FIDELITY CHINA SPECIAL SITUATIONS PLC

31 OCTOBER 2015

Investment Objective

To achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies listed in China or Hong Kong and Chinese companies listed elsewhere. The Company may also invest in listed companies with significant interests in China and Hong Kong.

Investment Trust Facts

Launch date:	19.04.10
Portfolio manager:	Dale Nicholls
Appointed to trust:	01.04.14
Years at Fidelity:	19
Total Net Assets (TNA):	£ 869m
Ordinary shares in Issue:	557,179,480
Share price:	134.60p
NAV:	156.03p
Discount:	13.73%
Gross Market Gearing:	27.3%
Net Market Gearing:	22.3%

Performance Comparator

Market Index:	MSCI CHINA (N)

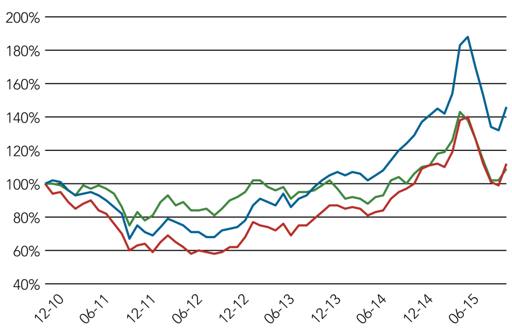
The same index is used in the positioning tables on this factsheet. Past performance is not a reliable indicator of future results. The value of investments can go down as well as up and you may get back less than you invested.

Portfolio Manager Commentary

My fundamental view for Chinese companies has remained relatively unchanged despite the volatility. Structural drivers such as rising wealth, increased spending and improving healthcare are supportive for the portfolio, but many stocks related to these themes appeared to be relatively expensive. While a market fall is not welcomed by equity investors, recent volatility has pared some of the over-optimism. Looking ahead, I see some exceptional value in Chinese equities. In particular, I find value in smaller Hong Kong listed companies and larger A-share companies. The volatility has given me the opportunity to add to favoured holdings at reasonable valuations.

The pace of reforms in China has been disappointing in 2015 and the timing and communication of some policies could have been better, such as the change in managing the foreign exchange rate. Having said this, China's decision to move towards a more flexible currency is a long term positive. However, the overall path for more liberalisation remains, even if we are currently seeing slower progress than expected in areas such as SOE reforms.

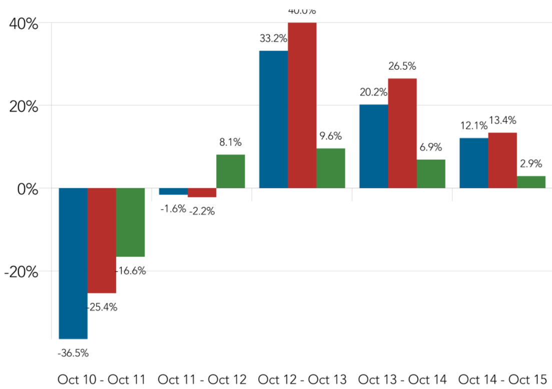
Cumulative performance in GBP (%)



Share Price NAV Market Index

Performance is shown for the last five years (or since launch for funds launched within that period).

Performance for 12 month periods in GBP (%)



Share Price NAV Market Index

Performance to 31.10.15 in GBP (%)

	1m	3m	YTD	1yr	3yr	5yr	Since 16.04.10*
Share Price Cumulative Growth	12.7	-0.2	1.4	12.1	79.6	12.1	40.5
NAV Cumulative Growth	10.6	-4.2	3.7	13.4	100.8	46.5	63.9
Index Cumulative Growth	7.0	-4.5	-2.4	2.9	20.5	8.7	12.9
Share Price Annualised Growth	-	-	-	12.1	21.5	2.3	6.3
NAV Annualised Growth	-	-	-	13.4	26.2	7.9	9.3
Index Annualised Growth	-	-	-	2.9	6.4	1.7	2.2

Basis: bid-bid with net income reinvested, in GBP, net of fees.
Market indices are sourced from RIMES and other data is sourced from third-party providers such as Morningstar.
*Performance commencement date.

