



**Fidelity**<sup>TM</sup>  
INTERNATIONAL

# FIDELITY ASIAN VALUES PLC

Annual Report for the year ended 31 July 2024

# Investment Objective and Overview

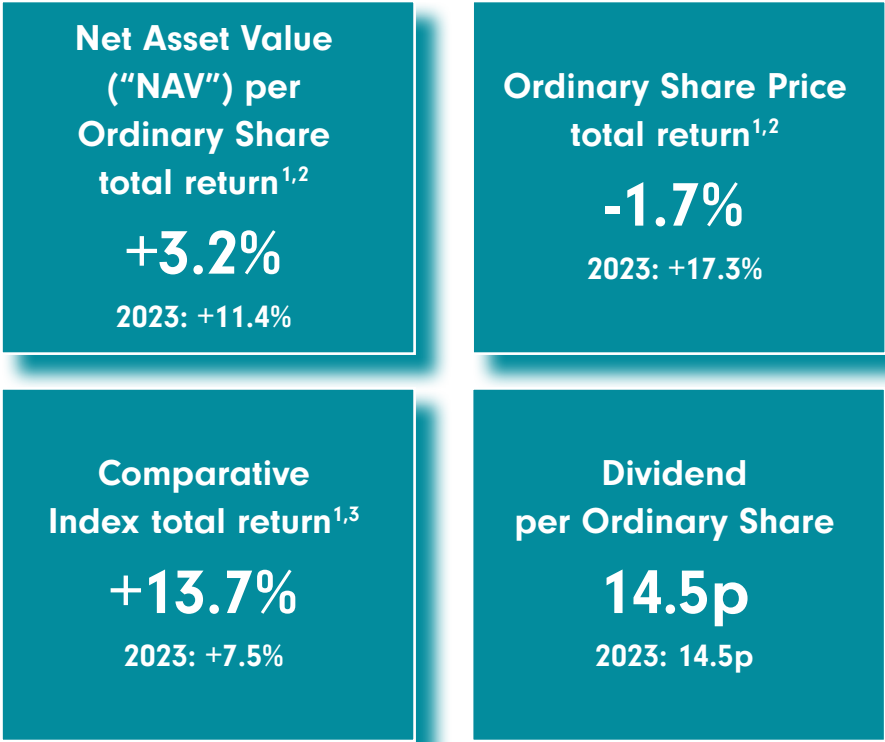
The Company's objective is to achieve long-term capital growth principally from the stockmarkets of the Asian Region excluding Japan.

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 and Co-Portfolio Manager, Ajinkya Dhavale achieve this differentiation by favouring undervalued small and medium-sized companies as this allows them to find quality businesses that

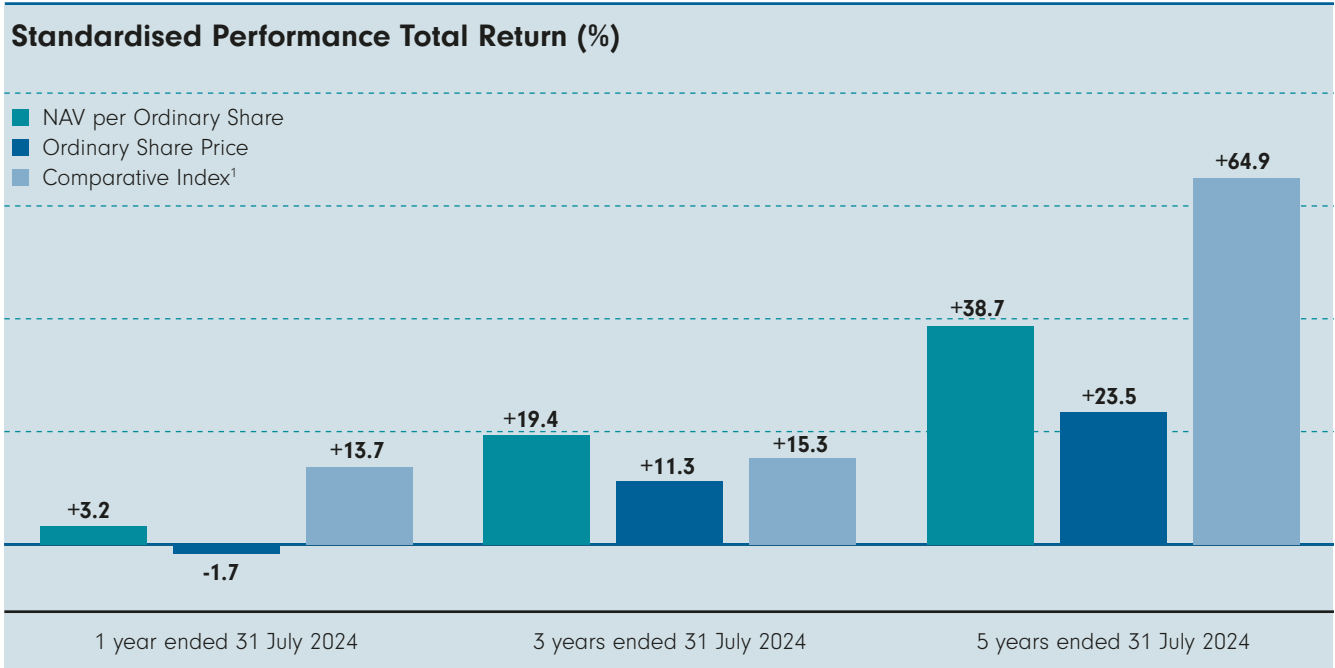
are mispriced, the "winners of tomorrow", before they become well known. They utilise Fidelity's Asia-based analyst team and believe the current market environment offers an unprecedented opportunity to invest in high quality Asian smaller companies at attractive valuations.

Clare Brady, Chairman,  
Fidelity Asian Values PLC

# Year at a Glance



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 77 and 78.  
3 MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms).



<sup>1</sup> 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.

# Financial Highlights

|                                                                                                   | 2024    | 2023    |
|---------------------------------------------------------------------------------------------------|---------|---------|
| <b>Assets as at 31 July</b>                                                                       |         |         |
| Gross Asset Exposure <sup>1</sup>                                                                 | £442.9m | £440.8m |
| Net Market Exposure <sup>1</sup>                                                                  | £416.2m | £413.7m |
| Total Shareholders' Funds                                                                         | £392.0m | £394.6m |
| NAV per Ordinary Share <sup>1,2</sup>                                                             | 551.66p | 549.33p |
| Gross Gearing <sup>1,2</sup>                                                                      | 13.0%   | 11.7%   |
| Net Gearing <sup>1,2</sup>                                                                        | 6.2%    | 4.9%    |
| <b>Share Price and Discount data at 31 July</b>                                                   |         |         |
| Ordinary Share Price at year end                                                                  | 496.00p | 520.00p |
| Year high                                                                                         | 542.00p | 534.00p |
| Year low                                                                                          | 476.00p | 423.00p |
| Discount to NAV per Ordinary Share at year end <sup>1,2</sup>                                     | (10.1%) | (5.3%)  |
| (Discount) year low/Premium                                                                       | (2.2%)  | 0.8%    |
| (Discount) year high                                                                              | (11.9%) | (12.9%) |
| <b>Results for the year ended 31 July</b>                                                         |         |         |
| Revenue Return per Ordinary Share <sup>1,2</sup>                                                  | 14.24p  | 15.17p  |
| Capital Return per Ordinary Share <sup>1,2</sup>                                                  | 2.06p   | 39.95p  |
| Total Return per Ordinary Share <sup>1,2</sup>                                                    | 16.30p  | 55.12p  |
| Ongoing Charges for the year to 31 July <sup>1,2</sup>                                            | 0.95%   | 0.96%   |
| Variable Element of Management Fee <sup>3</sup>                                                   | 0.19%   | 0.07%   |
| Ongoing Charges including Variable Element of Management Fee for the year to 31 July <sup>2</sup> | 1.14%   | 1.03%   |

<sup>1</sup> See Glossary of Terms on pages 90 to 92.

<sup>2</sup> Alternative Performance Measures. See pages 77 and 78.

<sup>3</sup> 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 90 for details of the Benchmark Index).

## Summary of the key aspects of the Investment Policy

- The Company invests in securities of companies which the Portfolio Managers consider have fundamental value that has not been recognised by the market.
- The Company invests principally in the Asian Region excluding Japan and the Portfolio Managers favour small and medium-sized companies. There are no restrictions in terms of size or industry of companies included in the portfolio and investments can be made 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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# Chairman's Statement



Clare Brady – I am pleased to present the Annual Report of Fidelity Asian Values PLC (the “Company”) for the year ended 31 July 2024.

**£392m**

(As at 31 July 2024)  
Total Shareholders' Funds

**+3.2%**

(Year ended 31 July 2024)  
Net Asset Value per Ordinary Share  
total return

**-1.7%**

(Year ended 31 July 2024)  
Ordinary Share Price total return

**+13.7%**

(Year ended 31 July 2024)  
Comparative Index total return

This is my first Annual Report for the Company, having taken over as Chairman from Kate Bolsover at the last AGM in November 2023. As Kate noted in her Chairman's Statement in last year's report, your Portfolio Managers Nitin Bajaj and Ajinkya Dhavale have delivered periods of significant outperformance since Nitin's appointment in April 2015. However, as we all know, the value of equity investments can go down as well as up, and there is no avoiding the fact that the year ended 31 July 2024 has been a relatively disappointing one for the Company and its shareholders.

In the year under review, the Net Asset Value (“NAV”) total return was +3.2%, while the Comparative Index (the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms)) returned +13.7%. The total return to shareholders was -1.7% owing to a widening in the share price discount to NAV, which moved from 5.3% on 1 August 2023 to 10.1% at the period end.

During the period, Ajinkya Dhavale was appointed as the Company's Co-Portfolio Manager to support and closely work alongside the Portfolio Manager, Nitin Bajaj. Ajinkya's appointment helps to strengthen the investment process and manage key person risk.

Nitin and Ajinkya's investment style is bottom-up, contrarian and value-focused. In simple terms this means they focus on individual company fundamentals and seek to avoid crowded trades where high company valuations may limit further upside. While this style has historically delivered differentiated investment returns, it can also lead to periods of underperformance when extreme momentum is driven by investors focusing on a narrow range of areas, as has been the case recently in countries, sectors and themes such as India, technology and artificial intelligence (AI).

You will find detailed information on the portfolio and its performance in the Portfolio Managers' Review in the following section. In brief, however, your Portfolio Managers feel that many Indian companies, and technology stocks – particularly those related to AI – are overvalued, and they have been focusing their attention more on China, where they see attractive value opportunities, particularly in companies serving the domestic consumer. With China having been very out of favour among investors in the post-Covid period, the 'caged upside' in these companies has yet to be realised, and we believe that these stocks – selected through the same rigorous, consistent and research-intensive investment process that has delivered such good long-term returns for the Company – should achieve their potential in time.

As a Board, we are cognisant of the geopolitical risks around investing in China, given potential higher US trade tariffs and the impact of 'de-globalisation', and this has in part informed our decision to limit the aggregate China and Hong Kong exposure. The portfolio's focus on more domestic names should limit the influence of global factors on these companies.

## Board strategy day

As incoming Chairman of what is a relatively 'new' Board following a number of retirements and appointments in recent years, I was keen that we should 'get back to basics' and

explore the factors that the independent non-executive directors of an investment company can and should be influencing. To this end, we undertook a strategy day earlier in 2024, where we reassessed discount management, competitor analysis, the rationale and mechanics of the variable management fee and its allocation to capital or revenue reserves, trading policy and liquidity considerations, and the implementation of and compliance with investment limits. One of the outcomes of the strategy day was the abovementioned decision to combine China and Hong Kong under a single investment limit, where previously there was a limit for each market, meaning that exposure could be significantly higher. While Nitin and Ajinkya are very much bottom-up investors, who select stocks based on company fundamentals and valuation rather than place of business or country of listing, as a Board we feel that the application of such limits is helpful in ensuring the portfolio remains diversified and that risks are not overly concentrated in any one area.

#### Due diligence trip

The whole Board normally visits Asia on a due diligence trip every other year. As incoming Chairman, I have been fortunate to visit the investment team in Singapore in the 'off' year, to deepen my understanding of how Fidelity's large team of analysts, portfolio managers and other professionals work together to benefit the shareholders of the Company. With some 60 analysts across the region, each assigned a sector or subsector, there is an enormous volume of potential investment ideas, but the bar for inclusion in your Company's portfolio is high, and I observed a healthy dynamic of rigorous challenge with plenty of lively debate between Nitin and the broader team. Having also sat in on meetings with investee companies, I was encouraged by the depth of the conversations and the collaborative feel of the interactions, with challenging questions answered well and a warm but professional relationship in evidence.

#### Discount management and share repurchases

With geopolitical tensions remaining high in a year also filled with notable global election activity, market conditions have continued to be unsettled, leading to a degree of volatility in the Company's share price discount to NAV, which ranged during the period between 2.2% at its narrowest and 11.9% at its widest, finishing the year at 10.1%. Between 13 October 2023 and 31 July 2024, the Board approved the repurchase of 768,780 ordinary shares (1.0% of the issued share capital) for holding in Treasury, at a cost of £3,826,000. Since then and up to the date of this report, 687,461 shares have been repurchased as part of the Company's active and ongoing discount management strategy. The primary purpose of share buybacks is to limit discount volatility, and at the AGM in November 2024 the Board will seek shareholder approval to renew the annual authority to repurchase up to 14.99% or allot up to 10% of the ordinary shares in issue.

The timing of repurchases of ordinary shares are made at the discretion of the Broker, within guidelines set by the Board 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 accretive enhancement to the NAV per ordinary share. The shares repurchased are currently held in Treasury and would only be reissued at NAV per ordinary

share or at a premium to NAV per ordinary share. The Board will consider cancelling shares when the percentage of shares held in Treasury exceeds 10% of the total issued share capital.

#### Marketing and promotion

Your Board is keenly aware that share buybacks alone are unlikely to eliminate a persistent discount to NAV; discounts are a function of supply and demand and, as such, increasing demand is at least as important as absorbing excess supply. As well as appointing a new director, Lucy Costa Duarte (see page 33), who has a strong track record in marketing and distribution, we continue to allocate significant resources to marketing in order to increase shareholder value. Through Fidelity's sales and marketing teams and internal and external PR partners, we have been working to increase the Company's profile through digital and print advertising, sponsorship, events, direct marketing and press coverage. We also work with a third-party research provider, Kepler Partners, to produce regular notes on the Company, which are distributed widely and made available on the Company's website. The focus on reaching both retail and professional (wealth manager) audiences is evident in the makeup of our share register, with 40% of our shares owned by direct investors through platforms, and 49% (up 4% over five years) by wealth managers on behalf of their clients.

#### Dividend

Your Portfolio Managers invest principally for long-term capital growth, but their value-oriented investment style tends to lead them towards unleveraged, cash-generative businesses that may themselves be able to pay rising dividends. In the last two years your Board has declared substantially higher dividends (14.0 pence per share in 2022 and 14.5 pence per share in 2023), compared with less than 9.0 pence per share in the three preceding years. We noted at the time that shareholders should not assume that such dividends would continue in the future.

The Board is recommending a final dividend of 14.5 pence per share for the year ended 31 July 2024 for approval by shareholders at the AGM to be held on 21 November 2024. 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

Your Company can borrow additional money to invest on behalf of its shareholders, known as gearing. This can enhance returns for shareholders although, conversely, in falling markets, it can amplify losses. The Company's formal gearing policy allows for maximum gross asset exposure of 140% of NAV (up to 130% in long positions and a maximum of 10% in short positions); however, your Board has set a goal for net market exposure to be in a range of 90% to 115% in normal market conditions. The level of gross gearing is directly proportional to the investment opportunities that your Portfolio Managers see. When they are optimistic about the outlook and there is a good supply of compelling investment ideas, then the Company will tend to be more geared. At the period end, gross gearing was 13.0% (2023: 11.7%) and net gearing was 6.2% (2023: 4.9%). This remains at the historically high end of the range during Nitin's tenure, and, while the impact of gearing was slightly negative in the period

# Chairman's Statement continued

under review, its level underlines the Portfolio Managers' belief in the prospects for the Company's investments. While higher than the long-term average level, gearing is not objectively 'high', particularly on a net basis, but instead reflects a degree of cautious optimism. Rather than using bank borrowing (which is often deployed across a portfolio on a pro-rata basis), the gearing is achieved using contracts for difference ("CFDs"), which, as a type of derivative, are implemented on a stock-by-stock basis. Each year, your Board reviews the use of CFDs, and we have again concluded that at the present time they remain a more efficient and flexible form of financing than either secured or unsecured debt, as well as enabling your Portfolio Managers 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

Fidelity's capability in derivative instruments is also what allows your Portfolio Managers to 'short' stocks, which has again had a positive impact on returns in the year under review. 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. Short positions are limited to a maximum of 10% of the portfolio and do not usually exceed 10 stocks; however, while relatively small in scope, this additional tool has materially added to performance since its introduction in late 2019. Total short exposure as at 31 July 2024 was 3.4% of net assets (2023: 3.4%).

## Board of directors

Kate Bolsover stood down at the AGM in November 2023 after nine years of outstanding service as Chairman. As I stepped into the role of Chairman, Matthew Sutherland assumed my previous position as Senior Independent Director. Sally Macdonald has taken on the role of Chairman of the Management Engagement Committee from Michael Warren who will retire from the Board at the forthcoming AGM, when he will have served for 10 years. We are grateful to Michael for having stayed on an extra year in order to ensure a good handover of the institutional and historical knowledge of the Company. In June 2024 we welcomed Lucy Costa Duarte to the Board. Lucy is Investment Director for International Biotechnology Trust plc ('IBT') at Schroders and has a wealth of experience in marketing investment trusts, as well as previously having headed the emerging markets equity capital markets team at Citigroup. She will stand for election at the AGM in November.

As I noted above, there has been a significant number of retirements from and appointments to the Board in the past few years. Following Michael Warren's retirement, I will be the longest-serving director, at five years, and we should now be entering a period of board stability. Your Board has a diversity of backgrounds and, we feel confident that we have an appropriate mix of skills to ensure the Company's continued good governance.

## Annual General Meeting

The AGM of the Company will be held at 11.00 am on Thursday, 21 November 2024 at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and for those shareholders who are unable to attend the meeting in person, we will live-stream the formal business and presentations of the meeting via the Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 82 to 86.

Nitin Bajaj, the Portfolio Manager and Ajinkya Dhavale, the Co-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. They and the Board will be very happy to answer any questions that shareholders may have.

Copies of their presentation can be requested by email at [investmenttrusts@fil.com](mailto:investmenttrusts@fil.com) or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

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. 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 **159-339-971**. 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.

## Outlook

Although the year under review has been a difficult one performance-wise, Nitin and Ajinkya continue to see good prospects for their portfolio of undervalued, quality businesses. With much of the investing world continuing to be in thrall to all things AI, your Portfolio Managers' positioning in unloved and overlooked areas arguably carries limited downside potential, compared to other areas of the market, with the possibility of significant upside, as has been seen in previous years. As a contrarian strategy, there may be times when the portfolio is sailing into the wind, but Nitin and Ajinkya remain very disciplined and are sticking to their proven long-term investment process. You can read more on their views and how they are expressing them in the portfolio on the following pages.

## Clare Brady

Chairman  
10 October 2024

# Portfolio Managers' 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 22 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 been appointed as the Company's Co-Portfolio Manager to support and closely work alongside Nitin Bajaj. He has extensive experience in Asian markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. He has over 16 years of investment experience. He originally joined Fidelity as an analyst in 2011, covering the Auto, Cement, Telecommunications and Property sectors and is Co-Portfolio Manager of the Fidelity Asian Smaller Companies Fund.

# Portfolio Managers' Review continued

Question 1

How has the Company performed in the year to 31 July 2024?

Answer

During the year ended 31 July 2024, the Company's net asset value ("NAV") rose 3.2% as compared to the 13.7% total return from the Comparative Index (the MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms)). The total share price return was -1.7% due to the widening of the discount to NAV.

Overall, our stock selection contributed positively to the Company's relative performance versus the Comparative Index. However, our market selection remained a drag against the backdrop of continued divergence in country performance.

Our investment process is driven by owning good businesses run by managements 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 our portfolio in China and Hong Kong and Indonesia compared to the index but in all these markets small caps saw a sharp fall in share prices and underperformed the regional small cap index. Conversely, India, where our portfolio has a large underweight due to valuation concerns, rose strongly and outperformed the index (see Chart 2).

