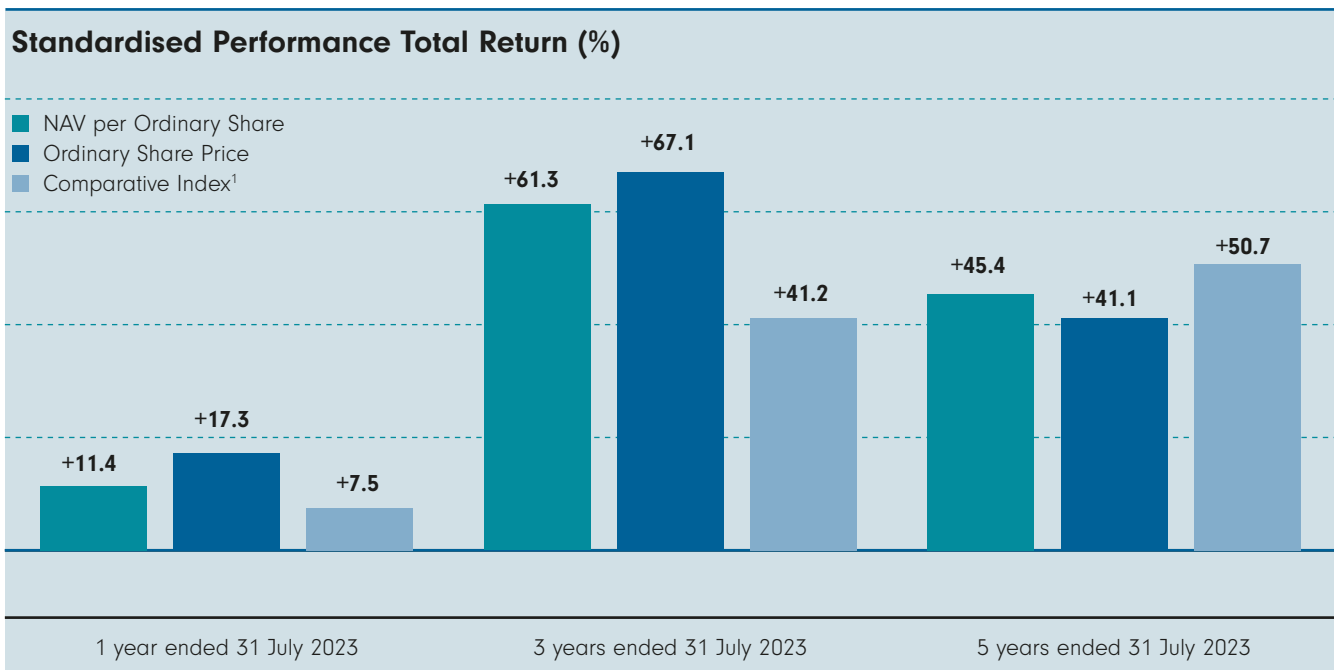
Kate Bolsover, Chairman,
Fidelity Asian Values PLC



At a Glance

<p>Net Asset Value ("NAV") per Ordinary Share total return^{1,2}</p> <p>+11.4%</p> <p>2022: +3.9%</p>	<p>Ordinary Share Price total return^{1,2}</p> <p>+17.3%</p> <p>2022: -3.4%</p>
<p>Comparative Index total return^{1,3}</p> <p>+7.5%</p> <p>2022: -5.6%</p>	<p>Dividend per Ordinary Share</p> <p>14.50p</p> <p>2022: 14.00p</p>

1 Calculated on the basis that dividends paid to shareholders are reinvested in the Company at the ex-dividend date.
 2 Alternative Performance Measures. See pages 79 and 80.
 3 MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms).



¹ MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms).

Sources: Fidelity and Datastream.
 Past performance is not a guide to future returns.

Summary of Results

	2023	2022
Assets as at 31 July		
Gross Asset Exposure ¹	£440.8m	£383.7m
Net Market Exposure ¹	£413.7m	£367.8m
Total Shareholders' Funds	£394.6m	£367.6m
NAV per Ordinary Share ^{1,2}	549.33p	507.78p
Gross Gearing ^{1,2}	11.7%	4.4%
Net Gearing ^{1,2}	4.9%	0.0%
Share Price and Discount data at 31 July		
Ordinary Share Price at year end	520.00p	458.00p
Year high	534.00p	505.00p
Year low	423.00p	407.00p
(Discount) to NAV per Ordinary Share at year end ^{1,2}	(5.3%)	(9.8%)
Premium year high/(Discount) year low	0.8%	(0.2%)
(Discount) year high	(12.9%)	(14.5%)
Results for the year ended 31 July		
Revenue Return per Ordinary Share ^{1,2}	15.17p	14.21p
Capital Return per Ordinary Share ^{1,2}	39.95p	4.31p
Total Return per Ordinary Share ^{1,2}	55.12p	18.52p
Ongoing Charges Ratio ^{1,2}	0.96%	0.95%
Variable Management Fee ³	0.07%	(0.20%)
Ongoing Charges Ratio including Variable Management Fee ²	1.03%	0.75%

1 See Glossary of Terms on pages 91 to 93.

2 Alternative Performance Measures. See pages 79 and 80.

3 The variable element of the management fee is calculated over a rolling three year period with reference to the Benchmark Index (see Glossary of Terms on page 91 for details of the Benchmark Index).

Summary of the key aspects of the Investment Policy

The Portfolio Manager invests in securities of companies which he considers have fundamental value that has not been recognised by the market.

The Company is not restricted in terms of size or industry of companies included in the portfolio and may invest in unlisted securities.

The Company may also invest into other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management and investment purposes.

The Company operates a variable management fee arrangement which is calculated by reference to its Benchmark Index.

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Read more on pages 02 to 04



Portfolio Manager's Review

Read more on pages 05 to 11

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Chairman's Statement



Kate Bolsover – I am pleased to present the Annual Report of Fidelity Asian Values PLC (the “Company”) for the year ended 31 July 2023.

£394.6m

(As at 31 July 2023)
Total Shareholders' Funds

+11.4%

(Year ended 31 July 2023)
Net Asset Value per Ordinary Share
total return

+17.3%

(Year ended 31 July 2023)
Ordinary Share Price total return

+7.5%

(Year ended 31 July 2023)
Comparative Index total return

This is my last Annual Report for the Company, having served as your Chairman for nine years this December. During that time, your Company has gone through significant changes. Having begun as a large-cap Asia fund, it now operates in a very different area, primarily investing in smaller companies with a focus on value stocks. As I prepare to retire from the Board, I have taken the opportunity to look back at the impact of these changes, beginning with the selection of Nitin Bajaj as your Portfolio Manager in April 2015. From Nitin's appointment until 31 July 2023, your Company has produced a Net Asset Value (“NAV”) total return of 112.6% and a share price total return of 129.0%, outperforming the Comparative Index (MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms)) of 72.9% and also the peer group average total returns of 87.5% (NAV) and 117.1% (share price). During this time, the discount to NAV has narrowed from the mid-teens to low single digits (occasionally trading at a premium, which is testament to a very clear and well-supported investment proposition), and we have also been able to deliver a significant increase in the dividend, both of which have been to the long-term benefit of shareholders.

Coming back to the year just ended, it is pleasing to report a year of strong performance, in which your Portfolio Manager's strong stock selection has been complemented by a market environment that has favoured the Company's quality and value-focused investment approach. In the year to 31 July 2023, the NAV total return was 11.4%, while the Comparative Index total return was 7.5% over the same period. After experiencing negative performance in the last financial year, the share price has rebounded strongly, producing a total return of 17.3% as the discount to NAV has narrowed from 9.8% at the start of the year to 5.3% at the end. This is particularly notable given the general widening in investment trust discounts during the year. Nitin talks more on the drivers for the positive performance in his Portfolio Manager's Review on the following pages.

Due Diligence 2023

In March 2023, your Board took an in-person due diligence trip to Asia for the first time since 2018. We travelled first to Singapore, where the portfolio management team is based, and spent time with Nitin, Ajinkya Dhavale, who has now been the Assistant Portfolio Manager of the Company for three years, and colleagues, including Fidelity's Head of Equities for the Asia Pacific region. We also met with some locally based companies to see how Fidelity's meetings with them are run and how they form part of the stock picking process. We then went to South Korea for three days of company visits. What stood out to us as a Board was the quality of the management teams we met in Korea and the depth and calibre of the businesses; although these companies are not the largest, their global presence was really startling. One example was Hankook Tire, a provider of e-vehicle tyres and a growing contributor to profits. It has recently taken over from Michelin as the official supplier for the Formula E motor racing competition. It was most interesting to observe Nitin and Ajinkya as they interviewed companies, and to see during a process of incisive questioning, the very obvious mutual respect in which they hold both management and each other. This really underpins our continued confidence in the team that manages your – and our – investment in the Company.

Discount management and share repurchases

After the spike in market volatility seen in the first half of 2022 when Russia invaded Ukraine, conditions continued to be unsettled into the first half of the Company's financial year ended 31 July 2023. Between August and November 2022, the Board approved the repurchase of 569,000 ordinary shares (0.8% of the issued share capital) for holding in Treasury, at a cost of £2,618,000. Since then and up to the date of this report, no shares have been repurchased, given an encouraging narrowing of the Company's discount even as peers' and broader investment trust average discounts have widened.

Your Board closely monitors the Company's share price discount to NAV and will undertake active discount management where necessary, the primary purpose of which is to limit discount volatility. Repurchases of ordinary shares are made at the discretion of the Board, within guidelines set by it and considering prevailing market conditions. Shares will only be repurchased in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an enhancement to the NAV per ordinary share. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury any ordinary shares repurchased by the Company, rather than cancelling them. Any shares held in Treasury would only be reissued at NAV per ordinary share or at a premium to NAV per ordinary share.

Dividend

Your Portfolio Manager invests principally for capital growth, but his value-oriented investment style tends to lead him towards unleveraged, cash-generative businesses that may themselves be able to pay rising dividends. As such, the Company's revenue return was 15.17 pence per ordinary share (an increase of 6.8% from the prior year revenue return of 14.21 pence per ordinary share). Last year your Board declared a substantially increased dividend of 14.00 pence per share (2021: 8.80 pence). While we noted at the time that shareholders should not assume that such dividends would continue in the future, we are very pleased to be able to recommend another increase in the dividend for 2023, to 14.50 pence per share which will be paid to shareholders on 6 December 2023. The Board is again recommending that almost all of the income earned be paid out as a dividend. We would reiterate, however, that income is an output rather than an aim of the investment process, and that no guarantees can be offered as to the level of any future dividends.

Gearing

As I noted in last year's Annual Report, the Company's level of gross gearing is directly proportional to the investment opportunities that your Portfolio Manager sees. When Nitin is optimistic about opportunities and he and his team generate ideas in response to market conditions, then the Company will be more geared. As such, it is notable that gearing during the year reached the highest level we have seen during Nitin's tenure, ending the year with gross gearing at 11.7%, up from 4.4% as at 31 July 2022; net gearing was 4.9% (2022: nil). As Nitin notes in his review on the following pages, gearing has been increased largely in response to a number of particularly interesting investment opportunities in China, which have been out of favour with investors. The Company's gearing is achieved using contracts for difference ("CFDs"); we have no bank borrowings

or structural long-term debt. We regularly review the use of CFDs and have again concluded that they remain a more efficient and flexible form of financing than either secured or unsecured debt, as well as enabling your Portfolio Manager to be fleet of foot in the deployment of gearing. We are fortunate that Fidelity has the infrastructure and capability to allow the use of CFDs in the portfolio; few other management groups can offer this.

Use of Short Positions

A few years ago, the Board approved giving your Portfolio Manager the ability to 'short' stocks, and we are pleased to report that this approach is adding value and has been a positive contributor during the year. A short position is taken on the view that the price of a stock or the value of an index will go down rather than up. Ajinkya has extensive experience in shorting, and Nitin is encouraged by the availability of such opportunities in the market today, given a real disparity between the prospects of the smaller value stocks that he favours and some of the large and mega-cap stocks in Asia that he thinks are vulnerable. Short positions are limited to a maximum of 10% of the portfolio and do not usually exceed ten stocks. While there is no intention to increase the limit, the combination of Ajinkya's (and Fidelity's) competence and the current market environment means that Nitin may maintain and even opportunistically increase the short exposure, within the investment limits. Total short exposure as at 31 July 2023 was 3.4% (2022: 2.2%).

Environmental, Social & Governance (ESG)

There has been something of an ESG backlash in recent times. Your Company is not an 'ESG fund', but good governance and social behaviour and a strong regard for the environment have always been fundamental to the way Nitin invests. Assessing ESG in Asia can be quite different from that in developed economies. Smaller Asian companies may not have the resources to report on ESG as companies do in the West, so the strength and depth of Fidelity's large analyst team in the region is invaluable in making properly thought-through assessments in the process, both on a fundamental and an ESG basis.

In the Portfolio Manager's Review, Nitin shares the example of Shriram Finance as a position that has not only added value to the portfolio, but is also a well-governed company doing social good as well as mitigating environmental impact. Shriram Finance was formed from the merger of two companies offering affordable finance on used commercial vehicles and two-wheelers. It serves communities and micro, small and medium enterprises that would otherwise face high interest costs from unregulated lending, enabling them to grow their businesses without the unaffordable expense or the environmental impact of scrapping old vehicles and building new ones.

Board of Directors and Board Succession

Grahame Stott, having served nine years on the Board, retired as a non-executive Director and Chairman of the Audit Committee at the Company's AGM in November 2022. At the same time, we welcomed Hussein Barma as a new non-executive Director and Chairman of the Audit Committee. Hussein is both a qualified lawyer and a chartered accountant and has considerable experience in the listed company sector in the UK and long familiarity with Asia, as well as a good eye for detail. Clare

Chairman's Statement continued

Brady will be stepping up as Chairman as I step down and will continue to bring her invaluable experience and skills to the Board. She will be replaced as Senior Independent Director by Matthew Sutherland.

As noted in last year's Annual Report, Michael Warren will shortly have served nine years on the Board, but as part of the Board's succession plan, he has agreed to stay on until the 2024 AGM in order to ensure a good handover of the institutional and historical knowledge of the Company. We have already begun the process of selecting his replacement and will make a further announcement in due course. We will continue to maintain a Board with a diversity of backgrounds and an appropriate mix of skills to ensure the Company's continued good governance.

Market outlook

The outlook for financial markets globally remains uncertain in light of the ongoing war in Ukraine and US/China tensions. However, while the Western world continues to struggle with the highest levels of inflation and interest rates in nearly a generation, in many Asian markets, the economic environment is very different, and on a relative basis there are particularly good opportunities compared to the West. The structural case for investing in developing economies remains extremely strong: attractive demographics, a burgeoning middle class providing new markets for goods and services, and economies that can grow more rapidly. This is the backdrop against which your Portfolio Manager looks to buy companies, but it is not what drives the investment process, which is fundamentally to buy good companies, run by good people and at attractive valuations. As we enter our new financial year, Nitin continues to find good companies he wants to buy and I am therefore optimistic that this, combined with a positive market backdrop in Asia will continue to provide opportunities for investors in the coming year.

I wish him, the team and the Board every success for the future and would also like to thank all our shareholders for their continued support.

Annual General Meeting

The AGM of the Company will be held at 11.00 am on Wednesday, 29 November 2023 at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 84 to 87.

For those shareholders who are unable to attend in person, we will live-stream the formal business and presentations of the meeting online.

Nitin Bajaj, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He

and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at investmenttrusts@fil.com or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually, will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 86 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and we will answer as many of these as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website at www.fidelity.co.uk/asianvalues. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website <https://web.lumiagm.com>.

Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we would welcome your online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **109-975-634**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Kate Bolsover
Chairman
11 October 2023

Portfolio Manager's Review



Nitin Bajaj was appointed as the Portfolio Manager of Fidelity Asian Values PLC on 1 April 2015. He is based in Singapore and has over 21 years' investment experience. He is also the Portfolio Manager for the Fidelity Asian Smaller Companies Fund as well as the Fidelity China Focus Fund. He first joined Fidelity in 2003 as an Investment Analyst and then took over the Fidelity India Special Situations Fund and subsequently started the Fidelity India Value Fund. He managed these funds until November 2012, when Fidelity decided to sell its India business.



Ajinkya Dhavale has over 15 years of investment experience. He originally joined Fidelity as an analyst in 2013, covering the Auto, Cement, Telecommunications and Property sectors. He was promoted to Assistant Portfolio Manager of Fidelity Asian Values PLC on 1 June 2020 and currently specialises in small and mid-cap stocks in Korea, Taiwan and Frontier Asia.

Portfolio Manager's Review continued

Question

How has the investment Company performed in the year to 31 July 2023?

Answer

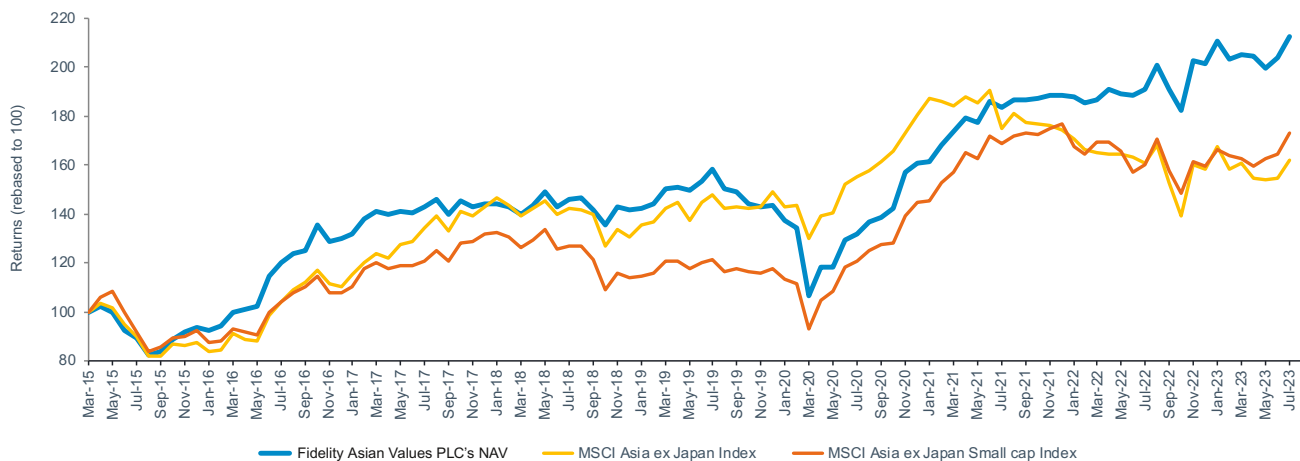
Over the year ended 31 July 2023, the Company's net asset value ("NAV") total return was +11.4%, outperforming the Comparative Index, the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms) which rose by +7.5%. The share price total return for the year was +17.3% due to a narrowing of the Company's discount.

Performance for the reporting year can be attributed primarily to stock picking, with our country allocation being a headwind to performance.

Our investment process is driven by owning good businesses which are run by management teams whom we trust and investing in them only when we have ample margin of safety. This often leads us to take contrarian positions as it is easier to find undervalued businesses in countries which are out of favour with investors. Following this philosophy, we have a significant percentage of the Company's portfolio in China and are underweight in Taiwan and India compared to the Index. Accordingly, while country selection would be a headwind to performance, this was more than offset by good stock selection in line with our investment philosophy, especially in our three key markets of China, India and Indonesia.

Over the longer-term (since 2015 when the Board changed the strategy of the Company to invest more in smaller companies), the NAV (post fees) has risen by +112.6% versus the MSCI All Countries Asia ex Japan Small Cap Index's (net) total return of +72.9% and the MSCI Asia ex Japan Large Cap Index's total return of +62.2%, both in sterling terms.

Fidelity Asian Values PLC's NAV performance versus MSCI Asia ex Japan Large Cap Index and MSCI Asia ex Japan Small Cap Index



Source: Fidelity International, Refinitiv DataStream, 31 July 2023. Total returns in sterling terms.

Question

China's reopening from COVID lockdowns has had a significant impact on the performance of global markets this year. How do you feel about China and the economic recovery?

Answer

When China reopened, there was a lot of optimism in the market, but it turned out that the recovery has been uneven and softer than expected in many areas. The property downcycle, geopolitics, the reining in of local government spending and increasing centralisation of political power has resulted in China being one of the few markets where profitability has not recovered post COVID. Consequently, there is a heightened perception of risks around Chinese companies, leading to a decline in stock prices. We agree with some of the reasons for negative sentiment around China and understand that it is difficult to predict when the economy will turn around.

However, we should also be cognisant of the strengths of the country's economy, its people and its businesses. It is the second largest economy in the world and consumption is expanding as a share of its GDP. It houses a significant part of the global supply chains of most products we use in our daily lives. Hence, we feel that these negative macro factors are transitory (as they were in the US post the housing crises of 2007-10 or in India post the policy paralysis of 2012-13). Good businesses will not only survive but are likely to be in a stronger competitive position post this downturn and by taking market share from their weaker peers. This is probably the best time to be investing in China as we are able to buy good businesses when both expectations and valuations are low.

Thus, there are good opportunities in China at the moment, which in turn has seen our combined exposure to China and Hong Kong increase to about 38%.

Question

Looking beyond China, where do you see value in stocks in the Asian region and how are you reflecting this in the Company's portfolio?

Answer

Our investments are based on our bottom-up fundamental analysis of companies and their businesses and our exposure to countries is primarily a result of our stock selection.

