

Fidelity European Values PLC

Half-Yearly results for the six months ended 30 June 2020 (unaudited)

Financial Highlights:

- The Board of Fidelity European Values PLC (the “Company”) recommends an interim dividend of 2.60 pence per share.
- The Company recorded a net asset value (“NAV”) total return of +3.0% compared to a total return of -1.9% for the Company's Benchmark Index
- The discount to NAV widened over the period from 6.2% to 7.4%, due to a share price total return of +1.7%.
- The EU's European Recovery Fund is a strong political and economic statement

Contacts

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PORTFOLIO MANAGER'S HALF-YEARLY REVIEW

PERFORMANCE REVIEW

During the first six months of the year the net asset value ("NAV") total return was +3.0% compared to a total return of -1.9% for the FTSE World Europe (ex UK) Index which is the Company's Benchmark Index. The share price total return was +1.7%, which is below the NAV total return because of a widening of the share price discount to NAV. (All figures in UK sterling.)

MARKET REVIEW

Continental European markets were very volatile in the first half of this year. The first quarter was one of the worst on record while the second was one of the best. Overall, share prices declined during the review period, although this was cushioned by the weakness of the pound which depreciated seven percent against the euro.

The catalyst of this volatility was, of course, the uncertainty caused by the Coronavirus (COVID-19) pandemic which brought much of the world to a standstill and caused markets to crash during the first quarter. Share prices recovered rapidly during the second quarter as central banks and governments responded to a looming economic crisis with an awesome barrage of monetary and fiscal easing.

Lockdowns, to control the spread of COVID-19, have, inevitably, resulted in significant downward revisions to economic growth forecasts. Encouragingly, however, this appears to have galvanised the European Union ("EU") into action with the announcement, among other fiscal remedies, of an euro 750bn "Recovery Fund" to support its members' economies with a range of infrastructure and renewable energy projects. As always, the substance of the package will be subject to scrutiny and ultimate implementation, but the initiative has been greeted as a step in the right direction, particularly by investors wary of a new Eurozone crisis.

Shorter term earnings and dividends for European companies have suffered substantial cuts too in the wake of the pandemic. Indeed, dividends have, unusually, proven even less resilient than earnings for a range of reasons including regulatory constraints in the financial sectors and political pressure to restrain payments to shareholders, particularly in France. Some companies have also not been able to pay dividends due to fundamental pressure on liquidity as revenues ground to a halt. While the equity markets' resilience, despite these downgrades to earnings and dividends, may suggest that investors view these reductions as transitory, the reductions in long term bond yields, and the liquidity being pumped into markets by central banks, will support the valuation of equities for some time to come.

Sector returns, in general, have diverged dramatically over the review period. Although the pandemic's impact on activity was the main determinant of performance, other factors also played their roles. Most notably, the growing focus on environmental, social and governance (ESG) standards influenced fund flows and sector performance too. Sectors such as energy, that were on the wrong side of both, performed particularly poorly. Technology, at the other extreme, was the outstanding beneficiary as the pandemic appeared likely to accelerate structural trends such as the shift to on-line and the digitalisation of companies.

PORTFOLIO MANAGER'S REPORT

The Company's NAV increased slightly in the six months to 30 June 2020, performing better than the Benchmark Index which declined slightly.

The Company's focus on companies with strong balance sheets provided notable resilience during the first quarter as equity markets fell precipitously. Pleasingly, the Company was able to keep pace with the Benchmark in the second quarter partly thanks to a slight increase in gearing after the Company closed all its short positions and went ex-dividend. Overall, relative performance was encouraging during the review period although absolute returns were lacklustre.

The relative outperformance was helped by stock-picking. Swedish Match was, once again, the stand-out performer reporting strong first quarter results as the company benefited from the on-going success of Zyn, the nicotine pouch business in the United States, and from consumers stocking up on their products as lockdowns began. At the other end of the spectrum, many of the Company's bank holdings performed poorly as investors worried about the outlook for bad debts. Traffic-related companies, such as MTU and Atlantia, also performed poorly as did Sodexo, the contract caterer, which struggled given the closure of most offices and the cancellation of most events.