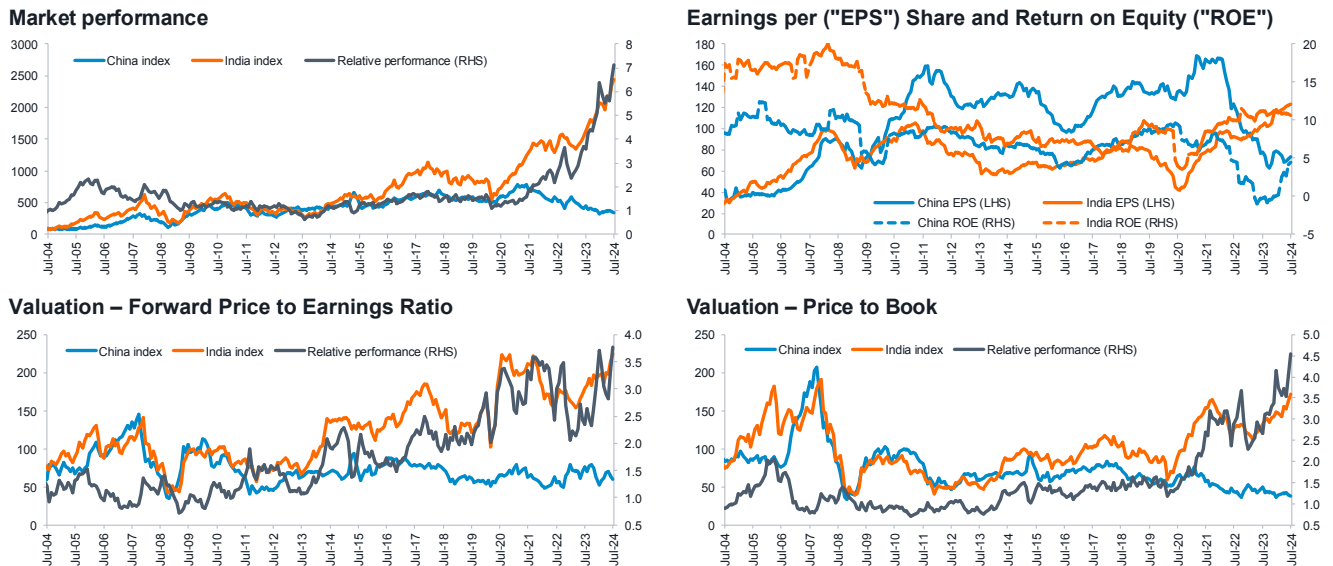
Chart 1: Country attribution over 12 months to 31 July 2024

|                             | Average weight (%) |               |              | Cumulative returns | Contribution to relative returns (%) |                  |              |
|-----------------------------|--------------------|---------------|--------------|--------------------|--------------------------------------|------------------|--------------|
|                             | Company (%)        | Index (%)     | Relative (%) |                    | Stock selection                      | Market selection | Total        |
| China + Hong Kong           | +40.6              | +13.1         | +27.5        | -2.8               | +4.6                                 | -10.8            | -6.2         |
| India                       | +18.6              | +31.0         | -12.4        | +49.9              | -1.0                                 | -3.6             | -4.6         |
| Indonesia                   | +14.6              | +2.2          | +12.4        | -14.9              | +2.4                                 | -3.8             | -1.4         |
| Korea (South)               | +9.1               | +15.6         | -6.5         | -3.4               | +1.0                                 | +1.2             | +2.2         |
| Australia                   | +5.2               | +0.0          | +5.2         | 0.0                | -0.4                                 | 0.0              | -0.4         |
| Singapore                   | +3.3               | +5.0          | -1.7         | 0.0                | +0.5                                 | +0.2             | +0.7         |
| Taiwan                      | +1.4               | +25.8         | -24.4        | +18.0              | +1.2                                 | -1.0             | +0.2         |
| Other Countries             | +10.3              | +7.4          | +2.9         | +0.1               | -0.8                                 | +0.7             | -0.1         |
| <b>Total Primary Assets</b> | <b>+103.0</b>      | <b>+100.0</b> | <b>+3.0</b>  |                    |                                      |                  | <b>-9.6</b>  |
| Cash & others               | -3.0               | 0.0           | -3.0         |                    |                                      |                  | -0.9         |
| <b>Total</b>                | <b>100.0</b>       | <b>100.0</b>  | <b>0.0</b>   |                    |                                      |                  | <b>-10.5</b> |

Note: The table above uses figures calculated as a percentage of net assets.

Source: Fidelity International, 31 July 2024. Index: MSCI All countries Asia ex Japan Small Cap Index (net) total return (in sterling terms).

Chart 2: China versus India: Performance, Valuations and Earnings for MSCI China and MSCI India Small Cap indices



Source: Fidelity International, LSEG DataStream, 31 July 2024. Index: MSCI China Small cap and MSCI India Small cap indices. Total returns in sterling terms.

## Question 2

What stocks have been the main contributors and detractors to performance during the period and why?

## Answer

It was not surprising that our top three contributors relative to the Index during the 12-month period were from India while our largest relative detractors were all from China and Hong Kong as it was very much in line with country performance within Asian small caps.

In India, our holdings in the country's largest power trading company **PTC India** was a key contributor. It reported strong volume growth particularly for higher margin long-term trades. Exposure to **Granules India** added value as the small cap pharmaceuticals company continued to increase its leadership in high volume products such as paracetamol and new launches in higher margin drugs. Similarly, India's 4th largest mortgage financier **LIC Housing Finance** benefited from its access to low-cost funds helping it focus mainly on prime borrowers and maintain high returns on equity and strong asset quality. We continue to like all of them but trimmed exposure on strong performance and reduced the margin of safety.

Most of the detractors in China and Hong Kong operate in consumption and housing driven sectors where near-term weakness in demand led to earnings downgrade as well as multiple deratings. For instance, Hong Kong-listed **Galaxy Entertainment Group** which is the second largest casino operator in Macau hurt returns due to increased competition and Chinese consumption recovery being slower than we had anticipated. However, tourism spending remains one of the most interesting areas in China given rising incomes, changing demographics and attractive valuations for Macau based casinos. Similarly, our holding in drug retailer **Yixintang Pharmaceutical**, which has a leadership in Yunnan province, fell on the back of the introduction of a price comparison system. We continue to like its structural medium to long-term prospects as it consolidates in a fragmented sector. It provides low double-digit Return on Equity ("ROE") which is a measure of the prospective return against the value of the shares, and trades about 8 times its 12 month forward earnings, which is a measure of the price of the shares against the likely future profits. Meanwhile, the biggest detractor **China Overseas Grand Oceans** is one of the country's leading property developers focused on tier 3 cities that is gaining market share as weaker players are going out of business. It trades below 0.2x its book value, which is a measure of the price of the shares versus the value of the assets of the company. It provides about a 9% dividend yield.

While these companies have detracted from performance over the 12-month review period, their valuations reflect earnings expectations that are at trough levels providing us a significant margin of safety and upside potential.

# Portfolio Managers' Review continued

## Question 3

The Company's portfolio is overweight in China. Why do you prefer investment in China compared to other countries in the Asian region?

## Answer

We do not invest in countries, we invest in businesses. Our higher exposure to China is driven by the bottom up security selection in a range of well-financed and well-run businesses where their current valuations provide a sufficient margin of safety compared to most other markets in the Asian region.

We understand the concerns investors have about China's geopolitical issues, its property downcycle and weak consumption trends. In our opinion, the housing cycle downturn has been absorbed in a large measure and its negative impact on the economy will be felt to a lower extent next year. This is part of an economic cycle correction, but sound businesses will still be around, likely to be in better shape and emerge stronger as the cycle recovers. Given current valuations, there is significant upside on owning these businesses over a 3-year horizon. The cycle in China is not too dissimilar to the US cycle post the housing crisis in 2007 or the economic downcycle in India between 2011 and 2013.

In our opinion, China has created one of the best infrastructures in the world – both human and physical. The foundations are strong and hence our belief that the weakness we see currently is cyclical rather than structural. We believe in good businesses, run by competent and honest people and buying them at cheap prices. We are finding quite a few of these in China today and hence the significant overweight position in China.

## Question 4

Looking beyond China, where do you currently see the best opportunities?

## Answer

Beyond China, Indonesia is one place that is providing opportunities to own a good mix of growth and quality businesses at attractive valuations as the market has lagged most of Asia over the last year. It is the third largest economy in the region after China and India with a strong demographic profile with tailwinds for consumption shifts as well as infrastructure development. The country has been more prudent with its public finances than other countries in the region. Our exposure to Indonesia is diversified across financials, building materials, industrials and consumer businesses that offer fairly high and sustainable returns at sufficient margin of safety. Indonesia has some of the strongest banking franchises with conservative underwriting culture. They have stable asset quality and benefit from structural growth as penetration levels are increasing from low levels. The consumer companies owned in Indonesia are also high-quality franchises with market leadership. This gives them strong pricing power and ability to generate margins that are higher than global peers over the long term.

We have also been adding exposure to businesses in Korea. The country's 'value up' programme that pushes for governance reforms should yield positive outcomes from Korean corporates. We have selectively been adding positions in companies where there is considerable margin of safety built into current valuations to limit the downside, but potential for gains is immense if their management teams improve total shareholder returns through higher dividends and buybacks.

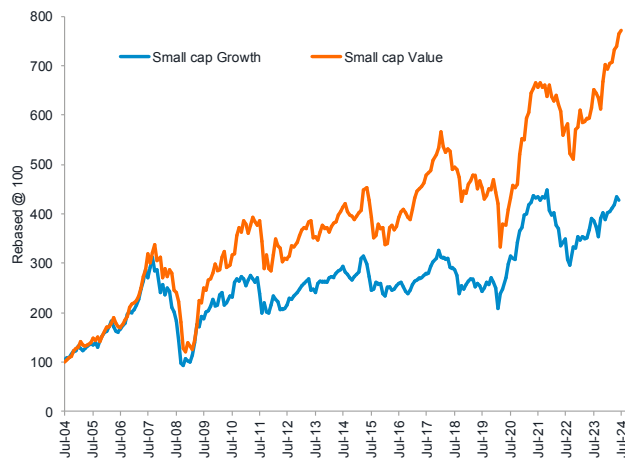
### Question 5

Small cap value stocks continue to outperform small cap growth stocks over the longer term. What has driven this and do you expect the pattern to continue?

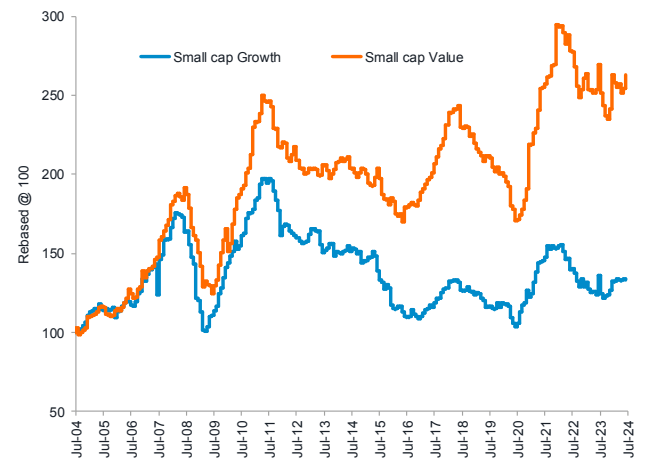
### Answer

Small cap value stocks have performed better than small cap growth stocks over the last 25+ years. This is essentially because the small cap value stocks have grown earnings faster than small cap growth stocks.

**Chart 3: Small cap value stocks outperform over the long term – last 20 years**



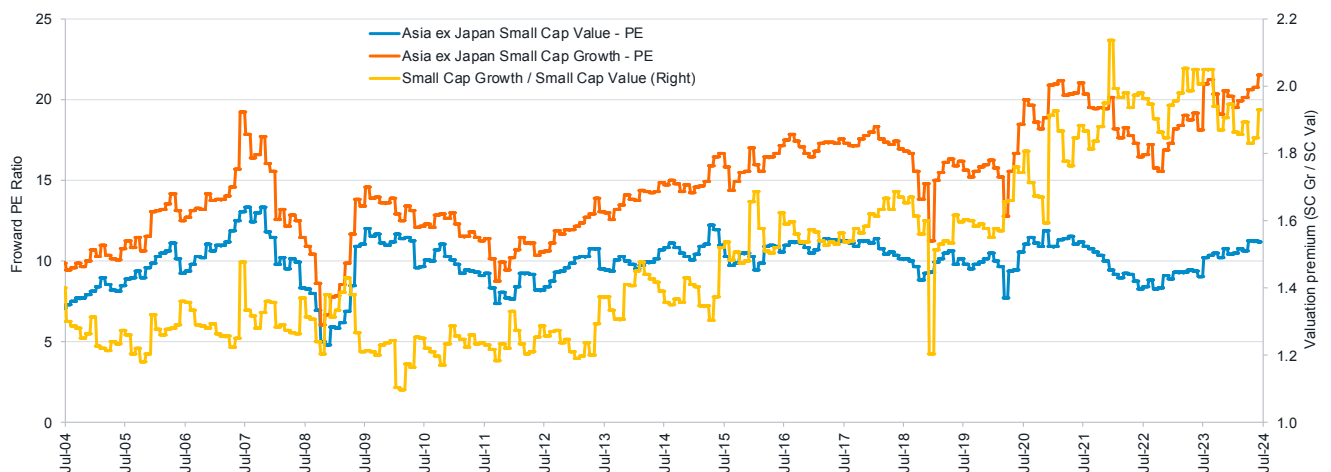
**Chart 4: Small cap value stocks provide higher growth over the long term – last 20 years**



Source: Fidelity International, LSEG DataStream, 31 July 2024. Index: MSCI All Countries Asia ex Japan Small Cap indices.

Despite the outperformance, small cap growth stocks have been trading at a premium versus small cap value stocks and this premium is close to its historical high.

**Chart 5: Valuation – Price to earnings (“PE”) ratio of small cap value and growth stocks**



Source: Fidelity International, LSEG DataStream, 31 July 2024. Index: MSCI All Countries Asia ex Japan Small Cap indices.

Over 80% of our portfolio remains in these value stocks as we believe they will continue to do better based on their superior earnings growth and higher cash returns in terms of dividends.

# Portfolio Managers' Review continued

## Question 6

How do you view macro and geopolitical events and the effects they will have on your portfolio?

## Answer

Macro and geopolitical events are not central to our decision-making but we realise we cannot ignore them entirely, as companies exist within business cycles and they are impacted by geopolitical events. So, we try to factor both into our decision-making predominantly at single stock level and at portfolio risk level. These give us guard rails rather than being the main driver of decision-making. Stock picking is the mainstay of the investment process. This has been its strength, and we feel we are better placed if we 'stick to our knitting'.

For instance, we are aware of the tensions between the USA and China and feel that this is a long-term trend but it is beyond our expertise to predict specific events that can trigger near-term market responses. Therefore, we continue to follow our process and have chosen to focus more on opportunities in domestic-demand led Chinese businesses rather than the businesses that derive significant revenues from the US market.

At the same time, it is helpful to reiterate that macroeconomic factors are cyclical - they come and go - if we can construct a diversified portfolio of good businesses run by competent and honest management teams and invest at a price that leaves sufficient margin of safety, we should over time be able to generate returns for our investors over the medium to long term.

## Question 7

How does the Company consider governance and stewardship?

## Answer

The investment process centres around good businesses managed by good people available at a good price, which implies that we actively look for a business that solves a problem for its consumers. The 'good people' behind a business respect law and regulation and take care of their employees, customers, the environment, and shareholders, as well as managing their businesses responsibly. We strongly believe that only an honest and competent management team will drive the business towards creating value over the long term. It is unlikely that a management team that has not focused on shareholder returns over the last 15-20 years will suddenly start putting the shareholder at the heart of what they do.

Fidelity International is a signatory of the UK Stewardship Code that sets globally recognised standards of stewardship for investors saving money on behalf of UK savers and pensioners. We support the Code's aim of encouraging big investors to focus on promoting good corporate governance at the companies they invest in.

Fidelity's stewardship activities support the responsible allocation of the Company's assets in two main ways: by informing the investment process at the research and investment decision-making stages, and through leveraging our ownership position in companies with the aim of effecting positive corporate change.

### Question 8

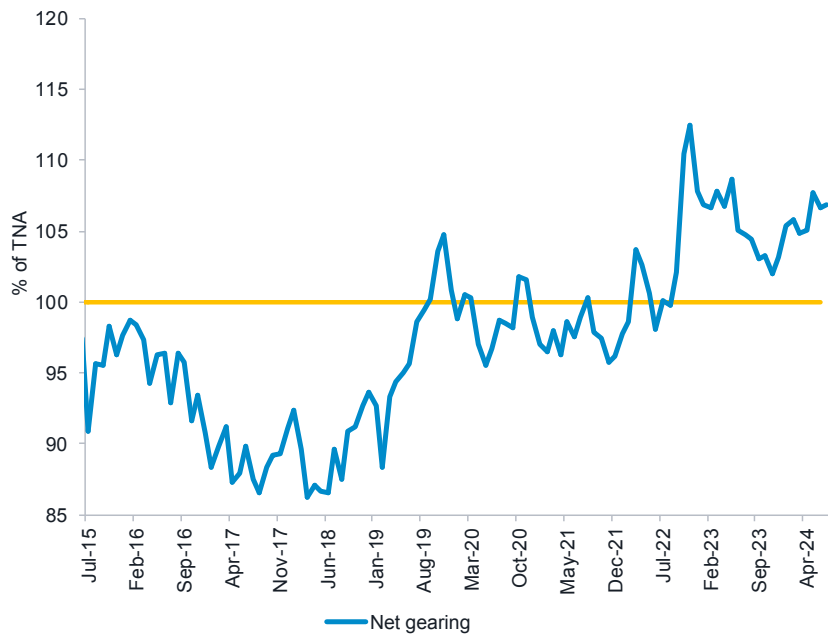
What is your approach to gearing and short positions? And what impact have they had on returns during the year and over the longer term?

### Answer

The level of gearing in the Company remains a function of the number of investment ideas we find. It increases when we see more ideas than money and it reduces (or we keep a higher cash balance) when we do not find as many ideas.

Gearing has recently increased as we have found investments in China, a market which has been out of favour with investors. However, valuations in many other parts are not as attractive. India remains expensive leading us to reduce exposure in this market.

**Chart 6: Portfolio net gearing**



Source: Fidelity International, 31 July 2024. Data for Fidelity Asian Values PLC.

# Portfolio Managers' Review continued

## Question 9

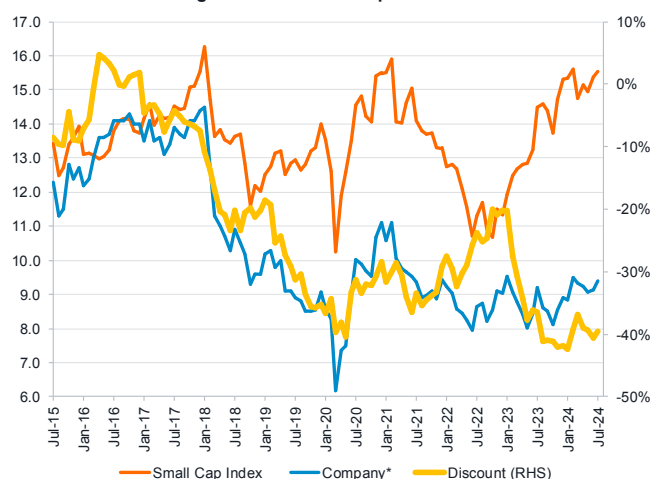
What are some of the points that are important to remind the holders of the Company?

## Answer

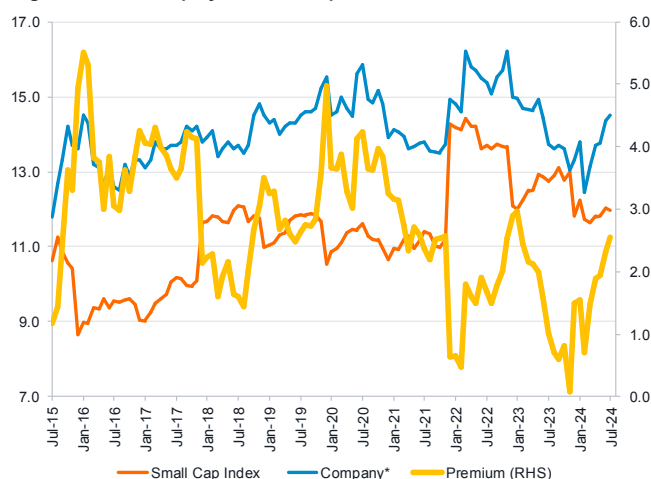
We own businesses that are better quality than the market and are currently priced at cheaper valuations than the market. This has been the bed rock of our investment process for over a decade. The portfolio's Return on Equity ("ROE") remains at a premium to the market while the Price to Earnings ratios of our holdings are at a significant discount.

**Chart 7: Portfolio valuation and returns versus the comparative index**

**Lower Price to Earnings Ratio vs. Small Cap index**



**Higher Return on Equity vs. Small Cap index**



Source: Fidelity International, FactSet, 31 July 2024. Index: MSCI AC Asia ex Japan Small Cap Index (net) total return (in sterling terms).

\* Company = Fidelity Asian Value PLC

The ROE metric of the portfolio is higher than that of the market implying the Company is generating superior returns for each pound of shareholder's equity than the market. Further the blended Price to Earnings ratio of our holdings is at a significant discount which implies that we are paying a lower price for each potential pound of future earnings by our portfolio companies compared to the market as a whole.