Key Risks

The value of investments can go down as well as up and you may not get back the amount invested. Overseas investments may be more volatile than established markets. The shares in the investment trust are listed on the London Stock Exchange and their price is affected by supply and demand. The investment trust can gain additional exposure to the market, known as gearing, potentially increasing volatility.

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Equity Exposure % Total Net Assets (% TNA)

	Exposure (% TNA)
Gross Market Exposure	127.3
Net Equity	122.3
Other	-11.2
Uninvested Cash	0.0

Notes on Portfolio Construction and a description of how data is calculated and presented are on page 3. Definitions of the terms used in the Equity Exposure table are in the Glossary.

Market Capitalisation Exposure (% TNA)

	Net	Index	Relative
>10bn	25.4	56.3	-31.0
5-10bn	4.9	13.1	-8.2
1-5bn	20.6	28.2	-7.6
0-1bn	51.1	2.0	49.1
Total Market Cap Exposure	**102.0**	**99.6**	
Other Index / Unclassified	20.3	0.4	
Total Equity Exposure	**122.3**	**100.0**	

Sector/Industry Exposure (% TNA)

GICS Sector	Net	Index	Relative
Consumer Discretionary	33.9	4.7	29.2
Information Technology	24.9	13.9	11.0
Financials	19.7	41.4	-21.7
Industrials	14.6	8.9	5.7
Health Care	10.2	2.3	7.8
Consumer Staples	7.1	3.7	3.4
Materials	4.5	1.7	2.8
Telecommunication Services	3.7	10.8	-7.2
Energy	2.7	8.1	-5.4
Utilities	2.6	4.5	-1.9
Total Sector Exposure	**123.9**	**100.0**	
Other Index / Unclassified	-1.6	0.0	
Total Equity Exposure	**122.3**	**100.0**	

Country Exposure (% TNA)

	Net	Index	Relative
China	92.6	100.0	-7.4
Hong Kong	22.9	0.0	22.9
Taiwan	3.0	0.0	3.0
Grand Cayman (UK Overseas	2.8	0.0	2.8
Singapore	0.4	0.0	0.4
United Kingdom	0.4	0.0	0.4
Australia	0.3	0.0	0.3
USA	-0.1	0.0	-0.1
Total Country Exposure	**122.3**	**100.0**	
Other Index / Unclassified	0.0	0.0	
Total Equity Exposure	**122.3**	**100.0**	

Top Net Long Positions (% TNA)

	GICS Sector	Country	Net	Index	Relative
TENCENT HLDGS LTD	Information Technology	China	9.1	11.6	-2.5
PING AN INS GROUP CO CHINA LTD	Financials	China	5.5	3.5	2.0
CHINA PAC INS GROUP CO LTD	Financials	China	4.9	1.3	3.6
HUTCHISON CHINA MEDITECH LTD	Health Care	Hong Kong	3.6	0.0	3.6
SHANGHAI INTL AIRPORT CO LTD	Industrials	China	3.1	0.0	3.1
CITIC TELECOM INTL HLDGS LTD	Telecommunication Services	Hong Kong	2.8	0.0	2.8
NETEASE INC	Information Technology	China	2.5	0.0	2.5
CHINA LODGING GROUP LTD	Consumer Discretionary	China	2.4	0.0	2.4
NEW ORIENTAL ED & TECH GRP INC	Consumer Discretionary	China	2.2	0.0	2.2
21VIANET GROUP INC	Information Technology	China	1.7	0.0	1.7

Top Overweight Positions (% TNA)

