

# FIDELITY CHINA SPECIAL SITUATIONS PLC

Fidelity China Special Situations PLC is focused on the long-term growth potential of China. The portfolio is made up primarily of securities issued by companies listed in China or Hong Kong and Chinese companies listed elsewhere. It may also invest in listed companies with significant interests in China and Hong Kong.

## FIDELITY CHINA SPECIAL SITUATIONS PLC DETAILS TO 31.01.12

Share price:	80.65p
NAV:	81.26p
Discount:	0.75%
Gearing Exposure:	123.78%
Ordinary shares in issue:	661,454,480
Launch date:	19/04/2010
Portfolio Manager:	Anthony Bolton
Appointed to trust:	19/04/2010
Years at Fidelity:	32

Investment available via ISA and Share Plan

## PORTFOLIO MANAGER



*The last few weeks have witnessed a significant change in international investor's views on China leading to a large inflow of money into the region. Valuations remain attractive and I still feel markets could end the year reasonably higher than today, provided there are no new global macro shocks.*

Anthony Bolton, Portfolio Manager

## INVESTMENT HIGHLIGHTS

The fund generated positive returns but underperformed its benchmark in January. This underperformance in a risk-rally is reflective of the portfolio's focus of quality at attractive valuations. The overweight exposure to the mid and small cap stocks also continued to detract. At individual stock level, the overweight positions in China Unicom and Television Broadcasts as well as the lack of exposure to Industrial and Commercial Bank of China proved unrewarding. Conversely, the position in AsiaInfo Linkage and non exposure to China Mobile enhanced relative returns. The fund's positioning remains broadly the same with focus on consumption and services as these sectors will benefit from a structural shift in China's economic growth drivers over the next few years.

## TOP 10 SECURITY HOLDINGS AS AT 31.01.12

	Fund (% of Total Gross Assets)	Benchmark Weight
PING AN INSURANCE (GROUP) COMPANY OF CHINA	4.9	2.1
CHINA UNICOM (HONG KONG)	4.7	1.7
HSBC HOLDINGS PLC	4.1	0.0
BANK OF CHINA HONG KONG	3.8	0.0
HKT TRUST AND HKT LIMITED	3.3	0.0
AIA GROUP	2.8	0.0
ZHAOJIN MINING INDUSTRY COMPANY	2.5	0.2
TVB	2.5	0.0
REXLOT HOLDINGS	2.2	0.0
CHINA MINSHENG BANKING CORPORATION	2.0	0.0

Source: FIL Ltd, 31 January 2012. Benchmark is MCSI China Index (Net Luxembourg tax).

## MARKET CAP ALLOCATION AS AT 31.01.12

Large Cap >£5bn	24.67
Medium Cap - between £1-5bn	34.06
Small Cap - less than £1bn	41.28

Fund (% Total Gross Assets)	41.28
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## PERFORMANCE RECORD

Cumulative Growth	YTD	1mth	6mths	1 yr	3 yrs	5 yrs	10 yrs	Since 19.04.10
Share Price	9.7%	9.7%	-15.1%	-27.8%	-	-	-	-19.1%
NAV	6.2%	6.2%	-14.8%	-23.6%	-	-	-	-17.7%
MSCI China Index (Net Luxembourg tax)	9.1%	9.1%	-6.0%	-7.7%	-	-	-	-7.8%

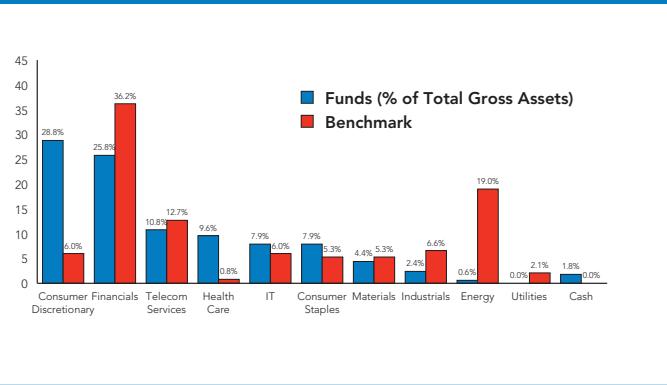
Source of performance: Fidelity/Datastream, cumulative growth, total return as at 31 January 2012 bid-bid with net income reinvested. These figures do not include an initial charge. Rankings: Morningstar.