This is driven by our historically high exposure to China, Hong Kong and Indonesia where businesses are undervalued versus their long-term returns potential, as well as due to our low exposure to India, given valuations in the Indian small cap segment are extremely expensive.

We do not predict market movements and have come to understand that markets are seldom rational in their short-term responses. Thus, we consistently focus on investing in good businesses, run by good management teams that are available at a suitable margin of safety. This is the approach that has stood the test of time generating sustainable performance for the Company in the long run and should do the same in the next few years.

**Nitin Bajaj**  
Portfolio Manager

**Ajinkya Dhavale**  
Co-Portfolio Manager

10 October 2024

# Spotlight on the Top 10 Holdings

as at 31 July 2024

(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



### Bank Negara Indonesia (Persero)

Position size 3.6%

Bank Negara Indonesia (Persero) is the third largest bank by assets in Indonesia and benefits from structurally high growth in the Indonesian banking sector. The management team has a conservative approach with a focus on profitability improvement. Its strong execution helped improve the bank's return on equity profile and balance sheet strength. The bank has one of the highest returns on equity among emerging Asian countries due to a benign competitive landscape and a market-oriented regulator.

## Sector Financials



### Axis Bank

Position size 2.8%

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. 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



### Genpact

Position size 2.7%

Genpact is one of the leading Indian business process outsourcing companies focused on customers in banking, insurance, healthcare and industrials segments. It has a robust business with recurring revenues and has high-teen returns on invested capital. The company's positioning in data, technology and AI-solutions is leading to a growth in order pipeline, which remains at record levels.

## Sector Consumer Staples



### Indofood CBP Sukses Makmur

Position size 2.6%

The company is the largest instant noodles maker with operations in Indonesia, Middle East, Africa, and South-Eastern Europe. With its vertically integrated operations that help secure input sourcing and a top-of-the-mind 'Indomie' brand, the company dominates most geographies it operates in. It also thrives in an industry that is generally unattractive to be in given high competitive intensity and low product differentiation. Apart from noodles, the company also sells dairy, snack foods and seasonings.

## Sector Industrials



### BOC Aviation

Position size 2.6%

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 the competition.

# Spotlight on the Top 10 Holdings continued

as at 31 July 2024

(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

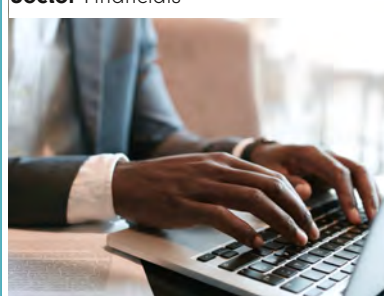


### LIC Housing Finance

**Position size** 2.5%

LIC Housing Finance is India's fourth largest mortgage financier. Since it is promoted by Life Insurance Corporation, India's largest and 100% government owned insurance company, it has access to low-cost funds, helping it focus mainly on prime borrowers and maintain high returns on equity and strong asset quality.

## Sector Financials



### HDFC Bank

**Position size** 2.4%

HDFC Bank is India's leading private bank and continues to gain market share from less efficient government owned banks. Last year, it merged with Housing Development Finance Corporation, its parent and India's largest mortgage finance company. Its strong deposit franchise ensures the cost of funds remain low resulting in returns of equity consistently in the mid-teens range. The management has a conservative underwriting culture allowing asset quality which is the best in the industry across cycles.

## Sector Communication Services

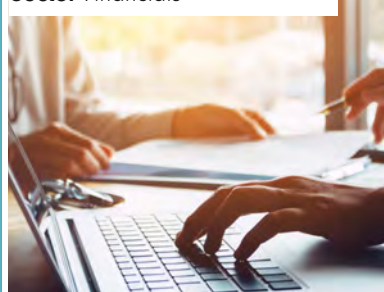


### KT

**Position size** 2.3%

KT is an incumbent fixed line telecommunications services provider and the second largest mobile services provider in Korea. It has a sizable real estate leasing business which the company is selling. The company's capital allocation is improving under Korea's new 'value-up' programme through higher dividend payouts. KT's management compensation has also been aligned to total shareholder returns and is paid in the form of shares with a three-year lock-up.

## Sector Financials



### Federal Bank

**Position size** 2.3%

Federal Bank is a private sector bank based in the South Indian state of Kerala. It has one of the strongest liability franchises amongst Indian regional banks. India is one of the largest international remittance markets in the world with the state of Kerala a leading recipient. The bank is a beneficiary of regular flows of money from remittances, leading to stable deposit growth. On the asset side, it has a strong focus on small and medium enterprise segments. The management has a conservative underwriting culture and low-double digit return on equity.

## Sector Consumer Staples



### Japfa Comfeed Indonesia

**Position size** 2.0%

Japfa Comfeed is the second largest poultry feed and farm company in Indonesia. The company is a strong operator with scale advantage and cost efficiencies. It operates in a short-cycle industry which has six chicken breeding cycles a year. The industry seems to be coming out of a downcycle where feed margins and valuations are close to trough levels while chicken prices are on a recovery.

# Forty Largest Holdings

as at 31 July 2024

The Asset Exposures shown below 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 realisable value of the portfolio as reported in the Balance Sheet. Where the Company holds shares, corporate bonds and equity linked notes, the Asset Exposure and Fair Value will be the same. For derivative instruments, Asset Exposure is the market value of the underlying asset to which the Company is exposed, while the Fair Value reflects the mark-to-market on the contract since it was opened, and is based on how much the share price of the underlying asset has moved.

|                                                                        | Industry                                 | Asset Exposure<br>£'000 | % <sup>1</sup> | Fair Value<br>£'000 |
|------------------------------------------------------------------------|------------------------------------------|-------------------------|----------------|---------------------|
| Long Exposures – shares unless otherwise stated                        |                                          |                         |                |                     |
| Bank Negara Indonesia (Persero)<br>(shares and corporate bond)         | Banks                                    | 13,962                  | 3.6            | 13,962              |
| Axis Bank                                                              | Banks                                    | 10,912                  | 2.8            | 10,912              |
| Genpact                                                                | Professional Services                    | 10,627                  | 2.7            | 10,627              |
| Indofood CBP Sukses Makmur                                             | Food Products                            | 10,350                  | 2.6            | 10,350              |
| BOC Aviation (long CFDs)                                               | Trading Companies & Distributors         | 10,325                  | 2.6            | 521                 |
| LIC Housing Finance                                                    | Financial Services                       | 9,706                   | 2.5            | 9,706               |
| HDFC Bank                                                              | Banks                                    | 9,570                   | 2.4            | 9,570               |
| KT                                                                     | Diversified Telecommunication Services   | 9,055                   | 2.3            | 9,055               |
| Federal Bank                                                           | Banks                                    | 8,995                   | 2.3            | 8,995               |
| Japfa Comfeed Indonesia                                                | Food Products                            | 7,657                   | 2.0            | 7,657               |
| Taiwan Semiconductor Manufacturing Company                             | Semiconductors & Semiconductor Equipment | 7,539                   | 1.9            | 7,539               |
| China Mengniu Dairy (long CFD)                                         | Food Products                            | 6,194                   | 1.6            | (359)               |
| Arwana Citramulia                                                      | Building Products                        | 6,154                   | 1.6            | 6,154               |
| Ciputra Development                                                    | Real Estate Management & Development     | 5,919                   | 1.5            | 5,919               |
| Granules India                                                         | Pharmaceuticals                          | 5,649                   | 1.4            | 5,649               |
| Sinotrans                                                              | Air Freight & Logistics                  | 5,625                   | 1.4            | 5,625               |
| Focus Media Information Technology<br>(shares and equity linked notes) | Media                                    | 5,418                   | 1.4            | 5,418               |
| Bank Mandiri (Persero)                                                 | Banks                                    | 5,410                   | 1.4            | 5,410               |
| Chow Sang Sang Holdings International<br>(shares and long CFD)         | Textiles, Apparel & Luxury Goods         | 5,387                   | 1.4            | 4,858               |
| CapitaLand India Trust                                                 | Real Estate Management & Development     | 5,036                   | 1.3            | 5,036               |
| ENN Energy Holdings                                                    | Gas Utilities                            | 4,967                   | 1.3            | 4,967               |
| Longfor Group Holdings<br>(shares and corporate bond)                  | Real Estate Management & Development     | 4,940                   | 1.3            | 4,940               |
| Qingdao Port International                                             | Transportation Infrastructure            | 4,616                   | 1.2            | 4,616               |
| Indocement Tunggal Prakarsa                                            | Construction Materials                   | 4,501                   | 1.1            | 4,501               |
| Crystal International Group<br>(shares and long CFD)                   | Textiles, Apparel & Luxury Goods         | 4,500                   | 1.1            | 4,500               |

# Forty Largest Holdings continued

as at 31 July 2024

|                                                                    | Industry                                            | Asset Exposure<br>£'000 | % <sup>1</sup> | Fair Value<br>£'000 |
|--------------------------------------------------------------------|-----------------------------------------------------|-------------------------|----------------|---------------------|
| <b>Valaris</b>                                                     | Energy Equipment & Services                         | 4,414                   | 1.1            | 4,414               |
| <b>Texwinca Holdings</b>                                           | Textiles, Apparel & Luxury Goods                    | 4,290                   | 1.1            | 4,290               |
| <b>Samsung Electronics</b>                                         | Technology Hardware, Storage & Peripherals          | 4,141                   | 1.1            | 4,141               |
| <b>Shandong Weigao Group Medical Polymer (shares and long CFD)</b> | Health Care Equipment & Supplies                    | 3,857                   | 1.0            | 3,692               |
| <b>China Overseas Property Holdings (shares and long CFD)</b>      | Real Estate Management & Development                | 3,847                   | 1.0            | 3,541               |
| <b>PTC India</b>                                                   | Independent Power & Renewable Electricity Producers | 3,825                   | 1.0            | 3,825               |
| <b>SIS</b>                                                         | Commercial Services & Supplies                      | 3,781                   | 1.0            | 3,781               |
| <b>MegaStudyEdu</b>                                                | Diversified Consumer Services                       | 3,724                   | 0.9            | 3,724               |
| <b>Cikarang Listrindo</b>                                          | Independent Power & Renewable Electricity Producers | 3,721                   | 0.9            | 3,721               |
| <b>Hyundai Marine &amp; Fire Insurance</b>                         | Insurance                                           | 3,662                   | 0.9            | 3,662               |
| <b>Galaxy Entertainment Group (long CFD)</b>                       | Hotels, Restaurants & Leisure                       | 3,619                   | 0.9            | (160)               |
| <b>DL E&amp;C</b>                                                  | Construction & Engineering                          | 3,604                   | 0.9            | 3,604               |
| <b>Li-Ning (shares and long CFD)</b>                               | Textiles, Apparel & Luxury Goods                    | 3,556                   | 0.9            | 356                 |
| <b>China Foods</b>                                                 | Beverages                                           | 3,522                   | 0.9            | 3,522               |
| <b>WH Group (long CFD)</b>                                         | Food Products                                       | 3,461                   | 0.9            | (109)               |
| <b>Top forty long exposures</b>                                    |                                                     | <b>240,038</b>          | <b>61.2</b>    | <b>212,132</b>      |
| Other long exposures                                               |                                                     | 189,488                 | 48.4           | 165,338             |
| <b>Total long exposures (150 holdings)</b>                         |                                                     | <b>429,526</b>          | <b>109.6</b>   | <b>377,470</b>      |
| <b>Short exposures</b>                                             |                                                     |                         |                |                     |
| Short CFDs (10 holdings)                                           |                                                     | 12,995                  | 3.3            | 373                 |
| Call options (1 holding)                                           |                                                     | 374                     | 0.1            | (14)                |
| <b>Total short exposures</b>                                       |                                                     | <b>13,369</b>           | <b>3.4</b>     | <b>359</b>          |
| <b>Gross Asset Exposure<sup>2</sup></b>                            |                                                     | <b>442,895</b>          | <b>113.0</b>   |                     |
| <b>Portfolio Fair Value<sup>3</sup></b>                            |                                                     |                         |                | <b>377,829</b>      |
| Net current assets (excluding derivative assets and liabilities)   |                                                     |                         |                | 14,185              |
| <b>Total Shareholders' Funds/Net Assets</b>                        |                                                     |                         |                | <b>392,014</b>      |

<sup>1</sup> Asset Exposure (as defined in the Glossary of Terms on page 90) is expressed as a percentage of Total Shareholders' Funds.

<sup>2</sup> Gross Asset Exposure comprises market exposure to investments of £378,577,000 (per Note 10: Investments on page 63) plus market exposure to derivative instruments of £64,318,000 (per Note 11: Derivative instruments on page 64).

<sup>3</sup> Portfolio Fair Value comprises investments of £378,577,000 plus derivative assets of £1,297,000 less derivative liabilities of £2,045,000 (per the Balance Sheet on page 54).

A full list of the Company's holdings as at 31 July 2024 will be available on the Company's pages of the Manager's website at [www.fidelity.co.uk/asianvalues](http://www.fidelity.co.uk/asianvalues) on, or shortly after, 31 October 2024.

# Distribution of the Portfolio

as at 31 July 2024

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

| Portfolio                        | China & Hong Kong | India       | Indonesia  | South Korea | Other      | Total       | 2024 Index <sup>1</sup> | 2023 Total |
|----------------------------------|-------------------|-------------|------------|-------------|------------|-------------|-------------------------|------------|
| <b>Financials</b>                |                   |             |            |             |            |             |                         |            |
| Banks                            | –                 | 7.5         | 4.9        | –           | 0.8        | 13.2        | 2.4                     | 12.4       |
| Financial Services               | –                 | 3.1         | –          | 0.5         | –          | 3.6         | 1.7                     | 1.2        |
| Capital Markets                  | 0.2               | –           | –          | 0.8         | –          | 1.0         | 3.0                     | 1.1        |
| Insurance                        | –                 | –           | –          | 0.9         | –          | 0.9         | 1.1                     | 0.6        |
| Consumer Finance                 | –                 | 0.7         | –          | –           | –          | 0.7         | 1.4                     | 3.5        |
|                                  | <b>0.2</b>        | <b>11.3</b> | <b>4.9</b> | <b>2.2</b>  | <b>0.8</b> | <b>19.4</b> | <b>9.6</b>              | 18.8       |
| <b>Industrials</b>               |                   |             |            |             |            |             |                         |            |
| Professional Services            | 0.5               | –           | –          | 0.4         | 2.7        | 3.6         | 0.8                     | 2.7        |
| Trading Companies & Distributors | 2.6               | –           | 0.3        | –           | –          | 2.9         | 0.4                     | 2.8        |
| Commercial Services & Supplies   | 0.3               | 1.0         | –          | 0.9         | –          | 2.2         | 1.0                     | 1.7        |
| Building Products                | 0.4               | –           | 1.5        | –           | –          | 1.9         | 0.9                     | 2.4        |
| Construction & Engineering       | –                 | 0.6         | –          | 0.9         | –          | 1.5         | 3.3                     | 0.4        |
| Transportation Infrastructure    | 1.5               | –           | –          | –           | –          | 1.5         | 0.8                     | 1.5        |
| Air Freight & Logistics          | 1.4               | –           | –          | –           | –          | 1.4         | 0.6                     | 2.1        |
| Machinery                        | 1.1               | –           | –          | –           | –          | 1.1         | 4.8                     | 1.0        |
| Marine Transportation            | 0.5               | –           | –          | –           | –          | 0.5         | 0.5                     | 0.9        |
| Ground Transportation            | 0.4               | –           | –          | –           | –          | 0.4         | 0.4                     | 0.5        |
| Passenger Airlines               | –                 | –           | –          | –           | 0.2        | 0.2         | 0.2                     | 0.2        |
| Electrical Equipment             | –                 | –           | –          | 0.1         | –          | 0.1         | 3.8                     | 0.8        |
| Industrial Conglomerates         | –                 | –           | –          | –           | –          | –           | 1.2                     | –          |
| Aerospace & Defense              | –                 | –           | –          | –           | –          | –           | 0.6                     | –          |
|                                  | <b>8.7</b>        | <b>1.6</b>  | <b>1.8</b> | <b>2.3</b>  | <b>2.9</b> | <b>17.3</b> | <b>19.3</b>             | 17.0       |
| <b>Consumer Discretionary</b>    |                   |             |            |             |            |             |                         |            |
| Textiles, Apparel & Luxury Goods | 5.4               | 0.2         | –          | 0.4         | 0.5        | 6.5         | 2.4                     | 6.0        |
| Diversified Consumer Services    | 0.7               | –           | –          | 1.0         | 0.4        | 2.1         | 0.4                     | 1.9        |
| Hotels, Restaurants & Leisure    | 1.2               | –           | 0.3        | –           | 0.5        | 2.0         | 1.8                     | 2.4        |
| Automobile Components            | 0.3               | –           | 0.8        | 0.4         | 0.3        | 1.8         | 2.9                     | 2.2        |
| Specialty Retail                 | 1.7               | –           | –          | –           | –          | 1.7         | 0.9                     | 2.4        |
| Automobiles                      | 0.5               | –           | –          | –           | 0.7        | 1.2         | 0.5                     | 1.9        |
| Leisure Products                 | 0.7               | –           | –          | –           | –          | 0.7         | 0.5                     | 1.5        |
| Broadline Retail                 | 0.4               | –           | –          | –           | –          | 0.4         | 0.5                     | –          |
| Household Durables               | –                 | –           | –          | –           | –          | –           | 1.5                     | 1.1        |
| Distributors                     | –                 | –           | –          | –           | –          | –           | 0.1                     | –          |
|                                  | <b>10.9</b>       | <b>0.2</b>  | <b>1.1</b> | <b>1.8</b>  | <b>2.4</b> | <b>16.4</b> | <b>11.5</b>             | 19.4       |

# Distribution of the Portfolio continued

as at 31 July 2024

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

| Portfolio                                            | China & Hong Kong | India      | Indonesia  | South Korea | Other      | Total       | 2024 Index <sup>1</sup> | 2023 Total |
|------------------------------------------------------|-------------------|------------|------------|-------------|------------|-------------|-------------------------|------------|
| <b>Consumer Staples</b>                              |                   |            |            |             |            |             |                         |            |
| Food Products                                        | 2.9               | –          | 4.6        | 0.3         | 3.2        | 11.0        | 2.5                     | 6.8        |
| Consumer Staples Distribution & Retail               | 1.9               | –          | –          | 0.7         | –          | 2.6         | 0.7                     | 1.8        |
| Beverages                                            | 0.9               | –          | –          | –           | 0.3        | 1.2         | 0.6                     | 1.9        |
| Tobacco                                              | –                 | –          | –          | 0.5         | –          | 0.5         | 0.2                     | –          |
| Household Products                                   | –                 | –          | 0.3        | –           | –          | 0.3         | 0.1                     | 0.7        |
| Personal Care Products                               | –                 | –          | –          | –           | –          | –           | 0.9                     | –          |
|                                                      | <b>5.7</b>        | <b>–</b>   | <b>4.9</b> | <b>1.5</b>  | <b>3.5</b> | <b>15.6</b> | <b>5.0</b>              | 11.2       |
| <b>Materials</b>                                     |                   |            |            |             |            |             |                         |            |
| Metals & Mining                                      | 1.6               | –          | –          | –           | 3.4        | 5.0         | 2.4                     | 4.8        |
| Chemicals                                            | 0.2               | 1.3        | –          | 0.7         | 0.3        | 2.5         | 5.8                     | 1.8        |
| Construction Materials                               | 0.3               | –          | 1.1        | –           | –          | 1.4         | 1.1                     | 0.8        |
| Paper & Forest Products                              | –                 | –          | –          | –           | –          | –           | 0.6                     | –          |
| Containers & Packaging                               | –                 | –          | –          | –           | –          | –           | 0.4                     | –          |
|                                                      | <b>2.1</b>        | <b>1.3</b> | <b>1.1</b> | <b>0.7</b>  | <b>3.7</b> | <b>8.9</b>  | <b>10.3</b>             | 7.4        |
| <b>Real Estate</b>                                   |                   |            |            |             |            |             |                         |            |
| Real Estate Management & Development                 | 4.9               | –          | 1.5        | –           | 2.0        | 8.4         | 4.7                     | 7.3        |
| Industrial Real Estate Investment Trusts (REITS)     | –                 | –          | –          | –           | –          | –           | 1.0                     | –          |
| Retail Real Estate Investment Trusts (REITS)         | –                 | –          | –          | –           | –          | –           | 0.8                     | –          |
| Office Real Estate Investment Trusts (REITS)         | –                 | –          | –          | –           | –          | –           | 0.7                     | –          |
| Diversified Real Estate Investment Trusts (REITS)    | –                 | –          | –          | –           | –          | –           | 0.3                     | –          |
| Hotel & Resort Real Estate Investment Trusts (REITS) | –                 | –          | –          | –           | –          | –           | 0.3                     | –          |
| Specialized Real Estate Investment Trusts (REITS)    | –                 | –          | –          | –           | –          | –           | 0.2                     | –          |
| Health Care Real Estate Investment Trusts (REITS)    | –                 | –          | –          | –           | –          | –           | 0.1                     | –          |
|                                                      | <b>4.9</b>        | <b>–</b>   | <b>1.5</b> | <b>–</b>    | <b>2.0</b> | <b>8.4</b>  | <b>8.1</b>              | 7.3        |
| <b>Information Technology</b>                        |                   |            |            |             |            |             |                         |            |
| Semiconductors & Semiconductor Equipment             | 0.5               | –          | –          | 0.3         | 2.5        | 3.3         | 8.4                     | 6.2        |
| Technology Hardware Storage & Peripherals            | –                 | –          | –          | 1.1         | 0.6        | 1.7         | 1.5                     | 1.0        |
| Electronic Equipment Instruments & Components        | –                 | 0.5        | –          | –           | 0.8        | 1.3         | 6.5                     | 3.4        |
| Information Technology Services                      | –                 | –          | –          | –           | –          | –           | 1.3                     | –          |
| Software                                             | –                 | –          | –          | –           | –          | –           | 1.0                     | –          |
| Communications Equipment                             | –                 | –          | –          | –           | –          | –           | 0.7                     | –          |
|                                                      | <b>0.5</b>        | <b>0.5</b> | <b>–</b>   | <b>1.4</b>  | <b>3.9</b> | <b>6.3</b>  | <b>19.4</b>             | 10.6       |

