

# 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 31.10.12

|                           |                |
|---------------------------|----------------|
| Share price:              | 77.25p         |
| NAV:                      | 79.85p         |
| Discount:                 | 3.26%          |
| Gearing Exposure:         | 117.64%        |
| Ordinary shares in issue: | 655,229,480    |
| Launch date:              | 19/04/2010     |
| Portfolio Manager:        | Anthony Bolton |
| Appointed to trust:       | 19/04/2010     |
| Years at Fidelity:        | 33             |

Investment available via ISA and Share Plan

## PORTFOLIO MANAGER



*We continue to see further evidence of the Chinese economy stabilising. Against this background Chinese equities look particularly attractive as valuations are still at the low end of their historical range. Additionally the leadership change could signal the speeding up of reforms and in particular the encouragement of private enterprise.*

Anthony Bolton, Portfolio Manager

## INVESTMENT HIGHLIGHTS

In October the trust underperformed its comparative index due to adverse returns in the financial and IT sectors. The largest detractor was insurer Ping An. Despite announcing a 21% increase in net profit from last year, its share price fell as profits, driven by investment losses, were down from the previous quarter. The fund also suffered from exposure to US listed Chinese stocks and A-shares as both of these share classes underperformed other Chinese listings. For example, US-listed Baidu, China's number one online search engine was a key detractor. However, we continue to hold this stock as the long-term structural internet penetration growth story remains intact. On a positive note, overweight positions in the telecoms and energy sectors contributed to performance.

## TOP 10 POSITIONS AS AT 31.10.12

|  | %   | Benchmark Weight |
|--|-----|------------------|
| TENCENT HOLDINGS                           | 5.6 | 5.4              |
| PING AN INSURANCE (GROUP) COMPANY OF CHINA | 3.9 | 2.3              |
| BANK OF CHINA HONG KONG                    | 3.6 | 0.0              |
| WING HANG BANK                             | 3.5 | 0.0              |
| AIA GROUP                                  | 3.4 | 0.0              |
| CITIC SECURITIES COMPANY                   | 2.9 | 0.2              |
| TVB  | 2.6 | 0.0              |
| ALIBABA GROUP                              | 2.5 | 0.0              |
| HSBC HOLDINGS                              | 2.3 | 0.0              |
| HUANENG POWER INTERNATIONAL                | 2.2 | 0.4              |

Source: FIL Ltd, 31 October 2012. Benchmark is MCSI China Index (Net Luxembourg tax). All data in the above includes any derivative exposures as an economically equivalent position in the underlying asset.

## MARKET CAP ALLOCATION AS AT 31.10.12

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

| %<br>(Total Gross Assets) |
|---------------------------|
| 22.24                     |
| 20.04                     |
| 57.71                     |

## PERFORMANCE RECORD

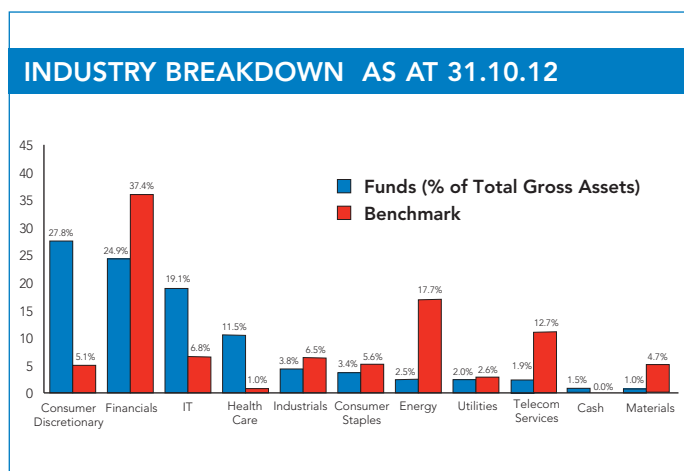
| Cumulative Growth                     | YTD   | 1mth | 6mths | 1 yr  | 3 yrs | 5 yrs | 10 yrs | Since 19.04.10 |
|---------------------------------------|-------|------|-------|-------|-------|-------|--------|----------------|
| Share Price                           | 6.2%  | 6.7% | 0.4%  | -1.6% | -     | -     | -      | -21.8%         |
| NAV                                   | 5.4%  | 1.4% | -3.1% | -2.2% | -     | -     | -      | -18.3%         |
| MSCI China Index (Net Luxembourg tax) | 10.9% | 6.0% | 1.8%  | 8.1%  | -     | -     | -      | -6.3%          |

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

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.



**Fidelity**<sup>™</sup>  
WORLDWIDE INVESTMENT



Benchmark is MSCI China Index (Net Luxembourg tax).

| Share Type                    | Total Gross Assets | Benchmark Weight |
|-------------------------------|--------------------|------------------|
| 'A' & 'B' Share               | 16.7               | 0.9              |
| H-Share                       | 5.9                | 48.0             |
| Red Chips*                    | 3.6                | 26.9             |
| Other Stocks Listed in HK**   | 50.5               | 24.2             |
| China Stocks Listed in US     | 16.8               | -                |
| China Stocks Listed elsewhere | 4.3                | -                |
| Others                        | 2.2                | -                |
| <b>Total</b>                  | <b>100</b>         | <b>100</b>       |

Source: FIL Ltd, 31 October 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.

**DISCOUNT**

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

**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 POSITIONS**

The 10 largest investments are shown as a % of the total market exposure of the investment portfolio, including exposure to investments through derivatives.

**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**,  
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[www.fidelity.co.uk/chinaspecial](http://www.fidelity.co.uk/chinaspecial)