In terms of activity, two holdings were sold during the review period. Royal Dutch Shell was disposed early in the year after the company published disappointing fourth quarter results which made it clear that there was no prospect of dividend growth. Iliad, the French telecoms company, was also sold, partly in a tender offer by the majority share owner Xavier Niel.

Three new positions were acquired: Enel, an Italian utility company, which stands to benefit from the continued growth of renewable energy, SIG Combibloc, a Swiss packaging company and Zurich Insurance which should benefit from improved premium pricing after a difficult year for claims in 2020.

Five Highest Contributors to NAV total return

Swedish Match	Consumer Staples	Sweden	+1.2
Deutsche Boerse	Financials	Germany	+0.6
ASML	Information Technology	Netherlands	+0.5
Airbus	Industrials	France	+0.5
Fresenius Medical Care	Healthcare	Germany	+0.5

Five Highest Detractors to NAV total return

ABN AMRO Bank	Financials	Netherlands	-0.8
Sodexo	Consumer Discretionary	France	-0.6
DNB	Financials	Norway	-0.5
MTU Aero Engines	Industrials	Germany	-0.5
3i Group	Financials	UK	-0.5

OUTLOOK

The second half of this year is likely to be testing; not least because the pandemic is not yet over. Herd immunity or a vaccine are distant on the horizon so further waves and lockdowns appear inevitable. Central banks and governments are doing their utmost to support economies, and markets, but in doing so are potentially creating new problems for the future. Many companies that would otherwise have gone out of business will limp along, with reduced levels of staffing, such that many industries

will continue to be oversupplied. Consumers are likely to remain wary and companies will hesitate before investing. Any economic recovery is likely to be fitful and anaemic. Equity markets have already bounced back strongly in the second quarter of this year so further progress will rely on a recovery in earnings and dividends much stronger than your Portfolio Manager currently anticipates, given that valuations, in aggregate, are already full. Presidential elections in the United States, not to mention the negotiations around a new relationship between the United Kingdom and the EU, have the potential to create moments of panic or relief in the second half of this year.

Your Portfolio Manager will, however, as always, stay fully invested because, as has been demonstrated time and again, equities do well over the long term even through many crises and despite many bleak outlooks. Your Portfolio Manager will also continue to focus on attractively-valued companies which are able to sustain consistent dividend growth. As mentioned before, consistency in dividend growth has become more challenging for many continental European companies, including some of those held in the portfolio. Determining the best course of action will be decided on a case by case basis with an eye on valuation. Although execution of this investment strategy has become more complicated, its merit will not diminish especially in what is likely to continue to be an unusually volatile environment.

By order of the Board
FIL INVESTMENTS INTERNATIONAL
3 August 2020

INTERIM MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITY STATEMENT

COMPANY NAME CHANGE

As reported in the Annual Report for the year ended 31 December 2019, the Board announced its intention to change the Company's name from Fidelity European Values PLC to Fidelity European Trust PLC. The reason for this was to align the Company's name more closely to its objective, and to avoid confusion with value products. It had been expected that the name change would have been effective on 12 May 2020, the date of the Company's Annual General Meeting, and following the requisite statutory filings. However, the impact of COVID-19, and the resultant Government's Stay at Home Measures, have caused substantial delays in the usual statutory filing process. It is not currently possible to deliver the required documents in person to Companies House for action on the same day, which would provide shareholders and the market appropriate certainty about the date of the Company's name change. It still remains the Board's intention to change the name of the Company to Fidelity European Trust PLC. However, until this can be executed with Companies House at a planned future date, the Board has decided that the Company should continue as Fidelity European Values PLC at least until 30 September 2020. The delay in the name change was announced on the London Stock Exchange on 6 May 2020.