Continued on the next page.

| Portfolio                                           | China & Hong Kong | India       | Indonesia   | South Korea | Other       | Total        | 2024 Index <sup>1</sup> | 2023 Total |
|-----------------------------------------------------|-------------------|-------------|-------------|-------------|-------------|--------------|-------------------------|------------|
| <b>Health Care</b>                                  |                   |             |             |             |             |              |                         |            |
| Health Care Equipment & Supplies                    | 1.0               | -           | -           | 1.1         | 0.5         | 2.6          | 0.9                     | 2.1        |
| Pharmaceuticals                                     | 0.7               | 1.4         | -           | 0.4         | -           | 2.5          | 4.6                     | 2.1        |
| Health Care Providers & Services                    | 0.3               | -           | -           | -           | -           | 0.3          | 1.6                     | -          |
| Biotechnology                                       | -                 | -           | -           | -           | -           | -            | 1.5                     | -          |
| Life Sciences Tools & Services                      | -                 | -           | -           | -           | -           | -            | 0.4                     | 0.3        |
| Health Care Technology                              | -                 | -           | -           | -           | -           | -            | 0.1                     | -          |
|                                                     | <b>2.0</b>        | <b>1.4</b>  | <b>-</b>    | <b>1.5</b>  | <b>0.5</b>  | <b>5.4</b>   | <b>9.1</b>              | <b>4.5</b> |
| <b>Energy</b>                                       |                   |             |             |             |             |              |                         |            |
| Energy Equipment & Services                         | 0.7               | -           | -           | -           | 3.2         | 3.9          | 0.3                     | 2.2        |
| Oil, Gas & Consumable Fuels                         | 0.3               | -           | -           | -           | 1.7         | 2.0          | 1.2                     | 3.7        |
|                                                     | <b>1.0</b>        | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>4.9</b>  | <b>5.9</b>   | <b>1.5</b>              | <b>5.9</b> |
| <b>Communications Services</b>                      |                   |             |             |             |             |              |                         |            |
| Diversified Telecommunication Services              | -                 | -           | -           | 2.3         | -           | 2.3          | 1.0                     | -          |
| Media                                               | 2.1               | -           | -           | -           | -           | 2.1          | 0.6                     | 2.5        |
| Interactive Media & Services                        | 0.2               | -           | -           | -           | -           | 0.2          | 0.4                     | 0.6        |
| Wireless Telecommunication Services                 | -                 | -           | -           | -           | 0.2         | 0.2          | 0.1                     | 0.3        |
| Entertainment                                       | -                 | -           | -           | -           | -           | -            | 1.6                     | -          |
|                                                     | <b>2.3</b>        | <b>-</b>    | <b>-</b>    | <b>2.3</b>  | <b>0.2</b>  | <b>4.8</b>   | <b>3.7</b>              | <b>3.4</b> |
| <b>Utilities</b>                                    |                   |             |             |             |             |              |                         |            |
| Independent Power & Renewable Electricity Producers | -                 | 1.0         | 0.9         | -           | 0.2         | 2.1          | 1.2                     | 4.3        |
| Gas Utilities                                       | 1.3               | -           | -           | -           | -           | 1.3          | 0.8                     | 0.9        |
| Water Utilities                                     | 0.4               | -           | -           | -           | -           | 0.4          | 0.2                     | -          |
| Electric Utilities                                  | -                 | -           | -           | -           | -           | -            | 0.3                     | -          |
|                                                     | <b>1.7</b>        | <b>1.0</b>  | <b>0.9</b>  | <b>-</b>    | <b>0.2</b>  | <b>3.8</b>   | <b>2.5</b>              | <b>5.2</b> |
| <b>Exposure before call options/futures</b>         | <b>40.0</b>       | <b>17.3</b> | <b>16.2</b> | <b>13.7</b> | <b>25.0</b> | <b>112.2</b> |                         |            |
| Add: call options/futures                           | 0.8               | -           | -           | -           | -           | 0.8          |                         | 1.0        |
| <b>Total Asset Exposure – 2024</b>                  | <b>40.8</b>       | <b>17.3</b> | <b>16.2</b> | <b>13.7</b> | <b>25.0</b> | <b>113.0</b> |                         |            |
| <b>Index – 2024</b>                                 | <b>12.6</b>       | <b>34.8</b> | <b>1.9</b>  | <b>13.6</b> | <b>37.1</b> |              | <b>100.0</b>            |            |
| Total Asset Exposure – 2023                         | 39.7              | 21.1        | 13.8        | 9.4         | 27.7        |              |                         | 111.7      |

<sup>1</sup> MSCI All Countries Asia ex Japan Small Cap Index (net) total return (in sterling terms), the Company's Comparative Index.  
Note: Exposures in the tables above are calculated as a percentage of net assets.

# Ten Year Record

| For the year ended<br>31 July                                  | 2024          | 2023   | 2022   | 2021   | 2020   | 2019                | 2018                | 2017                | 2016   | 2015   |
|----------------------------------------------------------------|---------------|--------|--------|--------|--------|---------------------|---------------------|---------------------|--------|--------|
| Gross Asset Exposure (£m) <sup>1</sup>                         | <b>442.9</b>  | 440.8  | 383.7  | 375.2  | 276.6  | 347.4               | 285.2               | 273.7               | 232.0  | 162.9  |
| Total Shareholders' Funds (£m)                                 | <b>392.0</b>  | 394.6  | 367.6  | 364.1  | 269.4  | 323.0               | 288.0               | 280.2               | 237.5  | 178.9  |
| NAV per Ordinary Share – undiluted (p) <sup>2</sup>            | <b>551.66</b> | 549.33 | 507.78 | 497.50 | 364.39 | 447.16              | 419.36              | 415.17              | 351.98 | 265.14 |
| NAV per Ordinary Share – diluted (p) <sup>2</sup>              | <b>n/a</b>    | n/a    | n/a    | n/a    | n/a    | 439.91 <sup>3</sup> | 413.64 <sup>3</sup> | 407.77 <sup>3</sup> | n/a    | n/a    |
| Ordinary Share Price (p)                                       | <b>496.00</b> | 520.00 | 458.00 | 483.00 | 335.00 | 455.50              | 412.00              | 386.00              | 313.00 | 236.88 |
| Subscription Share Price (p)                                   | <b>n/a</b>    | n/a    | n/a    | n/a    | n/a    | 53.00               | 23.50               | 29.50               | n/a    | n/a    |
| (Discount)/Premium – undiluted (%) <sup>2</sup>                | <b>(10.1)</b> | (5.3)  | (9.8)  | (2.9)  | (8.1)  | 1.9                 | (1.8)               | (7.0)               | (11.1) | (10.7) |
| Premium/(Discount) – diluted (%) <sup>2</sup>                  | <b>n/a</b>    | n/a    | n/a    | n/a    | n/a    | 3.5 <sup>3</sup>    | (0.4) <sup>3</sup>  | (5.3) <sup>3</sup>  | n/a    | n/a    |
| Revenue return per Ordinary Share (p) <sup>2</sup>             | <b>14.24</b>  | 15.17  | 14.21  | 9.20   | 8.64   | 10.70               | 5.70                | 6.08                | 5.36   | 2.26   |
| Dividend per Ordinary Share (p)                                | <b>14.5</b>   | 14.5   | 14.0   | 8.8    | 8.5    | 8.8                 | 5.5                 | 5.5                 | 4.5    | 2.0    |
| Ongoing Charges (cost of running the Company) (%) <sup>2</sup> | <b>0.95</b>   | 0.96   | 0.95   | 0.93   | 0.98   | 0.98                | 1.17                | 1.22                | 1.33   | 1.42   |
| Gross Gearing (%) <sup>2,4</sup>                               | <b>13.0</b>   | 11.7   | 4.4    | 3.0    | 2.7    | 7.5                 | (1.0)               | (2.3)               | (2.3)  | (9.0)  |
| NAV total return – undiluted (%) <sup>2</sup>                  | <b>+3.2</b>   | +11.4  | +3.9   | +39.5  | -16.7  | +8.2                | +2.2                | +19.3               | +33.8  | +4.0   |
| NAV total return – diluted (%) <sup>2</sup>                    | <b>n/a</b>    | n/a    | n/a    | n/a    | n/a    | +7.9 <sup>3</sup>   | +2.7 <sup>3</sup>   | +17.2 <sup>3</sup>  | n/a    | n/a    |
| Ordinary Share Price total return (%) <sup>2</sup>             | <b>-1.7</b>   | +17.3  | -3.4   | +47.6  | -24.8  | +12.3               | +8.2                | +24.9               | +33.3  | +6.2   |
| Comparative Index total return (%) <sup>5</sup>                | <b>+13.7</b>  | +7.5   | -5.6   | +39.2  | -0.8   | -4.6                | +4.7                | +15.6               | +13.1  | n/a    |
| Benchmark Index total return (%) <sup>6</sup>                  | <b>+13.7</b>  | +7.5   | -5.6   | +39.2  | +2.7   | +3.9                | +5.7                | +28.2               | +15.8  | +0.3   |

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 (see Note 18 on page 75).

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.

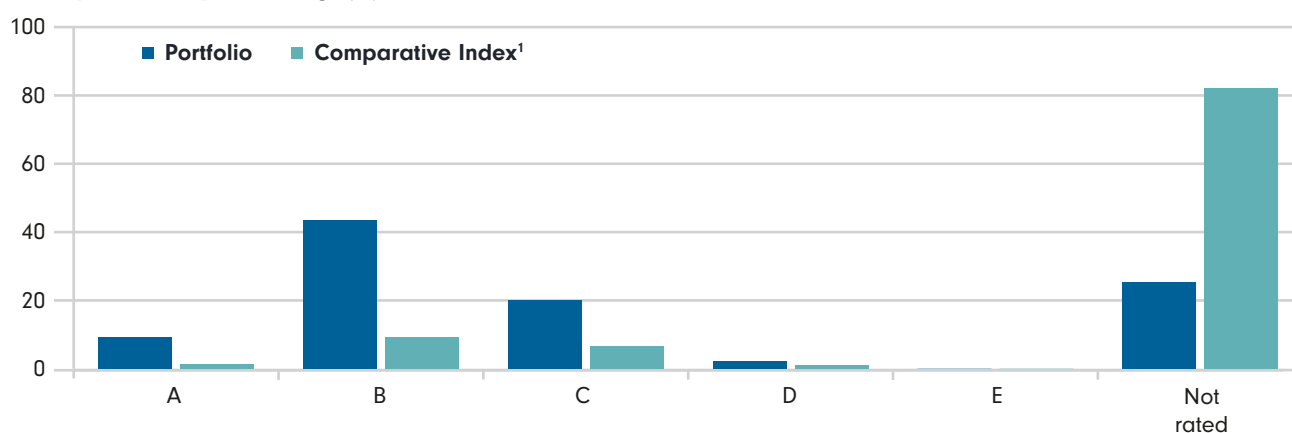
# ESG Ratings

## ESG ASSESSMENT

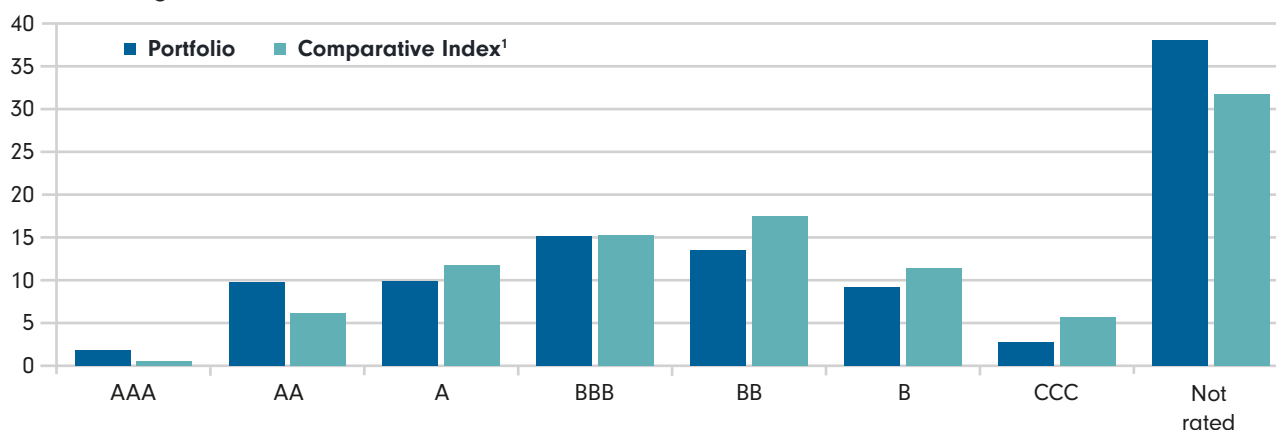
The charts below show a breakdown of the underlying stocks in the Company's portfolio using Fidelity's own and MSCI's ESG ratings. Fidelity International's proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators. Analysts quantify the direction of change of companies' ESG performance (positive, neutral or negative trajectory) and rate the companies using a scale of A (best) to E (worst).

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.

**Fidelity Proprietary ESG ratings (%)**



**MSCI ESG ratings**



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

Source: Fidelity International and MSCI ESG Research as at 31 July 2024.

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%.

# Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and the Portfolio Managers' Review on pages 2 to 12 form part of the Strategic Report.

## Business and Status

The Company carries on business as an investment trust. Its shares are listed and traded on 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 long-term 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 Managers 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.

## Modification of Investment Objective or Investment Policy

In accordance with the UK Listing Rules, any material change to the Company's published Investment Objective or Investment Policy will require the prior approval of both the Financial Conduct Authority and the shareholders of the Company (by way of an ordinary resolution).

## 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 Managers, Nitin Bajaj and Ajinkya Dhavale, aim 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 Managers 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 Managers' 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 Managers' 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 Managers 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 no 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.

~ A resolution is proposed at the AGM to increase this investment restriction from 5% to 15% of Gross Assets.

\* Asian Region means the continent of Asia (including Hong Kong, South Korea, Thailand, Singapore, Malaysia, Taiwan, Indonesia, Philippines, China, India, Pakistan, Vietnam 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 achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs. The Company does not currently use bank borrowings for gearing purposes.
- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at reasonable costs.
- To enhance the investment returns by taking short exposures on stocks that the Portfolio Managers consider 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 Managers' investment style and philosophy as well as the markets they operate in.

The sum of all short exposures of the Company from derivatives, excluding hedges, will not exceed 10% of total net assets.

It should be stressed that 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 other investment companies are set out below.

|                                                | Year ended<br>31 July<br>2024<br>% | Year ended<br>31 July<br>2023<br>% |
|------------------------------------------------|------------------------------------|------------------------------------|
| NAV per Ordinary Share total <sup>1</sup>      | +3.2                               | +11.4                              |
| Ordinary Share Price total return <sup>1</sup> | -1.7                               | +17.3                              |
| Benchmark Index total return <sup>2</sup>      | +13.7                              | +7.5                               |
| Discount to NAV <sup>1</sup>                   | 10.1                               | 5.3                                |
| Ongoing Charges Ratio <sup>1,3</sup>           | 0.95                               | 0.96                               |

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 2024 can be found in the Chairman's Statement and Portfolio Managers' Review on pages 2 to 12. Long-term performance is also monitored and is set out in the Ten Year Record on page 20.

# Strategic Report continued

## 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 Board considers the risks listed below and on pages 25 to 28 as the principal risks and uncertainties faced by the Company.

## Principal Risks

### 1. Economic, Political and Market Risks

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>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. Inflation and economic instability are potentially impacting investors' risk appetite.</li> <li>The Company is exposed to several geopolitical risks. The fast-changing global geopolitical landscape is largely shaped by the ongoing effects of war conflicts, deglobalisation trends and significant supply disruption. The Middle East and Russia are significant net exporters of oil, natural gas and a variety of soft commodities and supply limitations have fuelled global inflation and economic instability, specifically within Western nations. Macro-economic uncertainty continues to impact Western investment appetite. Conflict in the Middle East provides another source of emerging geopolitical risk and economic instability.</li> <li>China's outlook for 'controlled stabilisation' remains intact, supported by targeted policy measures. The expanding strength of the global industrial cycle is benefitting China's exports, which are once again becoming the main driver of growth alongside capex, while growth of consumption remains subdued. Whilst investment from mainland China has increased significantly, driven by favourable government policies and the high dividends available from some Hong Kong shares, China's vulnerabilities remain, with risks related to the global outlook and geopolitical tensions including the possibility of global trade conflict, ongoing tensions between South Korea and North Korea, South China Sea dispute and implications of China-Taiwan relations.</li> <li>As the year progresses, political risks could increase, heading towards the US elections during late 2024, which coupled with ongoing geopolitical conflicts, could lead to higher volatility for broader markets, and oil in particular, as well as risk of changes in foreign policies across the globe.</li> <li>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.</li> </ul> | <ul style="list-style-type: none"> <li>The Company's portfolio is made up mainly of listed securities. The Portfolio Managers' success or failure to protect and increase the Company's assets against the economic, political and market background is core to the Company's continued success. Their investment philosophy of stock-picking and investing in attractively valued companies aims to outperform the Comparative Index over time. The Board is provided with a detailed investment review which covers material economic, political and market risks and legislative changes at each Board meeting.</li> <li>The Board has oversight of the Company's portfolio, regularly reviews the impact of gearing and derivatives, and has comfort that the portfolio is sufficiently diversified by sector and number of holdings.</li> <li>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 67 to 75 together with summaries of the policies for managing these risks. It is the Company's policy not to hedge the underlying currencies of the holdings in the portfolio but rather to take the currency risk into consideration when making investment decisions.</li> </ul> |

## 2. Investment Performance Risk (including the use of Derivatives and Gearing)

**Trend** (from previous year): Unchanged

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>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.</li> <li>Continued underperformance could lead to the Company and its objective becoming unattractive to investors.</li> <li>The Company gears using derivatives including long CFDs which provide greater flexibility and are generally cheaper than bank loans. The principal risk is that the Portfolio Managers fail to use gearing effectively, resulting in a failure to outperform in a rising market or to underperform in a falling market.</li> <li>Derivative instruments are used to enhance investment returns, as well as for hedging and efficient portfolio management purposes. 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.</li> </ul> | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored daily 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 67 to 75.</li> <li>The Board regularly considers the level of gearing and gearing risk. The Investment Policy sets the gearing limits within which the Manager must operate and the Board regularly considers the level of gearing and gearing risk.</li> </ul> |

## 3. Changes in Legislation, Taxation or Regulation

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Changes in legislation, taxation or regulation, or other external influence that require changes to the investment trust structure of the Company are a significant risk for the Company.</li> <li>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.</li> <li>There have been increased concerns about investment cost disclosures and their impact on the industry. More recently, however, it should be noted that the government and regulator have announced a temporary exemption for investment companies from the EU cost disclosure requirements.</li> </ul> | <ul style="list-style-type: none"> <li>The Board and Manager closely monitor regulatory, taxation and legislative changes, with developments impacting the Company summarised in the form of regular reporting to the Board.</li> <li>The Manager monitors Section 1158 status to ensure any issues are escalated to the Board and addressed promptly.</li> <li>The Manager participates in industry discussions regarding regulatory changes impacting investment companies, and regulatory developments continue to be monitored and managed by FIL through active lobbying and negotiations as well as a robust change management process.</li> </ul> |

# Strategic Report continued

## 4. Cybercrime and Information Security

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                     | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Cybersecurity risk from cyberattacks or threats to the functioning of global markets and to the Manager's own business model, including its and the Company's outsourced suppliers.</li> <li>Risk of cybercrime such as phishing, remote access threats, extortion, and denial-of-service attacks from geopolitically motivated parties.</li> </ul> | <ul style="list-style-type: none"> <li>The risk is monitored by the Board with the help of the Manager's global cybersecurity team and their extensive Strategic Cyber and Information Security programme and assurances from outsourced suppliers.</li> <li>The Manager has established a comprehensive framework of information security policies and standards which provide a structured approach to identify, prevent, and respond to information security threats. The Company's other service providers also have similar measures in place.</li> <li>Key performance indicators and metrics have been developed by the Manager to monitor the overall efficacy of cybersecurity processes and controls and to further enhance the Manager's cybersecurity strategy and operational resilience.</li> </ul> |