Looking at the portfolio beyond China, we are excited about the opportunities we see in Indonesia (around 14% exposure). Our holdings there are a mix of banks and consumer-facing companies which are best-in-class operators with high Returns on Equity ("ROEs") and reasonable valuations. For example, we own shares in two banks - Bank Mandiri (Persero) and Bank Negara Indonesia (Persero). The former has seen a sustained improvement in asset quality through better underwriting and risk management since 2016 under a new management, while the latter is going through restructuring with the same team of people who turned around Bank Mandiri (Persero). The portfolio is invested in the country's leading ceramic tiles manufacturer Arwana Citramulia, a business with long-term growth potential and a strong management team. Among a few other positions, we also have exposure to the country's KFC master franchisee, Fastfood Indonesia, which again has structural growth opportunity to expand as well as enhance operational efficiencies.

In India, while it has not been easy to find businesses with a suitable margin of safety, we are still able to identify specific stocks that fit our criteria. Our positions in India centre around financial sector companies as they are growing more quickly, have strong balance sheets and are available at prices which offer a good margin of safety. We have studied these businesses for over 15 years and trust the management teams who have delivered substantial shareholder value over time.

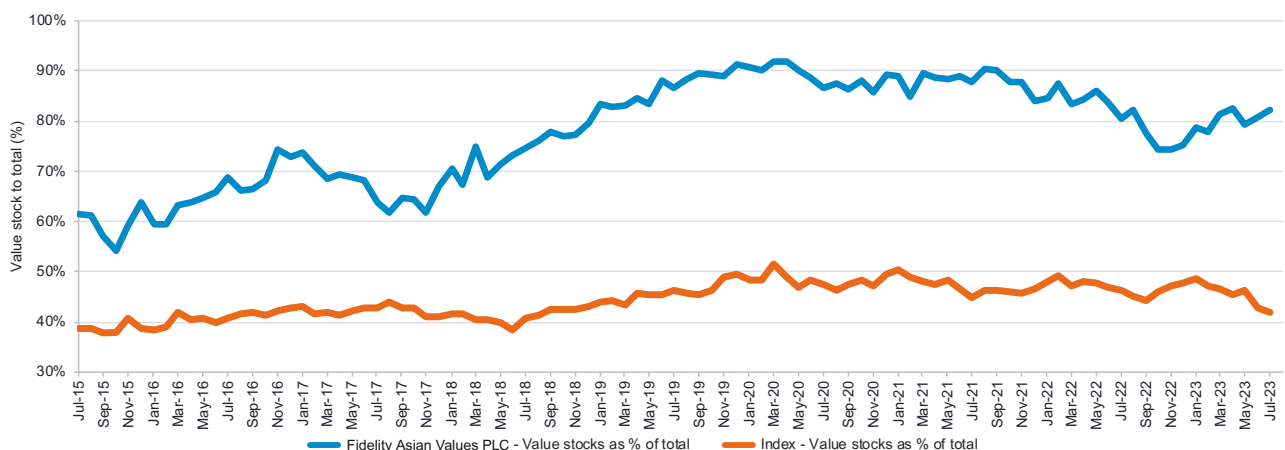
Question

Your mandate is to look for smaller companies to invest in. Can you give some examples of how smaller companies outperform?

Answer

We invest in a subset of these smaller companies - in what are popularly called 'value' stocks. Value stocks are classified as companies that are currently trading below what they are worth and are thus expected to provide superior returns. Almost 80% of the portfolio is invested in companies which fit this description.

Weighting in Value Stocks – Company versus Comparative Index



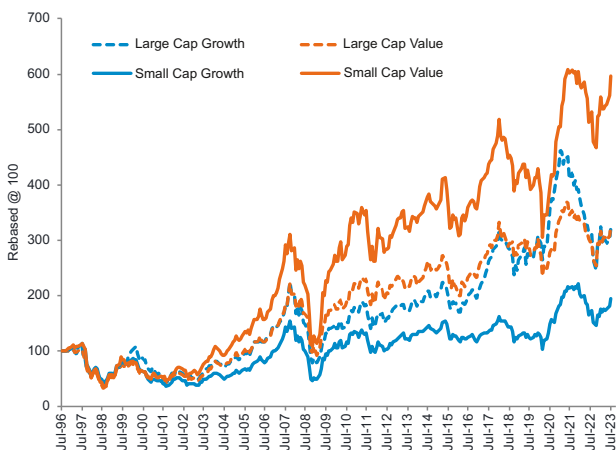
Source: Fidelity International, Factset, 31 July 2023. Index for attribution is MSCI All Countries Far East ex Japan Index until 31 July 2015 and MSCI All Countries Asia ex Japan Index until 31 January 2020 and MSCI All Countries Asia ex Japan Small Cap (net) total return Index thereafter.

Portfolio Manager's Review continued

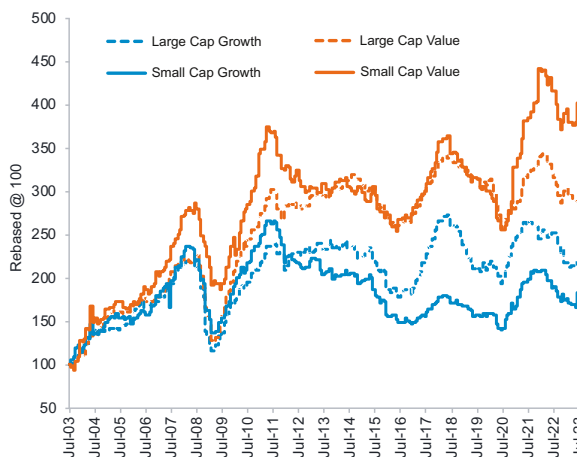
As shown in the charts below, over the long-term, this has been an attractive place to invest as small value stocks have grown earnings faster than the market and hence have delivered superior returns.

Small Cap Value Stocks provide higher Earnings per Share (EPS) and have delivered superior returns

MSCI Indices performance



MSCI Indices EPS growth

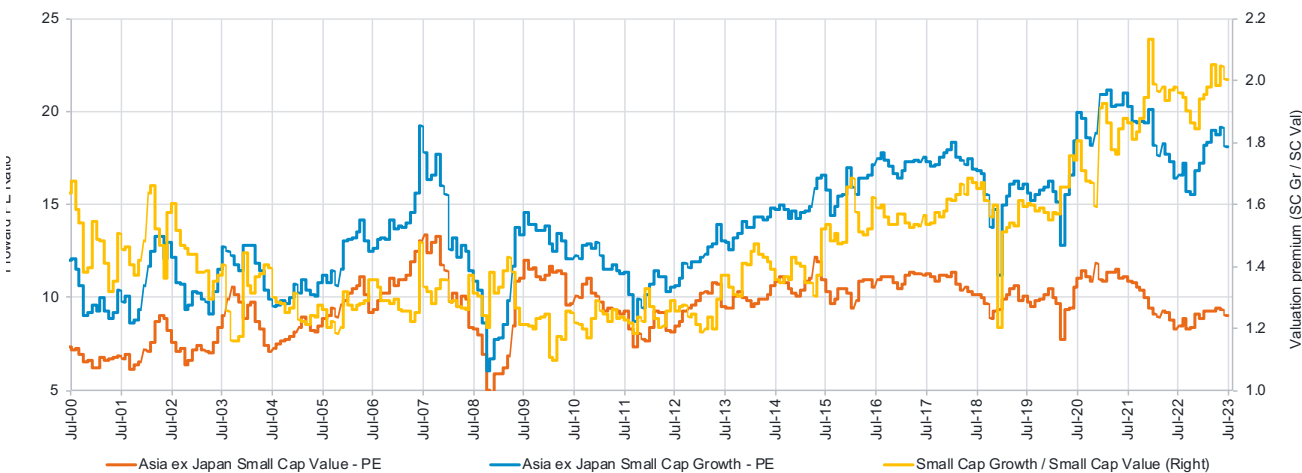


Source: Fidelity International, Refinitiv DataStream, 31 July 2023.

Despite this performance, the cohort of small value companies continues to trade at a significant discount to the rest of the market and looks very attractive today.

Value indices still close to their cheapest versus growth indices on Forward Price to Earnings Ratio

In Asia ex Japan region (MSCI Indices)



Source: Fidelity International, Factset, 31 July 2023.

Question

How has the Company's portfolio's exposure to unlisted companies changed during the year under review?

Answer

We have not added or sold any unlisted securities in the past year. It continues to be a small part of the portfolio at less than 0.5% of the Company's invested assets. We believe that there are sufficient opportunities in the listed space in Asia and, therefore, would only want to invest in an unlisted company in exceptional circumstances.

Question

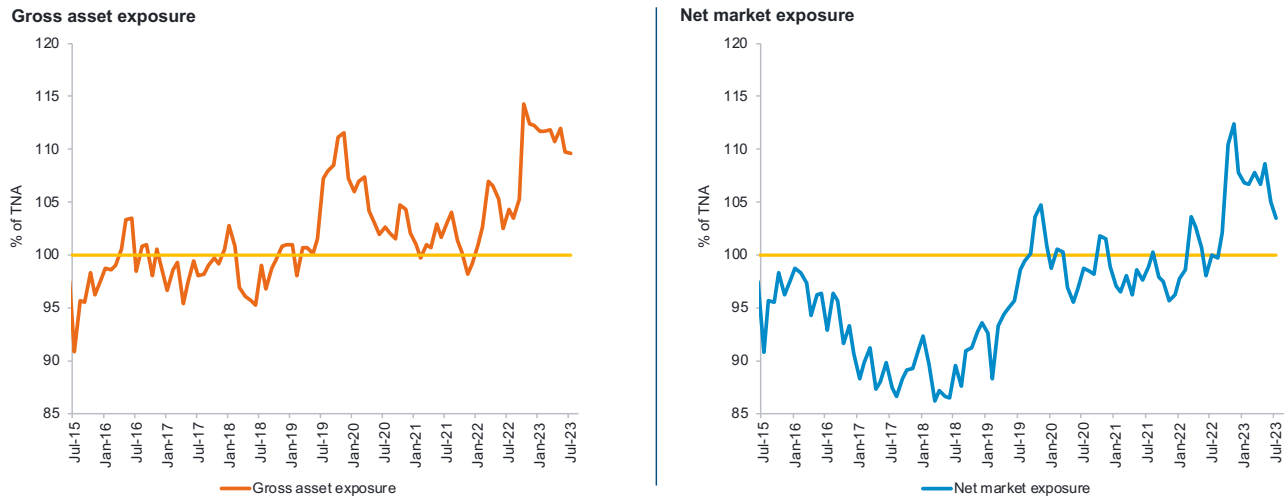
You have increased gearing within the Company’s portfolio in the reporting year. What is the reason behind this?

Answer

We have always maintained that gearing is a function of the number of investment ideas we find. The level of gearing increases when we find more ideas to invest in than we have money and it reduces (or we keep a higher cash balance) when we do not find as many ideas.

Over the past year, gearing has increased as we have found particularly interesting investments in China given the market has fallen out of favour. At the year end, gross gearing was 11.7% (2022: 4.4%) and net gearing was 4.9% (2022: nil). See the charts below on the Company’s gearing history over my tenure.

Gross Asset Exposure and Net Market Exposure of Fidelity Asian Values PLC



Source: Fidelity International, 31 July 2023.

Question

The rising cost of living continues to pressure consumers. How has higher inflation and rising interest rates impacted Asian markets?

Answer

Inflation dynamics are different from country to country in Asia. China is now in deflation whilst some of the South East Asian countries have seen a moderate rise in inflation (albeit lower than that observed in Europe or the US). This has led to higher interest rates and weakening consumption as governments have behaved responsibly and not expanded fiscal spending (unlike the US).

We believe, therefore, that while there has been some consumer price inflation in Asia, it is not as big an issue as it is in the West.

Portfolio Manager's Review continued

Question

Can you give an example of how your active management has added value to the Company's portfolio this year?

Answer

As discussed earlier, our process is focused on finding misunderstood situations where we can own a good business with a margin of safety. Shriram Finance is a good example of this. It has become the largest retail non-banking financial company (NBFC) in India caused by the merger of Shriram Transport Finance Company, the largest financier of used commercial vehicles, and Shriram City Union Finance, the largest financier of two-wheelers and the underserved micro, small, and medium enterprises (MSME).

We have owned Shriram Transport Finance Company since late 2016 when we bought it at an attractive valuation when Indian non-banking financials saw short-term pressures due to tight liquidity. Over several decades, the company created its niche in a segment where banks did not compete due to difficulty in valuing and underwriting loans for second-hand trucks. It owned a quarter of the market share in the segment while the rest of the market was dominated by local money lenders, outside of the banking system, charging very high interest rates. We also owned Shriram City Union Finance for its strong track record in segments that have semi-formal and irregular sources of income and hence were credit starved.

The merger last year has created a lender with a more diversified book while also bringing benefits from synergies between the two businesses. The stock rerated as a result.

Question

Can you explain to us how you integrate ESG considerations into the Company's portfolio?

Answer

The Company's primary objective for shareholders is to achieve capital growth. In order to achieve the best possible returns, we have always looked to invest in good businesses, managed by efficient management teams and available at reasonable valuations. Good businesses are those that solve a problem for their consumers, and which are managed by efficient teams who are competent and which respect laws, their employees, customers, the environment and shareholders, as well as managing their businesses responsibly. ESG considerations have, therefore, always been at the heart of our investment thinking, and well before it became a buzz word.

Investing in smaller companies in Asia using the strength of Fidelity's research team has always offered us the opportunity to identify quality companies on fundamentals and ESG considerations ahead of other investors. Regulations are constantly evolving and ESG is no exception to this. We believe this presents us with opportunities. The development of ESG ratings covered by the external rating agencies has not yet evolved to cover many of the smaller companies in which we invest. This provides an exciting opportunity as the ESG credentials of many of the smaller companies are best in class. They are in fact 'double gems': companies with good prospects, strong management and well-priced alongside their strong ESG credentials.

Additionally, Fidelity as a firm is committed to principles that are consistent with the stage of economic development of countries. As part of this process, we have regular engagements with companies in the portfolio.

Examples of our ESG case studies are on pages 25 and 26.

Question

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

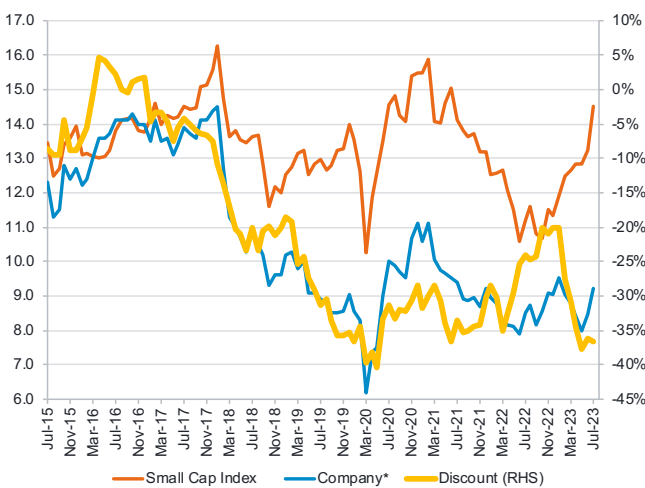
Answer

We think macro risks will eventually pass, especially if we own a diversified set of leading businesses and own them at valuations which are below intrinsic value. However, this does not mean that these stocks cannot decline in value – to the contrary, forecasting price movements is impossible. But we believe that the quality of our portfolio gives us holding power to go through head winds as they emerge and come out stronger on the other side.

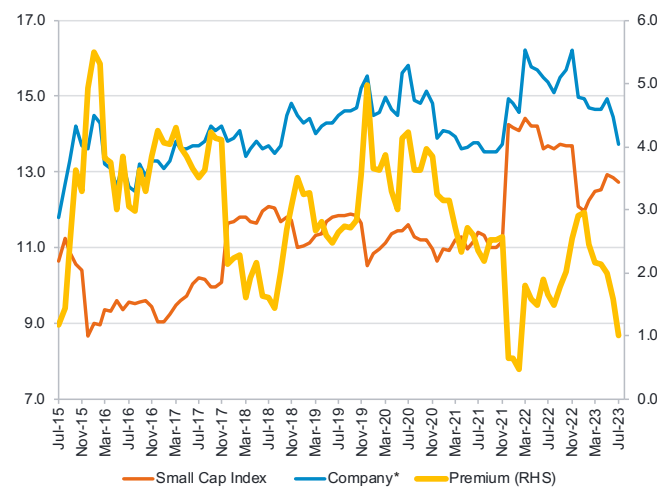
As can be seen from the second chart below, the ROE of our portfolio is at a premium to the market while the Price to Earnings ratio of our holdings is at a significant discount. We own businesses which are of a better quality and at cheaper market valuations. This has been the bedrock of our investment process for over a decade and has served us well.

Portfolio Valuations versus the Small Cap Index

Lower Price to Earnings Ratio vs. Small Cap index



Higher Return on Equity vs. Small Cap index



*Company = Fidelity Asian Values PLC

Source: Fidelity International, FactSet, 31 July 2023. Index: MSCI All Countries Asia ex Japan Small Cap Index.

Our skills lie in business analysis, finding best in class management teams and mispriced stocks. We are known to repeat the phrase below often and it is fair to say that it has become known as something of a mantra for the Company:

Find good businesses run by good management and buy them at prices with a good margin of safety.

We continue to focus on this.

Nitin Bajaj
Portfolio Manager

Ajinkya Dhavale
Assistant Portfolio Manager

11 October 2023

Spotlight on the Top 10 Holdings

as at 31 July 2023

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

Sector Financials



Axis Bank

Position size **3.1%**

Axis Bank is the third largest private sector bank in India and benefits from structural growth in the penetration of banking services through financial inclusion and market share gains from less efficient government-owned banks. It operates across the entire spectrum of financial services to customer segments covering micro, small and mid-sized enterprises (MSMEs), agriculture and retail businesses. The management team has continued to improve asset quality and enhance its underwriting culture. This has led to a marked improvement on its return on equity (currently in the mid-teens). The improvement in the quality of its loan book is expected to continue.

Sector Industrials



BOC Aviation

Position size **2.5%**

BOC Aviation is the fourth largest aircraft lessor in the world and has a larger exposure to the higher growth markets in Asia compared to its peers. As it is 70% owned by Bank of China, it enjoys a strong credit rating and lower funding costs versus competition. The company is witnessing a healthy growth in its business driven by cyclical recovery and greater bargaining power for lessors from manufacturer of backlogs of its original equipment.

Sector Financials



ICICI Bank

Position size **2.3%**

ICICI Bank is the second largest private sector bank in India and benefits from structural growth and market share gains. From being a bank that suffered from a surge in non-performing loans in each down-cycle, ICICI Bank has seen asset quality in the last few years rival HDFC Bank with an improvement in underwriting culture, leading to an improvement in return on equity to mid-teens level.

Sector Financials

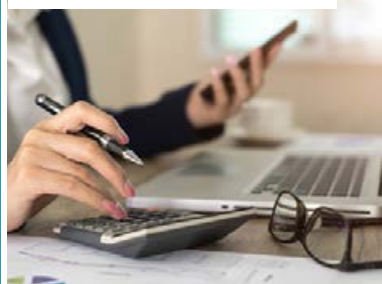


Shriram Finance

Position size **2.3%**

Shriram Finance is the largest retail non-banking financial company (NBFC) in India following the merger of Shriram Transport Finance Company, the largest financier of used commercial vehicles, and Shriram City Union Finance, the largest financier of two-wheelers and the underserved micro, small, and medium enterprises (MSMEs). The company has a long track record in segments that see structural growth as customers shift out of informal money-lending channels. It faces little competition from banks given as it is difficult to underwrite loans in these segments.

Sector Financials



Bank Mandiri (Persero)

Position size **2.2%**

Bank Mandiri (Persero) is the second largest bank by assets in Indonesia and was a result of the merger of several smaller banks post the Asian financial crisis. It benefits from secular growth due to a growing population, favourable demographics and low credit penetration. It has one of the highest returns on equity among emerging Asian countries due to a benign competitive landscape and a market-oriented regulator. It has a strong customer base from employees of state-controlled enterprises as well as best-in-class payroll lending which allows lower risk and cost reductions.

Sector Financials

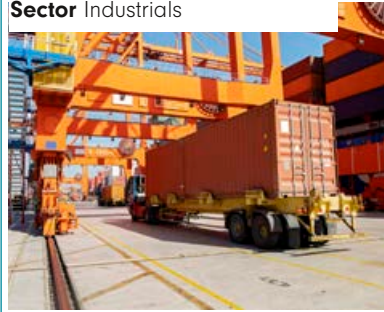


Bank Negara Indonesia (Persero)

Position size 2.1%

Bank Negara Indonesia (Persero) is the third largest bank by assets in Indonesia and benefits from structurally high growth in the Indonesian banking sector. Bank Mandiri’s ex-senior management team took control of Bank Negara in late 2020. Known for its conservative approach, the team shifted the focus from market share gain to profitability improvement. Its strong execution helped improve the bank’s return on equity profile and balance sheet strength.

Sector Industrials



Sinotrans

Position size 2.1%

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

Sector Health Care



Granules India

Position size 2.1%

Granules India is a leading global manufacturer of several off-patent drugs, including Paracetamol, Ibuprofen, Metformin and Guaifenesin. Its key strength is that it has a limited number of products, manufactured on a large scale, leading to low production costs and minimal good manufacturing processes (GMP) issues. After completion of its capital expenditures, its balance sheet is expected to provide higher returns.