Whenever the change to the Company's name is made, it will retain its existing ticker (FEV.L), SEDOL (BK1PKQ9) and ISIN (GB00BK1PKQ95). An announcement will be made on the London Stock Exchange ahead of the change in name taking effect.

INTRODUCTION OF CO-PORTFOLIO MANAGER

The Board has agreed with Fidelity to appoint Marcel Stotzel as a Co-Portfolio Manager alongside Sam Morse, the Company's Portfolio Manager. Marcel and Sam have worked closely together in recent years. Marcel is a very talented analyst and investor, with extensive experience in European companies. Marcel will help Sam with oversight of his different strategies and mandates and will assist in client servicing and marketing.

The move to a Co-Portfolio Manager structure should strengthen the investment process by introducing greater challenge and also increase the ability to meet more companies and, effectively, be in two places at once. Marcel as Co-Portfolio Manager, will have a permanent association with the Company, and will share a common investment approach and complementary investment experience.

BOARD CHANGES

Having served on the Board for ten years as a non-executive Director, Dr Robin Niblett stepped down from the Board at the conclusion of the Annual General Meeting on 12 May 2020. As Dr Niblett's successor, Sir Ivan Rogers was appointed on the Board as a non-executive Director on 1 January 2020.

INTERIM DIVIDEND

The Board's dividend policy, which was updated last year, is to pay dividends twice yearly in order to smooth the dividend payments for the reporting year. The Company's revenue return for the six months to 30 June 2020 was 3.99 pence per share.

The Board has declared an interim dividend of 2.60 pence per share which is a modest 0.4% increase on the 2.59 pence per share paid as the interim dividend in 2019. This will be paid on 30 October 2020 to shareholders on the register on 25 September 2020 (ex-dividend date 24 September 2020). The Board's policy is to seek to pay a progressive dividend in normal circumstances. Owing to COVID-19 and its economic effects, however, some companies have cut or cancelled their dividend payments this year, and this pattern is likely to continue while the virus remains in broad circulation. Accordingly, the Board's present intention during this period is to pay nominal increases in total annual dividends, utilising reserves as necessary. Should company dividend practices be judged, once the crisis is over, to have changed on a permanent rather than temporary basis, then the Board will reconsider its dividend paying policy at that time.

Shareholders may choose to reinvest their dividends for additional shares in the Company. Details of the Dividend Reinvestment Plan can be found in the Half-Yearly Report.

DISCOUNT MANAGEMENT AND TREASURY SHARES

The Board operates an active discount management policy, the primary purpose of which is to reduce discount volatility. Buying shares at a discount also results in an enhancement to the NAV per share. As a consequence, the Board seeks to maintain the discount in single digits in normal market conditions. In order to assist in managing the discount, the Board has shareholder approval to hold in Treasury ordinary shares repurchased by the Company, rather than cancelling them. These shares are then available to re-issue at NAV per share or at a premium to NAV, facilitating the management of and enhancing liquidity in the Company's shares.

In the six months to 30 June 2020 and as at the date of this report, the Company has not repurchased any ordinary shares into Treasury or for cancellation.

PRINCIPAL RISKS AND UNCERTAINTIES

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, has identified the key risks and uncertainties faced by the Company. These principal risks and uncertainties fall into the following categories: market risk; performance risk; key person risk; economic and political risk; discount control risk; gearing risk; derivatives risk; operational risks from cybercrime and other significant events such as the COVID-19 pandemic; tax and regulatory risks; and third party service providers operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2019 which can be found on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com.

These risks and uncertainties have not materially changed during the six months to 30 June 2020, with the exception of the impact of the risks arising from COVID-19, and are equally applicable to the remaining six months of the Company's financial year.