## 5. Business Continuity and Crisis Management

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>There continues to be focus from financial services regulators around the world on the contingency plans of regulated financial firms, particularly given the prevalence of hybrid working arrangements.</li> <li>Business process disruption risk from continued threats of cyberattacks, geopolitical threats and natural events, such as earthquakes, resulting in financial and/or reputational impact to the Company, affecting the functioning of the business.</li> </ul> | <ul style="list-style-type: none"> <li>The Manager has Business Continuity and Crisis Management Frameworks in place to deal with business disruption and assure operational resilience. The Board has been assured that the Manager has appropriate business continuity plans and the provision of services has continued to be supplied without significant interruption.</li> <li>The Company relies on several 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. The findings are presented to the Board and any concerns are investigated by the Manager. The third-party service providers have also confirmed the implementation of appropriate measures to ensure business disruption is minimised.</li> </ul> |

## 6. Competition Risks and Marketplace Threats Impacting Business Growth

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                            | Mitigation                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Threats facing the Company include external pressures affecting the Company's ability to maintain and grow the business, and a loss of shareholders if the demand for investment trusts decline and the demand for passive funds and holistic/digital finance offerings continue to increase, particularly within the current market environment of increased M&amp;A activity.</li> </ul> | <ul style="list-style-type: none"> <li>The Board, the Company's Broker and Manager closely monitor the peer group and industry activity, and an annual review of strategy is undertaken by the Board, to ensure that the Company continues to offer a relevant product to shareholders.</li> </ul> |

## 7. Level of Discount to Net Asset Value

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not completely within the Company's control.</li> <li>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.</li> </ul> | <ul style="list-style-type: none"> <li>The Board reviews the investment strategy, investment performance and the marketing approach, given the influence of all these factors on the discount.</li> <li>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.</li> <li>Repurchases of ordinary shares are made at the discretion of the Board, within guidelines set by the Board, and considering prevailing market conditions.</li> </ul> |

## 8. Operational Risks

**Trend** (from previous year): Increased

| Description and Impact                                                                                                                                                                                          | Mitigation                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Operational risks include financial losses or reputational damage from inadequate internal processes, people and systems or from external parties and events.</li> </ul> | <ul style="list-style-type: none"> <li>Fidelity's Operational Risk Management Framework is designed to pro-actively prevent, identify and manage operational risks inherent in most activities.</li> <li>Fidelity uses robust systems and procedures dedicated to its operational processes. Its risk management structure is designed according to the FCA's three lines of defence model.</li> </ul> |

# Strategic Report continued

9. Key Person Risk

Trend (from previous year): Decreased

| Description and Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>Loss of the Portfolio Manager, Co-Portfolio Manager or other key individuals could lead to potential performance and/or operational issues.</li><li>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.</li><li>There is also a risk that the Manager has inadequate succession plans for other key operational individuals.</li></ul> | <ul style="list-style-type: none"><li>The Company has a Co-Portfolio Manager, Ajinkya 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, Himalee Bahl, as a primary spokesperson for the Company. This helps strengthen the investment process.</li><li>The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers.</li></ul> |

10. Environmental, Social and Governance (“ESG”) Risks

Trend (from previous year): Decreased

| Description and Impact                                                                                                                                                                                                                                                                                                                                         | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>Investor expectations and/or regulatory requirements related to ESG factors of the underlying investee companies and the portfolio are not perceived to be met.</li><li>Whilst the Company is not labelled as an ESG product, reputational damage to the Company may arise from perception in the marketplace.</li></ul> | <ul style="list-style-type: none"><li>Whilst the investment portfolio does not target or employ any set limit on ESG investments, the Portfolio Managers are expected to engage with companies where sustainability issues arise.</li><li>Fidelity carries out ESG considerations at the fundamental research level.</li><li>The Portfolio Managers and analysts carry out additional quantitative and qualitative analysis of potential investments to form a view on ESG characteristics of every investee company.</li><li>The Manager has developed an ESG investment risk oversight framework to reinforce its Investment Risk Policy to set minimum controls.</li></ul> |

Emerging risks

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 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. Globally, climate change effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their

customers. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company’s investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially to shareholder returns. The Board, together with the Manager, is also monitoring the emerging risk posted by the rapid advancement of artificial intelligence (AI) and technology and how it may threaten the Company’s activities and its potential impact on the portfolio and investee companies. Although advances in computing power mean that AI is a powerful tool that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Emerging risks - Manager’s role

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal risks and emerging risks and uncertainties to ensure

that the Board can continue to meet its UK corporate governance obligations.

### Annual Review of Full Risk Register

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 2025 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 significant geopolitical and 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 24 to 28;
- The Company's continuation vote;
- 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 Board regularly reviews the investment policy and considers that it remains appropriate, subject to a proposed change to the non-Asian investment limit outlined on page 35.

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. The Board has also considered the impact of regulatory changes, ongoing geopolitical tensions, and how these 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.

# Strategic Report continued

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 Managers, 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 22 and 23. The Board receives regular reports from the Company's Broker which covers market activity, and how the Company compares with its peers.

The Board places great importance on communication with shareholders. The Annual General Meeting ("AGM") provides the key forum for the Board and the Portfolio Managers 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](mailto:investmenttrusts@fil.com). The Portfolio Managers meet 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.

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 Lucy Costa Duarte to the Board as non-executive Director with effect from 1 June 2024;
- Authorising the repurchase of 768,780 ordinary shares up to the date of this Annual Report in line with the Board's discount management policy; and
- The decision to recommend the payment of a final dividend of 14.5 pence per ordinary share.

## Board Diversity

The Board's overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace. Due regard will be given to the benefit of diversity on the Board, including gender and ethnicity.

The Board has taken into consideration the FCA UK Listing Rules requirements (UKLR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of the individuals on the board are women;
- at least one senior board position (chairman, chief executive officer ("CEO"), senior independent director or chief financial officer ("CFO")) is held by a woman; and
- at least one board member is from a minority ethnic background, as defined by the Office of National Statistics criteria.

The Board considers that as an externally managed investment trust, with no CEO or CFO, the Chairman of the Company, the Senior Independent Director and Chair of the Audit Committee are senior positions.

As required by the FCA's UK Listing Rules, the Company's reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 July 2024 and up to the date of this report, the target of 40% of women on the Board, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background have been met.

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. The Board also meets the UK Listing Rule and the FCA's targets on diversity and also that one senior position is held by a woman. A senior position is held by Clare Brady as Chairman.

#### Gender Reporting as at 31 July 2024

|              | Number of Board Members | Percentage of the Board | Number of Senior Board Positions (Chair, Senior Independent Director and Chair of Audit Committee) |
|--------------|-------------------------|-------------------------|----------------------------------------------------------------------------------------------------|
| <b>Men</b>   | 3                       | 50%                     | 2                                                                                                  |
| <b>Women</b> | 3                       | 50%                     | 1                                                                                                  |

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 following table. The Board also meets the UK Listing Rule and the FCA's targets that at least one Director is from an ethnic minority background. Hussein Barma is from an ethnic minority background.

#### Ethnic Background Reporting as at 31 July 2024

|                                                                       | Number of Board Members | Percentage of the Board | Number of Senior Board Positions (Chair, Senior Independent Director and Chair of Audit Committee) |
|-----------------------------------------------------------------------|-------------------------|-------------------------|----------------------------------------------------------------------------------------------------|
| <b>White British or other White (including minority white groups)</b> | 5                       | 83%                     | 2                                                                                                  |
| <b>Asian/Asian British</b>                                            | 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.investment.fidelity.co.uk/sustainable-investing/sustainability-at-fidelity](http://www.investment.fidelity.co.uk/sustainable-investing/sustainability-at-fidelity).

##### 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 via the Additional Information section on the Company's website at [www.fidelity.co.uk/asianvalues](http://www.fidelity.co.uk/asianvalues).

# Strategic Report continued

## **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

10 October 2024

# Board of Directors

Serving Directors as at the date of this Annual Report.



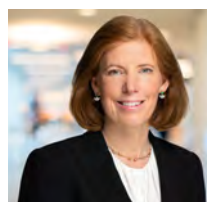
**Clare Brady**

Chairman (since 29 November 2023)

Appointed 1 August 2019



Clare Brady is a chartered governance professional with 35 years' experience in banking and financial services. She is an independent member of the Audit and Risk Commission of the International Federation of Red Cross and Red Crescent Societies. She is also a non-executive director of The Golden Charter Trust Limited, a member of its Audit and Risk Committee and chairs its Nominations and Remuneration Committee. Clare was a non-executive director of Credit Suisse until its recent merger with UBS. In her executive career, she was 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, Clare headed audit and compliance functions at the Bank of England, Barclays Capital, HSBC and Deutsche Bank.



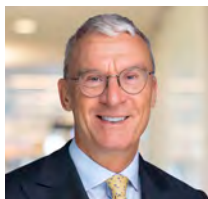
**Lucy Costa Duarte**

Director

Appointed 1 June 2024



Lucy Costa Duarte is a non-executive director of MIGO Opportunities Trust plc, Investment Director for International Biotechnology Trust plc (IBT) at Schroders and an AIC Marketing Ambassador. Lucy's expertise is in marketing investment trusts to retail investors, private wealth managers and institutions. In her earlier career, Lucy was a director at Citigroup, heading the emerging markets ECM team in London. Lucy left Citigroup in 2007 and took a career break, before starting work with IBT at SV Health Investors in 2016 and moving with IBT to Schroders in 2023.



**Matthew Sutherland**

Senior Independent Director

(since 29 November 2023)

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**

Chairman of the Management

Engagement Committee

(from 3 April 2024)

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 over 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.



**Hussein Barma**

Chairman of the Audit Committee

Appointed 24 November 2022



Hussein Barma is a non-executive Director and Chair of the Audit and Remuneration Committees of Atalaya Mining plc (which is listed on the Main Market of the London Stock Exchange) and a non-executive Director and Audit Chair of Chaarat Gold Holdings Limited (which is a privately held company). He is an independent Governor and Deputy Chair of the Audit Committee of the University of the Arts London and a 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.



**Michael Warren**

Director

Appointed 29 September 2014



Michael Warren is a non-executive Director of Henderson Smaller Companies Investment Trust plc, Carrington Investments, Rathbones Asset Management Ltd and EdenTree Investment Management. He is a past non-executive Director of Liontrust Panthera, Alquity Investment Management Ltd and Vindependents and a past adviser to Gresham House Asset Management. 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 2024. The Company is a public limited company incorporated in England and Wales on 2 April 1996 with the registered number 03183919 and commenced business as an investment trust on 13 January 2000.

## Results and Dividends

The Company's results for the year ended 31 July 2024 are set out in the Income Statement on page 52. The revenue return was 14.2 pence and the capital return was 2.1 pence, giving a total return of 16.3 pence per ordinary share.

The Directors recommend that a final dividend of 14.5 pence (2023: 14.5 pence) per ordinary share be paid on 6 December 2024 to shareholders who appear on the share register as at the close of business on 8 November 2024 (ex-dividend date 7 November 2024).

## The Board

All Directors served on the Board throughout the year ended 31 July 2024 and up to the date of this report, with the exception of Lucy Costa Duarte who was appointed on 1 June 2024 and Kate Bolsover who stepped down from the Board at the conclusion of the AGM on 29 November 2023. A brief description of all serving Directors as at the date of this report is shown on page 33 and indicates their qualifications for Board membership.

In line with the Board's succession plan, Michael Warren will not be seeking re-election at the AGM on 21 November 2024.

## Management Company

FIL Investment Services (UK) Limited ("FILSL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FILSL, 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 (2023: nil).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 36.

## 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 2024 is detailed in Note 4 on page 59 and the secretarial and administration fee is detailed in Note 5 on page 60.

## 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:

- (a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- (b) 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 36 to 38.

## 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 60.

## 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 2024, the issued share capital of the Company was 75,580,889 ordinary shares (2023: 75,580,889) of which 4,520,333 shares (2023: 3,751,553) are held in Treasury. Therefore, the number of shares with voting rights was 71,060,556 (2023: 71,829,336).

## ANNUAL GENERAL MEETING

The Notice of Meeting on pages 82 to 86 sets out the business of the AGM to be held on 21 November 2024. The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

At the AGM, the following items of special business will be considered, which are summarised below.

### Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 21 November 2024.

### Change of Investment Restriction

The Board has reviewed the investment restrictions with the Portfolio Managers. As a result of this review, the Board is seeking authority from shareholders to amend the Investment Policy to update one of the investment restrictions. The Board proposes to increase, from 5% to 15%, the percentage 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 Portfolio Managers have explained to the Board that there are an increasing number of opportunities to acquire investments with a strong Asian Region investment rationale that are not listed or domiciled in the Asian Region. It is expected that giving the Portfolio Managers greater flexibility to invest in these opportunities would be beneficial to shareholders and aligned with the Investment Objective.

The authority to amend the Investment Policy in order to amend this investment restriction will be put to shareholders at the AGM on 21 November 2024.

### 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 2024 (2023: 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 21 November 2024 and resolutions to renew these authorities will be put to shareholders at this AGM.

### Ordinary Share Repurchases

During the year ended 31 July 2024, 768,780 ordinary shares (2023: 569,000) were repurchased for holding in Treasury. Since then and as at the date of this report, 683,586 ordinary shares have been repurchased into Treasury.

The authority to repurchase ordinary shares expires at the AGM on 21 November 2024 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.

**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.

## SUBSTANTIAL SHARE INTERESTS

As at 31 July 2024 and 31 August 2024, the shareholders listed in the table below held more than 3% of the issued ordinary share capital of the Company.

| Shareholders         | 31 July<br>2024<br>% | 30 September<br>2024<br>% |
|----------------------|----------------------|---------------------------|
| Fidelity Platform    | 13.67                | 13.63                     |
| Interactive Investor | 7.47                 | 7.31                      |
| Charles Stanley      | 7.33                 | 7.53                      |
| Hargreaves Lansdown  | 7.31                 | 7.18                      |
| Evelyn Partners      | 6.22                 | 6.23                      |
| Rathbones            | 4.75                 | 4.49                      |
| RBC Brewin Dolphin   | 4.22                 | 4.29                      |

### 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 22 to 32.

By Order of the Board

**FIL Investments International**

Secretary

10 October 2024

# 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 6.6.6 (6) of the UK Listing Rules. This Statement, together with the Statement of Directors' Responsibilities on page 42, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at [www.theaic.co.uk](http://www.theaic.co.uk) and the UK Code can be found on the FRC's website at [www.frc.org.uk](http://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 Clare Brady, 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 page 4.

Matthew Sutherland 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.

Biographical details of all the Directors are on page 33.

### 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.

### Professional negligence liability risks

The requirement to cover potential liability risks arising from professional negligence is covered by the Manager's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of the Manager.

### 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 an annual strategy meeting, and a due diligence trip to Asia every other year. During the last trip, held in March 2023, the Board met with the management of existing and potential investee companies alongside the Portfolio Managers. The Board also met with Fidelity's research and analyst teams. In the financial year, the Chairman undertook an additional trip to Asia. Details of this trip are in the Chairman's Statement on page 3.

## Board's Attendance Record for the Reporting Year

|                                | Regular Board Meetings | Audit Committee Meetings | Management Engagement Committee Meetings | Nomination Committee Meetings |
|--------------------------------|------------------------|--------------------------|------------------------------------------|-------------------------------|
| Clare Brady <sup>1,2</sup>     | 4/4                    | 1/1                      | 1/1                                      | 1/1                           |
| Hussein Barma                  | 4/4                    | 3/3                      | 1/1                                      | 1/1                           |
| Kate Bolsover <sup>3</sup>     | 2/2                    | n/a                      | 1/1                                      | n/a                           |
| Sally Macdonald                | 4/4                    | 3/3                      | 1/1                                      | 1/1                           |
| Lucy Costa Duarte <sup>4</sup> | 1/1                    | 1/1                      | n/a                                      | 1/1                           |
| Matthew Sutherland             | 4/4                    | 3/3                      | 1/1                                      | 1/1                           |
| Michael Warren                 | 4/4                    | 3/3                      | 1/1                                      | 1/1                           |

1 Appointed as Chairman with effect from 29 November 2023.

2 Clare Brady attended one Audit Committee meeting, as a member, prior to her appointment as Chairman.

3 Retired on 29 November 2023.

4 Appointed on 1 June 2024.

Figures indicate those meetings for which each Director was eligible to attend and attended in the year. Regular Board meetings exclude the Board Strategy Day and ad hoc meetings for other Board business.

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](http://www.fidelity.co.uk/asianvalues).

### Audit Committee

The Audit Committee is chaired by Hussein Barma and consists of all of the Directors, except for Clare Brady, 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 43 to 45.

### Management Engagement Committee

#### Composition

The Management Engagement Committee is chaired by Sally Macdonald 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 2024 are in the Directors' Report on page 34.

### Nomination Committee

#### Composition

The Nomination Committee is chaired by Clare Brady and consists of all of the Directors.

#### 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 Lucy Costa Duarte through the services of Cornforth Consulting Ltd, which has no connection with the Company. Mrs Costa Duarte's appointment was effective from 1 June 2024.

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.

# Corporate Governance Statement continued

The Committee makes recommendations to the Board for the continuation or cessation of service of Directors and reviews the tenure of Directors. It also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM on 21 November 2024, 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 21 November 2024. Michael Warren, 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 42 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 46 to 51.

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 2024 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](mailto: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 21 November 2024, details of which can be found on page 4. Nitin Bajaj, the Portfolio Manager and Ajinka Dhavale, the Co-Portfolio Manager, will be making a presentation.

### Annual General Meeting

The Notice of Meeting on pages 82 to 86 sets out the business of the AGM and the special business resolutions are explained more fully on pages 80 and 81. 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

**Clare Brady**

Chairman

10 October 2024

# Directors' Remuneration Report

## Chairman's Statement

The Directors' Remuneration Report for the year ended 31 July 2024 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of Non-Executive Directors and has no chief executive officer and employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 21 November 2024. The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 46 to 51.

## Directors' Remuneration

The annual fee structure with effect from 1 August 2024 is as follows:

| Role                            | 1 August 2024 | 1 August 2023 |
|---------------------------------|---------------|---------------|
| Chairman                        | £46,000       | £44,100       |
| Chairman of the Audit Committee | £38,000       | £36,750       |
| Senior Independent Director     | £33,500       | £32,500       |
| Directors                       | £31,500       | £30,500       |

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 21 November 2024.

## 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 2024 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](http://www.fidelity.co.uk/asianvalues).

## Voting on the Directors' Remuneration Report

At the AGM held on 29 November 2023, 99.33% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 July 2023, 0.41% of votes were cast against and 0.26% of votes were withheld.

The Directors' Remuneration Report for the year ended 31 July 2024 will be put to shareholders at the AGM on 21 November 2024, and the votes cast will be disclosed on the Company's website at: [www.fidelity.co.uk/asianvalues](http://www.fidelity.co.uk/asianvalues).

## Single Total Figure of Remuneration

The single total aggregate Directors' remuneration for the year ended 31 July 2024 was £190,118 (2023: £195,498). This includes expenses incurred by Directors in attending to the affairs of the Company and which are considered by HMRC to be a taxable expense. Information on individual Directors' fees and taxable Directors' expenses are shown in the table on the next page.

## Expenditure on Remuneration and Distributions to Shareholders

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

|                                                | 31 July 2024<br>£ | 31 July 2023<br>£ |
|------------------------------------------------|-------------------|-------------------|
| <b>Expenditure on Directors' Remuneration:</b> |                   |                   |
| Fees and taxable expenses                      | 190,118           | 195,498           |
| <b>Distribution to Shareholders:</b>           |                   |                   |
| Dividend payments                              | 10,399,000        | 10,066,000        |

# Directors' Remuneration Report continued

## Remuneration of Directors

|                                 | 2025<br>Projected<br>Total<br>(£) | 2024<br>Fees<br>(Audited)<br>(£) | 2024<br>Taxable<br>Expenses<br>(Audited)<br>(£) | 2024<br>Total<br>(Audited)<br>(£) | 2023<br>Fees<br>(Audited)<br>(£) | 2023<br>Taxable<br>Expenses<br>(Audited)<br>(£) | 2023<br>Total<br>(Audited)<br>(£) |
|---------------------------------|-----------------------------------|----------------------------------|-------------------------------------------------|-----------------------------------|----------------------------------|-------------------------------------------------|-----------------------------------|
| Clare Brady <sup>1</sup>        | 46,000                            | 40,323                           | –                                               | 40,323                            | 29,000                           | 635                                             | 29,635                            |
| Hussein Barma <sup>2</sup>      | 38,000                            | 36,750                           | –                                               | 36,750                            | 24,006                           | –                                               | 24,006                            |
| Kate Bolsover <sup>3</sup>      | n/a                               | 14,417                           | –                                               | 14,417                            | 42,000                           | 949                                             | 42,949                            |
| Lucy Costa Duarte <sup>4</sup>  | 31,500                            | 5,083                            | –                                               | 5,083                             | n/a                              | n/a                                             | n/a                               |
| Sally Macdonald                 | 31,500                            | 30,500                           | 651                                             | 31,151                            | 29,000                           | 666                                             | 29,666                            |
| Grahame Stott <sup>5</sup>      | n/a                               | n/a                              | n/a                                             | n/a                               | 11,039                           | –                                               | 11,039                            |
| Matthew Sutherland <sup>6</sup> | 33,500                            | 31,849                           | 45                                              | 31,894                            | 29,000                           | –                                               | 29,000                            |
| Michael Warren <sup>7</sup>     | 9,752                             | 30,500                           | –                                               | 30,500                            | 29,000                           | 203                                             | 29,203                            |
| <b>Total</b>                    | 190,252                           | 189,422                          | 696                                             | 190,118                           | 193,045                          | 2,453                                           | 195,498                           |

<sup>1</sup> Appointed as Chairman on 29 November 2023.