Please remember that past performance is not a guide to what may happen in the future. The value of investments can go down as well as up and you may not get back the amount invested. Overseas investments may be subject to currency fluctuations. Investments in small and emerging markets may be more volatile than more established markets. Please remember the eligibility to invest in an ISA depends on individual circumstances and tax rules may be subject to change.



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WORLDWIDE INVESTMENT

**INDUSTRY BREAKDOWN AS AT 31.01.12**



Benchmark is MSCI China Index (Net Luxembourg tax).

**SHARE TYPE BREAKDOWNS AS AT 31.01.12**

	Total Gross Assets	Benchmark Weight
A' & 'B' Share	13.4	0.9
H-Share	5.2	50.1
Red Chips*	11.1	26.0
Other Stocks Listed in HK**	49.3	23.0
China Stocks Listed in US	14.1	-
China Stocks Listed elsewhere	5.0	-
Others	1.8	-
<b>Total</b>	<b>100</b>	<b>100</b>

Source: FIL Ltd, 31 January 2012. Benchmark is MSCI China Index (Net Luxembourg tax). \*As classified in the website of HKEx \*\*Non-H-share and non-red-Chip companies listed in Hong Kong, held by the fund or as part of MSCI China.

**GLOSSARY**

**NAV**

The total value of a company's assets less the total value of its liabilities is its net asset value (NAV). For valuation purposes it is common to divide net assets by the number of shares in issue to give the net assets per share. NAV calculations can include or exclude current financial year income. For the purposes of this factsheet, they are valued with assets including income and costs and with debt valued at the market.

**GEARING EXPOSURE**

Investment trusts have the ability to borrow additional money to invest, known as gearing. The trust has the ability to use bank loans, bank overdrafts and Contracts for Difference (CFDs) to increase its exposure to stocks. CFDs are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

**PREMIUM**

If the share price of an investment company is higher than the net asset value (NAV) per share, the company is said to be trading at a premium. The premium is shown as a percentage of the NAV.

**TOP 10 SECURITY HOLDINGS**

The ten largest holdings by value are valued at fair value and shown as a percentage of gross assets. Gross assets represent total assets less current liabilities, excluding the fixed term bank loan. Contracts for difference are valued at the difference between the settlement price and the fair value of the underlying listed investments in the contract.

**CHINA H SHARES**

China H Shares are shares in companies incorporated in the People's Republic of China (PRC) which are listed on the Hong Kong Stock Exchange. China H Shares are available to non-Chinese investors and are traded in Hong Kong Dollars on the Hong Kong Stock Exchange.

**CHINA A SHARES**

China A Shares are traded on the Chinese Stock Exchanges in Renminbi. Foreign investors had historically been unable to participate in the China A Share market. However, following China's introduction of the QFII program in 2002, a legal framework has been provided for licensed QFIIs to invest in China A Shares on the Chinese Stock Exchanges and certain other securities previously not eligible for investment by foreign investors.

**CHINA B SHARES**

China B Shares are traded on the Shenzhen Stock Exchange and Shanghai Stock Exchange in Hong Kong Dollars and US Dollars, respectively. China B Shares were originally intended to be available only to foreign individual and institutional investors. However, since February 2001, China B Shares have been available to domestic individual investors who trade through legal foreign currency accounts.

**RED CHIPS**

Red Chip is the term used to describe companies incorporated outside China but which are based in mainland China. Red Chips are listed on, and are required to observe the filing and reporting requirements of, the Hong Kong Stock Exchange. Red Chips typically have a significant portion of their business interests located in mainland China and many are owned, either directly or indirectly, by organisations or enterprises controlled by the Chinese state, provinces or municipalities.

**FAIR VALUE**

The fair value of the listed investments is measured at bid prices or last prices quoted, depending on the convention of the exchange on which they are listed. Where permitted, unlisted investments, where there is not an active market, are valued using an appropriate valuation technique so as to establish what the transaction price would have been and derivative instruments are valued at the quoted trade price for the contract.

**Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. This information does not constitute investment advice and should not be used as the basis for any investment decision nor should it be treated as a recommendation for any investment. If you are unsure of the suitability of an investment, please contact a financial adviser.**

For more information contact us on **0800 41 41 10**,  
9am – 6pm Monday to Saturday or go to  
[www.fidelity.co.uk/chinaspecial](http://www.fidelity.co.uk/chinaspecial)