CORONAVIRUS (COVID-19)

The risks arising from COVID-19 are being kept under constant review by the Board and the Manager. The Manager has contingency plans in place to allow for the continuation of Fidelity's operations and to look after the safety of their employees.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long term investment. These risks are somewhat mitigated by the investment trust structure of the Company which means that no forced sales will need to take place to deal with any redemptions. Therefore, investments in the Company's portfolio can be held over a longer time horizon.

The Manager is keeping its business continuity plans and operational resilience strategies under constant review and will take all reasonable steps to continue meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. For example, to enhance its resilience, the Manager has mandated work from home arrangements and implemented split team working for those whose work is deemed necessary to be carried out in the office. The Manager has also imposed self-isolation arrangements on staff in line with Government recommendations and guidance. The Company's other third party service providers have also implemented similar measures to ensure business disruption can be kept to a minimum.

TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

The Manager has delegated the Company's portfolio management and company secretariat services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 14 to the Financial Statements below.

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 (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

This conclusion also takes into account the Board's assessment of the risks arising from COVID-19.

Continuation votes are held every two years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2021.

By order of the Board
FIL INVESTMENTS INTERNATIONAL
3 August 2020

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and
- b) the Interim Management Report, together with the Portfolio Manager's Half-Yearly Review above, includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

In line with previous years, the Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 3 August 2020 and the above responsibility statement was signed on its behalf by Vivian Bazalgette, Chairman.

TWENTY LARGEST HOLDINGS AS AT 30 JUNE 2020

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

Long Exposures – shares unless otherwise stated	Gross Asset Exposure £'000	% ¹	Balance Sheet Value £'000
Nestlé			
Packaged Food	87,439	7.6	87,439
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Roche			
Pharmaceuticals	70,525	6.1	70,525
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SAP			
Software	52,873	4.6	52,873
	-----	-----	-----
ASML			
Semiconductors	49,890	4.3	49,890
	-----	-----	-----
LVMH Moët Hennessy			
Personal Goods	48,674	4.2	48,674
	-----	-----	-----
Sanofi (long CFD)			
Pharmaceuticals	46,974	4.1	7,259
	-----	-----	-----
L'Oréal			
Personal Goods	43,168	3.7	43,168
	-----	-----	-----
Novo Nordisk			
Healthcare Services	39,824	3.4	39,824
	-----	-----	-----
Enel			
Electricity	39,814	3.4	39,814
	-----	-----	-----
Swedish Match			
Tobacco	36,655	3.2	36,655
	-----	-----	-----
Total			
Oil & Gas	36,010	3.1	36,010
	-----	-----	-----
Deutsche Boerse			
Financial Services	34,997	3.0	34,997
	-----	-----	-----
Linde (long CFD)			
Chemicals	32,691	2.8	1,724
	-----	-----	-----
Symrise			
Chemicals	31,183	2.7	31,183
	-----	-----	-----
EssilorLuxottica			
Health Care Equipment & Services	31,119	2.7	31,119
	-----	-----	-----
3i Group			
Financial Services	27,689	2.4	27,689

Legrand			
Electronic & Electrical Equipment	27,026	2.4	27,026
Telenor			
Mobile Telecommunications	26,784	2.3	26,784
Fresenius Medical Care			
Healthcare Services	24,932	2.2	24,932
Partners Group			
Financial Services	24,505	2.1	24,505
Twenty largest long exposures	812,772	70.3	742,090
Other long exposures	392,679	34.0	392,679
Total long exposures before long futures^{2,3}	1,205,451	104.3	1,134,769
Long Futures			
Euro Stoxx 50 Future September 2020 ³	40,438	3.5	1,051
Gross Asset Exposure^{3,4}	1,245,889	107.8	
Portfolio Fair Value⁵			1,135,820
Net current assets (excluding derivative assets and liabilities)			19,913
Shareholders' Funds (per the Balance Sheet below)			1,155,733

1 Gross Asset Exposure is expressed as a percentage of Shareholders' Funds.

2 Total long exposures before long futures comprises investments of £1,125,786,000 and long CFDs of £79,665,000.

3 See Note 13 below.

4 Gross Asset Exposure comprises market exposure to investments of £1,125,786,000 plus market exposure to all derivative instruments of £120,103,000. Derivative instruments comprise long CFDs of £79,665,000 and long futures of £40,438,000.