Sector Information Technology



Taiwan Union Technology

Position size 2.1%

Taiwan Union Technology is one of the largest manufacturers of low-loss, rigid copper-clad laminates (CCL) used for telecommunication equipment, servers, and networking switches. CCL is expected to offer steady growth potential over three to four years from a low base in 2022. The company has the strongest balance sheet in the sector, and at a time when the technology hardware sector is suffering from high inventory levels, the company has seen low levels of capacity expansion in the past three years, which helps it in this downturn.

Sector Industrials



Genpact

Position size 2.0%

Genpact is one of the leading business process outsourcing companies focused on customers in banking, insurance, healthcare and industrials segments. It has a better-than-average business with recurring revenue, retention rates in the high 90% range and has mid-teens return on invested capital. The digital transformation of its clients has made Genpact a favourable strategic partner, with larger deal sizes and more focus on improving business outcomes rather than just a cost saving option.

Forty Largest Holdings

as at 31 July 2023

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

	Asset Exposure £'000	% ¹	Fair Value £'000
Long Exposures – shares unless otherwise stated			
Axis Bank			
Private sector bank	12,328	3.1	12,328
BOC Aviation (shares and long CFD)			
Global aircraft operating leasing company	9,809	2.5	1,864
ICICI Bank			
Private sector bank	9,172	2.3	9,172
Shriram Finance			
Provider of hire purchase and lease finance for medium and heavy commercial vehicles	9,009	2.3	9,009
Bank Mandiri (Persero)			
Banking institution	8,659	2.2	8,659
Bank Negara Indonesia (Persero) (shares and corporate bond)			
Banking institution	8,367	2.1	8,367
Sinotrans (shares and long CFD)			
Logistics, storage and terminal services provider	8,311	2.1	7,331
Granules India			
Pharmaceutical manufacturing company	8,091	2.1	8,091
Taiwan Union Technology			
Manufacturer of copper clad laminates (CCL)	8,081	2.1	8,081
Genpact (shares and long CFD)			
Global professional services firm delivering digital transformation for businesses	7,776	2.0	3,622
Indofood CBP Sukses Makmur			
Producer of packaged food products	7,761	2.0	7,761
HDFC Bank			
Private sector bank	7,732	2.0	7,732
Arwana Citramulia			
Ceramics manufacturer	7,581	1.9	7,581
CapitaLand India Trust (shares and long CFD)			
Property trust	7,539	1.9	6,756
Chow Sang Sang Holdings International (shares and long CFD)			
Jewellery retailer	7,413	1.9	6,737
Focus Media Information Technology (shares and equity linked notes)			
Advertising solution provider	7,224	1.8	7,224
China Overseas Grand Oceans Group (shares and long CFD)			
Real estate business	6,903	1.8	3,490
WH Group			
Meat and food processing company	6,560	1.7	6,560

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Gold Road Resources			
Gold production and exploration company	6,496	1.7	6,496
PTC India			
Provider of power trading solutions in India	6,359	1.6	6,359
Taiwan Semiconductor Manufacturing Company (long CFDs and put option)			
Developer, manufacturer and distributor of semiconductor related products	6,041	1.5	(416)
Qingdao Port International (shares and long CFD)			
Provider of port services	5,879	1.5	5,696
Texwinca Holdings			
Production and sales of dyed yarns and knitted fabrics	5,661	1.4	5,661
China Foods			
Food processing and trading company	4,899	1.2	4,899
Crystal International Group (shares and long CFD)			
Manufacturer of clothing	4,897	1.2	4,677
Yixintang Pharmaceutical Group (shares, long CFD and equity linked notes)			
Pharmaceutical retailer	4,840	1.2	4,681
China Yongda Automobiles Services Holdings (shares and long CFD)			
Company engaged in the sale of passenger vehicles	4,838	1.2	4,090
Galaxy Entertainment Group (long CFD and put option)			
Developer and operator of integrated entertainment and resort facilities	4,724	1.2	221
Dream International			
Toy manufacturer	4,631	1.2	4,631
Ciputra Development			
Property developer	4,421	1.1	4,421
Cikarang Listrindo			
Electric power distribution company	4,365	1.1	4,365
Micron Technology (shares and put option)			
Provider and manufacturer of memory and storage solutions for technology	4,024	1.0	3,622
SK Hynix (shares, long CFD and put option)			
Semiconductor company that supplies memory chips	4,000	1.0	3,820
KoMiCo			
Service provider for precision cleaning and special coating of semiconductor parts	3,997	1.0	3,997
SharkNinja			
Producer of household cleaning and kitchen small appliances	3,980	1.0	3,980
Japfa Comfeed Indonesia			
Industrial agri-food company	3,739	1.0	3,739
Brilliance China Automotive Holdings			
Manufacturer and seller of automobiles	3,660	0.9	3,660
SIS			
Provider of security, facility management and cash logistics solutions	3,553	0.9	3,553
ENN Energy Holdings			
Gas company	3,503	0.9	3,503

Forty Largest Holdings continued

as at 31 July 2023

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Santos (long CFD)			
Oil and gas exploration and production company	3,303	0.8	-
Top forty long exposures	250,126	63.4	216,020
Other long exposures	173,060	43.9	162,253
Total long exposures before futures (145 holdings)	423,186	107.3	378,273
Add: long futures			
MSCI All Countries Asia ex Japan Index Future 15/09/2023	4,061	1.0	172
Total long exposures	427,247	108.3	378,445
Short exposures			
Short CFDs (7 holdings)	10,586	2.7	(536)
Call options (3 holdings)	1,705	0.4	(175)
Short future (1 holding)	1,292	0.3	(10)
Total short exposures	13,583	3.4	(721)
Gross Asset Exposure²	440,830	111.7	
Portfolio Fair Value³			377,724
Net current assets (excluding derivative assets and liabilities)			16,853
Total Shareholders' Funds/Net Assets			394,577

¹ Asset Exposure (as defined in the Glossary of Terms on page 91) is expressed as a percentage of Total Shareholders' Funds.

² Gross Asset Exposure comprises market exposure to investments of £377,631,000 (per Note 10: Investments on page 65) plus market exposure to derivative instruments of £63,199,000 (per Note 11: Derivative instruments on page 66).

³ Portfolio Fair Value comprises investments of £377,631,000 plus derivative assets of £1,758,000 less derivative liabilities of £1,665,000 (per the Balance Sheet on page 56).

A full list of the Company's holdings as at 31 July 2023 will be available on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues from the day of the AGM.

Distribution of the Portfolio

as at 31 July 2023

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

Portfolio	China	India	Indonesia	Hong Kong	South Korea	Other	2023 Total	2023 Index ¹	2022 Total
Consumer Discretionary									
Textiles, Apparel & Luxury Goods	-	-	-	5.6	-	0.4	6.0	2.3	7.3
Hotels, Restaurants & Leisure	-	-	0.6	1.8	-	-	2.4	2.1	2.0
Specialty Retail	1.9	-	-	-	-	0.5	2.4	0.6	2.4
Automobile Components	1.2	-	0.5	-	0.5	-	2.2	2.4	2.3
Automobiles	1.1	-	-	-	-	0.8	1.9	0.4	0.3
Diversified Consumer Services	0.7	-	-	-	0.5	0.7	1.9	0.5	2.2
Leisure Products	-	-	-	1.2	-	0.3	1.5	0.4	1.1
Household Durables	-	-	-	0.1	-	1.0	1.1	1.3	-
Broadline Retail	-	-	-	-	-	-	-	0.8	1.3
Distributors	-	-	-	-	-	-	-	0.1	-
	4.9	-	1.1	8.7	1.0	3.7	19.4	10.9	18.9
Financials									
Banks	-	8.1	4.3	-	-	-	12.4	2.8	10.2
Consumer Finance	-	3.1	0.4	-	-	-	3.5	1.4	4.3
Financial Services	-	0.7	-	-	0.5	-	1.2	1.8	0.9
Capital Markets	0.3	0.3	-	-	0.5	-	1.1	2.3	0.6
Insurance	-	-	-	-	0.6	-	0.6	1.0	0.8
	0.3	12.2	4.7	-	1.6	-	18.8	9.3	16.8
Industrials									
Trading Companies & Distributors	2.5	-	0.3	-	-	-	2.8	0.5	2.1
Professional Services	0.7	-	-	-	-	2.0	2.7	0.6	1.5
Building Products	0.5	-	1.9	-	-	-	2.4	0.9	3.1
Air Freight & Logistics	2.1	-	-	-	-	-	2.1	0.5	2.0
Commercial Services & Supplies	-	0.9	-	-	0.8	-	1.7	0.7	0.4
Transportation Infrastructure	1.5	-	-	-	-	-	1.5	0.9	1.5
Machinery	0.7	-	-	0.3	-	-	1.0	4.3	1.1
Marine Transportation	-	-	-	0.5	0.4	-	0.9	0.5	0.3
Electrical Equipment	-	0.4	-	-	0.4	-	0.8	3.3	1.7
Ground Transportation	0.5	-	-	-	-	-	0.5	0.3	-
Construction & Engineering	-	-	-	-	0.4	-	0.4	2.1	0.5
Passenger Airlines	-	-	-	-	-	0.2	0.2	0.2	0.2
Industrial Conglomerates	-	-	-	-	-	-	-	1.0	-
Aerospace & Defense	-	-	-	-	-	-	-	0.3	-
	8.5	1.3	2.2	0.8	2.0	2.2	17.0	16.1	14.4

Distribution of the Portfolio continued

as at 31 July 2023

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

Portfolio	China	India	Indonesia	Hong Kong	South Korea	Other	2023 Total	2023 Index ¹	2022 Total
Consumer Staples									
Food Products	0.1	-	3.0	1.7	-	2.0	6.8	2.7	5.7
Beverages	1.2	-	-	-	-	0.7	1.9	0.5	1.3
Consumer Staples Distribution & Retail	1.7	-	-	0.1	-	-	1.8	0.6	2.2
Household Products	0.3	-	0.4	-	-	-	0.7	0.1	1.0
Personal Care Products	-	-	-	-	-	-	-	0.6	-
Tobacco	-	-	-	-	-	-	-	0.2	-
	3.3	-	3.4	1.8	-	2.7	11.2	4.7	10.2
Information Technology									
Semiconductors & Semiconductor Equipment	-	-	-	-	2.0	4.2	6.2	8.7	5.2
Electronic Equipment Instruments & Components	-	0.8	0.2	-	-	2.4	3.4	5.5	3.3
Technology Hardware Storage & Peripherals	-	-	-	-	-	1.0	1.0	2.3	1.3
Information Technology Services	-	-	-	-	-	-	-	1.5	1.1
Software	-	-	-	-	-	-	-	1.4	-
Communications Equipment	-	-	-	-	-	-	-	0.7	-
	-	0.8	0.2	-	2.0	7.6	10.6	20.1	10.9
Materials									
Metals & Mining	1.2	-	-	-	-	3.6	4.8	2.7	4.3
Chemicals	-	0.8	-	-	1.0	-	1.8	9.0	2.6
Construction Materials	0.8	-	-	-	-	-	0.8	1.1	0.7
Paper & Forest Products	-	-	-	-	-	-	-	0.6	-
Containers & Packaging	-	-	-	-	-	-	-	0.3	-
	2.0	0.8	-	-	1.0	3.6	7.4	13.7	7.6
Real Estate									
Real Estate Management & Development	3.5	-	1.1	-	-	2.7	7.3	4.1	4.7
Retail Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.8	-
Office Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.8	-
Specialized Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.3	-
Industrial Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.9	-

Continued on the next page.

Portfolio	China	India	Indonesia	Hong Kong	South Korea	Other	2023 Total	2023 Index ¹	2022 Total
Diversified Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.5	-
Hotel & Resort Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.3	-
Health Care Real Estate Investment Trusts (REITS)	-	-	-	-	-	-	-	0.1	-
	3.5	-	1.1	-	-	2.7	7.3	7.8	4.7
Energy									
Oil, Gas & Consumable Fuels	1.1	1.3	-	-	-	1.3	3.7	1.3	3.2
Energy Equipment & Services	0.7	-	-	-	-	1.5	2.2	0.1	0.2
	1.8	1.3	-	-	-	2.8	5.9	1.4	3.4
Utilities									
Independent Power & Renewable Electricity Producers	-	2.1	1.1	-	-	1.1	4.3	0.7	4.7
Gas Utilities	0.9	-	-	-	-	-	0.9	0.6	-
Multi Utilities	-	-	-	-	-	-	-	0.6	-
Electric Utilities	-	-	-	-	-	-	-	0.3	1.4
Water Utilities	-	-	-	-	-	-	-	0.1	-
	0.9	2.1	1.1	-	-	1.1	5.2	2.3	6.1
Health Care									
Pharmaceuticals	-	2.1	-	-	-	-	2.1	3.6	2.4
Health Care Equipment & Supplies	0.3	-	-	-	1.8	-	2.1	1.1	4.3
Life Sciences Tools & Services	0.3	-	-	-	-	-	0.3	0.4	0.1
Biotechnology	-	-	-	-	-	-	-	2.0	-
Health Care Providers & Services	-	-	-	-	-	-	-	1.8	0.8
Health Care Technology	-	-	-	-	-	-	-	0.2	-
	0.6	2.1	-	-	1.8	-	4.5	9.1	7.6
Communications Services									
Media	1.8	0.5	-	0.2	-	-	2.5	0.8	2.3
Interactive Media & Services	0.6	-	-	-	-	-	0.6	0.5	0.2
Wireless Telecommunication Services	-	-	-	-	-	0.3	0.3	0.3	0.2
Entertainment	-	-	-	-	-	-	-	1.9	-
Diversified Telecommunication Services	-	-	-	-	-	-	-	1.1	-
	2.4	0.5	-	0.2	-	0.3	3.4	4.6	2.7
Exposure before long futures	28.2	21.1	13.8	11.5	9.4	26.7	110.7		
Add: long futures	-	-	-	-	-	1.0	1.0		1.1
Total Asset Exposure – 2023	28.2	21.1	13.8	11.5	9.4	27.7	111.7		
Index – 2023	9.1	28.0	2.5	5.3	18.1	37.0		100.0	
Total Asset Exposure – 2022	24.8	23.7	11.4	10.9	9.1	24.5			104.4

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

Ten Year Record

For the year ended 31 July	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross Asset Exposure (£m) ¹	440.8	383.7	375.2	276.6	347.4	285.2	273.7	232.0	162.9	192.3
Total Shareholders' Funds (£m)	394.6	367.6	364.1	269.4	323.0	288.0	280.2	237.5	178.9	172.8
NAV per Ordinary Share - undiluted (p) ²	549.33	507.78	497.50	364.39	447.16	419.36	415.17	351.98	265.14	255.99
NAV per Ordinary Share - diluted (p) ²	n/a	n/a	n/a	n/a	439.91 ³	413.64 ³	407.77 ³	n/a	n/a	n/a
Ordinary Share Price (p)	520.00	458.00	483.00	335.00	455.50	412.00	386.00	313.00	236.88	224.00
Subscription Share Price (p)	n/a	n/a	n/a	n/a	53.00	23.50	29.50	n/a	n/a	n/a
(Discount)/Premium - undiluted (%) ²	(5.3)	(9.8)	(2.9)	(8.1)	1.9	(1.8)	(7.0)	(11.1)	(10.7)	(12.5)
Premium/(Discount) - diluted (%) ²	n/a	n/a	n/a	n/a	3.5 ³	(0.4) ³	(5.3) ³	n/a	n/a	n/a
Revenue return per Ordinary Share (p) ²	15.17	14.21	9.20	8.64	10.70	5.70	6.08	5.36	2.26	1.14
Dividend per Ordinary Share (p)	14.50	14.00	8.80	8.50	8.80	5.50	5.00	4.50	2.00	1.10
Ongoing Charges (cost of running the Company) (%) ²	0.96	0.95	0.93	0.98	0.98	1.17	1.22	1.33	1.42	1.50
Gross Gearing (%) ^{2,4}	11.7	4.4	3.0	2.7	7.5	(1.0)	(2.3)	(2.3)	(9.0)	11.3
NAV total return - undiluted (%) ²	+11.4	+3.9	+39.5	-16.7	+8.2	+2.2	+19.3	+33.8	+4.0	+11.7
NAV total return - diluted (%) ²	n/a	n/a	n/a	n/a	+7.9 ⁵	+2.7 ⁵	+17.2 ⁵	n/a	n/a	n/a
Ordinary Share Price total return (%) ²	+17.3	-3.4	+47.6	-24.8	+12.3	+8.2	+24.9	+33.3	+6.2	+10.1
Comparative Index total return (%) ⁵	+7.5	-5.6	+39.2	-0.8	-4.6	+4.7	+15.6	+13.1	n/a	n/a
Benchmark Index total return (%) ⁶	+7.5	-5.6	+39.2	+2.7	+3.9	+5.7	+28.2	+15.8	+0.3	+5.4

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

2 Alternative Performance Measures.

3 The dilution relates to the subscription shares offer that closed in December 2019.

4 Gross Asset Exposure in excess of/(less than) Total Shareholders' Funds expressed as a percentage of Total Shareholders' Funds.

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

6 MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms) since 1 February 2020. Prior to that and since 1 August 2015, it was the MSCI All Countries Asia ex Japan Index (net) total return (in sterling terms). The variable management fee element of the management fee is measured against the Benchmark Index.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

ESG in the Investment Process at Fidelity International

Fidelity International (“Fidelity”) has embedded Environmental, Social and Governance (“ESG”) factors in its investment decision-making for a number of years. Fidelity has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012 and submits an annual report detailing how it incorporates ESG into its investment analysis. As a founding signatory to the Net Zero Asset Managers Initiative, Fidelity has committed to halving the carbon footprint of its investment portfolios by 2030, from a 2020 baseline, starting with equity and corporate bond holdings; and to reach net zero for holdings by 2050.

ESG integration at Fidelity is carried out at the fundamental research analyst level within its investment teams, primarily through the implementation of the Fidelity Proprietary Sustainability Rating. This rating was established in 2019 and is designed to generate a forward-looking and holistic assessment of a company’s ESG risks and opportunities, based on sector specific key performance indicators across 127 individual and unique sub-sectors. A breakdown of the ratings of the companies in the portfolio using MSCI and Fidelity’s own proprietary ratings is on page 23. In addition, Fidelity’s portfolio managers are also active in analysing the effects of ESG factors when making investment decisions. ESG analysis complements financial analysis to provide a complete view of every company that is researched and monitored.

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

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

In addition to Fidelity’s Sustainability Ratings, Fidelity has developed a proprietary Climate Rating, which is an important part of its plans to reach net zero emissions as a management house. It utilises its fundamental research capabilities to identify climate-related risks, net zero investments and targets for transition engagement within the Fidelity investment universe. It assesses which companies are in the best position to transition to net zero or have a positive trajectory towards transition. The Climate Rating is designed to complement the broader Sustainability Ratings, which score companies across a range of environmental, social and governance criteria.

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

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

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

During 2021, Fidelity introduced its sustainable investing voting principles and guidelines. These seek to provide a clear overview of Fidelity’s voting approach, promote improved corporate behaviours and reduce risk, include environmental and social factors, increase clarity of votes to issuers and clients and meet current market best practices and stewardship expectations. Examples of the policy include voting against companies not meeting key criteria on climate change and against management in developed markets with less than 30% female representation at board level.

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

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

- Corporate governance (e.g. Board structure, executive remuneration).
- Shareholder rights (e.g. election of directors, capital amendments).
- Changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes).
- Physical threats (e.g. extreme weather, climate change, water shortages).

ESG in the Investment Process at Fidelity International continued

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

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

Fidelity uses a number of external research sources around the world that provide ESG-themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company

specific and industry specific research as well as ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and Fidelity uses these ratings in conjunction with its wider analysis. Fidelity's sources of ESG research are reviewed on a regular basis.

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

Fidelity International - Setting standards for its business

Sustainability built from the ground up

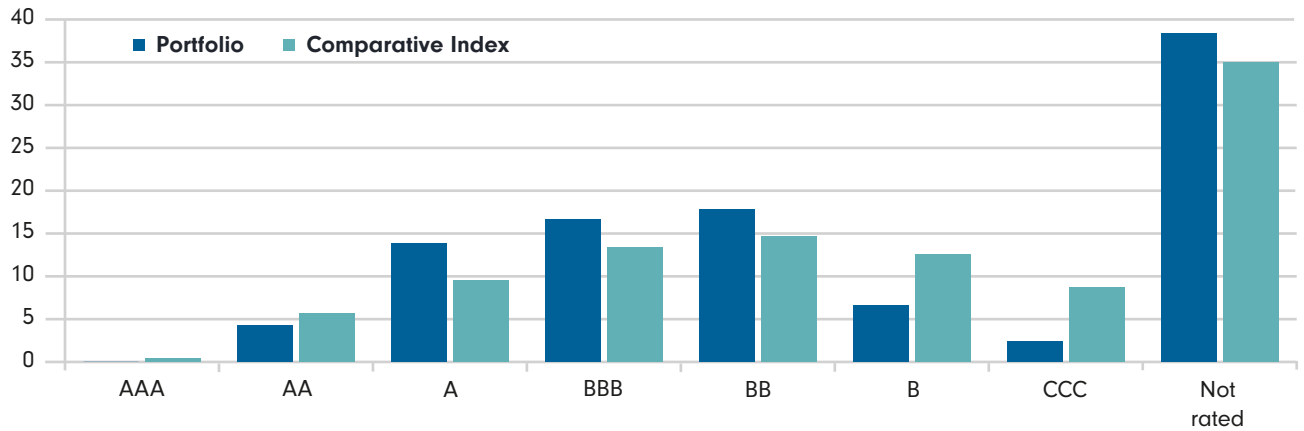
We apply the same KPIs to our own business that we use for the companies in which we invest. And we expect to improve upon our own ESG standards, just as we would expect from others.