<sup>2</sup> Appointed on 24 November 2022.

<sup>3</sup> Retired on 29 November 2023.

<sup>4</sup> Appointed on 1 June 2024.

<sup>5</sup> Retired on 23 November 2022.

<sup>6</sup> Appointed as Senior Independent Director on 29 November 2023.

<sup>7</sup> Retiring on 21 November 2024.

## Five year change comparison in Directors' Remuneration

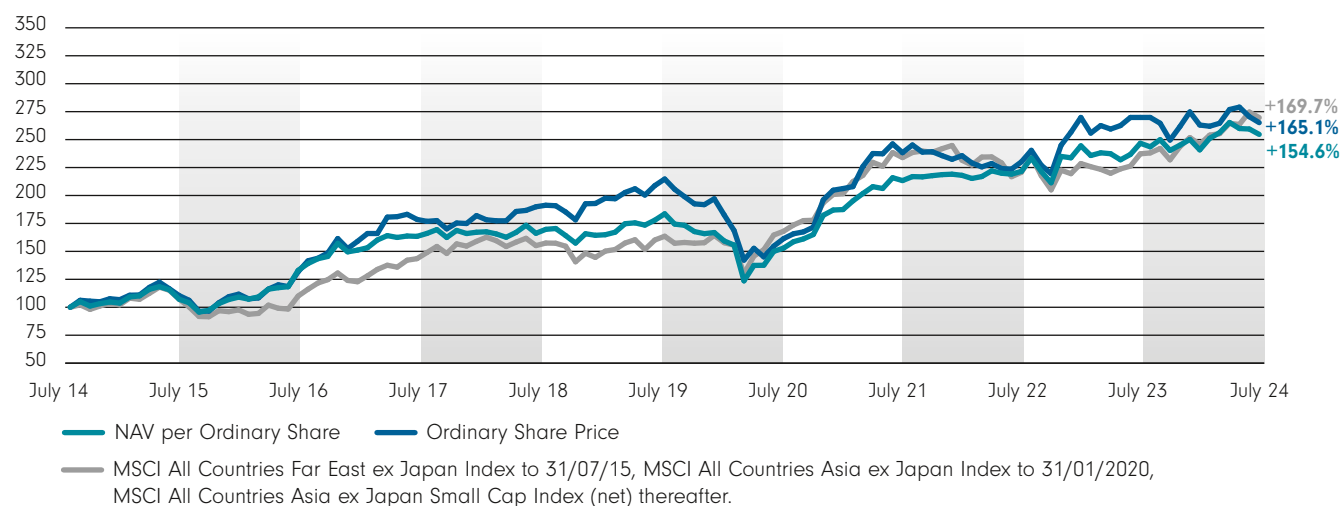
The table below sets out the change in Directors' fees over the last five years.

|                                 | 2024   | 2019   | Change (%) |
|---------------------------------|--------|--------|------------|
| Chairman                        | 44,100 | 36,000 | 22.5%      |
| Chairman of the Audit Committee | 36,750 | 30,000 | 22.5%      |
| Senior Independent Director     | 32,500 | 26,000 | 25.0%      |
| Director                        | 30,500 | 26,000 | 17.3%      |

## Performance

The Company's objective is to achieve long-term capital growth principally from the stockmarkets of the Asian Region excluding Japan. The graph below shows performance over ten years to 31 July 2024 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 2024



### 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<br>2024 | 31 July<br>2023 | Change<br>during year |
|--------------------------------|-----------------|-----------------|-----------------------|
| <b>Ordinary Shares</b>         |                 |                 |                       |
| Clare Brady <sup>1</sup>       | 10,589          | 2,500           | 8,089                 |
| Hussein Barma                  | 2,500           | 2,500           | -                     |
| Kate Bolsover <sup>2</sup>     | n/a             | 15,452          | -                     |
| Lucy Costa Duarte <sup>3</sup> | -               | n/a             | -                     |
| Sally Macdonald                | 2,734           | 2,734           | -                     |
| Matthew Sutherland             | 27,859          | 27,859          | -                     |
| Michael Warren                 | 10,000          | 10,000          | -                     |

1 On 6 August 2024, Clare Brady purchased a further 2,484 shares.

2 Retired on 29 November 2023.

3 Appointed on 1 June 2024.

On Behalf of the Board

### Clare Brady

Chairman

10 October 2024

# 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](http://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 10 October 2024 and signed on its behalf by:

**Clare Brady**  
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 38 for further details) and the effectiveness of the external audit process and how this has been assessed for the year ended 31 July 2024.

## Composition of the Committee

The members of the Committee are myself as Chairman, Sally Macdonald, Matthew Sutherland, Lucy Costa Duarte and Michael Warren. In line with the recommendation of the 2018 UK Corporate Governance Code, Clare Brady, 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 of the Committee

The Committee's authority and duties are 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](http://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 and to ensure they are fair, balanced and understandable; and
- Reviewing the existence and performance of material controls operating in the Company, including the review of internal controls reporting of its service providers.

\* 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.

## Meetings and business considered by the Committee

Since the date of the last Annual Report (11 October 2023), the Committee has met three times and the Auditor attended two of these meetings.

The following matters were reviewed at each Committee meeting:

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The valuation of unlisted investments;
- The Depositary's oversight reporting; and
- The Company's revenue and expenses forecasts and its Balance Sheet.

In addition, the following matters were considered at the Committee's meetings:

### April 2024

- The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board.
- The Going Concern Statement.

### June 2024

- Review of Fidelity's Risk and Internal Control Environment.
- The Auditor's engagement letter and audit plan for the Company's year ending 31 July 2024.

### October 2024

- The Auditor's findings from the audit of the Company.
- The Auditor's performance, independence and reappointment.
- Compliance with Corporate Governance and regulatory requirements.
- The Annual Report and Financial Statements and recommendation of its approval to the Board following review and conclusion by the Committee that they are fair, balanced and understandable.
- The Viability and Going Concern Statement.
- The final dividend payment to be recommended to the Board and shareholders for approval.
- The Committee's Terms of Reference.

# Report of the Audit Committee continued

## Annual Report And Financial Statements

In the review of the Company's Financial Statements for the year ended 31 July 2024, the Committee deliberated and considered many 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.

|                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recognition of Investment Income</b>                                                                   | Investment income is recognised in accordance with Accounting Policy Note 2 (e) on page 56. 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 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Valuation, existence and ownership of investments (including derivatives and unlisted investments)</b> | The valuation of investments (including derivatives and unlisted investments) is in accordance with Accounting Policy Notes 2 (k) and 2 (l) on pages 57 and 58. 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 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. |
| <b>Management fee calculation</b>                                                                         | The Company has a variable management fee arrangement in place. At each Committee meeting, the Manager reports on the accruals for the variable part of the fee that have been included in the Company's NAV and confirms that it has been calculated in accordance with the Management Agreement. These variable management fee accruals are reviewed by the Committee. It also receives reporting on the work carried out by the Auditor that the Company's variable management fee has been calculated in accordance with the terms of the Management Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 July 2024, 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 42.**

### Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Auditor for the year ended 31 July 2024.

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 2024; 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 third 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.

The Company is required to conduct an audit tender process every ten years and an audit tender will be completed in 2025. This process will be led by the Audit Committee who will complete an assessment of external auditors' proposals. Following this assessment, a recommendation will be made to the Board regarding whether a change of auditor should be made.

### Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 60. The audit fee for the reporting year was £50,993 (2023: £48,106).

### Hussein Barma

Chairman of the Audit Committee  
10 October 2024

# 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 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 July 2024 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 2025 which is at least 12 months from the date of approval of these 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 and the liquidity assessment of the investments and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should 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 2025 which is at least twelve months from the date of approval of these financial statements.

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"> <li>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</li> <li>Risk of incorrect valuation or ownership of the investment portfolio, including derivatives.</li> </ul> |
| Materiality       | <ul style="list-style-type: none"> <li>Overall materiality of £3.92m which represents 1% of Net Asset Value of the Company as of 31 July 2024.</li> </ul>                                                                                                                                                            |

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

Stakeholders are increasingly interested in how climate change will impact the companies. 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 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 the impact of 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. 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. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

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

## 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><b>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</b></p> <p><i>Refer to the Report of the Audit Committee (page 44); Accounting policies (page 56); and Note 3 of the Financial Statements (page 59).</i></p> <p>The Company has reported revenue of £17.61m (2023: £17.77m).</p> <p>During the year, the Company received special dividends amounting to £2.27m (2023: £0.56m), of which £0.44m (2023: £0.14m) was classified as revenue and £1.83m (2023: £0.42m) was classified as capital.</p> <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><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of the processes and controls surrounding the revenue recognition and classification of special dividends by performing our 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>For all dividends accrued, we assessed whether the dividend obligations arose prior to 31 July 2024 with reference to an external source;</p> <p>To test completeness of recorded income, we tested that all expected dividends for each investee company 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 and one which we have judgementally selected, we assessed the appropriateness of the Company's classification as either revenue or capital by reviewing the rationale for the underlying distribution.</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 items in the Income Statement.</p> |

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Our response to the risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Key observations communicated to the Audit Committee                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Risk of incorrect valuation or ownership of the investment portfolio, including derivatives</b></p> <p><i>Refer to the Report of the Audit Committee (page 44); Accounting policies (pages 55 and 56); and Notes 10 and 11 of the Financial Statements (pages 63 and 64).</i></p> <p>At 31 July 2024, the Company held investments with a value of £378.58m (2023: £377.63m). The Company also has net derivative liabilities amounting to £0.75m (2023: net derivative assets amounting to £0.09m).</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. Investments which are unlisted are priced using market based valuation approaches.</p> | <p><b>We have performed the following procedures:</b></p> <p>We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing our walkthrough procedures;</p> <p>For all listed 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;</p> <p>For the unlisted investments, we obtained and assessed the valuation papers to support the valuation of the investments as at the year end, agreed the inputs made and challenged and assessed the method and estimates used in line with International Private Equity and Venture Capital guidelines ("IPEV"); and</p> <p>We compared the Company's investment holdings as at 31 July 2024 to the independent confirmation received directly from the Company's Custodian and Depositary. We agreed all open year-end 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 £3.92m (2023: £3.95m), which is 1% (2023: 1%) of the Company's Net Assets. We believe that the 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% (2023: 75%) of our planning materiality, namely £2.94m (2023: £2.96m). 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 £0.57m (2023: £0.61m) being 5% (2023: 5%) of revenue profit before tax.

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

## 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 (2023: £0.20m), 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' Reports 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 UK Listing Rules.

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 29;
- 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 29;
- 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 page 29;
- Directors' statement on fair, balanced and understandable set out on page 38;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- The section describing the work of the Audit Committee set out on page 43;

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 42, 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 UK 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 nine years, covering the years ending 31 July 2016 to 31 July 2024.

- 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  
10 October 2024

# Income Statement

for the year ended 31 July 2024

|                                                                            | Notes | Year ended 31 July 2024 |                  |                | Year ended 31 July 2023 |                  |                |
|----------------------------------------------------------------------------|-------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
|                                                                            |       | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 |
| Gains on investments                                                       | 10    | –                       | 10,399           | 10,399         | –                       | 29,025           | 29,025         |
| (Losses)/gains on derivative instruments                                   | 11    | –                       | (5,073)          | (5,073)        | –                       | 1,781            | 1,781          |
| Income                                                                     | 3     | 17,605                  | –                | 17,605         | 17,773                  | –                | 17,773         |
| Investment management fees                                                 | 4     | (2,749)                 | (744)            | (3,493)        | (2,644)                 | (281)            | (2,925)        |
| Other expenses                                                             | 5     | (992)                   | –                | (992)          | (988)                   | –                | (988)          |
| Foreign exchange gains                                                     |       | –                       | 107              | 107            | –                       | 1,089            | 1,089          |
| <b>Net return on ordinary activities before finance costs and taxation</b> |       | <b>13,864</b>           | <b>4,689</b>     | <b>18,553</b>  | 14,141                  | 31,614           | 45,755         |
| Finance costs                                                              | 6     | (2,473)                 | –                | (2,473)        | (1,997)                 | –                | (1,997)        |
| <b>Net return on ordinary activities before taxation</b>                   |       | <b>11,391</b>           | <b>4,689</b>     | <b>16,080</b>  | 12,144                  | 31,614           | 43,758         |
| Taxation on return on ordinary activities                                  | 7     | (1,203)                 | (3,215)          | (4,418)        | (1,238)                 | (2,882)          | (4,120)        |
| <b>Net return on ordinary activities after taxation for the year</b>       |       | <b>10,188</b>           | <b>1,474</b>     | <b>11,662</b>  | 10,906                  | 28,732           | 39,638         |
| <b>Return per ordinary share</b>                                           | 8     | <b>14.24p</b>           | <b>2.06p</b>     | <b>16.30p</b>  | 15.17p                  | 39.95p           | 55.12p         |

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 2024

|                                                               | Notes | Share capital<br>£'000 | Share premium account<br>£'000 | Capital redemption reserve<br>£'000 | Other non-distributable reserve<br>£'000 | Capital reserve<br>£'000 | Revenue reserve<br>£'000 | Total shareholders' funds<br>£'000 |
|---------------------------------------------------------------|-------|------------------------|--------------------------------|-------------------------------------|------------------------------------------|--------------------------|--------------------------|------------------------------------|
| <b>Total shareholders' funds at 31 July 2023</b>              |       | <b>18,895</b>          | <b>50,501</b>                  | <b>3,197</b>                        | <b>7,367</b>                             | <b>299,562</b>           | <b>15,055</b>            | <b>394,577</b>                     |
| Net return on ordinary activities after taxation for the year |       | -                      | -                              | -                                   | -                                        | 1,474                    | 10,188                   | 11,662                             |
| Repurchase of ordinary shares                                 | 14    | -                      | -                              | -                                   | -                                        | (3,826)                  | -                        | (3,826)                            |
| Dividend paid to shareholders                                 | 9     | -                      | -                              | -                                   | -                                        | -                        | (10,399)                 | (10,399)                           |
| <b>Total shareholders' funds at 31 July 2024</b>              |       | <b>18,895</b>          | <b>50,501</b>                  | <b>3,197</b>                        | <b>7,367</b>                             | <b>297,210</b>           | <b>14,844</b>            | <b>392,014</b>                     |
| <b>Total shareholders' funds at 31 July 2022</b>              |       | <b>18,895</b>          | <b>50,501</b>                  | <b>3,197</b>                        | <b>7,367</b>                             | <b>273,448</b>           | <b>14,215</b>            | <b>367,623</b>                     |
| 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)                           |
| <b>Total shareholders' funds at 31 July 2023</b>              |       | <b>18,895</b>          | <b>50,501</b>                  | <b>3,197</b>                        | <b>7,367</b>                             | <b>299,562</b>           | <b>15,055</b>            | <b>394,577</b>                     |

The Notes on pages 55 to 76 form an integral part of these Financial Statements.

# Balance Sheet

as at 31 July 2024

Company number 03183919

|                                                     | Notes | 2024<br>£'000 | 2023<br>£'000 |
|-----------------------------------------------------|-------|---------------|---------------|
| <b>Fixed assets</b>                                 |       |               |               |
| Investments                                         | 10    | 378,577       | 377,631       |
| <b>Current assets</b>                               |       |               |               |
| Derivative instruments                              | 11    | 1,297         | 1,758         |
| Debtors                                             | 12    | 4,379         | 3,556         |
| Amounts held at futures clearing houses and brokers |       | 4,413         | 3,820         |
| Cash at bank                                        |       | 9,070         | 13,029        |
|                                                     |       | 19,159        | 22,163        |
| <b>Current liabilities</b>                          |       |               |               |
| Derivative instruments                              | 11    | (2,045)       | (1,665)       |
| Other creditors                                     | 13    | (3,242)       | (3,552)       |
| Bank overdrafts                                     |       | (435)         | -             |
|                                                     |       | (5,722)       | (5,217)       |
| <b>Net current assets</b>                           |       | 13,437        | 16,946        |
| <b>Net assets</b>                                   |       | 392,014       | 394,577       |
| <b>Capital and reserves</b>                         |       |               |               |
| 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         |
| Capital reserve                                     | 15    | 297,210       | 299,562       |
| Revenue reserve                                     | 15    | 14,844        | 15,055        |
| <b>Total shareholders' funds</b>                    |       | 392,014       | 394,577       |
| <b>Net asset value per ordinary share</b>           | 16    | 551.66p       | 549.33p       |

The Financial Statements on pages 52 to 76 were approved by the Board of Directors on 10 October 2024 and were signed on its behalf by:

**Clare Brady**  
Chairman

The Notes on pages 55 to 76 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 Principal Activity

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

## 2 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in 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 2025 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 page 29.

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 page 29 takes account of all events and conditions up to 31 October 2025, 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)) 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 the external valuer and Fidelity's unlisted investments specialists, 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 the Other Price Risk Sensitivity in Note 17, 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 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 long-term 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 Managers' team, meets quarterly to determine the fair value of unlisted investments. These are based on the principles outlined in Note 2 (b).

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.

**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, Indian capital gains tax payable, short CFD dividends 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 element of management fee;
- 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 £1,088,000 (2023: losses of £899,000). See Note 17 on pages 74 and 75 for further details on the level 3 investments.

### 3 Income

|                                                   | Year ended<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|---------------------------------------------------|---------------------------------|---------------------------------|
| <b>Investment income</b>                          |                                 |                                 |
| Overseas dividends                                | 14,009                          | 14,847                          |
| Overseas scrip dividends                          | 172                             | 266                             |
| Interest on securities                            | 584                             | 164                             |
|                                                   | 14,765                          | 15,277                          |
| <b>Derivative income</b>                          |                                 |                                 |
| Dividends received on long CFDs                   | 1,797                           | 1,743                           |
| Interest received on CFDs                         | 462                             | 258                             |
|                                                   | 2,259                           | 2,001                           |
| <b>Other interest</b>                             |                                 |                                 |
| Interest received on collateral and bank deposits | 581                             | 495                             |
| <b>Total income</b>                               | <b>17,605</b>                   | <b>17,773</b>                   |

Special dividends of £1,827,000 have been recognised in capital during the year (2023: £420,000).

### 4 Investment Management Fees

|                            | Year ended 31 July 2024 |                               |                | Year ended 31 July 2023 |                               |                |
|----------------------------|-------------------------|-------------------------------|----------------|-------------------------|-------------------------------|----------------|
|                            | Revenue<br>£'000        | Capital <sup>1</sup><br>£'000 | Total<br>£'000 | Revenue<br>£'000        | Capital <sup>1</sup><br>£'000 | Total<br>£'000 |
| Investment management fees | 2,749                   | 744                           | 3,493          | 2,644                   | 281                           | 2,925          |

<sup>1</sup> 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<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|---------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Allocated to revenue:</b>                                                                |                                 |                                 |
| AIC fees                                                                                    | 21                              | 21                              |
| Custody fees                                                                                | 73                              | 85                              |
| Depository fees                                                                             | 31                              | 30                              |
| Directors' expenses                                                                         | 54                              | 35                              |
| Directors' fees <sup>1</sup>                                                                | 189                             | 193                             |
| Legal and professional fees                                                                 | 189                             | 161                             |
| Marketing expenses                                                                          | 172                             | 195                             |
| Printing and publication expenses                                                           | 73                              | 86                              |
| Registrars' fees                                                                            | 44                              | 38                              |
| Secretarial and administration fees payable to the Investment Manager                       | 75                              | 75                              |
| Sundry other expenses                                                                       | 20                              | 21                              |
| Fees payable to the Company's Independent Auditor for the audit of the Financial Statements | 51                              | 48                              |
|                                                                                             | <b>992</b>                      | <b>988</b>                      |

<sup>1</sup> Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 40.