	Net	Index	Relative
CHINA PAC INS GROUP CO LTD	4.9	1.3	3.6
HUTCHISON CHINA MEDITECH LTD	3.6	0.0	3.6
SHANGHAI INTL AIRPORT CO LTD	3.1	0.0	3.1
CITIC TELECOM INTL HLDGS LTD	2.8	0.0	2.8
NETEASE INC	2.5	0.0	2.5
CHINA LODGING GROUP LTD	2.4	0.0	2.4
NEW ORIENTAL ED & TECH GRP INC	2.2	0.0	2.2
PING AN INS GROUP CO CHINA LTD	5.5	3.5	2.0
21VIANET GROUP INC	1.7	0.0	1.7
CT ENVIRONMENTAL GROUP LTD	1.6	0.0	1.6

Top Underweight Positions (% TNA)

	Net	Index	Relative
CHINA MOBILE LTD	0.0	8.7	-8.7
CHINA CONSTRUCTION BANK	0.0	7.3	-7.3
INDUSTRIAL & COML BK CHINA	0.0	5.6	-5.6
BANK CHINA LTD	0.0	4.5	-4.5
CHINA LIFE INSURANCE CO LTD	0.0	3.2	-3.2
TENCENT HLDGS LTD	9.1	11.6	-2.5
CNOOC LTD	0.0	2.4	-2.4
CHINA PETROLEUM & CHEM CORP	0.0	2.2	-2.2
PETROCHINA CO LTD	0.0	2.0	-2.0
CHINA OVERSEAS LAND & INV LTD	0.0	1.5	-1.5

Net Long Positions Concentration (% TNA)

	Fund	Index
Top 10	37.7	50.9
Top 20	53.1	61.7
Top 50	84.2	78.5

FIDELITY CHINA SPECIAL SITUATIONS PLC

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Approach and Style

Fidelity China Special Situations seeks out investments in:

- Companies with good long-term prospects
- Cash generative businesses
- Companies controlled by strong management teams

Ideally these factors are not well understood by the market, and are therefore not reflected in valuations. The manager also focuses on smaller companies as these tend to be less well researched and, therefore, more mispriced. However, smaller companies tend to be higher risk, so risk management is key and meeting company management teams is essential in order to understand them and monitor their progress. He also stresses that investors must take a long-term view, and patience is sometimes required for these factors to be recognised.

Overall, the manager looks for undervalued companies that can deliver over the long-term.

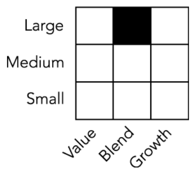
Administrative & Dealing Information

Financial Year End:	31st March
Reference currency:	UK Sterling (GBP)
Company domicile:	United Kingdom
Company legal structure:	Investment trust
Capital guarantee:	No
ISIN:	GB00B62Z3C74
SEDOL:	B62Z3C7
Bloomberg:	FCSS LN
Distribution frequency:	Annual
Charges made to income or capital:	Both equally
Ongoing Charges Figure (OCF) per year:	1.29% (31.03.15)
OCF takes into account annual management charge:	1.0% (net)

Independent Assessment

Information in this section is the latest available at date of publication. Further details can be found in the Glossary section of this factsheet. As some ratings agencies may use past performance to produce their assessments, these are not a reliable indicator of future results.

Morningstar Style Box ®



Portfolio Construction – Explained

This factsheet contains information about the composition of the fund at a particular point in time. It aims to help you understand how the fund manager is positioned to achieve the fund's objectives.

The Equity Exposure table provides an overall view of the fund. Net Equity represents - in percentage terms - how much of the fund is invested in the market, netting off long and short positions. The higher the figure, the more the fund will take part in any market rises (or falls). It is important to note that Net Equity can be greater than 100% (for example if the manager is using derivative contracts) and when it is, the portfolio may be described as geared.

The exposure and positioning tables on page 2 break the fund down into a number of different views, each providing a different perspective on the fund's investments.

How data is calculated and presented

Portfolio composition data has been calculated and presented according to several general principles, which are listed below.