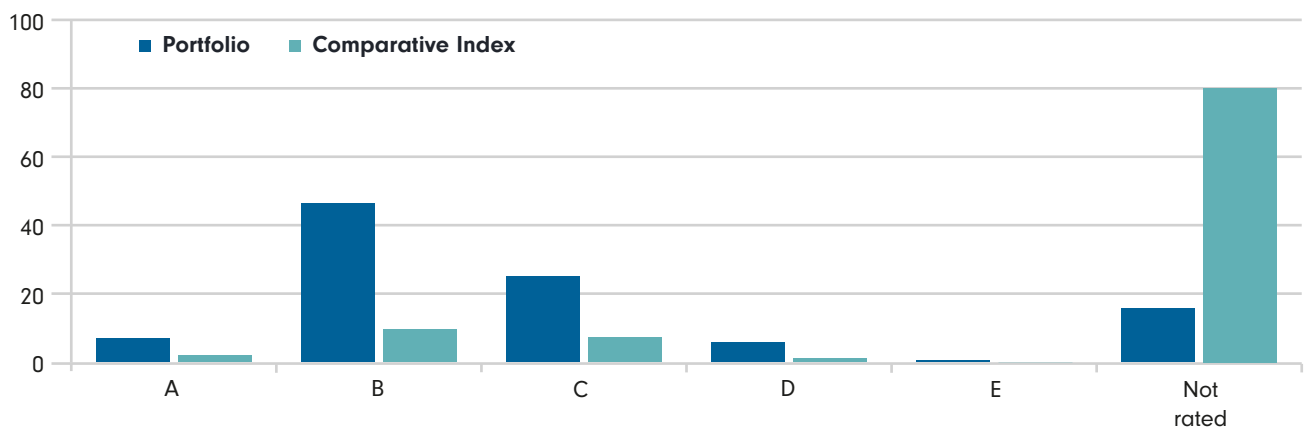
ESG ASSESSMENT

The first two charts below show a breakdown of the underlying stocks in the Company’s portfolio using MSCI and Fidelity’s own ESG ratings. It is encouraging that Fidelity’s ratings, which are more forward-looking in nature, show a greater proportion of the portfolio in higher rated stocks than those rated by MSCI, which is more backward-looking and disclosure driven. Additionally, more than 84% of the portfolio (as shown in the second chart) is covered by Fidelity compared with 35% covered by MSCI (as shown in the first chart) with the Company’s small and mid cap exposures being given formal ESG coverage by Fidelity sooner than by MSCI.

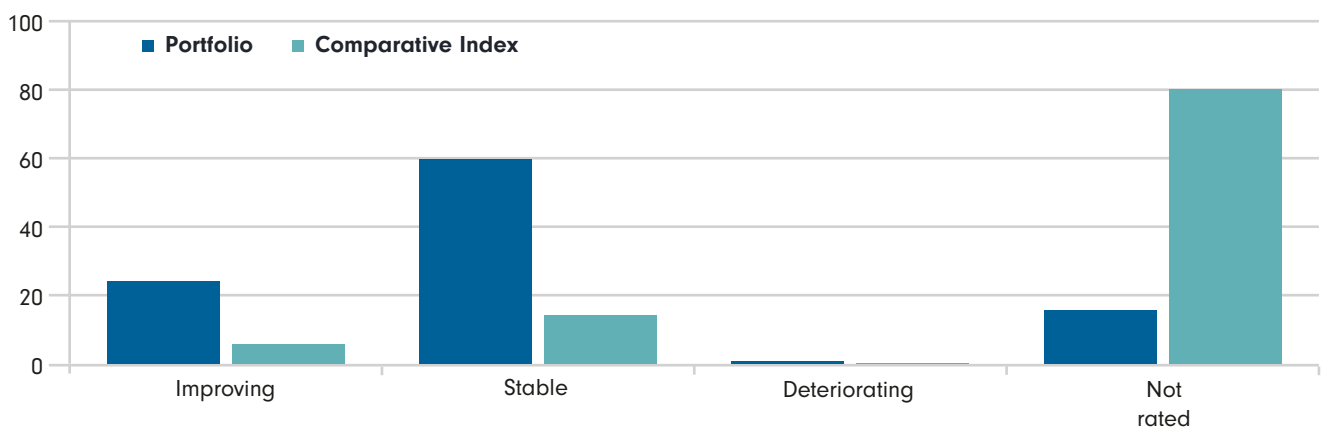
MSCI ESG Ratings (%)



Fidelity Proprietary ESG Ratings (%)



Fidelity ESG Ratings Direction (%)



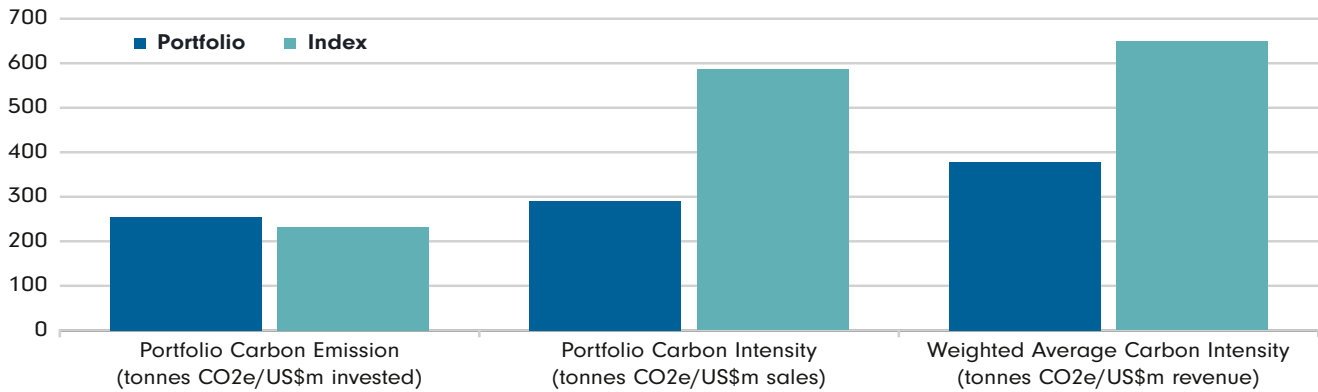
Source: MSCI ESG Research and Fidelity International as at 31 July 2023.

MSCI rates issuers on a AAA-CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. The ESG ratings distribution is based on Net Asset Value of holdings excluding cash, liquidity funds, derivatives and ETFs, and is rebased to 100%. Although Fidelity International’s information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the “ESG Parties”), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

ESG in the Investment Process at Fidelity International continued

Carbon Footprint

The chart below demonstrates the carbon footprint of the Company's portfolio compared to that of the Comparative Index.



Carbon Emissions: Provides a normalised snapshot of the carbon emissions of all of the investments in the Company's portfolio measured in tonnes CO2e per US\$m invested.

Carbon Intensity: The amount of carbon by weight emitted per unit of energy consumed per tonnes CO2e per US\$m sales.

Weighted Average Carbon Intensity: Measures the weighted average carbon emissions per unit of revenue in tonnes CO2e per US\$m for each investment in the Company's portfolio.

Carbon Data Source: Data provided by ISS ESG. All rights in the information provided by Institutional Shareholder Services Inc. and its affiliates (ISS) reside with ISS and/or its licensors. ISS makes no express or implied warranties of any kind and shall have no liability for any errors, omissions or interruptions in or in connection with any data provided by ISS.

ESG Investing – Case Studies

BOC AVIATION

The Portfolio Manager and the Fidelity investment team had two ESG focused engagements with BOC Aviation, the fourth largest aircraft lessor in the world with large exposure to high growth markets in Asia.

The company reached out to seek feedback after it published its latest ESG report. Fidelity provided suggestions on its Scope 3 greenhouse gas (GHG) emissions target, enhanced disclosure on ESG board oversight and supply chain management. Fidelity also took the opportunity to convey its expectations on independent directors' tenure and board committee independence.

BOC Aviation established a board-level ESG committee in December 2022. During conversations with the company, it was noted that the company was able to overachieve its GHG emissions target in 2021-2022 due to the pandemic-driven decrease in travel. Moving forward, the company will continue to use 2019 as its base year to compare carbon reduction targets. Fidelity encouraged the company to provide more context wherever necessary and to demonstrate leadership in disclosing Scope 3 emissions. Fidelity also suggested establishing a Supplier Code of Conduct and providing context on what the supply chain survey entails. It was noted that the company's electricity usage dropped significantly last year after it moved to a new building. Additionally, it added a target of using at least 75% latest technology aircraft in its owned fleet.

The company has a separate CEO and chairperson and on diversity, it has committed to having a minimum of two female members on its board. The company also follows an internal policy to rotate its auditor every five years.

The company has committed to releasing a detailed ESG report. Fidelity intends to engage with the company again once the report is available.

SHRIRAM FINANCE

Shriram Finance provides access to credit to borrowers that would be difficult to under-write by the banking system. It focuses on maintaining long-term relationships with customers and not act as a coercive lender during difficult times, while also adequately compensating itself from risks as a result of the difficult periods. The Shriram Group has had a long history spanning almost five decades with little or no ethics controversies. The majority of board members are independent and the company is chaired by an independent member. Overall, the company screens very well on the most relevant ESG parameters. In Fidelity's engagement with the company, one area of note was encouraging it to improve its disclosures and the Fidelity investment team will continue to engage with the company on this aspect.

ESG Investing – Case Studies continued

BANK MANDIRI (PERSERO)

Fidelity's investment team, including the Portfolio Manager, had ESG engagements during 2023 with Bank Mandiri (Persero), the second largest bank in Indonesia. It had a total of three engagements with the bank in order to gain a better understanding of how sustainability was incorporated into its business, and to highlight Fidelity's new deforestation framework and other associated global policies and share observations of sustainability matters raised by a rating agency.

The management was open to Fidelity's engagement and responded positively to the queries. Progress had been made on topics discussed in previous engagements, such as:

- Expressing confidence in achieving net zero for operations by 2030. It mentioned it was working with consultants to build a system to keep track of and report on greenhouse gas (GHG) emissions;
- Providing clarity on the lending process to the palm oil and coal sectors. Fidelity recognised that this was a journey and expected the bank to take progressive steps to implement negative lists for lending in sensitive sectors;
- Committing to becoming a leader in sustainable financing with new products such as sustainability targeted linked loans; and
- Sharing challenges and limitations in relation to the above topics.

Fidelity noted that there is a strong regulatory push that is a key driver for harmonised sustainability adoption in the Indonesian banking sector. Although at an early stage, environmental policies are moving in the right direction with a focus on priority areas, for example, significant progress is being made on palm oil financing, a key issue for banks in the region.

The performance on social aspects was found to be satisfactory – being a state-controlled bank enhances its focus on making positive social impact. However, being a state-owned bank also raises governance concerns, although Fidelity noted that the bank has been an above average performer on governance compared to other Asian state-owned peers.

BRILLIANCE CHINA AUTOMOTIVE HOLDINGS

During the year, the Fidelity's investment team, including the Portfolio Manager, had a couple of ESG focused engagements with Brilliance China Automotive Holdings, a leading luxury car manufacturer in China which has a joint venture with BMW. The focus of these engagements was on board structure, governance and dividend payout.

The company is performing well on environmental and social aspects. Its plants are increasing the use of advanced digital platforms and green installations, including real time monitoring of energy consumption and pollutant emissions. The production of new energy vehicles continues to grow as a proportion of total. The company ensures compliance in the supply chain with strengthened risk management processes and mechanisms, especially for Environmental, Health and Safety (EHS), social, and financial risks.

However, the board was not sufficiently independent, and its executive directors were mostly affiliated to controlling shareholders and its strategic decision-making was not always aligned to minority shareholder interests.

In June this year, Fidelity advised the company that it would vote against the two independent non-executive directors for the lack of independence. It also reiterated our demand for more transparency on capital allocation decisions.

During engagements with the company, Fidelity also pushed its management to declare higher payouts to distribute its sale proceeds from BMW Brilliance Automobile. The company agreed that there were no major investment projects and hence the majority of the net proceeds from the sale will get distributed to shareholders. Fidelity intends to continue engaging with the company and monitor the progress on the independence of the board of Brilliance China Automotive Holdings.

Strategic Report

Business and Status

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

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

Investment Objective and Policy

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

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

In order to diversify the Company's portfolio, the Board has set broad guidelines for the Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. The Company may invest directly in the shares of companies or indirectly through equity related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in unquoted securities and in other investment funds, subject to the investment restrictions set out below.

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

Investment Strategy

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

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to Fidelity. The Portfolio Manager, Nitin Bajaj, aims to achieve a total return on the Company's net assets over the longer-term in excess of the equivalent return on the Company's Comparative Index. The stock selection approach adopted by the Portfolio Manager is considered to be well-suited to achieving this objective.

Investment Management Philosophy, Style and Process

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

Investment Restrictions

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

- No single or aggregate investment in any one company or other investment entity shall represent more than 10% of its Gross Assets, measured at the time of any investment.
- Up to 5% of its Gross Assets, at the time of investment, in securities which are not listed on any stock exchange. However, the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future.
- Up to 15% of its Gross Assets, at the time of investment, in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian Region* excluding Japan. Within this limit, no more than 10% of Gross Assets, at the time of investment, may be invested in funds that do not have stated policies to invest more than 15% of their Gross Assets in other listed closed-ended funds.
- Up to 5% of its Gross Assets, at the time of investment, in securities which are not listed or domiciled in the Asian Region*, provided the investments have a strong Asian Region* rationale.

The Company is permitted to invest in Non-Voting Depositary Receipts, American Depositary Receipts, Global Depositary Receipts and Equity Linked Notes. Any such investment will be included in the relevant aggregate country weighting.

** Asian Region means the continent of Asia (including Hong Kong, South Korea, Thailand, Singapore, Malaysia, Taiwan, Indonesia, Philippines, China, India, Pakistan and Sri Lanka, but excluding Japan, the countries comprising the former U.S.S.R. and the Middle East), together with Australasia.*

Use of Derivative Instruments

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

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

- As an alternative form of gearing to bank loans, the Company can enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank

Strategic Report continued

borrowing but often at lower financing costs. The Company does not currently use bank borrowings for gearing purposes.

- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at reasonable costs.
- To enhance the investment returns by taking short exposures on stocks that the Portfolio Manager considers to be over-valued.

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

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

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

Notwithstanding the Board's intention in the medium to long-term to maintain a Net Market Exposure within a range of between 90% -115%, in the short-term the Net Market Exposure may fall outside of this range from time to time, having regard to the Portfolio Manager's investment style and philosophy as well as the markets he operates in. The sum of all short exposures of the Company from derivatives, excluding hedges, will not exceed 10% of total net assets.

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

Key Performance Indicators

The key performance indicators ("KPIs") used to describe the performance of the Company and which are comparable to those reported by the other investment companies are set out below.

	Year ended 31 July 2023 %	Year ended 31 July 2022 %
NAV per Ordinary Share total ¹	+11.4	+3.9
Ordinary Share Price total return ¹	+17.3	-3.4
Comparative Index total return ²	+7.5	-5.6
Discount to NAV ¹	5.3	9.8
Ongoing Charges Ratio ^{1,3}	0.96	0.95

¹ Alternative Performance Measures.

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

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

Sources: Fidelity and Datastream.

In addition to the KPIs above, the Board also monitors the Company's performance against its peer group of investment companies. Commentary on performance for the year ended 31 July 2023 can be found in the Chairman's Statement and Portfolio Manager's Review on pages 2 to 11. Long-term performance is also monitored and is set out in the Ten Year Record on page 20.

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency and liquidity. The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/ the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces. The Audit Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and appropriately graded. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

Climate change, which refers to a large scale shift in the planet's weather patterns and average temperatures, continues to be a key emerging issue as well as a principal risk confronting asset managers and their investors. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company's investment process. Further details are on pages 21 to 24. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially to shareholder returns.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the risks listed below and on pages 30 to 32 as the principal risks and uncertainties faced by the Company.

Principal Risks	Description and Risk Mitigation
<p>Economic, Political and Market Risks</p>	<p>The Company and its assets may be affected by economic and market risks. These are market downturns, interest rate movements, deflation/inflation, exchange rate movements and market shocks, such as the post pandemic economic recovery and volatility from the war in Ukraine. Inflation remains elevated across most economies driven by a combination of increased demand following pandemic restrictions being lifted, global labour shortages in some sectors and supply chain shortages, including energy and food security.</p> <p>The Company is exposed to a number of geopolitical risks. The fast-changing global geopolitical landscape is largely shaped by the Russia and Ukraine war effects, deglobalisation trends and significant supply disruption, as well as fears of global recession amid inflationary pressures and financial distress. Russia and Ukraine are both significant net exporters of oil, natural gas and a variety of soft commodities and supply limitations fuelled global inflation and economic instability, specifically within Western nations. Whilst the direct impact of the war to APAC markets has been less severe than European counterparts, the prolonged cost-of-living crisis risks continue to impact Western investment appetite. China's economy remains vulnerable to risks related to the global outlook and geopolitical tensions including US-China trade war, South China sea dispute and implications of China-Taiwan relations.</p> <p>Most of the Company's assets and income are denominated in currencies other than sterling which is the Company's functional and presentation currency. As a result, movements in exchange rates may affect the sterling value of its assets and income.</p> <p>The Company's portfolio is made up mainly of listed securities. The Portfolio Manager's success or failure to protect and increase the Company's assets against the above background is core to the Company's continued success. His investment philosophy of stock-picking and investing in attractively valued companies aims to outperform the Comparative Index over time.</p> <p>The Board is provided with a detailed investment review which covers material economic, political and market risks and legislative changes at each Board meeting.</p> <p>Risks to which the Company is exposed to in the market and currency risk category are included in Note 17 to the Financial Statements on pages 69 to 77 together with summaries of the policies for managing these risks.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
<p>Investment Performance Risk (including the use of Derivatives and Gearing)</p>	<p>The achievement of the Company's investment performance objective relative to the market requires the taking of risk, such as investment strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Comparative Index and/or peer group companies. Continued underperformance could lead to the Company and its objective becoming unattractive to investors. The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile.</p> <p>In order to manage this risk, the Board reviews Fidelity's compliance with agreed investment restrictions; investment performance and risk; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in the markets. The Board also regularly canvasses major shareholders for their views with respect to company matters.</p> <p>Derivative instruments are used to protect and enhance investment returns. There is a risk that the use of derivatives may lead to higher volatility in the NAV and the share price than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board. Further detail on derivative instruments risk is included in Note 17 to the Financial Statements on pages 69 to 77.</p> <p>The Company gears through the use of long CFDs which provide greater flexibility and are generally cheaper than bank loans. The principal risk is that the Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or to underperform in a falling market. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p>
<p>Cybercrime and Information Security Risks</p>	<p>The operational risk from cybercrime is significant. Cybercrime threats evolve rapidly and consequently the risk is regularly re-assessed and the Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager's technology team has developed a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat. The risk is frequently re-assessed by Fidelity's information security teams and has resulted in the implementation of new tools and processes, as well as improvements to existing ones. Fidelity has a dedicated cybersecurity team which provides regular awareness updates and best practice guidance.</p> <p>Risks are increased due to the Russia/Ukraine conflict and the trend to more working from home following the pandemic. These primarily relate to phishing, remote access threats, extortion and denial of services attacks. The Manager has dedicated detect and respond resources specifically to monitor the cyber threats associated within the workplace and increased cyber activity following Russia's invasion of Ukraine. There are a number of mitigating actions in place including, control strengthening, geo-blocking and phishing mitigants, combined with enhanced resilience and recovery options.</p> <p>The Company's third-party service providers also have similar measures in place.</p>

Principal Risks	Description and Risk Mitigation
Level of Discount to Net Asset Value	<p>Due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control. The Board has a discount management policy in place and some short-term influence over the discount may be exercised by the use of share repurchases at acceptable prices and within the parameters set by the Board. In considering the risk that the discount to NAV poses to shareholder value and returns, both the absolute level of the discount and the amount relative to the Company's peer group and the wider market are considered. The Company's share price, NAV and discount volatility are monitored daily by the Manager and the Company's Broker and considered by the Board on a regular basis. The demand for shares can be influenced through good performance and an active investor relations programme.</p>
Key Person Risk	<p>The Portfolio Manager, Nitin Bajaj, has a differentiated style in relation to his peers. This style is intrinsically linked with the Company's investment philosophy and strategy and, therefore, the Company has a key person dependency on him. The Company has an Assistant Portfolio Manager, Ajinka Dhavale, who supports the Portfolio Manager, and has extensive experience in the Asian markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. The Portfolio Manager is also supported by an Investment Director, Catherine Yeung, as a primary spokesperson for the Company. This helps strengthen the investment process.</p> <p>There is also a risk that the Manager has inadequate succession plans for other key operational individuals. The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers.</p>
Environmental, Social and Governance ("ESG") Risks	<p>There is a risk that the value of the assets of the Company are negatively impacted by ESG related risks, including climate change risk. ESG risks include investor expectations and how the Company is positioned from a marketing perspective and whether it is compliant with its ESG disclosure requirements. Fidelity has embedded ESG factors in its investment decision-making process. ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities based on sector-specific key performance indicators across 127 individual and unique sub-sectors. The Portfolio Manager is also active in analysing the effects of ESG when making investment decisions. The Board continues to monitor developments in this area and reviews the positioning of the portfolio considering ESG factors.</p> <p>ESG ratings and carbon emissions of the companies within the Company's portfolio compared to the Index are provided on pages 23 and 24. Further detail on ESG considerations in the investment process and sustainable investing is set out on pages 21 to 24.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
Business Continuity and Operational Risks	<p>There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The top risks globally are cybersecurity and geopolitical events. There are also ongoing risks following Russia's invasion into Ukraine, specifically regarding the potential loss of power and/or broadband services. Variants of COVID continue to evolve and some risks remain.</p> <p>The Manager continues to take all reasonable steps to meet its regulatory obligations, assess its ability to continue operating and the steps it needs to take to support its clients, including the Board and has an appropriate control environment in place. The Manager has provided the Board with assurance that the Company has appropriate business continuity plans and the provision of services has continued to be supplied without interruption.</p> <p>Specific risks posed by the pandemic continue to ease with increasing levels of staff returning to routine office-based working, albeit under hybrid working arrangements which allows greater flexibility on remote working as part of the new operating model.</p> <p>The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary. They are all subject to a risk-based programme of internal audits by the Manager and their own internal controls reports are received by the Manager on behalf of the Board on an annual basis and any concerns are investigated. The third-party service providers have also confirmed the implementation of appropriate measures to ensure no business disruption.</p> <p>Risks associated with these services are generally rated as low, but the financial consequences could be serious, including reputational damage to the Company.</p>
Shareholder Relationships	<p>There is a risk that the Board has insufficient access to shareholders or that the Portfolio Manager's investment style is not appealing for investors. There is also a risk that continued weak investment performance may potentially make the Company less attractive to retail and wealth managers.</p> <p>The shareholder register and shareholder activity are reviewed at each Board meeting and regular shareholder meetings are organised by the Broker with the Board and Fidelity, including the Portfolio Manager and Investment Director. Fidelity has an investment companies' website which has dedicated pages for the Company and regular updates are provided for investors.</p>

Other risks facing the Company include:

Tax and Regulatory Risks

There is a risk of the Company not complying with tax and regulatory requirements. A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status resulting in the Company being subject to tax on capital gains.