## 6 Finance Costs

|                              | Year ended<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|------------------------------|---------------------------------|---------------------------------|
| Interest on bank overdrafts  | 1                               | 2                               |
| Interest paid on CFDs        | 2,147                           | 1,788                           |
| Dividends paid on short CFDs | 325                             | 207                             |
|                              | <b>2,473</b>                    | <b>1,997</b>                    |

**7 Taxation on Return on Ordinary Activities**

|                                                        | Year ended 31 July 2024 |                  |                | Year ended 31 July 2023 |                  |                |
|--------------------------------------------------------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
|                                                        | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 |
| <b>a) Analysis of the taxation charge for the year</b> |                         |                  |                |                         |                  |                |
| Overseas taxation                                      | 1,203                   | –                | 1,203          | 1,238                   | –                | 1,238          |
| Indian capital gains tax                               | –                       | 3,215            | 3,215          | –                       | 2,882            | 2,882          |
| <b>Taxation charge for the year (see Note 7b)</b>      | <b>1,203</b>            | <b>3,215</b>     | <b>4,418</b>   | 1,238                   | 2,882            | 4,120          |

**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% (2023: 25.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

|                                                                                                                                                  | Year ended 31 July 2024 |                  |                | Year ended 31 July 2023 |                  |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
|                                                                                                                                                  | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000        | Capital<br>£'000 | Total<br>£'000 |
| Net return on ordinary activities before taxation                                                                                                | 11,391                  | 4,689            | 16,080         | 12,144                  | 31,614           | 43,758         |
| Net return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25.00% (2023: blended rate of 21.01%) | 2,848                   | 1,172            | 4,020          | 2,551                   | 6,642            | 9,193          |
| Effects of:                                                                                                                                      |                         |                  |                |                         |                  |                |
| Capital gains not taxable <sup>1</sup>                                                                                                           | –                       | (1,358)          | (1,358)        | –                       | (6,701)          | (6,701)        |
| Income not taxable                                                                                                                               | (3,464)                 | –                | (3,464)        | (3,137)                 | –                | (3,137)        |
| Excess management expenses                                                                                                                       | 620                     | 186              | 806            | 586                     | 59               | 645            |
| Expense relief for overseas taxation                                                                                                             | (4)                     | –                | (4)            | –                       | –                | –              |
| Overseas taxation                                                                                                                                | 1,203                   | –                | 1,203          | 1,238                   | –                | 1,238          |
| Indian capital gains tax <sup>2</sup>                                                                                                            | –                       | 3,215            | 3,215          | –                       | 2,882            | 2,882          |
| <b>Taxation charge for the year (see Note 7a)</b>                                                                                                | <b>1,203</b>            | <b>3,215</b>     | <b>4,418</b>   | 1,238                   | 2,882            | 4,120          |

<sup>1</sup> 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.

<sup>2</sup> The Indian capital gains tax charge is composed of £1,081,000 (2023: £527,000) paid in the period and £2,134,000 (2023: £2,355,000) deferred until such time as the Indian investments are sold.

**c) Deferred taxation**

A deferred tax asset of £9,432,000 (2023: £8,626,000), in respect of excess management expenses of £35,457,000 (2023: £32,235,000) and excess interest paid of £2,271,000 (2023: £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% to 25% from 1 April 2023. The rate of 25% has been applied to calculate the unrecognised deferred tax asset for the current year (2023: 25.00%).

# Notes to the Financial Statements continued

## 8 Return per Ordinary Share

|                                   | Year ended<br>31.07.24 | Year ended<br>31.07.23 |
|-----------------------------------|------------------------|------------------------|
| Revenue return per ordinary share | 14.24p                 | 15.17p                 |
| Capital return per ordinary share | 2.06p                  | 39.95p                 |
| Total return per ordinary share   | 16.30p                 | 55.12p                 |

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 | 10,188 | 10,906 |
| Net capital return on ordinary activities after taxation | 1,474  | 28,732 |
| Net total return on ordinary activities after taxation   | 11,662 | 39,638 |

|                                                                     | Number     | Number     |
|---------------------------------------------------------------------|------------|------------|
| Weighted average number of ordinary shares held outside of Treasury | 71,551,097 | 71,912,335 |

## 9 Dividends Paid to Shareholders

|                                                                                    | Year ended<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Dividend paid</b>                                                               |                                 |                                 |
| Dividend of 14.5 pence per ordinary share paid for the year ended 31 July 2023     | 10,399                          | -                               |
| Dividend of 14.0 pence per ordinary share paid for the year ended 31 July 2022     | -                               | 10,066                          |
|                                                                                    | 10,399                          | 10,066                          |
| <b>Dividend proposed</b>                                                           |                                 |                                 |
| Dividend proposed of 14.5 pence per ordinary share for the year ended 31 July 2024 | 10,204                          | -                               |
| Dividend proposed of 14.5 pence per ordinary share for the year ended 31 July 2023 | -                               | 10,415                          |
|                                                                                    | 10,204                          | 10,415                          |

The Directors have proposed the payment of a dividend for the year ended 31 July 2024 of 14.5 pence per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 21 November 2024 and has not been included as a liability in these Financial Statements. If approved, the dividend will be paid on 6 December 2024 to shareholders on the register at the close of business on 8 November 2024 (ex-dividend date 7 November 2024).

**10 Investments at Fair Value through Profit or Loss**

|                                           | 2024<br>£'000  | 2023<br>£'000  |
|-------------------------------------------|----------------|----------------|
| Listed investments                        | 378,517        | 376,751        |
| Unlisted investments                      | 60             | 880            |
| <b>Investments at fair value</b>          | <b>378,577</b> | <b>377,631</b> |
| Opening book cost                         | 374,514        | 336,727        |
| Opening investment holding gains          | 3,117          | 2,118          |
| <b>Opening fair value</b>                 | <b>377,631</b> | <b>338,845</b> |
| <b>Movements in the year</b>              |                |                |
| Purchases at cost                         | 217,080        | 209,419        |
| Sales – proceeds                          | (226,533)      | (199,658)      |
| Gains on investments                      | 10,399         | 29,025         |
| <b>Closing fair value</b>                 | <b>378,577</b> | <b>377,631</b> |
| Closing book cost                         | 406,135        | 374,514        |
| Closing investment holding (losses)/gains | (27,558)       | 3,117          |
| <b>Closing fair value</b>                 | <b>378,577</b> | <b>377,631</b> |

The Company received £226,533,000 (2023: £199,658,000) from investments sold in the year. The book cost of these investments when they were purchased was £185,459,000 (2023: £171,632,000). 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<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|-----------------------------|---------------------------------|---------------------------------|
| Purchases transaction costs | 249                             | 311                             |
| Sales transaction costs     | 410                             | 416                             |
|                             | <b>659</b>                      | <b>727</b>                      |

# Notes to the Financial Statements continued

## 11 Derivative Instruments

|                                                                    | Year ended<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|--------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>(Losses)/gains on derivative instruments</b>                    |                                 |                                 |
| Realised (losses)/gains on long CFD positions closed               | (6,842)                         | 393                             |
| Realised gains/(losses) on short CFD positions closed              | 2,417                           | (876)                           |
| Realised losses on futures contracts closed                        | (62)                            | (109)                           |
| Realised gains on options contracts closed                         | 1,136                           | 951                             |
| Realised gains on forward currency contracts                       | -                               | 118                             |
| Movement in investment holding (losses)/gains on long CFDs         | (2,113)                         | 1,016                           |
| Movement in investment holding gains/(losses) on short CFDs        | 909                             | (261)                           |
| Movement in investment holding (losses)/gains on futures           | (162)                           | 270                             |
| Movement in investment holding (losses)/gains on options           | (356)                           | 233                             |
| Movement in investment holding gains on forward currency contracts | -                               | 46                              |
|                                                                    | <b>(5,073)</b>                  | <b>1,781</b>                    |

|                                                               | 2024<br>Fair value<br>£'000 | 2023<br>Fair value<br>£'000 |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Derivative instruments recognised on the Balance Sheet</b> |                             |                             |
| Derivative instrument assets                                  | 1,297                       | 1,758                       |
| Derivative instrument liabilities                             | (2,045)                     | (1,665)                     |
|                                                               | <b>(748)</b>                | <b>93</b>                   |

|                                                                               | 2024<br>Fair value<br>£'000 | Asset<br>exposure<br>£'000 | 2023<br>Fair value<br>£'000 | Asset<br>exposure<br>£'000 |
|-------------------------------------------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| <b>At the year end the Company held the following derivative instruments:</b> |                             |                            |                             |                            |
| Long CFDs                                                                     | (1,315)                     | 48,144                     | 798                         | 44,089                     |
| Long future                                                                   | -                           | -                          | 172                         | 4,061                      |
| Call options (long exposure)                                                  | 208                         | 2,805                      | -                           | -                          |
| Put options                                                                   | -                           | -                          | (156)                       | 1,466                      |
| Short CFDs                                                                    | 373                         | 12,995                     | (536)                       | 10,586                     |
| Short future                                                                  | -                           | -                          | (10)                        | 1,292                      |
| Call options (short exposure)                                                 | (14)                        | 374                        | (175)                       | 1,705                      |
|                                                                               | <b>(748)</b>                | <b>64,318</b>              | <b>93</b>                   | <b>63,199</b>              |

## 12 Debtors

|                                                 | 2024<br>£'000 | 2023<br>£'000 |
|-------------------------------------------------|---------------|---------------|
| Securities sold for future settlement           | 2,733         | 1,366         |
| Amounts receivable on settlement of derivatives | 66            | 162           |
| Accrued income                                  | 1,162         | 1,572         |
| Taxation recoverable                            | 302           | 315           |
| Other debtors and prepayments                   | 116           | 141           |
|                                                 | 4,379         | 3,556         |

## 13 Other Creditors

|                                            | 2024<br>£'000 | 2023<br>£'000 |
|--------------------------------------------|---------------|---------------|
| Securities purchased for future settlement | 201           | 598           |
| Indian capital gains tax payable           | 2,134         | 2,355         |
| Amounts payable on short CFD dividends     | 214           | -             |
| Creditors and accruals                     | 693           | 599           |
|                                            | 3,242         | 3,552         |

## 14 Share Capital

|                                                                      | 2024                |                           | 2023                |                           |
|----------------------------------------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
|                                                                      | Number of<br>shares | Nominal<br>value<br>£'000 | Number of<br>shares | Nominal<br>value<br>£'000 |
| <b>Issued, allotted and fully paid</b>                               |                     |                           |                     |                           |
| <b>Ordinary shares of 25 pence each held outside of Treasury</b>     |                     |                           |                     |                           |
| Beginning of the year                                                | 71,829,336          | 17,958                    | 72,398,336          | 18,100                    |
| Ordinary shares repurchased into Treasury                            | (768,780)           | (192)                     | (569,000)           | (142)                     |
| End of the year                                                      | 71,060,556          | 17,766                    | 71,829,336          | 17,958                    |
| <b>Ordinary shares of 25 pence each held in Treasury<sup>1</sup></b> |                     |                           |                     |                           |
| Beginning of the year                                                | 3,751,553           | 937                       | 3,182,553           | 795                       |
| Ordinary shares repurchased into Treasury                            | 768,780             | 192                       | 569,000             | 142                       |
| End of the year                                                      | 4,520,333           | 1,129                     | 3,751,553           | 937                       |
| <b>Total share capital</b>                                           |                     | 18,895                    |                     | 18,895                    |

<sup>1</sup> 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 £3,826,000 (2023: £2,618,000).

# Notes to the Financial Statements continued

## 15 Capital and Reserves

|                                                                      | Share capital<br>£'000 | Share premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other non-<br>distributable<br>reserve<br>£'000 | Capital<br>reserve<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>shareholders'<br>funds<br>£'000 |
|----------------------------------------------------------------------|------------------------|-----------------------------------|-------------------------------------------|-------------------------------------------------|-----------------------------|-----------------------------|------------------------------------------|
| <b>At 1 August 2023</b>                                              | <b>18,895</b>          | <b>50,501</b>                     | <b>3,197</b>                              | <b>7,367</b>                                    | <b>299,562</b>              | <b>15,055</b>               | <b>394,577</b>                           |
| Gains on investments (see Note 10)                                   | -                      | -                                 | -                                         | -                                               | 10,399                      | -                           | 10,399                                   |
| Losses on derivative instruments (see Note 11)                       | -                      | -                                 | -                                         | -                                               | (5,073)                     | -                           | (5,073)                                  |
| Foreign exchange gains                                               | -                      | -                                 | -                                         | -                                               | 107                         | -                           | 107                                      |
| Investment management fees (see Note 4)                              | -                      | -                                 | -                                         | -                                               | (744)                       | -                           | (744)                                    |
| Indian capital gains tax (see Note 7)                                | -                      | -                                 | -                                         | -                                               | (3,215)                     | -                           | (3,215)                                  |
| Revenue return on ordinary activities after<br>taxation for the year | -                      | -                                 | -                                         | -                                               | -                           | 10,188                      | 10,188                                   |
| Dividend paid to shareholders (see Note 9)                           | -                      | -                                 | -                                         | -                                               | -                           | (10,399)                    | (10,399)                                 |
| Repurchase of ordinary shares (see Note 14)                          | -                      | -                                 | -                                         | -                                               | (3,826)                     | -                           | (3,826)                                  |
| <b>At 31 July 2024</b>                                               | <b>18,895</b>          | <b>50,501</b>                     | <b>3,197</b>                              | <b>7,367</b>                                    | <b>297,210</b>              | <b>14,844</b>               | <b>392,014</b>                           |
| <b>At 1 August 2022</b>                                              | 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<br>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)                                  |
| <b>At 31 July 2023</b>                                               | 18,895                 | 50,501                            | 3,197                                     | 7,367                                           | 299,562                     | 15,055                      | 394,577                                  |

The capital reserve balance at 31 July 2024 includes investment holding losses of £27,558,000 (2023: gains of £3,117,000) as detailed in Note 10. See Note 2 (p) 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 per ordinary share is based on the total shareholders' funds divided by the number of ordinary shares held outside of Treasury.

|                                                      | 2024                | 2023         |
|------------------------------------------------------|---------------------|--------------|
| Total shareholders' funds                            | <b>£392,014,000</b> | £394,577,000 |
| Ordinary shares held outside of Treasury at year end | <b>71,060,556</b>   | 71,829,336   |
| Net asset value per ordinary share                   | <b>551.66p</b>      | 549.33p      |

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), changes in legislation, taxation or regulation, cybercrime and information security, business continuity and crisis management, competition and marketplace threats impacting business growth, level of discount to NAV, operational, key person and environmental, social and governance ("ESG"). 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 22 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 may 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 principally finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The level of gearing is reviewed by the Board and the Portfolio Managers. 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:

|                                                                 | 2024<br>£'000   | 2023<br>£'000 |
|-----------------------------------------------------------------|-----------------|---------------|
| <b>Exposure to financial instruments that bear interest</b>     |                 |               |
| Long CFDs – exposure less fair value                            | 49,459          | 43,291        |
| Bank overdrafts                                                 | 435             | -             |
|                                                                 | <b>49,894</b>   | 43,291        |
| <b>Exposure to financial instruments that earn interest</b>     |                 |               |
| Short CFDs – exposure plus fair value                           | 13,368          | 10,050        |
| Cash at bank                                                    | 9,070           | 13,029        |
| Amounts held at futures clearing houses and brokers             | 4,413           | 3,820         |
|                                                                 | <b>26,851</b>   | 26,899        |
| <b>Net exposure to financial instruments that bear interest</b> | <b>(23,043)</b> | (16,392)      |

# 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 Managers 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:

|                           | 2024                                  |                                                                        |                               |                          |                |
|---------------------------|---------------------------------------|------------------------------------------------------------------------|-------------------------------|--------------------------|----------------|
| Currency                  | Investments<br>at fair value<br>£'000 | Long<br>exposure to<br>derivative<br>instruments <sup>1</sup><br>£'000 | Debtors <sup>2</sup><br>£'000 | Cash at<br>bank<br>£'000 | Total<br>£'000 |
| Hong Kong dollar          | 85,219                                | 42,392                                                                 | 648                           | –                        | 128,259        |
| Indian rupee              | 67,191                                | –                                                                      | 4,493                         | 19                       | 71,703         |
| Indonesian rupiah         | 62,226                                | –                                                                      | –                             | –                        | 62,226         |
| US dollar                 | 41,115                                | 3,358                                                                  | 2,307                         | 8,851                    | 55,631         |
| South Korean won          | 51,091                                | –                                                                      | 14                            | 89                       | 51,194         |
| Australian dollar         | 18,557                                | 3,223                                                                  | 926                           | –                        | 22,706         |
| Singapore dollar          | 10,789                                | 1,976                                                                  | –                             | –                        | 12,765         |
| Taiwan dollar             | 11,113                                | –                                                                      | 301                           | 86                       | 11,500         |
| Chinese renminbi          | 9,900                                 | –                                                                      | –                             | –                        | 9,900          |
| Philippine peso           | 6,928                                 | –                                                                      | 3                             | –                        | 6,931          |
| Thai baht                 | 4,109                                 | –                                                                      | –                             | –                        | 4,109          |
| Sri Lankan rupee          | 3,959                                 | –                                                                      | –                             | –                        | 3,959          |
| Other overseas currencies | 6,380                                 | –                                                                      | –                             | –                        | 6,380          |
| UK sterling               | –                                     | –                                                                      | 100                           | 25                       | 125            |
|                           | 378,577                               | 50,949                                                                 | 8,792                         | 9,070                    | 447,388        |

<sup>1</sup> The exposure to the market of long CFDs and call options.

<sup>2</sup> Debtors include amounts held at futures clearing houses and brokers.

## 17 Financial Instruments continued

| Currency                  | 2023                                  |                                                                        |                               |                          | Total<br>£'000 |
|---------------------------|---------------------------------------|------------------------------------------------------------------------|-------------------------------|--------------------------|----------------|
|                           | Investments<br>at fair value<br>£'000 | Long<br>exposure to<br>derivative<br>instruments <sup>1</sup><br>£'000 | Debtors <sup>2</sup><br>£'000 | Cash at<br>bank<br>£'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.

### Currency exposure of financial liabilities

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

| Currency         | 2024                                                                    |                             |                             | Total<br>£'000 |
|------------------|-------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------|
|                  | Short<br>exposure to<br>derivative<br>instruments <sup>1</sup><br>£'000 | Other<br>creditors<br>£'000 | Bank<br>overdrafts<br>£'000 |                |
| US dollar        | 9,665                                                                   | 230                         | -                           | 9,895          |
| Hong Kong dollar | 3,704                                                                   | 216                         | 435                         | 4,355          |
| Indian rupee     | -                                                                       | 2,134                       | -                           | 2,134          |
| UK sterling      | -                                                                       | 630                         | -                           | 630            |
| Korean won       | -                                                                       | 31                          | -                           | 31             |
| Singapore dollar | -                                                                       | 1                           | -                           | 1              |
|                  | 13,369                                                                  | 3,242                       | 435                         | 17,046         |

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

# Notes to the Financial Statements continued

## 17 Financial Instruments continued

| Currency          |                                                                |                          |                          | 2023           |
|-------------------|----------------------------------------------------------------|--------------------------|--------------------------|----------------|
|                   | Short exposure to derivative instruments <sup>1</sup><br>£'000 | Other creditors<br>£'000 | Bank overdrafts<br>£'000 | Total<br>£'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.

### 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 Managers are 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 2024, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £2,045,000 (2023: £1,665,000), other creditors of £3,242,000 (2023: £3,552,000) and bank overdrafts of £435,000 (2023: £nil).

### 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 2024, £405,000 (2023: £793,000) 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: HSBC Bank plc £288,000 (2023: £124,000), Goldman Sachs International £117,000 (2023: £233,000) and J.P. Morgan Securities plc £nil (2023: £436,000).