- **Aggregation**: all investments, including derivatives, linked to a particular issuing company have been combined to form a total percentage holding for each company. The aggregate holding is referred to in this factsheet as a position. Where a company is listed in two separate countries, each listing may be classified as a separate issuing company. Exchange Traded Funds (ETFs) and derivatives on ETFs are treated as individual securities – ie not aggregated.

- **Categorisation**: for investments that have underlying securities we use the attributes of the underlying issuing company or common share to determine the appropriate sector, market capitalisation band and geographic area.

- **Derivatives:** all derivatives are included on an exposure basis and, where necessary, are delta-adjusted. Delta-adjusting expresses derivatives in terms of the equivalent number of shares that would be needed to generate the same return.

- **"Basket" securities:** securities that represent a number of company shares – like index futures or options – are allocated to categories (such as country) whenever possible. Otherwise they are included in the "Other Index / Unclassified" category.

Glossary / Additional Notes

Equity Exposure notes

GROSS MARKET EXPOSURE

Gross Market Exposure is the total of long exposures, plus the total of short exposures, and less the total of exposures hedging the portfolio, expressed as a percentage of shareholders' funds (Total Net Assets).

NET EQUITY

The net positive exposure to the market with short and hedge positions subtracted from long positions.

Glossary / Additional Notes

OTHER

The value of any non-equity investments (excluding cash funds) expressed as a percentage of fund TNA.

UNINVESTED CASH

This is 100% minus the fund's Net Equity exposure and minus Other. This leaves any residual cash exposure that is not invested in shares or via derivatives.

Investment Trust Facts

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

Gearing is the Market Exposure figure (either gross or net) expressed in excess of Total Net Assets. It represents the additional exposure to the market above Shareholders' Funds.

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.

General notes

TOTAL NET ASSETS (TNA)

The Company's total assets minus its total liabilities - also known as Shareholders' Funds. It represents the amount by which a company is financed through common and preferred shares.

INDEX

The index used in the positioning tables on page 2 is the index defined in the Performance Comparator section on page 1.

TOP NET LONG POSITIONS

Those companies in which the largest percentages of the fund's total net assets are effectively invested. Positions in other funds – including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Other Index / Unclassified" category which will not appear.

TOP OVERWEIGHT & UNDERWEIGHT POSITIONS

Those positions which have the largest active weight relative to the index. Positions in other funds - including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Other Index / Unclassified" category which will not appear. In the underweight table, any short position names have been withheld in line with Fidelity's disclosure policy.

NET LONG POSITIONS CONCENTRATION

Illustrates the weight of the top 10, 20 and 50 positions in the fund and the weight of the top 10, 20 and 50 positions in the index. It does not attempt to show the coincidence of security ownership between fund and index. The sector/industry classification used (ie GICS, ICB, TOPIX and IPD) varies by fund. Full descriptions of GICS, ICB, TOPIX and IPD can be found in the glossary.

Glossary / Additional Notes

ONGOING CHARGES

The ongoing charges figure represents the charges taken from the fund over a year. It is calculated at the fund's financial year end and may vary from year to year. For new funds, the ongoing charges figure is estimated until the fund's financial year end.

The types of charges included in the ongoing charges figure are management fees, administration fees, custodian and depositary fees and transaction charges, shareholder reporting costs, regulatory registration fees, Directors fees (where applicable) and bank charges.

It excludes: performance fees (where applicable); portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.
For more information about charges (including details of the fund's financial year end), please consult the charges section in the most recent Annual Report.

SECTOR INDUSTRY CLASSIFICATION

GICS: Global Industry Classification Standard (GICS) was developed by Standard & Poor's and MSCI Barra. GICS consists of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. More information is available at http://www.standardandpoors.com/indices/gics/en/us

ICB: The Industry Classification Benchmark (ICB) is an industry classification developed by Dow Jones and FTSE. It is used to segregate markets into sectors within the macroeconomy. The ICB uses a system of 10 industries, partitioned into 20 supersectors, which are further divided into 41 sectors, which then contain 114 subsectors. More information is available at http://www.icbenchmark.com/

Legal Information

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