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

The Company has a full risk register which includes less material risks which the Board reviews at least annually.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk,

capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has, therefore, concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 October 2024 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, China's tensions with the US and Taiwan and significant market events.

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

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement below.

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis above. The Company is an investment trust with the objective of achieving long-term capital growth. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

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

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance versus its Comparative Index;
- The principal and emerging risks and uncertainties facing the Company and their potential impact as set out on pages 28 to 32;
- 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 for the five year reporting period to 31 July 2023 lagged the Comparative Index, with a NAV total return of +45.4%, a share price total return of +41.1% compared to the Comparative Index total return of +50.7%. The Board regularly reviews the investment policy and considers it remains 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 Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The Company's 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 considered to be reasonable in comparison to the Company's total assets.

In preparing the Financial Statements, the Directors have considered the impact of climate change, as detailed on page 28 and on page 31. The Board has also considered the impact of regulatory changes, continuing tensions between the US and China, tensions with Taiwan and the ongoing global implications of the Ukraine and Russia war, and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement above.

A continuation vote takes place every five years. There is a risk that shareholders do not vote in favour of the continuation of the Company during periods when performance of the Company's NAV and share price is poor. The last continuation vote was at the Company's AGM held on 3 December 2021. The next continuation vote will take place at the AGM in 2026.

PROMOTING THE SUCCESS OF THE COMPANY

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

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

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 27 and 28.

Strategic Report continued

The Board places great importance on communication with shareholders. The Annual General Meeting (“AGM”) provides the key forum for the Board and the Portfolio Manager to present to the shareholders on the Company’s performance and future plans and the Board encourages all shareholders to attend either in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company’s registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Company Secretary in writing at the same address or by email at investmenttrusts@fil.com. The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators during the year. These communication opportunities help inform the Board in considering how best to promote the success of the company over the long-term.

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

Whilst the Company’s direct operations are limited, the Board recognises the importance of considering the impact of the Company’s investment strategy on the wider community and environment. The Board believes that a proper consideration of ESG issues aligns with the investment objective to deliver long-term capital growth, and the Board’s review of the Manager includes an assessment of their ESG approach, which is set out in detail on pages 21 to 24.

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

- As part of the Board’s succession plans:
 - The appointment of Hussein Barma to the Board as Chairman of the Audit Committee and non-executive Director with effect from 24 November 2022;
 - The decision to appoint Clare Brady as Chairman of the Board when the current Chairman, Kate Bolsover, steps down at the conclusion of the AGM on 29 November 2023; and
 - The decision to appoint Matthew Sutherland as Senior Independent Director with effect from 29 November 2023 from the change in Clare Brady’s role from Senior Independent Director to Chairman.
- Authorising the repurchase of 569,000 ordinary shares up to the date of this Annual Report when the Company’s discount widened, in line with the Board’s discount management policy;
- The decision to recommend the payment of a final dividend of 14.50 pence per ordinary share; and
- The decision to once again hold a hybrid AGM in 2023 in order to make it more accessible to those investors who are unable to or prefer not to attend in person.

Board Diversity

As at the date of this Annual Report, there were three male Directors and three female Directors on the Board. The Board carries out any candidate search against a set of objective criteria and on the basis of merit, with due regard for the benefits of diversity on the Board, including gender. Although the Company is not a FTSE 350 company, the Board’s composition meets the target of 40% of women for FTSE 350 company boards by the end of 2025 as set by the FTSE Women Leaders Review. This is the third and successor phase to the Hampton-Alexander Review which had a target of 33% of women board members. The Board also meets the new Listing Rule and the FCA’s targets on diversity and also that one senior position is held by a woman. Senior positions are held by Kate Bolsover as Chairman and Clare Brady as Senior Independent Director.

Gender Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
Men	3	50%	2
Women	3	50%	2

Although, the Company is not a FTSE 350 company, it meets the recommendations of the Parker Review Committee that each FTSE 350 company should have at least one director from an ethnic minority background by 2024 so as to improve the ethnic and cultural diversity of UK company boards as can be seen from the table below. The Board also meets the new Listing Rule and the FCA’s targets that at least one Director is from an ethnic minority background. This position is held by Hussein Barma.

Ethnic Background Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
White British or other White (including minority white groups)	5	83%	3
Asian/Asian British	1	17%	1

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social, and Governance in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an increasingly important input into the assessment of the value of the Company's investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in its investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/responsible-investing. Further information on Fidelity International's approach to ESG in the investment process and sustainable investing can be found on pages 21 to 24 and are part of this Strategic Report.

Streamlined Energy and Carbon Reporting (SECR)

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

Task Force on Climate-Related Financial Disclosures (TCFD)

Product reports of Task Force on Climate-related Financial Disclosures (TCFD) can be obtained from the Manager's website at <https://investment-trusts.fidelity.co.uk>.

Bribery Act 2010 and Criminal Finances Act 2017

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business. The Board has adopted a zero tolerance policy in respect to bribery and tax evasion and its facilitation.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

By Order of the Board

FIL Investments International

Secretary

11 October 2023

Board of Directors

Serving Directors as at the date of this Annual Report.



Kate Bolsover

Chairman (since 9 December 2014)
Appointed 1 January 2010



Kate Bolsover is a non-executive Director of Baillie Gifford & Co. Ltd and Bellevue Healthcare Trust plc. She is Chairman of TR Property Investment Trust PLC. Between 1995 and 2005, she worked for Cazenove Group plc and J.P. Morgan Cazenove as Managing Director of the mutual fund business and latterly Director of Corporate Communications. Prior to this, she worked in business development and mutual funds covering countries in the Far East.



Hussein Barma

Chairman of the Audit Committee
Appointed 24 November 2022



Hussein Barma is a non-executive Director and Audit Chair of Chaarat Gold Holdings Limited and also of Atalaya Mining plc (both of which are listed on the AIM market). He is an independent Governor of the University of the Arts London and the Chair and Member of the Finance Committee for the Oxford Centre for Islamic Studies. Between 1998 to 2014, he was the UK-based Chief Financial Officer of Antofagasta plc. His earlier career was in professional services and academia and he held positions at the Financial Reporting Council and Modern Art Oxford. He is a qualified Barrister and Chartered Accountant and holds a doctorate in corporate law.

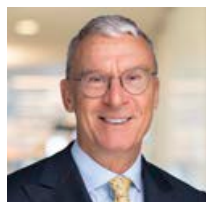


Clare Brady

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



Clare Brady is a chartered governance professional with 35 years' experience in banking and financial services. She is a non-executive Director of Credit Suisse AG, a UBS Group company, and Chairs their Conduct and Financial Crime Control Committee. She is a Member of the Audit and Risk Commission of the International Federation of Red Cross and Red Crescent Societies and a Director of The Golden Charter Trust Limited. In her executive career, she was most recently a Director of the International Monetary Fund (IMF) and prior to that, the Auditor General at the World Bank, based in Washington D.C. Previously, she headed audit and compliance functions at the Bank of England, Barclays Capital, HSBC and Deutsche Bank.



Matthew Sutherland

Director
Appointed 1 January 2022



Matthew Sutherland has 32 years' experience of working in financial markets, primarily as an equity analyst and head of research, of which the last twenty-four were spent living in Asia covering Asian markets. Until 2016, he worked for Fidelity International, running its highly regarded Asian equity research team of over 70 analysts from its Hong Kong and Tokyo offices. He was also responsible for hiring and training analysts in India, China, Korea, Hong Kong, Singapore, Japan and Australia which included coverage of all the Asian stock markets. Prior to joining Fidelity, he was Country Head for HSBC Securities in Taiwan and worked for BNP Paribas in Manila.



Sally Macdonald

Director
Appointed 1 January 2022



Sally Macdonald is a non-executive Director of JP Morgan Japanese Investment Trust plc and Evelyn Partners Fund Solutions Ltd. She was Head of Asian Equities at Marlborough Fund Managers. She has almost 40 years' experience of financial markets, which includes more than 30 years as an Asian fund manager. She has previously run the Asian desks for Sanwa, Lazard Brothers Asset Management, Canada Life, Morley (Aviva) and City of London Investment Group.



Michael Warren

Director
Appointed 29 September 2014



Michael Warren is a non-executive Director of Henderson Smaller Companies Investment Trust plc, Carrington Investments, Rathbones Unit Trust Management Ltd and EdenTree Investment Management. He is also an Advisor to Gresham House Asset Management. He is a past non-executive Director of Liontrust Panthera, Alquity Investment Management Ltd and Vindependents. He worked for Thames River Capital from 2007 until 2012 as Investment Director. Prior to that he worked at HSBC Investments, where he was responsible for Institutional and Retail distribution, and before that at Deutsche Asset Management, where he was a main board member. Latterly, he served as Managing Director of the UK mutual fund business, DWS.

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

Committee membership key

Audit Management Engagement Nomination Committee Chair

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 July 2023.

Results and Dividends

The Company's results for the year ended 31 July 2023 are set out in the Income Statement on page 54. The revenue return was 15.17 pence and the capital return was 39.95 pence, giving a total return of 55.12 pence per ordinary share.

The Directors recommend that a final dividend of 14.50 pence (2022: 14.00 pence) per ordinary share be paid on 6 December 2023 to shareholders who appear on the share register as at the close of business on 3 November 2023 (ex-dividend date 2 November 2023).

The Board

All Directors served on the Board throughout the year ended 31 July 2023 and up to the date of this report, with the exception of Hussein Barma who was appointed on 24 November 2022 and Grahame Stott who stepped down from the Board at the conclusion of the AGM on 23 November 2022. A brief description of all serving Directors as at the date of this report is shown on page 36 and indicates their qualifications for Board membership.

In line with the Board's succession plan, Kate Bolsover will not be seeking re-election at the AGM on 29 November 2023.

Management Company

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

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

FIL Limited has no beneficial interest in the shares of the Company (2022: nil).

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

Management Fee

Since 1 August 2018, the Company has had a variable management fee arrangement which comprises a base management fee of 0.70% of net assets per annum and a +/- 0.20% variable fee based on the performance of the NAV per ordinary share relative to the Company's Benchmark Index. The

variable management fee is calculated daily by referencing the performance of the Company's NAV to the Benchmark Index on a three year rolling basis. It increases or decreases 0.033% for each percentage point of the three year NAV per ordinary share outperformance or underperformance over the Benchmark Index up to a maximum of +0.20% or a minimum of -0.20%. The maximum fee that the Company will pay is 0.90% of net assets, but if the Company underperforms against the Benchmark Index, then the overall fee could fall as low as 0.50% of net assets. Any increase to the NAV from the repurchase or issue of shares is removed from the fee calculation, so that the Manager cannot benefit from performance outside of portfolio management activities.

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

The total management fee for the year ended 31 July 2023 is detailed in Note 4 on page 61 and the secretarial and administration fee is detailed in Note 5 on page 62.

Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 29 November 2023.

Disclosure of Information to the Company's Auditor

As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance

The Corporate Governance Statement forms part of this report and can be found on pages 39 to 41.

Registrar, Custodian and Depositary Arrangements

The Company has appointed Link Group as its Registrar to manage the Company's share register, JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets, and J.P. Morgan Europe Limited, under a tri-partite agreement, as its Depositary, which is primarily responsible for the oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 62.

Share Capital

The Company's share capital comprises ordinary shares of 25 pence each which are fully listed on the London Stock Exchange. As at 31 July 2023, the issued share capital of the Company was 75,580,889 ordinary shares (2022: 75,580,889) of which 3,751,553 shares (2022: 3,182,553) are held in Treasury. Therefore, the number of shares with voting rights was 71,829,336 (2022: 72,398,336).

Directors' Report continued

Premium/Discount Management: Enhancing Shareholder Value

The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV, either for cancellation or for holding in Treasury. The Board will only exercise these authorities if deemed to be in the best interests of shareholders at the time.

Ordinary Share Issues

No ordinary shares were issued during the year ended 31 July 2023 (2022: nil) and none have been issued since then and as at the date of this report.

The authorities to issue ordinary shares and to disapply pre-emption rights expire at the AGM on 29 November 2023 and resolutions to renew these authorities will be put to shareholders at this AGM.

Ordinary Share Repurchases

During the year ended 31 July 2023, 569,000 ordinary shares (2022: 780,543) were repurchased for holding in Treasury. Since then and as at the date of this report, no further ordinary shares have been repurchased into Treasury.

The authority to repurchase ordinary shares expires at the AGM on 29 November 2023 and a resolution to renew the authority to repurchase shares, either for cancellation or to hold them in Treasury, will be put to shareholders at this AGM.

Substantial Share Interests

As at 31 July 2023 and 31 August 2023, the shareholders listed in the table below held more than 3% of the issued ordinary share capital of the Company.

Shareholders	31 July 2023 %	31 August 2023 %
Fidelity Platform	13.93	13.94
Hargreaves Lansdown	7.71	7.64
Interactive Investor	7.70	7.65
Charles Stanley	7.68	7.68
Evelyn Partners	5.90	6.05
Brewin Dolphin	5.52	5.49
Rathbones	5.08	5.27
AJ Bell	3.16	3.17

Additional Information Required in the Directors' Report

Information on proposed dividends, financial instruments and disclosure on Streamlined Energy and Carbon Reporting is set out in the Strategic Report on pages 27 to 35.

By Order of the Board

FIL Investments International

Secretary

11 October 2023

Corporate Governance Statement

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

Corporate Governance Codes

The Board follows the principles and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018. The Board also follows the AIC Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies ("AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code and paragraph 9.8.6 of the Listing Rules. This Statement, together with the Statement of Directors' Responsibilities on page 45, set out how the principles have been applied.

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

Statement of Compliance

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

THE BOARD

Board Composition

The Board, chaired by Kate Bolsover, consists of six non-executive Directors as at the date of this Annual Report. The Directors believe that, between them, they have good knowledge and wide experience of business in Asia and of investment companies and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company. The Board's succession plan is in the Chairman's Statement on pages 3 and 4.

Clare Brady is the Senior Independent Director and fulfils the role as a sounding board for the Chairman, intermediary for the other Directors as necessary and acts as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate. She will be succeeded by Matthew Sutherland when she changes roles from Senior Independent Director to Chairman on 29 November 2023.

Biographical details of all the Directors are on page 36.

Training, Development and Board Evaluation

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

An evaluation of the Board, its Committees and the Manager was undertaken in the form of written questionnaires and discussions. This process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. It was concluded that the Chairman, each Director and the Manager had been effective and continues to demonstrate commitment to their roles.

Directors' and Officers' Liability Insurance

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

Board Responsibilities and Board Meetings

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Manager under the Management Agreement are reserved for the Board's decision. The Board also considers shareholder issues including communication and investor relations.

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

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on the next page gives the attendance record for the meetings held during the reporting year. In addition to the formal Board and Committee meetings, the Board undertakes a due diligence trip to Asia every other year. Details of the due diligence trip from this year are in the Chairman's Statement on page 2. During the trip, the Board met with the management of existing and potential investee companies alongside the Portfolio Manager. The Board also met with Fidelity's research and analyst teams. The Board also has an annual strategy meeting.

Corporate Governance Statement continued

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Kate Bolsover	5/5	n/a	1/1	1/1
Hussein Barma ¹	3/3	2/2	n/a	1/1
Clare Brady	5/5	3/3	1/1	1/1
Sally Macdonald	5/5	3/3	1/1	1/1
Grahame Stott ²	2/2	1/1	1/1	n/a
Matthew Sutherland	5/5	3/3	1/1	1/1
Michael Warren	5/5	3/3	1/1	1/1

¹ Appointed on 24 November 2022.

² Retired on 23 November 2022.

Figures indicate those meetings for which each Director was eligible to attend and attended in the year. Regular Board meetings exclude ad hoc meetings for formal approvals.

Since the end of the reporting period, the Directors have also had a Management Engagement Committee meeting at which they reviewed the performance of the Manager and the terms of the Company's Management Agreement.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee is chaired by Hussein Barma and consists of all of the Directors, except for Kate Bolsover, which is in line with the recommendation of the 2018 UK Corporate Governance Code. Full details, including the Committee's role and responsibilities, are disclosed in the Report of the Audit Committee on pages 46 and 47.

Management Engagement Committee Composition

The Management Engagement Committee is chaired by Michael Warren and consists of all of the Directors.

Role and Responsibilities

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

Manager's Reappointment

Ahead of the AGM, the Committee has reviewed the performance of the Manager and the current fee structure and also that of its peers and concluded that it is in the interests

of shareholders that the appointment of the Manager should continue. In reaching this conclusion, the Committee took into consideration the commitment, quality and continuity of the team responsible for the Company. Details of the management fee structure for the year ended 31 July 2023 are in the Directors' Report on page 37.

Nomination Committee Composition

The Nomination Committee is chaired by Kate Bolsover and consists of all of the Directors. It will be chaired by Clare Brady when Mrs Bolsover steps down from the Board at the conclusion of the AGM on 29 November 2023.

Role and Responsibilities

The Committee is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The search for a candidate is carried out against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender. New Directors are appointed on the basis of merit and this process has led to a diverse Board membership. External consultants may be used to identify potential candidates and to assist the Board in recruiting a new independent non-executive director. This was the case for the recruitment of Hussein Barma through the services of Fletcher Jones Ltd, which has no connection with the Company. Mr Barma's appointment was effective from 24 November 2022.

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

The Committee makes recommendations to the Board for the continuation or cessation of service of Directors and reviews the tenure of Directors on a three year cycle. It also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM on 29 November 2023, it has considered the performance and contribution to the Company of each Director and concluded that each Director seeking election and re-election has been effective and continues to demonstrate commitment to their role. This has been endorsed by the Board, which recommends their appointment and reappointment by shareholders at the AGM on 29 November 2023. Kate Bolsover who is stepping down from the Board at the conclusion of the AGM will not be seeking re-election.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 45 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 48 to 53.

The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

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

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

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. The process also assists in identifying any new emerging risks and the action necessary to mitigate their potential impact. The Board confirms that there is an effective ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 July 2023 and up to the date of this report. This process is in

accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

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

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Directors, are available to meet with shareholders to discuss strategy and governance. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at investmenttrusts@fil.com or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 29 November 2023, details of which can be found on page 4. Nitin Bajaj, the Portfolio Manager, will be making a presentation.

Annual General Meeting

The Notice of Meeting on pages 84 to 87 sets out the business of the AGM and the special business resolutions are explained more fully on pages 82 and 83. A separate resolution is proposed on each substantially separate issue including the approval of the Annual Report and Financial Statements. The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

On behalf of the Board

Kate Bolsover

Chairman
11 October 2023

Directors' Remuneration Report

Directors' Remuneration

The fee structure with effect from 1 August 2023 is as follows: Chairman – £44,100 (2022: £42,000); Chairman of the Audit Committee – £36,750 (2022: £35,000); Senior Independent Director – £32,500 (2022: £29,000) and Directors – £30,500 (2022: £29,000). Levels of remuneration are reviewed to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 29 November 2023.

The Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Directors to £300,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role that individual Directors fulfil. Other than fees and reasonable out-of-pocket expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes or other taxable benefits. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office. Directors fees are paid monthly in arrears. Directors would not serve a notice period if their appointment were to be terminated.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own individual fees. The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

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

The Company's Remuneration Policy will apply to new Board members, who will be paid at the equivalent amount of fees as current Board members.