£4,413,000 (2023: £3,820,000), 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 £3,019,000 (2023: £3,346,000) in cash, J.P. Morgan Securities plc £1,394,000 (2023: £nil) in cash and Morgan Stanley & Co International plc £nil (2023: £474,000) 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 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 Managers 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 2024, 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 £230,000 (2023: decreased the net return and decreased the net assets by £164,000). 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 (2023: decreased the net return and decreased the net assets) by the following amounts:

| Currency                  | 2024<br>£'000 | 2023<br>£'000 |
|---------------------------|---------------|---------------|
| Hong Kong dollar          | 11,264        | 12,267        |
| Indian rupee              | 6,324         | 7,668         |
| Indonesian rupiah         | 5,657         | 4,709         |
| South Korean won          | 4,651         | 3,021         |
| US dollar                 | 4,158         | 3,865         |
| Australian dollar         | 2,064         | 2,048         |
| Singapore dollar          | 1,160         | 1,425         |
| Taiwan dollar             | 1,045         | 1,385         |
| Chinese renminbi          | 900           | 1,291         |
| Philippine peso           | 630           | 396           |
| Thai baht                 | 374           | 277           |
| Sri Lankan rupee          | 360           | 311           |
| Other overseas currencies | 580           | 509           |
|                           | <b>39,167</b> | 39,172        |

## 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 (2023: increased the net return and increased the net assets) by the following amounts:

| Currency                  | 2024<br>£'000 | 2023<br>£'000 |
|---------------------------|---------------|---------------|
| Hong Kong dollar          | 13,767        | 14,993        |
| Indian rupee              | 7,730         | 9,372         |
| Indonesian rupiah         | 6,914         | 5,756         |
| South Korean won          | 5,685         | 3,693         |
| US dollar                 | 5,082         | 4,724         |
| Australian dollar         | 2,523         | 2,504         |
| Singapore dollar          | 1,418         | 1,742         |
| Taiwan dollar             | 1,278         | 1,693         |
| Chinese renminbi          | 1,100         | 1,577         |
| Philippine peso           | 770           | 485           |
| Thai baht                 | 457           | 338           |
| Sri Lankan rupee          | 440           | 380           |
| Other overseas currencies | 709           | 623           |
|                           | 47,873        | 47,880        |

### Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 July 2024, 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 £37,852,000 (2023: increased the net return and increased the net assets by £37,675,000). 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 2024 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 £6,000 (2023: increased the net return and increased the net assets by £88,000). 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 2024, 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 £3,758,000 (2023: increased the net return and increased the net assets by £3,603,000). 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), 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                                                                                                                                                                                       |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Level 1</b> | Valued using quoted prices in active markets for identical assets                                                                                                                           |
| <b>Level 2</b> | 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 |
| <b>Level 3</b> | 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). The table below sets out the Company's fair value hierarchy:

|                                                                   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | 2024<br>Total<br>£'000 |
|-------------------------------------------------------------------|------------------|------------------|------------------|------------------------|
| <b>Financial assets at fair value through profit or loss</b>      |                  |                  |                  |                        |
| Investments                                                       | 358,503          | 19,028           | 1,046            | 378,577                |
| Derivative instrument assets                                      | 131              | 1,166            | –                | 1,297                  |
|                                                                   | 358,634          | 20,194           | 1,046            | 379,874                |
| <b>Financial liabilities at fair value through profit or loss</b> |                  |                  |                  |                        |
| Derivative instrument liabilities                                 | (14)             | (2,031)          | –                | (2,045)                |

|                                                              | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | 2023<br>Total<br>£'000 |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------------|
| <b>Financial assets at fair value through profit or loss</b> |                  |                  |                  |                        |
| Investments                                                  | 367,312          | 9,439            | 880              | 377,631                |
| Derivative instrument assets                                 | 172              | 1,586            | –                | 1,758                  |
|                                                              | 367,484          | 11,025           | 880              | 379,389                |

|                                                                   |       |         |   |         |
|-------------------------------------------------------------------|-------|---------|---|---------|
| <b>Financial liabilities at fair value through profit or loss</b> |       |         |   |         |
| Derivative instrument liabilities                                 | (341) | (1,324) | – | (1,665) |

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

|                                                          | Year ended<br>31.07.24<br>£'000 | Year ended<br>31.07.23<br>£'000 |
|----------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Beginning of the year</b>                             | 880                             | 1,591                           |
| Transfers into level 3 at cost – Interojo <sup>1</sup>   | 1,404                           | –                               |
| Transfers out of level 3 at cost – Tuhu Car <sup>2</sup> | (1,049)                         | –                               |
| Movement in investment holding losses                    | (189)                           | (711)                           |
| <b>End of the year</b>                                   | 1,046                           | 880                             |

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

2 Financial instruments are transferred out of level 3 when they become listed.

## 17 Financial Instruments continued

Below are details of the four investments which fall into level 3 of which the first two investments are unlisted and the latter two are suspended from trading.

### 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 2024 is based on the company's financial information, the macro-environment and the Probability-Weighted Expected Return Model ("PWERM"). As at 31 July 2024, its fair value was £60,000 (2023: £69,000).

### 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. In September 2023, there was a potential voluntary liquidation of the company which was subsequently postponed indefinitely. The company is attempting to restructure, and the future outcome is uncertain. Given the distressed nature of the company a decision was made for the price to be written down to nil as of the 16 April 2024. As at 31 July 2024, its fair value was £nil (2023: £40,000).

### Interjo

Interjo is a Korean-based company that manufactures and markets contact lenses. The company was suspended from trading on the Korean Stock Exchange on 8 April 2024, due to the auditors being unable to give an unqualified audit opinion on stock valuation concerns. The valuation at 31 July 2024 is based on a 20% discount of the suspended price. As at 31 July 2024, its fair value was £986,000 (2023: £1,842,000).

### 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 2024, its fair value was £nil (2023: £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 54 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 pages 22 and 23. The principal risks and their management are disclosed in the Strategic Report on pages 24 to 28 and in Note 17.

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

|                                                 | 2024                    |                |                         |                |
|-------------------------------------------------|-------------------------|----------------|-------------------------|----------------|
|                                                 | Gross gearing           |                | Net gearing             |                |
|                                                 | Asset exposure<br>£'000 | % <sup>1</sup> | Asset exposure<br>£'000 | % <sup>1</sup> |
| Investments                                     | 378,577                 | 96.6           | 378,577                 | 96.6           |
| Long CFDs                                       | 48,144                  | 12.3           | 48,144                  | 12.3           |
| Call options (long exposure)                    | 2,805                   | 0.7            | 2,805                   | 0.7            |
| <b>Total long exposures</b>                     | <b>429,526</b>          | <b>109.6</b>   | <b>429,526</b>          | <b>109.6</b>   |
| Short CFDs                                      | 12,995                  | 3.3            | (12,995)                | (3.3)          |
| Call options (short exposure)                   | 374                     | 0.1            | (374)                   | (0.1)          |
| <b>Gross asset exposure/net market exposure</b> | <b>442,895</b>          | <b>113.0</b>   | <b>416,157</b>          | <b>106.2</b>   |
| <b>Shareholders' funds</b>                      | <b>392,014</b>          |                | <b>392,014</b>          |                |
| <b>Gearing<sup>2</sup></b>                      |                         | <b>13.0%</b>   |                         | <b>6.2%</b>    |

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

|                                                 | 2023                    |                |                         |                |
|-------------------------------------------------|-------------------------|----------------|-------------------------|----------------|
|                                                 | Gross gearing           |                | Net gearing             |                |
|                                                 | Asset exposure<br>£'000 | % <sup>1</sup> | Asset exposure<br>£'000 | % <sup>1</sup> |
| 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            |
| <b>Total long exposures</b>                     | <b>427,247</b>          | <b>108.3</b>   | <b>427,247</b>          | <b>108.3</b>   |
| 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)          |
| <b>Gross asset exposure/net market exposure</b> | <b>440,830</b>          | <b>111.7</b>   | <b>413,664</b>          | <b>104.9</b>   |
| <b>Shareholders' funds</b>                      | <b>394,577</b>          |                | <b>394,577</b>          |                |
| <b>Gearing<sup>2</sup></b>                      |                         | <b>11.7%</b>   |                         | <b>4.9%</b>    |

<sup>1</sup> Asset exposure to the market expressed as a percentage of shareholders' funds.

<sup>2</sup> 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 34. During the year, management fees of £3,493,000 (2023: £2,925,000), and secretarial and administration fees of £75,000 (2023: £75,000) were payable to FIL. At the Balance Sheet date, management fees of £277,000 (2023: £292,000), and secretarial and administration fees of £6,200 (2023: £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 £172,000 (2023: £195,000). At the Balance Sheet date, marketing services of £77,000 (2023: £nil) 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 40 and 41. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £19,000 (2023: £20,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £20,000 (2023: £16,000) were accrued and payable.

# 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 90 and on page 92.

## Gearing

Gearing (both Gross and Net) is considered to be an Alternative Performance Measure. See Note 18 on pages 75 and 76 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 54 and Note 16 on page 66 for further details.

## Ongoing charges

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 investment management fees and other expenses expressed as a percentage of the average net asset values throughout the year.

|                                                                           | 2024<br>£'000 | 2023<br>£'000 |
|---------------------------------------------------------------------------|---------------|---------------|
| Investment management fees (£'000)                                        | 2,749         | 2,644         |
| Other expenses (£'000)                                                    | 992           | 988           |
| <b>Ongoing charges (£'000)</b>                                            | <b>3,741</b>  | <b>3,632</b>  |
| Variable element of management fee (£'000)                                | 744           | 281           |
| Average net assets (£'000)                                                | 392,271       | 377,729       |
| <b>Ongoing charges ratio</b>                                              | <b>0.95%</b>  | <b>0.96%</b>  |
| <b>Ongoing charges ratio including variable element of management fee</b> | <b>1.14%</b>  | <b>1.03%</b>  |

## 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 52 and Note 8 on page 62 for further details.

## Total Return Performance

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

The tables below and on the next page provide information relating to the NAV per ordinary share and ordinary share price of the Company and the impact of the dividend reinvestments and the total returns for the years ended 31 July 2024 and 31 July 2023.

|                                  | Net asset<br>value per<br>ordinary<br>share | Ordinary<br>share<br>price |
|----------------------------------|---------------------------------------------|----------------------------|
| <b>2024</b>                      |                                             |                            |
| 31 July 2023                     | 549.33p                                     | 520.00p                    |
| 31 July 2024                     | 551.66p                                     | 496.00p                    |
| Change in year                   | +0.4%                                       | -4.6%                      |
| Impact of dividend reinvestment  | +2.8%                                       | +2.9%                      |
| <b>Total return for the year</b> | <b>+3.2%</b>                                | <b>-1.7%</b>               |

# Alternative Performance Measures continued

**Total Return Performance** continued

|                                 | 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%               |

# Financial Calendar

The key dates in the Company’s calendar are:

|                         |                                                                                  |
|-------------------------|----------------------------------------------------------------------------------|
| <b>31 July 2024</b>     | Financial Year End                                                               |
| <b>October 2024</b>     | Announcement of results for the year ended 31 July 2023                          |
| <b>October 2024</b>     | Publication of the Annual Report                                                 |
| <b>7 November 2024</b>  | Ex-Dividend Date                                                                 |
| <b>8 November 2024</b>  | Dividend Record Date                                                             |
| <b>21 November 2024</b> | Annual General Meeting                                                           |
| <b>6 December 2024</b>  | Payment of the Dividend                                                          |
| <b>31 January 2025</b>  | Half-Year End                                                                    |
| <b>April 2025</b>       | Announcement of the Half-Yearly results for the six months ended 31 January 2025 |
| <b>April 2025</b>       | 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 Thursday, 21 November 2024** 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 82 to 86.

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 and Ajinkya Dhavale, the Co-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. Nitin, Ajinkya and the Board will be very happy to answer any questions that shareholders may have. Copies of the Portfolio Managers' presentation can be requested by email at [investmenttrusts@fil.com](mailto: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 84 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 Managers 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](http://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 **159-339-971**. 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 21 November 2024, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 82 to 86, including the items of special business summarised below and on the next page.

## **Authority to Amend Investment Policy**

Resolution 11 is an ordinary resolution and provides the Directors with an authority to amend the Investment Policy to change an investment restriction. If passed, this resolution will enable the Portfolio Managers to allocate, "Up to 15% of the Company's 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 Directors would not expect to see a significant change to the portfolio in the near term as a result of this change.

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

## **Authority to Allot Shares**

Resolution 12 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £1,889,522. If passed, this resolution will enable the Directors to allot a maximum of 7,558,088 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury shares) as at 9 October 2024, 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 13 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £1,889,522 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company as at 9 October 2024 and equivalent to 7,558,088 ordinary shares).

### Authority to Repurchase Shares

Resolution 14 is a special resolution which renews the Company's authority to purchase up to 14.99% (10,548,926) of the ordinary shares in issue (excluding Treasury shares) on 9 October 2024, 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

10 October 2024

# 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 Thursday, 21 November 2024 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 2024.
2. To declare that a final dividend for the year ended 31 July 2024 of 14.5 pence per ordinary share be paid to shareholders on the register as at close of business on 8 November 2024.
3. To re-elect Clare Brady as a Director.
4. To re-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 elect Lucy Costa Duarte as a Director.
8. To approve the Directors' Remuneration Report (excluding the section headed "The Remuneration Policy" set out on page 39) for the year ended 31 July 2024.
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 Resolutions 11 and 12 will be proposed as ordinary resolutions and Resolutions 13 and 14 as special resolutions.

## Authority to Amend Investment Policy

Resolution 11 will, if approved, authorise the Directors to amend the Investment Policy, and specifically, to amend the investment restriction to allow the Portfolio Managers to invest up to 15% of the Company's Gross Assets, at the time of investment, in securities which are not listed or domiciled in the Asian Region, providing the investments have a strong Asian Region rationale. The Directors would not expect to see a significant change to the portfolio structure in the near term as a result of this change.

11. THAT the Directors be and they are hereby authorised to amend the Investment Policy.

## Authority to Allot Ordinary Shares and Disapply Pre-Emption Rights

Resolutions 12 and 13 will, if approved, authorise the Directors to allot a limited number of ordinary shares (or to sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 10% of the number of ordinary shares of the Company (including Treasury shares) in issue on 9 October 2024. 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.

12. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 9 October 2024) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

13. THAT, subject to the passing of Resolution 12, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 12 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

- a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £1,889,522 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 9 October 2024); 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 14 is special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% respectively of the number of ordinary shares in issue (excluding Treasury shares) on 9 October 2024 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.

14. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25 pence each (the "shares") in the capital of the Company provided that:
- the maximum number of shares hereby authorised to be purchased shall be 10,548,926;
  - the minimum price which may be paid for a share is 25 pence;
  - the maximum price (excluding expenses) which may be paid for each share is the higher of:
    - 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
    - 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;
  - 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
  - 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  
 10 October 2024

#### Notes to the Notice of Meeting:

- 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.
- 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 19 November 2024. 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.
- To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notari ally or in some other way approved by the Directors), must be deposited with the Company's Registrar, 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.
- 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.
- 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 19 November 2024. 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 19 November 2024.

# 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 19 November 2024 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, Proxymity 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 19 November 2024. 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 **159-339-971**. 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 **159-339-971**. 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 am to 5.30 pm 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 19 November 2024. 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 9 October 2024 (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 5,207,794. Therefore, the total number of shares with voting rights in the Company was 70,373,095.
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](http://www.fidelity.co.uk/asianvalues)**.

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

# Appendix

## INVESTMENT OBJECTIVE AND INVESTMENT POLICY (UPDATED)

The proposed update to the Investment Policy for the Company, as proposed in resolution 11 on page 82 of the Notice of Meeting, is set out below. Changes are marked in black-line.

### INVESTMENT OBJECTIVE

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

### INVESTMENT POLICY

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

### 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 Managers 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 no more than 15% of their Gross Assets in other listed closed-ended funds.
- **Up to 15% 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, Vietnam 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 achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs. The Company does not currently use bank borrowings for gearing purposes.
- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at reasonable costs.
- To enhance the investment returns by taking short exposures on stocks that the Portfolio Managers considers to be overvalued.

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 Managers' investment style and philosophy as well as the markets they operate in.

The sum of all short exposures of the Company from derivatives, excluding hedges, will not exceed 10% of total net assets.

It should be stressed that 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.

# 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](http://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](http://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](mailto: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](http://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](http://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](mailto:investmenttrusts@fil.com)

Website: [www.fidelity.co.uk/its](http://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](http://www.sharegift.org.uk).

# Shareholder Information continued

## 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](mailto:investmenttrusts@fil.com)

## Banker and Custodian

JPMorgan Chase Bank  
125 London Wall  
London  
EC2Y 5AJ

## Depository

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

## Financial Adviser and Stockbroker

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](mailto: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](http://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 £3,000 of capital gains in the current tax year 2024/2025 (2023/2024: £6,000) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent on the total amount of taxable income.

# 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.

## Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all Shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

# 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.

## DEPOSITARY

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

## DERIVATIVES

Financial instruments (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.

## 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 ELEMENT OF 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.

# Glossary of Terms continued

## 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 MANAGERS

Nitin Bajaj, Portfolio Manager and Ajinkya Dhavale, Co-Portfolio Manager are the **Portfolio Managers** of the Company and are 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 34.

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

| Function                            | AIFM Role and Responsibility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | AIFMD Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment management</b>        | <p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Details of the Company's investment objective, its strategy and investment policy, including limits, are on pages 22 and 23.                                                                                                                                                                                                                                                                                                                    |
| <b>Risk management</b>              | <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 22 to 32 and in Note 17 to the Financial Statements on pages 67 to 75.</p> |
| <b>Valuation of illiquid assets</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | As at the date of this report, none of the Company's assets are subject to special arrangements arising from its illiquid nature.                                                                                                                                                                                                                                                                                                               |

# Alternative Investment Fund Manager's Disclosure continued

| Function                        | AIFM Role and Responsibility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | AIFMD Disclosure                                                                                                                                                                                                                    |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leverage</b>                 | <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 2024, actual leverage was 1.17 for the Gross Method and 1.17 for the Commitment Method.</p>                      |
| <b>Liquidity management</b>     | 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 70.                                                                                                   |
| <b>Remuneration of the AIFM</b> | 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 <a href="http://www.fidelityinternational.com/global/remuneration/default.page">www.fidelityinternational.com/global/remuneration/default.page</a> . |

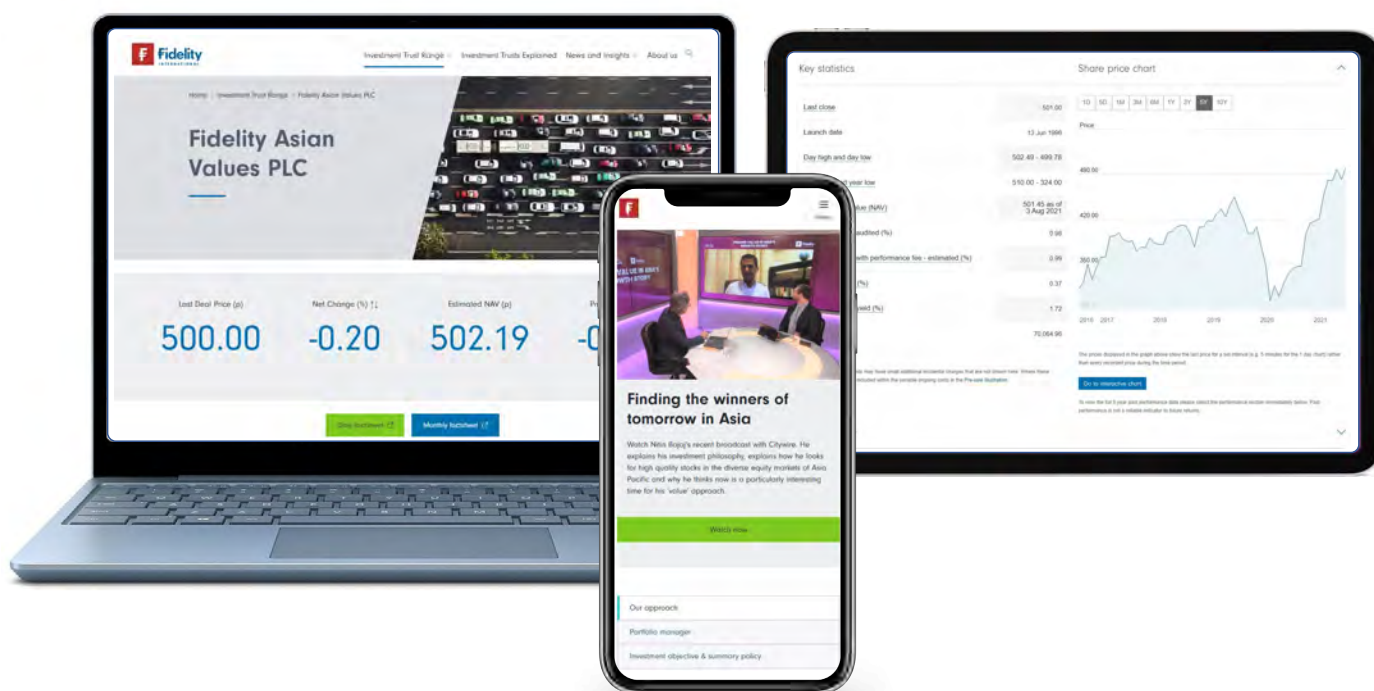
## EU Securities Financing Transactions Regulation ("SFTR")

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 2024, all CFDs were contracted bilaterally with open maturities:

| Broker                                     | Fair Value<br>£'000 | Percentage<br>of<br>Net Assets | Collateral<br>held by the<br>broker<br>£'000 | Collateral<br>held by the<br>Company<br>£'000 |
|--------------------------------------------|---------------------|--------------------------------|----------------------------------------------|-----------------------------------------------|
| Goldman Sachs International (UK)           | 52                  | 0.01%                          | 117                                          | –                                             |
| HSBC Bank plc (UK)                         | 348                 | 0.09%                          | 288                                          | –                                             |
| J.P. Morgan Securities plc (UK)            | (899)               | (0.23%)                        | –                                            | 1,394                                         |
| Morgan Stanley & Co International plc (UK) | 15                  | 0.00%                          | –                                            | –                                             |
| UBS AG (UK)                                | (458)               | (0.12%)                        | –                                            | 327                                           |

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 2024 from CFDs was a loss of £5,842,000.



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



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