Voting on the Remuneration Policy

The Remuneration Policy (the "Policy"), as set out above, was approved at the AGM on 23 November 2022 with 99.34% of votes cast in favour, 0.54% of votes cast against and 0.12% of votes withheld. The current Policy, as set out above, has been followed throughout the year ended 31 July 2023 and up to the date of this report. The next vote will be put to shareholders at the AGM in 2025, and the votes cast will be disclosed on the Company's website at: www.fidelity.co.uk/asianvalues.

Voting on the Directors' Remuneration Report

At the AGM held on 23 November 2022, 98.01% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2022, 0.44% of votes were cast against and 1.55% votes were withheld.

The Directors' Remuneration Report for the year ended 31 July 2023 will be put to shareholders at the AGM on 29 November 2023, and the votes cast will be disclosed on the Company's website at: www.fidelity.co.uk/asianvalues.

Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year ended 31 July 2023 was £195,498 (2022: £172,093). This includes expenses incurred by Directors in attending to the affairs of the Company and which are considered by HMRC to be a taxable expense. Information on individual Directors' fees and taxable Directors' expenses are shown in the table on the next page.

The fees for 2023 compared to 2022 are higher due to the crossover between Directors' retirements and appointments. This is part of the Board's succession planning.

Expenditure on Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 July 2024 is disclosed in the table on the next page.

	31 July 2023 £	31 July 2022 £
Expenditure on Directors' Remuneration:		
Fees and taxable expenses	195,498	172,093
Distribution to Shareholders:		
Dividend payments	10,066,000	6,440,000

Remuneration of Directors

	2024 Projected Total (£)	2023 Fees (Audited) (£)	2023 Taxable Expenses (Audited) (£)	2023 Total (Audited) (£)	2022 Fees (Audited) (£)	2022 Taxable Expenses (Audited) (£)	2022 Total (Audited) (£)
Kate Bolsover ¹	14,619	42,000	949	42,949	37,000	2,443	39,443
Hussein Barma ²	36,750	24,006	-	24,006	n/a	n/a	n/a
Clare Brady ³	40,265	29,000	635	29,635	26,750	1,256	28,006
Sally Macdonald ⁴	30,500	29,000	666	29,666	15,604	1,265	16,869
Timothy Scholefield ⁵	n/a	n/a	n/a	n/a	9,225	-	9,225
Grahame Stott ⁶	n/a	11,039	-	11,039	31,000	1,699	32,699
Matthew Sutherland ^{4,7}	31,839	29,000	-	29,000	15,604	1,367	16,971
Michael Warren	30,500	29,000	203	29,203	26,750	2,130	28,880
Total	184,473	193,045	2,453	195,498	161,933	10,160	172,093

- Retiring on 29 November 2023.
- Appointed on 24 November 2022.
- To be appointed as Chairman on 29 November 2023.
- Appointed on 1 January 2022.
- Retired on 3 December 2021.
- Retired on 23 November 2022.
- To be appointed as Senior Independent Director on 29 November 2023.

Five year change comparison in Directors' Remuneration

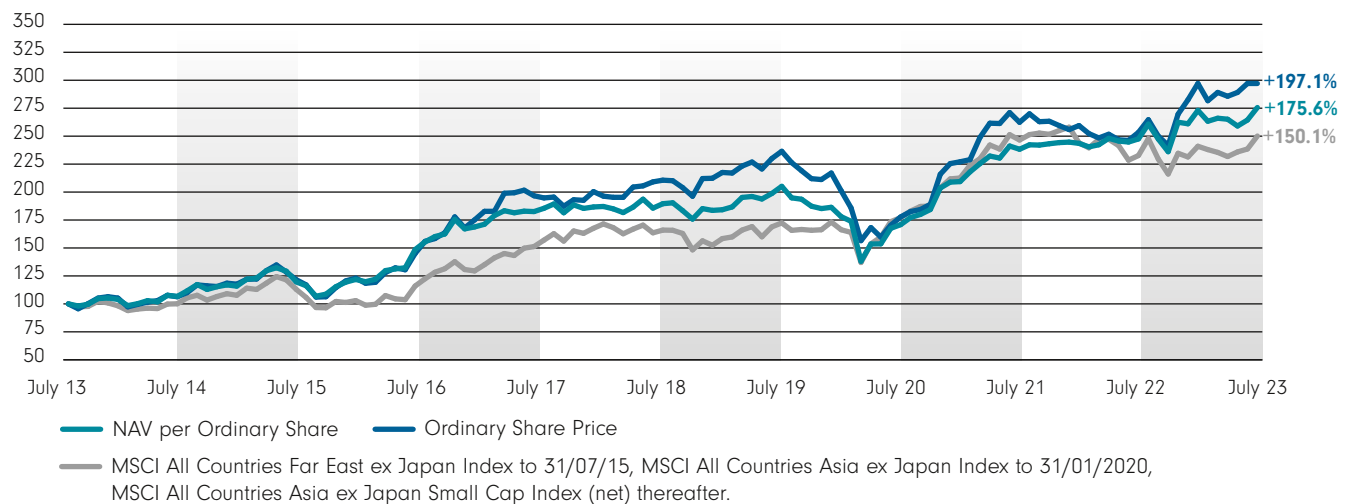
The table below sets out the change in Directors' fees over the last five years.

	2023	2018	Change (%)
Chairman	42,000	34,000	+23.5%
Senior Independent Director	29,000	25,000	+16.0%
Audit Committee Chair	35,000	28,000	+25.0%
Director	29,000	25,000	+16.0%

Performance

The Company's objective is to achieve capital growth principally from the stockmarkets of the Asian Region excluding Japan. The graph below shows performance over ten years to 31 July 2023 against its Benchmark Index - which is used for the purposes of calculating the Variable Management Fee.

Total return performance for ten years to 31 July 2023



Directors' Remuneration Report continued

Directors' Interest in the Company's Ordinary Shares

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

Directors' Shareholdings (Audited)

	31 July 2023	31 July 2022	Change during year
Ordinary Shares			
Kate Bolsover	15,452	15,452	-
Hussein Barma ^{1,2}	2,500	n/a	2,500
Clare Brady	2,500	2,500	-
Sally Macdonald ²	2,734	2,111	623
Grahame Stott ³	n/a	30,000	-
Matthew Sutherland	27,859	27,859	-
Michael Warren	10,000	10,000	-

1 Appointed 24 November 2022.

2 Purchase of shares.

3 Retired on 23 November 2022.

On Behalf of the Board

Kate Bolsover

Chairman

11 October 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law they have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the reporting period.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- State whether applicable UK Accounting Standards, including FRS 102, 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 presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Company and 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 to the Manager the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Annual Report, including the Strategic 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; and
- 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.

The Statement of Directors' Responsibilities was approved by the Board on 11 October 2023 and signed on its behalf by:

Kate Bolsover
Chairman

Report of the Audit Committee

I am pleased to present the formal report of the Audit Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see page 41 for further details) and the effectiveness of the external audit process and how this has been assessed for the year ended 31 July 2023.

Composition

The members of the Committee are myself as Chairman, Clare Brady, Sally Macdonald, Matthew Sutherland and Michael Warren. In line with the recommendation of the 2018 UK Corporate Governance Code, Kate Bolsover, as Chairman of the Board, is not a member of the Committee, but is invited to attend the Committee meetings as a guest. All Committee members are independent non-executive Directors and collectively have sufficient recent and relevant financial experience to discharge their responsibilities fully.

Role and Responsibilities

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at www.fidelity.co.uk/asianvalues.

These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems (including financial, operational and compliance controls), considering the scope of work undertaken by the Manager's internal audit department* and reviewing the Company's procedures for detecting fraud;
- Monitoring the integrity of the Company's half-yearly and annual Financial Statements to ensure they are fair, balanced and understandable; and
- Reviewing the existence and performance of all controls operating in the Company, including the review of internal controls reporting of its service providers.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Auditor for the year ended 31 July 2023.

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

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

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

- The fulfilment by the Auditor of the agreed audit plan, including the audit team and approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 July 2023; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Auditor's Appointment and Audit Tenure

Ernst & Young LLP was appointed as the Company's Auditor on 30 November 2015 following a formal audit tender process. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the second year that the current Audit Partner, Ashley Coups, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations which restrict the Company's choice of auditor.

Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 62. The audit fee for the reporting year was £48,106 (2022: £44,750).

* The Committee, on behalf of the Board, has reviewed the work undertaken by the Manager's internal audit team and has sufficient reassurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets.

Annual Report And Financial Statements

In the review of the Company's Financial Statements for the year ended 31 July 2023, the Committee deliberated and considered any significant issues, including consideration of principal and emerging risks and uncertainties on the Company's activities and those issues communicated by the Auditor during its reporting.

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

<p>Recognition of Investment Income</p>	<p>Investment income is recognised in accordance with Accounting Policy Note 2 (e) on page 58. The Manager provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for classification of these special dividends. The Committee reviewed the internal audit and compliance monitoring reports received from the Manager, including an additional internal controls report ("AAF" report) prepared by PricewaterhouseCoopers LLP ("PwC") on behalf of the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.</p>
<p>Valuation, existence and ownership of investments (including derivatives and unlisted investments)</p>	<p>The valuation of investments (including derivatives and unlisted investments) is in accordance with Accounting Policy Notes 2 (k) and 2 (l) on pages 59 and 60. The Committee took comfort from the Depositary's regular oversight function that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional AAF report prepared by PwC on behalf of the Manager which concluded that controls around the valuation, existence and ownership of investments operate effectively. The valuation of the Company's unlisted investments is appraised by the Manager's Fair Value Committee ("FVC") in accordance with UK GAAP and International Private Equity Valuation Guidelines and reviewed by the Audit Committee. It receives reporting information from the FVC and reviews and challenges the proposed valuation methodologies for all unlisted investments. The FVC's proposals include recommendations from Kroll, an external company that provides global financial information and services, and detailed input from the Fidelity International analysts covering the unlisted companies, as well as Fidelity's unlisted investments specialist. The Committee also reviewed the reports provided by the Auditor on its work on the valuations of the unlisted investments held in the Company's portfolio.</p>
<p>Management fee calculation</p>	<p>The Company has a variable management fee arrangement in place. At each Committee meeting, the Manager reports on the accruals for the variable part of the fee that have been included in the Company's NAV and confirms that it has been calculated in accordance with the Management Agreement. These variable management fee accruals are reviewed by the Committee. It also receives reporting on the work carried out by the Auditor that the Company's variable management fee has been calculated in accordance with the terms of the Management Agreement.</p>

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 July 2023, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee has reported these findings to the Board and recommended that they be approved. The Board's conclusion in this respect is set out in the Statement of Directors' Responsibilities on page 45.

Hussein Barma

Chairman of the Audit Committee
11 October 2023

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

Opinion

We have audited the Financial Statements of Fidelity Asian Values PLC ('the Company') for the year ended 31 July 2023 which comprise Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 July 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

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

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- Inspecting the Directors' assessment of going concern, including the revenue and expense forecast, for the period to 31 October 2024 which is at least 12 months from the date of approval of the Financial Statements. In preparing the revenue and expense forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue and expense forecast. Considering the appropriateness of the methods used to calculate the forecast and determined, through testing of the methodology and calculations, that the methods utilised were appropriate to be able to make an assessment of going concern for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company, including a review of the Company's assessment of the liquidity of investments held and evaluating the Company's ability to sell investments in order to cover the working capital requirements should its revenue decline significantly; and
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 October 2024 which is at least twelve months from the date the Financial Statements were authorised for issue.

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

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

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio, including derivatives.
Materiality	<ul style="list-style-type: none"> • Overall materiality of £3.95m which represents 1% of the net asset value of the Company as at 31 July 2023.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change 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.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Company. The Company has determined that the impact of climate change could affect the Company's investments and their valuations and potentially shareholder returns. These are explained on page 28 and on page 31 in the principal and emerging risks section, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the Financial Statements as set out in Note 2(a) and the conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date and therefore reflect the market participants view of climate change risk on the investments held by the Company. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement.</p> <p><i>Refer to the Report of the Audit Committee (page 47); Accounting policies (page 58); and Note 3 of the Financial Statements (page 61).</i></p> <p>The Company has reported revenue of £17.77m (2022: £15.26m).</p> <p>During the year, the Company received special dividends amounting to £0.56m (2022: £0.48m), of which £0.14m (2022: £0.38m) was classified as revenue and £0.42m (2022: £0.10m) as capital.</p>	<p>We have performed the following procedures:</p> <p>We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures to evaluate the design and implementation of controls;</p> <p>For all dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements;</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement.</p>

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>In addition to the above, the Directors may be required to exercise judgement in determining whether income received in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.</p>	<p>For all dividends accrued, we assessed whether the dividend obligations arose prior to 31 July 2023 with reference to an external source;</p> <p>To test completeness of recorded income, we tested that all expected dividends for each of the investee companies had been recorded as income with reference to an external source; and</p> <p>For all dividend income during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. For special dividends above our testing threshold, we assessed the appropriateness of the Company's classification as either revenue or capital by reviewing the rationale for the underlying distribution.</p>	
<p>Risk of incorrect valuation or ownership of the investment portfolio, including derivatives</p> <p><i>Refer to the Report of the Audit Committee (page 47); Accounting policies (pages 59 and 60); and Notes 10 and 11 of the Financial Statements (pages 65 and 66).</i></p> <p>At 31 July 2023, the Company held investments with a value of £377.63m (2022: £338.85m). The Company also has net derivative assets amounting to £0.01m (2022: net derivative liability amounting to £0.33m).</p> <p>The valuation of the assets held in the investment portfolio, including derivatives, is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>The fair value of the listed investments and derivatives is determined using quoted market prices at close of business on the reporting date.</p>	<p>We have performed the following procedures:</p> <p>We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing walkthrough procedures;</p> <p>For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor. For all derivatives, we compared the market prices of the underlying instrument to an independent pricing vendor and agreed cost price to the Brokers' confirmations. We recalculated the investment and derivative valuations as at the year-end;</p> <p>We inspected the stale pricing report to identify prices that had not changed and verified whether the quoted price is a valid fair value; and</p> <p>We compared the Company's investment holdings at 31 July 2023 to the independent confirmation received directly from the Company's Custodian and Depositary. We agreed all year-end open derivative positions to confirmations received independently from the Company's Brokers.</p>	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio, including derivatives.</p>

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £3.95m (2022: £3.68m), which is 1% (2022: 1%) of Company's Net Assets. We believe that Net Assets provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £2.96m (2022: £2.76m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.61m (2022: £0.57m) being 5% (2022: 5%) of revenue profit before tax.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.20m (2022: £0.18m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

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

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

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 32 and 33;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 33;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on pages 32 and 33;
- Directors' statement on fair, balanced and understandable set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 41; and
- The section describing the work of the Audit Committee set out on page 46.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 45, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 30 November 2015 to audit the Financial Statements for the year ending 31 July 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is eight years, covering the years ending 31 July 2016 to 31 July 2023.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ashley Coups

Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 October 2023

Income Statement

for the year ended 31 July 2023

	Notes	Year ended 31 July 2023			Year ended 31 July 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	-	29,025	29,025	-	2,708	2,708
Gains/(losses) on derivative instruments	11	-	1,781	1,781	-	(1,815)	(1,815)
Income	3	17,773	-	17,773	15,256	-	15,256
Investment management fees	4	(2,644)	(281)	(2,925)	(2,564)	732	(1,832)
Other expenses	5	(988)	-	(988)	(905)	-	(905)
Foreign exchange gains		-	1,089	1,089	-	2,609	2,609
Net return on ordinary activities before finance costs and taxation		14,141	31,614	45,755	11,787	4,234	16,021
Finance costs	6	(1,997)	-	(1,997)	(331)	-	(331)
Net return on ordinary activities before taxation		12,144	31,614	43,758	11,456	4,234	15,690
Taxation on return on ordinary activities	7	(1,238)	(2,882)	(4,120)	(1,079)	(1,085)	(2,164)
Net return on ordinary activities after taxation for the year		10,906	28,732	39,638	10,377	3,149	13,526
Return per ordinary share	8	15.17p	39.95p	55.12p	14.21p	4.31p	18.52p

The Company does not have any other comprehensive income. 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.

Statement of Changes in Equity

for the year ended 31 July 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other non- distributable reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
Total shareholders' funds at 31 July 2022		18,895	50,501	3,197	7,367	-	273,448	14,215	367,623
Net return on ordinary activities after taxation for the year		-	-	-	-	-	28,732	10,906	39,638
Repurchase of ordinary shares	14	-	-	-	-	-	(2,618)	-	(2,618)
Dividend paid to shareholders	9	-	-	-	-	-	-	(10,066)	(10,066)
Total shareholders' funds at 31 July 2023		18,895	50,501	3,197	7,367	-	299,562	15,055	394,577
Total shareholders' funds at 31 July 2021		18,895	50,501	3,197	7,367	719	273,107	10,278	364,064
Net return on ordinary activities after taxation for the year		-	-	-	-	-	3,149	10,377	13,526
Repurchase of ordinary shares	14	-	-	-	-	(719)	(2,808)	-	(3,527)
Dividend paid to shareholders	9	-	-	-	-	-	-	(6,440)	(6,440)
Total shareholders' funds at 31 July 2022		18,895	50,501	3,197	7,367	-	273,448	14,215	367,623

Balance Sheet

as at 31 July 2023

Company number 3183919

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	10	377,631	338,845
Current assets			
Derivative instruments	11	1,758	972
Debtors	12	3,556	4,568
Amounts held at futures clearing houses and brokers		3,820	2,997
Cash at bank		13,029	25,368
		22,163	33,905
Current liabilities			
Derivative instruments	11	(1,665)	(1,302)
Other creditors	13	(3,552)	(3,825)
		(5,217)	(5,127)
Net current assets		16,946	28,778
Net assets		394,577	367,623
Capital and reserves			
Share capital	14	18,895	18,895
Share premium account	15	50,501	50,501
Capital redemption reserve	15	3,197	3,197
Other non-distributable reserve	15	7,367	7,367
Other reserve	15	-	-
Capital reserve	15	299,562	273,448
Revenue reserve	15	15,055	14,215
Total shareholders' funds		394,577	367,623
Net asset value per ordinary share	16	549.33p	507.78p

The Financial Statements on pages 54 to 78 were approved by the Board of Directors on 11 October 2023 and were signed on its behalf by:

Kate Bolsover
Chairman

Notes to the Financial Statements

1 Principal Activity

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

2 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in July 2022. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investments are highly liquid and are carried at market value.

a) Basis of accounting – The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31 October 2024 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the risks faced by the Company as detailed in the Going Concern Statement on pages 32 and 33.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as a principal and an emerging risk as set out on page 28, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date. Investments which are unlisted are priced using market-based valuation approaches. All investments, therefore, reflect the market participants' view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Strategic Report on pages 32 and 33 takes account of all events and conditions up to 31 October 2024 which is at least twelve months from the date of approval of these Financial Statements.

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

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

Judgements

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

Estimates

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

- (i) the selection of appropriate comparable companies. Comparable companies are chosen on the basis of their business characteristics and growth patterns;
- (ii) the selection of a revenue metric (either historical or forecast);
- (iii) the selection of an appropriate illiquidity discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

Notes to the Financial Statements continued

2 Accounting Policies continued

- (iv) the estimation of the likelihood of a future exit of the position through an initial public offering ("IPO") or a company sale;
- (v) the selection of an appropriate industry benchmark index to assist with the valuation; and
- (vi) the calculation of valuation adjustments derived from milestone analysis and future cash flows (i.e. incorporating operational success against the plans/forecasts of the business into the valuation).

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

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

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

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

e) Income – Income from equity investments is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Amounts are credited to the revenue column of the Income Statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

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

Interest received on CFDs, collateral and bank deposits are accounted for on an accruals basis and credited to the revenue column of the Income Statement. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

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

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

g) Functional currency and foreign exchange – The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated in the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on the translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

h) Finance costs – Finance costs comprise interest on bank overdrafts and collateral and finance costs paid on CFDs, which are accounted for on an accruals basis, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are charged in full to the revenue column of the Income Statement.

2 Accounting Policies continued

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

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

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

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

k) Investments – The Company's business is investing in financial instruments with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed; and
- Unlisted investments are not quoted, or are not frequently traded, and are stated at the best estimate of fair value. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager's team, meets quarterly to determine the fair value of unlisted investments. These are based on the principles outlined in Note 2 (b) above.

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

The FVC provide a recommendation of fair values to the Directors based on recognised valuation techniques that take account of the cost of the investment, recent arm's length transactions in the same or similar investments and financial performance of the investment since purchase. Consideration is given to the input received from the Fidelity International analyst that covers the company, the external valuer and Fidelity's unlisted investments specialist.

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

l) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short CFDs, futures, options and forward currency contracts. Derivatives are classified as other financial instruments and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

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

Notes to the Financial Statements continued

2 Accounting Policies continued

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

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

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

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

p) Capital reserve – The following are accounted for in the capital reserve:

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

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having an adequate credit rating, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding losses of £899,000 (2022: losses of £188,000). See Note 17 on pages 76 and 77 for further details on the level 3 investments.

3 Income

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Investment income		
Overseas dividends	14,847	13,905
Overseas scrip dividends	266	114
Interest on securities	164	-
	15,277	14,019
Derivative income		
Dividends received on long CFDs	1,743	1,200
Interest received on CFDs	258	20
	2,001	1,220
Other interest		
Interest received on collateral and bank deposits	495	17
Total income	17,773	15,256

A special dividend of £420,000 has been recognised in capital during the year (2022: £97,000).

4 Investment Management Fees

	Year ended 31 July 2023			Year ended 31 July 2022		
	Revenue £'000	Capital ¹ £'000	Total £'000	Revenue £'000	Capital ¹ £'000	Total £'000
Investment management fees	2,644	281	2,925	2,564	(732)	1,832

¹ For the calculation of the variable management fee, the Company's NAV return was compared to the Benchmark Index return on a rolling three year basis.

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

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

Notes to the Financial Statements continued

5 Other Expenses

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Allocated to revenue:		
AIC fees	21	20
Custody fees	85	148
Depository fees	30	31
Directors' expenses	35	23
Directors' fees ¹	193	162
Legal and professional fees	161	109
Marketing expenses	195	157
Printing and publication expenses	86	79
Registrars' fees	38	37
Secretarial and administration fees payable to the Investment Manager	75	75
Sundry other expenses	21	19
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	48	45
	988	905

¹ Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 43.

6 Finance Costs

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Interest on bank overdrafts and collateral	2	5
Interest paid on CFDs ¹	1,788	255
Dividends paid on short CFDs	207	71
	1,997	331

¹ Increased compared to prior year due to an increase in both exposure to CFDs and interest rates.

7 Taxation on Return on Ordinary Activities

	Year ended 31 July 2023			Year ended 31 July 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of the taxation charge for the year						
Overseas taxation	1,238	-	1,238	1,079	-	1,079
Indian capital gains tax	-	2,882	2,882	-	1,085	1,085
Taxation charge for the year (see Note 7b)	1,238	2,882	4,120	1,079	1,085	2,164

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 25.00% (2022: 19.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 July 2023			Year ended 31 July 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return on ordinary activities before taxation	12,144	31,614	43,758	11,456	4,234	15,690
Net return on ordinary activities before taxation multiplied by the blended rate of UK corporation tax of 21.01% (2022: 19.00%)	2,551	6,642	9,193	2,177	804	2,981
Effects of:						
Capital gains not taxable ¹	-	(6,701)	(6,701)	-	(665)	(665)
Income not taxable	(3,137)	-	(3,137)	(2,617)	-	(2,617)
Excess management expenses	586	59	645	441	-	441
Excess interest paid	-	-	-	-	(139)	(139)
Expense relief for overseas taxation	-	-	-	(1)	-	(1)
Overseas taxation	1,238	-	1,238	1,079	-	1,079
Indian capital gains tax	-	2,882	2,882	-	1,085	1,085
Taxation charge for the year (see Note 7a)	1,238	2,882	4,120	1,079	1,085	2,164

¹ The Company is exempt from UK corporation tax on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £8,626,000 (2022: £7,858,000), in respect of excess management expenses of £32,235,000 (2022: £29,162,000) and excess interest paid of £2,271,000 (2022: £2,271,000), has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

The UK corporation tax rate increased from 19.00% to 25.00% from 1 April 2023. The rate of 25.00% has been applied to calculate the unrecognised deferred tax asset for the current year (2022: 25.00%).

Notes to the Financial Statements continued

8 Return per Ordinary Share

	Year ended 31.07.23	Year ended 31.07.22
Revenue return per ordinary share	15.17p	14.21p
Capital return per ordinary share	39.95p	4.31p
Total return per ordinary share	55.12p	18.52p

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

	£'000	£'000
Net revenue return on ordinary activities after taxation	10,906	10,377
Net capital return on ordinary activities after taxation	28,732	3,149
Net total return on ordinary activities after taxation	39,638	13,526

	Number	Number
Weighted average number of ordinary shares held outside of Treasury	71,912,335	73,039,011

9 Dividends Paid to Shareholders

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Dividend paid		
Dividend of 14.00 pence per ordinary share paid for the year ended 31 July 2022	10,066	-
Dividend of 8.80 pence per ordinary share paid for the year ended 31 July 2021	-	6,440
	10,066	6,440
Dividend proposed		
Dividend proposed of 14.50 pence per ordinary share for the year ended 31 July 2023	10,415	-
Dividend proposed of 14.00 pence per ordinary share for the year ended 31 July 2022	-	10,086
	10,415	10,086

The Directors have proposed the payment of a dividend for the year ended 31 July 2023 of 14.50 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 29 November 2023 and has not been included as a liability in these Financial Statements. The dividend will be paid on 6 December 2023 to shareholders on the register at the close of business on 3 November 2023 (ex-dividend date 2 November 2023).

10 Investments at Fair Value through Profit or Loss

	2023 £'000	2022 £'000
Listed investments	376,751	337,254
Unlisted investments	880	1,591
Investments at fair value	377,631	338,845
Opening book cost	336,727	321,813
Opening investment holding gains	2,118	28,412
Opening fair value	338,845	350,225
Movements in the year		
Purchases at cost	209,419	165,463
Sales - proceeds	(199,658)	(179,551)
Gains on investments	29,025	2,708
Closing fair value	377,631	338,845
Closing book cost	374,514	336,727
Closing investment holding gains	3,117	2,118
Closing fair value	377,631	338,845

The Company received £199,658,000 (2022: £179,551,000) from investments sold in the year. The book cost of these investments when they were purchased was £171,632,000 (2022: £150,549,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs

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

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Purchases transaction costs	311	245
Sales transaction costs	416	390
	727	635

The portfolio turnover rate of the year was 56.6% (2022: 49.6%).

Notes to the Financial Statements continued

11 Derivative Instruments

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Gains/(losses) on derivative instruments		
Realised gains/(losses) on long CFD positions closed	393	(3,796)
Realised (losses)/gains on short CFD positions closed	(876)	2,584
Realised losses on futures contracts closed	(109)	(1,222)
Realised gains on options contracts closed	951	193
Realised gains on forward currency contracts	118	126
Movement in investment holding gains on long CFDs	1,016	464
Movement in investment holding losses on short CFDs	(261)	(451)
Movement in investment holding gains on futures	270	184
Movement in investment holding gains on options	233	49
Movement in investment holding gains on forward currency contracts	46	54
	1,781	(1,815)

	2023 Fair value £'000	2022 Fair value £'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	1,758	972
Derivative instrument liabilities	(1,665)	(1,302)
	93	(330)

	2023		2022	
	Fair value £'000	Asset exposure £'000	Fair value £'000	Asset exposure £'000
At the year end the Company held the following derivative instruments:				
Long CFDs	798	44,089	(218)	29,861
Long future	172	4,061	(88)	3,997
Put options	(156)	1,466	-	-
Short CFDs	(536)	10,586	(275)	7,277
Short future	(10)	1,292	(20)	682
Call options	(175)	1,705	317	3,034
Forward currency contracts	-	-	(46)	-
	93	63,199	(330)	44,851

12 Debtors

	2023 £'000	2022 £'000
Securities sold for future settlement	1,366	1,848
Amounts receivable on settlement of derivatives	162	-
Accrued income	1,572	1,991
Taxation recoverable	315	640
Other debtors and prepayments	141	89
	3,556	4,568

13 Other Creditors

	2023 £'000	2022 £'000
Securities purchased for future settlement	598	948
Amount payable on share repurchases	-	276
Indian capital gains tax payable	2,355	2,170
Creditors and accruals	599	431
	3,552	3,825

14 Share Capital

	2023		2022	
	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid				
Ordinary shares of 25 pence each held outside of Treasury				
Beginning of the year	72,398,336	18,100	73,178,879	18,295
Ordinary shares repurchased into Treasury	(569,000)	(142)	(780,543)	(195)
End of the year	71,829,336	17,958	72,398,336	18,100
Ordinary shares of 25 pence each held in Treasury¹				
Beginning of the year	3,182,553	795	2,402,010	600
Ordinary shares repurchased into Treasury	569,000	142	780,543	195
End of the year	3,751,553	937	3,182,553	795
Total share capital		18,895		18,895

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

The cost of ordinary shares repurchased into Treasury during the year was £2,618,000 (2022: £3,527,000).

Notes to the Financial Statements continued

15 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other non- distributable reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 1 August 2022	18,895	50,501	3,197	7,367	-	273,448	14,215	367,623
Gains on investments (see Note 10)	-	-	-	-	-	29,025	-	29,025
Gains on derivative instruments (see Note 11)	-	-	-	-	-	1,781	-	1,781
Foreign exchange gains	-	-	-	-	-	1,089	-	1,089
Investment management fees (see Note 4)	-	-	-	-	-	(281)	-	(281)
Indian capital gains tax (see Note 7)	-	-	-	-	-	(2,882)	-	(2,882)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	-	-	10,906	10,906
Dividend paid to shareholders (see Note 9)	-	-	-	-	-	-	(10,066)	(10,066)
Repurchase of ordinary shares (see Note 14)	-	-	-	-	-	(2,618)	-	(2,618)
At 31 July 2023	18,895	50,501	3,197	7,367	-	299,562	15,055	394,577
At 1 August 2021	18,895	50,501	3,197	7,367	719	273,107	10,278	364,064
Gains on investments (see Note 10)	-	-	-	-	-	2,708	-	2,708
Losses on derivative instruments (see Note 11)	-	-	-	-	-	(1,815)	-	(1,815)
Foreign exchange gains	-	-	-	-	-	2,609	-	2,609
Investment management fees (see Note 4)	-	-	-	-	-	732	-	732
Indian capital gains tax (see Note 7)	-	-	-	-	-	(1,085)	-	(1,085)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	-	-	10,377	10,377
Dividend paid to shareholders (see Note 9)	-	-	-	-	-	-	(6,440)	(6,440)
Repurchase of ordinary shares (see Note 14)	-	-	-	-	(719)	(2,808)	-	(3,527)
At 31 July 2022	18,895	50,501	3,197	7,367	-	273,448	14,215	367,623

The capital reserve balance at 31 July 2023 includes investment holding gains of £3,117,000 (2022: gains of £2,118,000) as detailed in Note 10 above. See Note 2 (p) above for further details. The revenue and capital reserves are distributable by way of dividend.

16 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the total shareholders' funds divided by the number of ordinary shares held outside of Treasury.

	2023	2022
Total shareholders' funds	£394,577,000	£367,623,000
Ordinary shares held outside of Treasury at the year end	71,829,336	72,398,336
Net asset value per ordinary share	549.33p	507.78p

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are: economic, political and market; investment performance (including the use of derivatives and gearing); cybercrime and information security; discount management; key person; environmental, social and governance ("ESG"); business continuity and operational; and shareholder relationships. Other risks identified are tax and regulatory risks. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. These risks and how they are identified, evaluated and managed are shown in the Strategic Report on pages 28 to 32.

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

The risks identified arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instruments risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Market price risk

Interest rate risk

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

Interest rate risk exposure

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

	2023 £'000	2022 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	43,291	30,079
Exposure to financial instruments that earn interest		
Cash at bank	13,029	25,368
Short CFDs – exposure plus fair value	10,050	7,002
Amounts held at futures clearing houses and brokers	3,820	2,997
	26,899	35,367
Net exposure to financial instruments that (bear)/earn interest	(16,392)	5,288

Notes to the Financial Statements continued

17 Financial Instruments continued

Foreign currency risk

The Company's net return on ordinary activities after taxation for the year and its net assets can be affected by foreign exchange rate movements because the Company has income, assets and liabilities which are denominated in currencies other than the Company's functional currency which is UK sterling. The Portfolio Manager may seek to manage exposure to currency movements by using forward and spot foreign exchange contracts. The Company can also be subject to short-term exposure to exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs.

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

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

Currency exposure of financial assets

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

Currency					2023
	Investments at fair value £'000	Long exposure to derivative instruments ¹ £'000	Debtors ² £'000	Cash at bank £'000	Total £'000
Hong Kong dollar	105,426	28,575	1,517	89	135,607
Indian rupee	82,090	-	3,260	1,351	86,701
US dollar	27,358	14,980	2,077	11,289	55,704
Indonesian rupiah	51,868	-	-	-	51,868
South Korean won	33,540	12	7	-	33,559
Australian dollar	19,017	3,303	-	213	22,533
Singapore dollar	12,934	2,746	-	-	15,680
Taiwan dollar	14,861	-	377	-	15,238
Chinese renminbi	14,109	-	-	87	14,196
Philippine peso	4,361	-	-	-	4,361
Malaysian ringgit	3,832	-	-	-	3,832
Sri Lankan rupee	3,423	-	-	-	3,423
Other overseas currencies	4,812	-	11	-	4,823
UK sterling	-	-	127	-	127
	377,631	49,616	7,376	13,029	447,652

1 The exposure to the market of long CFDs, long futures and put options.

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

17 Financial Instruments continued

Currency					2022
	Investments at fair value £'000	Long exposure to derivative instruments ¹ £'000	Debtors ² £'000	Cash at bank £'000	Total £'000
Hong Kong dollar	90,764	25,443	1,318	287	117,812
Indian rupee	87,206	-	3,783	620	91,609
US dollar	12,367	9,783	1,063	23,801	47,014
Indonesian rupiah	41,649	-	4	-	41,653
South Korean won	31,895	-	68	6	31,969
Taiwan dollar	19,940	-	1,059	64	21,063
Australian dollar	19,035	-	-	-	19,035
Chinese renminbi	13,063	-	-	97	13,160
Singapore dollar	11,149	1,666	-	-	12,815
Philippine peso	4,810	(46)	33	-	4,797
Sri Lankan rupee	3,109	-	148	-	3,257
Vietnamese dong	1,173	-	-	493	1,666
Other overseas currencies	2,685	-	-	-	2,685
UK sterling	-	-	89	-	89
	338,845	36,846	7,565	25,368	408,624

1 The exposure to the market of long CFDs, long futures and call option after the netting of the forward currency contract.

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

Currency exposure of financial liabilities

The Company finances its investment activities principally 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			2023
	Short exposure to derivative instruments ¹ £'000	Other creditors £'000	Total £'000
US dollar	12,957	233	13,190
Indian rupee	-	2,355	2,355
Hong Kong dollar	626	41	667
Korean won	-	326	326
Indonesian rupiah	-	64	64
Singapore dollar	-	1	1
UK sterling	-	532	532
	13,583	3,552	17,135

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

Notes to the Financial Statements continued

17 Financial Instruments continued

Currency	2022		Total £'000
	Short exposure to derivative instruments ¹ £'000	Other creditors £'000	
US dollar	5,091	7	5,098
Indian rupee	682	2,744	3,426
Hong Kong dollar	2,186	311	2,497
Philippine peso	-	27	27
Malaysian ringgit	-	25	25
Taiwan dollar	-	18	18
UK sterling	-	693	693
	7,959	3,825	11,784

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

Other price risk

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

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

The Portfolio Manager is responsible for actively monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are estimated using Value at Risk and Stress Tests as set out in the Company's internal Risk Management Process Document.

Liquidity risk

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

Liquidity risk exposure

At 31 July 2023, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £1,665,000 (2022: £1,302,000) and other creditors of £3,552,000 (2022: £3,825,000).

Counterparty risk

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

17 Financial Instruments continued

For OTC and exchange traded derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions. At 31 July 2023, £793,000 (2022: £254,000) was held by the brokers in cash denominated in US dollars in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company. This collateral comprised: J.P. Morgan Securities plc £436,000 (2022: £213,000), Goldman Sachs International £233,000 (2022: £nil), HSBC Bank plc £124,000 (2022: £nil) and Morgan Stanley & Co International plc £nil (2022: £41,000). £3,820,000 (2022: £2,997,000), shown as amounts held at futures clearing houses and brokers on the Balance Sheet, was held by the Company in a segregated collateral account, on behalf of the brokers, to reduce the credit risk exposure of the brokers. This collateral is comprised of: UBS AG £3,346,000 (2022: £2,574,000) in cash, Morgan Stanley & Co International plc £474,000 (2022: £nil) in cash and HSBC Bank Plc £nil (2022: £423,000) in cash.

Credit risk

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

Derivative instruments risk

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

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

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at 31 July 2023, an increase of 1.00% in interest rates throughout the year, with all other variables held constant, would have decreased the net return on ordinary activities after taxation for the year and decreased the net assets of the Company by £164,000 (2022: increased the net return and increased the net assets by £53,000). A decrease of 1.00% in interest rates throughout the year would have had an equal but opposite effect.

Notes to the Financial Statements continued

17 Financial Instruments continued

Foreign currency risk sensitivity analysis

Based on the financial instruments held and currency exchange rates as at the Balance Sheet date, with all other variables held constant, a 10% strengthening of the UK sterling exchange rate against other currencies would have decreased the Company's net return on ordinary activities after taxation for the year and decreased the net assets (2022: decreased the net return and decreased the net assets) by the following amounts:

Currency	2023 £'000	2022 £'000
Hong Kong dollar	12,267	10,483
Indian rupee	7,668	8,017
Indonesian rupiah	4,709	3,787
US dollar	3,865	3,811
South Korean won	3,021	2,906
Australian dollar	2,048	1,730
Singapore dollar	1,425	1,165
Taiwan dollar	1,385	1,913
Chinese renminbi	1,291	1,196
Philippine peso	396	434
Malaysian ringgit	348	70
Sri Lankan rupee	311	296
Other overseas currencies	438	322
	39,172	36,130

17 Financial Instruments continued

Based on the financial instruments held and currency exchange rates as at the Balance Sheet date, with all other variables held constant, a 10% weakening of the UK sterling exchange rate against other currencies would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets (2022: increased the net return and increased the net assets) by the following amounts:

Currency	2023 £'000	2022 £'000
Hong Kong dollar	14,993	12,813
Indian rupee	9,372	9,798
Indonesian rupiah	5,756	4,628
US dollar	4,724	4,657
South Korean won	3,693	3,552
Australian dollar	2,504	2,115
Singapore dollar	1,742	1,424
Taiwan dollar	1,693	2,338
Chinese renminbi	1,577	1,462
Philippine peso	485	530
Malaysian ringgit	426	86
Sri Lankan rupee	380	362
Other overseas currencies	535	395
	47,880	44,160

Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 July 2023, an increase of 10% in share prices, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £37,675,000 (2022: increased the net return and increased the net assets by £33,725,000). A decrease of 10% in share prices would have had an equal and opposite effect.

An increase of 10% in the valuation of unlisted investments held at 31 July 2023 would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £88,000 (2022: increased the net return and increased the net assets by £159,000). A decrease of 10% in the valuation would have had an equal and opposite effect.

Other price risk – net exposure to derivative instruments sensitivity analysis

Based on the derivative instruments held and share prices at 31 July 2023, an increase of 10% in the share prices underlying the derivative instruments, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £3,603,000 (2022: increased the net return and increased the net assets by £2,893,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

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

Fair Value Hierarchy

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

Notes to the Financial Statements continued

17 Financial Instruments continued

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 Total £'000
Financial assets at fair value through profit or loss				
Investments	367,312	9,439	880	377,631
Derivative instrument assets	172	1,586	-	1,758
	367,484	11,025	880	379,389
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(341)	(1,324)	-	(1,665)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 Total £'000
Financial assets at fair value through profit or loss				
Investments	330,119	7,135	1,591	338,845
Derivative instrument assets	317	655	-	972
	330,436	7,790	1,591	339,817
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(108)	(1,194)	-	(1,302)

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

	Year ended 31.07.23 £'000	Year ended 31.07.22 £'000
Beginning of the year	1,591	1,722
Movement in investment holding losses	(711)	(131)
End of the year	880	1,591

17 Financial Instruments continued

Below are details of the four investments which fall into level 3 of which the first three investments are unlisted and the last investment is suspended from trading.

Eden Biologics

Eden Biologics develops biosimilars and is also engaged in providing process development and contract manufacturing solutions to the biopharmaceutical industry and is an unlisted company. On 26 February 2018, the company voluntarily delisted from the Taipei Exchange. The valuation at 31 July 2023 is based on the company's financial information, the macro-environment and a weighted average following a scenario-based approach. As at 31 July 2023, its fair value was £40,000 (2022: £317,000).

Chime Biologics

Chime Biologics is a China-based Contract Development and Manufacturing Organization (CDMO) that provides a solution supporting customers from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing and is an unlisted company. The valuation at 31 July 2023 is based on the company's financial information, the macro-environment and the Probability-Weighted Expected Return Model (PWERM). As at 31 July 2023, its fair value was £69,000 (2022: £73,000).

Tuhu Car

Tuhu Car is an online retailer of auto spare parts and is an unlisted company. The valuation at 31 July 2023 is based on the company's financial information, the macro-environment and benchmarking the position to a range of comparable market data. As at 31 July 2023, its fair value was £771,000 (2022: £1,201,000).

Salt Lake Potash

Salt Lake Potash is a mineral exploration company. The company was suspended from trading on the Australian Stock Exchange on 27 July 2021 and in October 2021 it announced that it would be entering voluntary administration. As at 31 July 2023, its fair value was £nil (2022: £nil).

18 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed in the Balance Sheet on page 56 and any gearing, which is managed by the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 27. The principal risks and their management are disclosed in the Strategic Report on pages 28 to 32 and in Note 17 above.

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

	2023			
	Gross gearing		Net gearing	
	Asset exposure £'000	% ¹	Asset exposure £'000	% ¹
Investments	377,631	95.7	377,631	95.7
Long CFDs	44,089	11.2	44,089	11.2
Long future	4,061	1.0	4,061	1.0
Put options	1,466	0.4	1,466	0.4
Total long exposures	427,247	108.3	427,247	108.3
Short CFDs	10,586	2.7	(10,586)	(2.7)
Call options	1,705	0.4	(1,705)	(0.4)
Short future	1,292	0.3	(1,292)	(0.3)
Gross asset exposure/net market exposure	440,830	111.7	413,664	104.9
Shareholders' funds	394,577		394,577	
Gearing²		11.7%		4.9%

1 Asset exposure to the market expressed as a percentage of shareholders' funds.

2 Gearing is the amount by which gross asset exposure/net market exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

Notes to the Financial Statements continued

18 Capital Resources and Gearing continued

	2022			
	Gross gearing		Net gearing	
	Asset exposure £'000	% ¹	Asset exposure £'000	% ¹
Investments	338,845	92.2	338,845	92.2
Long CFDs	29,861	8.1	29,861	8.1
Long future	3,997	1.1	3,997	1.1
Put options	3,034	0.8	3,034	0.8
Total long exposures	375,737	102.2	375,737	102.2
Short CFDs	7,277	2.0	(7,277)	(2.0)
Short future	682	0.2	(682)	(0.2)
Gross asset exposure/net market exposure	383,696	104.4	367,778	100.0
Shareholders' funds	367,623		367,623	
Gearing²		4.4%		-

¹ Asset exposure to the market expressed as a percentage of shareholders' funds.

² Gearing is the amount by which gross asset exposure/net market exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

19 Transactions with the Manager and Related Parties

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

Details of the current fee arrangements are given in the Directors' Report on page 37. During the year, management fees of £2,925,000 (2022: £1,832,000), and secretarial and administration fees of £75,000 (2022: £75,000) were payable to FIL. At the Balance Sheet date, management fees of £292,000 (2022: £156,000), and secretarial and administration fees of £25,000 (2022: £25,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the year was £195,000 (2022: £157,000). At the Balance Sheet date, marketing services of £nil (2022: £20,000) were accrued and included in other creditors.

Disclosures of the Directors' interests in the ordinary shares of the Company and Director's fees and taxable expenses relating to reasonable travel expenses payable to the Directors are given in the Directors' Remuneration Report on pages 43 and 44. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £20,000 (2022: £18,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £16,000 (2022: £15,000) were accrued and payable.

20 Post Balance Sheet Event

On 26 September 2023 following an initial public offering, Tuhu Car, which was classified as a Level 3 investment as at 31 July 2023 as set out in Note 17 on page 77, was listed on the Hong Kong Stock Exchange at a 2% premium to the Balance Sheet valuation.

Alternative Performance Measures

Discount/Premium

The discount/premium is considered to be an Alternative Performance Measure. It is the difference between the NAV per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company's discount/premium are on the Financial Highlights page and are both defined in the Glossary of Terms on page 91 and on page 93.

Gearing

Gearing (both Gross and Net) is considered to be an Alternative Performance Measure. See Note 18 on pages 77 and 78 for details of the Company's gearing.

Net Asset Value ("NAV") per Ordinary Share

The NAV per ordinary share is considered to be an Alternative Performance Measure. See the Balance Sheet on page 56 and Note 16 on page 68 for further details.

Ongoing Charges Ratio

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

	2023 £'000	2022 £'000
Investment management fees (£'000)	2,644	2,564
Other expenses (£'000)	988	905
Ongoing charges (£'000)	3,632	3,469
Variable management fees (£'000)	281	(732)
Average net assets (£'000)	377,729	366,346
Ongoing charges ratio	0.96%	0.95%
Ongoing charges ratio including variable management fees	1.03%	0.75%

Revenue, Capital and Total Returns per Share

Revenue, capital and total returns per share are considered to be Alternative Performance Measures. See the Income Statement on page 54 and Note 8 on page 64 for further details.

Total Return Performance

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

The tables below and on the next page provide information relating to the NAV per ordinary share and the ordinary share price of the Company and the impact of the dividend reinvestments and the total returns for the years ended 31 July 2023 and 31 July 2022.

	Net asset value per ordinary share	Ordinary share price
2023		
31 July 2022	507.78p	458.00p
31 July 2023	549.33p	520.00p
Change in year	+8.2%	+13.5%
Impact of dividend reinvestment	+3.2%	+3.8%
Total return for the year	+11.4%	+17.3%

Alternative Performance Measures continued

Total Return Performance continued

2022	Net asset value per ordinary share	Ordinary share price
31 July 2021	497.50p	483.00p
31 July 2022	507.78p	458.00p
Change in year	+2.1%	-5.2%
Impact of dividend reinvestment	+1.8%	+1.8%
Total return for the year	+3.9%	-3.4%

Financial Calendar

The key dates in the Company's calendar are:

31 July 2023	Financial Year End
October 2023	Announcement of results for the year ended 31 July 2023
October 2023	Publication of the Annual Report
2 November 2023	Ex-Dividend Date
3 November 2023	Dividend Record Date
29 November 2023	Annual General Meeting
6 December 2023	Payment of the Dividend
31 January 2024	Half-Year End
April 2024	Announcement of the Half-Yearly results for the six months ended 31 January 2024
April 2024	Publication of the Half-Yearly Report

Annual General Meeting

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

The AGM of the Company will be held at **11.00 am on Wednesday, 29 November 2023** at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 84 to 87.

The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

We look forward to welcoming you to the AGM in person. For those shareholders who are unable to or would prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Nitin Bajaj, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have. Copies of the Portfolio Manager's presentation can be requested by email at investmenttrusts@fil.com or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 86 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and we will answer as many of these as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website www.fidelity.co.uk/asianvalues. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website at <https://web.lumiagm.com>.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **109-975-634**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

Fidelity Platform Investors – Voting at AGMs

If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting

Paper Proxy Forms will be sent to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 29 November 2023, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 84 and 85, including the items of special business summarised below and on the next page.

Authority to Allot Shares

Resolution 11 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £1,889,522. If passed, this resolution will enable the Directors to allot a maximum of 7,558,088 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury shares) as at 11 October 2023, and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per ordinary share or at a premium to NAV per ordinary share.

Authority to Disapply Pre-Emption Rights

Resolution 12 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £1,889,522 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company as at 11 October 2023 and equivalent to 7,558,088 ordinary shares).

Authority to Repurchase Shares

Resolution 13 is a special resolution which renews the Company's authority to purchase up to 14.99% (10,767,217) of the ordinary shares in issue (excluding Treasury shares) on 11 October 2023, either for immediate cancellation or for retention as Treasury shares, at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling

the shares for cash or by cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board
FIL Investments International
Secretary
11 October 2023



Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform on Wednesday, 29 November 2023 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 July 2023.
2. To declare that a final dividend for the year ended 31 July 2023 of 14.50 pence per ordinary share be paid to shareholders on the register as at close of business on 3 November 2023.
3. To re-elect Clare Brady as a Director.
4. To elect Hussein Barma as a Director.
5. To re-elect Sally Macdonald as a Director.
6. To re-elect Matthew Sutherland as a Director.
7. To re-elect Michael Warren as a Director.
8. To approve the Directors' Remuneration Report (excluding the section headed "The Remuneration Policy" set out on page 42) for the year ended 31 July 2023.
9. To reappoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which Financial Statements are laid before the Company.
10. To authorise the Directors to determine the Auditor's remuneration.

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

Authority to Allot Ordinary Shares and Disapply Pre-emption Rights

Resolutions 11 and 12 will, if approved, authorise the Directors to allot a limited number of ordinary shares (or to sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 10% of the number of ordinary shares of the Company (including Treasury shares) in issue on 11 October 2023. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority in order to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would be re-issued at net asset value ("NAV") per ordinary share or at a premium to NAV per ordinary share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per ordinary share.

11. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or

to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 11 October 2023) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

12. THAT, subject to the passing of Resolution 11, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 11 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:
 - a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 11 October 2023); and
 - b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per ordinary share,

and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this resolution had not expired.

Authority to Repurchase Ordinary Shares

Resolution 13 is special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% respectively of the number of ordinary shares in issue (excluding Treasury shares) on 11 October 2023 either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the

shares. Purchases of ordinary shares will be at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25 pence each (the "shares") in the capital of the Company provided that:
- a) the maximum number of shares hereby authorised to be purchased shall be 10,767,217;
 - b) the minimum price which may be paid for a share is 25 pence;
 - c) the maximum price (excluding expenses) which may be paid for each share is the higher of:
 - (i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;
 - d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, unless such authority is renewed prior to such time; and
 - e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

By Order of the Board
FIL Investments International
 Secretary
 11 October 2023

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the share portal at **www.signalshares.com**, you will need to log in to your share portal account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy.
2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11.00 am on Monday, 27 November 2023. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on Monday, 27 November 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 11.00 am on Monday, 27 November 2023.



Notice of Meeting continued

6. Proxymity Voting – If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by no later than 11.00 am on Monday, 27 November 2023 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Unless otherwise indicated on the Form of Proxy, CREST, Proximity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Monday, 27 November 2023. Shareholders are urged to vote using the proxy form provided or electronically where permitted by your nominee or platform.
9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

In order to join the AGM electronically and ask questions via the platform, shareholders will need to connect to the following site: <https://web.lumiagm.com>. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device.

Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will be asked to enter the **Lumi Meeting ID** which is **109-975-634**. You will then be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate or as detailed on your proxy form. Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link, our Registrar, by calling **+44 (0) 371 277 1020***.

Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the AGM, you must ensure

you are connected to the internet at all times in order to vote when the Chairman commences polling on the Resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform is available on the Company's pages of the Manager's website at: www.fidelity.co.uk/asianvalues.

If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting Link Group on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If your shares are held within a nominee / platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link Group, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **109-975-634**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

* Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. 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.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary

notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Monday, 27 November 2023. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
13. As at 11 October 2023 (the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 75,580,889 ordinary shares carrying one vote each. The number of shares held by the Company in Treasury was 3,751,553. Therefore, the total number of shares with voting rights in the Company was 71,829,336.
14. Any corporation which is a member can appoint one or more corporate representative who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.
17. No Director has a service contract with the Company.
18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at www.fidelity.co.uk/asianvalues.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Shareholder Information

Investing in Fidelity Asian Values PLC

Fidelity Asian Values PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages of the Manager's website at: www.fidelity.co.uk/asianvalues.

CONTACT INFORMATION

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

Shareholders on the main share register

Contact Link Group, Registrar to Fidelity Asian Values PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@linkgroup.co.uk

Telephone: **+44 (0) 371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

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

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

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

Should you have any queries in respect of the Link Share Portal, contact the helpline on **+44 (0) 371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Fidelity Platform Investors

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

Website: www.fidelity.co.uk

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

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

General enquiries

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

Telephone: **+44 (0) 1737 836347**

Email: investmenttrusts@fil.com

Website: www.fidelity.co.uk/its

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

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at www.sharegift.org.uk.

Alternative Investment Fund Manager (AIFM/the Manager)

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

Investment Manager, Secretary and Registered Office

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

Banker and Custodian

JPMorgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Depositary

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

Financial Adviser and Stockbroker

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Simmons and Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS

Registrar

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Company Information

The Company was launched on 13 June 1996 with one warrant attached to every five shares. The original subscription price for each share was £1 (the final subscription date for the warrants was December 2006). On 4 March 2010, the Company issued one subscription share for every five ordinary shares held with a final subscription date of May 2013. A further subscription share issue was made on 2 December 2016 on the basis of one subscription share for every five held with a final exercise date of 29 November 2019.

The Company is a member of The Association of Investment Companies (the "AIC") from whom general information on investment trusts can be obtained by telephoning **+44 (0) 207 282 5555** (email address: enquiries@theaic.co.uk).

Price Information

The share price of Fidelity Asian Values PLC is published daily in The Financial Times under the heading "Investment Companies". It is also published in The Times and The Daily Telegraph. Price and performance information is also available at www.fidelity.co.uk/asianvalues.

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

Net Asset Value ("NAV") Information

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

Capital Gains Tax

All UK individuals under present legislation are permitted to have £6,000 of capital gains in the current tax year 2023/2024 (2022/2023: £12,300) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent on the total amount of taxable income.

Data Protection

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used

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

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

Sharing personal data

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

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

Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

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

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

Glossary of Terms

AAF REPORT

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

ADR (American Depositary Receipt)

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

AIC

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

AIF

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

AIFM

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

AIFMD

The Alternative Investment Fund Managers' Directive ("AIFMD") is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

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

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

Asset Exposure

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

Benchmark Index

The MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms). This is used to calculate the Company's Variable Management Fee, in accordance with the European Benchmark Directive.

Capital Gains Tax (CGT)

The tax that may be payable if shares are sold at a profit.

Collateral

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

Comparative Index

The MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms) against which the performance of the Company is measured.

Contract for Difference (CFD)

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

Corporation Tax

The tax the Company may have to pay on its profits for a year. As an investment trust, the Company is exempt from 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 for the Company.

Custodian

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

Depository

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

Derivatives

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

Diluted Net Asset Value per Ordinary Share

The diluted net asset value per ordinary share reflects what the net asset value per ordinary share would have been if all the rights attached to any outstanding subscription shares had been exercised at a particular date. A dilution occurs when the exercise price of the subscription share rights is less than the net asset value per ordinary share.

Discount

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

Glossary of Terms continued

Equity Linked Notes (ELNs)

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 estimate of the value of the investments, including [derivatives](#), at a point in time and this is measured as:

- **Listed investments** – valued at bid prices or last market prices, where available, otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;
- **Contracts for difference** – valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses);
- **Futures and options** – valued at the quoted trade price for the contract; and
- **Forward currency contracts** – valued at the appropriate quoted forward foreign exchange rate ruling at the Balance Sheet date.

Fidelity International (Fidelity)

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

Forward Currency Contract

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

Future

An agreement to buy or sell a fixed amount of an asset at a fixed future date and a fixed price.

Gearing

The economic exposure of the portfolio to its underlying assets in excess of total net assets. It represents the additional exposure to the market above [Shareholders' Funds](#). The Company uses two measures of [gearing](#) ([Gross Gearing](#) and [Net Gearing](#)) which are both defined in this Glossary of Terms.

Gross Assets

[Net Assets](#) plus borrowings. The Company does not have any borrowings.

Gross Asset Exposure

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

Gross Gearing

[Gross Asset Exposure](#) in excess of [Shareholders' Funds](#).

Growth Stocks

Those companies which are considered to have the potential to outperform the overall market over time because of their future potential.

Hedging

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

Independent Valuer

Kroll who provide an objective and independent assessment on the value of unlisted and hard to price assets using sophisticated valuation methodologies.

Initial Public Offering (IPO)

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

Investment Manager

FIL Investments International.

Manager

FIL Investment Services (UK) Limited is the appointed [Manager](#) under the [AIFMD](#). It has delegated the portfolio management of assets to the [Investment Manager](#).

Net Assets or Net Asset Value (NAV)

Sometimes also described as "[Shareholders' Funds](#)", [net assets](#) represent the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the [net asset value](#) on a per ordinary share basis.

Net Asset Value per Ordinary Share

The [net asset value](#) divided by the number of ordinary shares in issue.

Net Gearing

[Net Market Exposure](#) in excess of [Shareholders' Funds](#).

Net Market Exposure

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

Ongoing Charges Ratio (excluding variable management fee)

Total operational expense (excluding finance costs and taxation) incurred by the Company as a percentage of average [net asset values](#) for the reporting year.

Option

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

Portfolio Manager

Nitin Bajaj is the appointed [Portfolio Manager](#) of the Company and is responsible for managing the Company's assets.

Pre-Emption Rights

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing shareholders. At each Annual General Meeting, the Board seeks shareholder approval to disapply [pre-emption rights](#) provision, up to 10% of the Company's issued share capital.

Premium

If the share price of the Company is higher than the [net asset value per ordinary share](#), the Company's shares are said to be trading at a [premium](#). The [premium](#) is shown as a percentage of the [net asset value per ordinary share](#).

Price to Book Ratio

The [Price to Book ratio](#) (also known as P/B ratio) is a measure of valuing a company's share price versus its book value.

Price to Earnings Ratio

The [Price to earnings ratio](#) (also known as P/E ratio) is a measure of valuing a company's share price versus its earnings.

Registrar

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

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares or the issue of ordinary shares on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend and it cannot be used to fund share repurchases.
- **Other non-distributable reserve** represents amounts transferred from the warrant reserve in prior years with High Court approval. It is not distributable by way of dividend and it cannot be used to fund share repurchases.
- **Other reserve** represents amounts transferred from the share premium account and the capital redemption reserve in prior years with High Court approval. It is not distributable by way of dividend. It can be used to fund share repurchases.

- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It is distributable by way of dividend. It can be used to fund share repurchases.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividend.

Return

The [return](#) generated in a given period from investments:

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

Return on Equity

[Return on Equity](#) ("ROE") is a measure of the return on a company's stock. The higher the percentage, the more income the company is generating and adding to shareholder value.

Shareholders' Funds

[Shareholders' funds](#) are also described as "[net asset value](#)" and represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

Total Return Performance

The return on the share price or [net asset value per ordinary share](#) taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or 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 pay dividends, have no voting rights and are excluded from the [net asset value per ordinary share](#) calculation.

Value Stocks

Usually companies that are currently trading below what they are really worth and will thus theoretically provide a superior future return.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the portfolio management and company secretarial function to FIL Investments International. Details of the current Management Agreement can be found in the Directors' Report on page 37.

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

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	<p>Details of the Company's investment objective, its strategy and investment policy, including limits, are on pages 27 and 28.</p>
Risk management	<p>The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management.</p> <p>The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remain responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	<p>The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 28 to 32 and in Note 17 to the Financial Statements on pages 69 to 77.</p>
Valuation of illiquid assets	<p>The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.</p>	<p>As at the date of this report, none of the Company's assets are subject to special arrangements arising from its illiquid nature.</p>

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company uses leverage to increase its exposure to the stockmarkets of the Asian Region (excluding Japan) and currently holds derivative instruments to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>There are two methods of calculating leverage - the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method and 1.50 for the Commitment Method.</p> <p>At 31 July 2023, actual leverage was 1.17 for the Gross Method and 1.16 for the Commitment Method.</p>
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 72.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B); and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page .

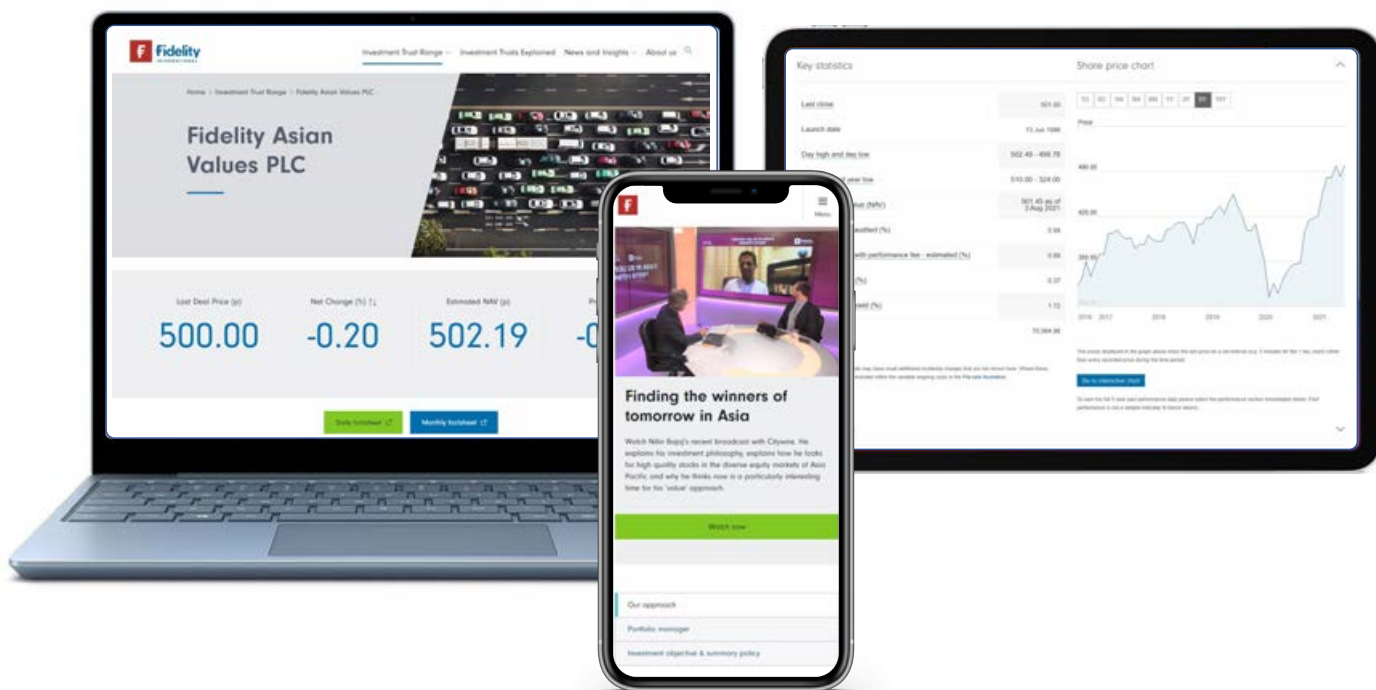
EU Securities Financing Transactions Regulation ("SFTR")

The following disclosures relate to contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR which came into force on 12 January 2016.

As at 31 July 2023, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the broker £'000	Collateral held by the Company £'000
Goldman Sachs International (UK)	(11)	0.00%	233	-
HSBC Bank plc (UK)	200	0.05%	124	-
J.P. Morgan Securities plc (UK)	383	0.10%	436	-
Morgan Stanley & Co International plc (UK)	(526)	(0.13%)	-	474
UBS AG (UK)	216	0.05%	-	-

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 July 2023 from CFDs was a gain of £278,000.



To find out more about Fidelity Asian Values PLC, visit our website www.fidelity.co.uk/asianvalues where you can read articles and watch videos on the Company.



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