5 Portfolio Fair Value comprises investments of £1,125,786,000 plus derivative assets of £10,034,000 (per the Balance Sheet below).

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	six months ended 30 June 2020			six months ended 30 June 2019			year ended 31 December 2019		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments		–	12,987	12,987	–	157,063	157,063	–	183,944	183,944
Gains on derivative instruments		–	5,215	5,215	–	7,806	7,806	–	17,516	17,516
Income	4	18,950	–	18,950	28,016	–	28,016	34,201	–	34,201
Investment management fees	5	(1,061)	(3,182)	(4,243)	(1,010)	(3,030)	(4,040)	(2,119)	(6,357)	(8,476)
Other expenses		(428)	–	(428)	(406)	–	(406)	(857)	–	(857)
Foreign exchange (losses)/gains		–	(129)	(129)	–	505	505	–	199	199
Net return on ordinary activities before finance costs and taxation		17,461	14,891	32,352	26,600	162,344	188,944	31,225	195,302	226,527
Finance costs	6	(57)	(173)	(230)	(140)	(419)	(559)	(254)	(760)	(1,014)
Net return on ordinary activities before taxation		17,404	14,718	32,122	26,460	161,925	188,385	30,971	194,542	225,513
Taxation on return on ordinary activities	7	(986)	–	(986)	(1,587)	–	(1,587)	(2,155)	–	(2,155)
Net return on ordinary activities after taxation for the period		16,418	14,718	31,136	24,873	161,925	186,798	28,816	194,542	223,358
Return per ordinary share	8	3.99p	3.58p	7.57p	6.04p	39.32p	45.36p	7.00p	47.26p	54.26p

The Company does not have any other comprehensive income. Accordingly the net return on ordinary activities after taxation for the period is also the total comprehensive income for the period 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 period and all items in the above statement derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	share capital £'000	Share premium account £'000	Capital redemption reserve £'000	capital reserve £'000	revenue reserve £'000	Total shareholders' funds £'000
Six months ended 30 June 2020 (unaudited)							
Total shareholders' funds at 31 December 2019		10,411	58,615	5,414	1,037,007	29,115	1,140,562
Net return on ordinary activities after taxation for the period		–	–	–	14,718	16,418	31,136
Dividend paid to shareholders	9	–	–	–	–	(15,965)	(15,965)
Total shareholders' funds at 30 June 2020		10,411	58,615	5,414	1,051,725	29,568	1,155,733
Six months ended 30 June 2019 (unaudited)							
Total shareholders' funds at 31 December 2018		10,411	58,615	5,414	844,043	36,828	955,311
Net return on ordinary activities after taxation for the period		–	–	–	161,925	24,873	186,798
Repurchase of ordinary shares	11	–	–	–	(1,591)	–	(1,591)
Dividend paid to shareholders	9	–	–	–	–	(25,872)	(25,872)
Total shareholders' funds at 30 June 2019		10,411	58,615	5,414	1,004,377	35,829	1,114,646
Year ended 31 December 2019 (audited)							
Total shareholders' funds at 31 December 2018		10,411	58,615	5,414	844,043	36,828	955,311
Net return on ordinary activities after taxation for the year		–	–	–	194,542	28,816	223,358
Repurchase of ordinary shares	11	–	–	–	(1,578)	–	(1,578)
Dividends paid to shareholders	9	–	–	–	–	(36,529)	(36,529)
Total shareholders' funds at 31 December 2019		10,411	58,615	5,414	1,037,007	29,115	1,140,562

BALANCE SHEET AS AT 30 JUNE 2020

Company Number 2638812

	Notes	30 June 2020 unaudited £'000	31 December 2019 audited £'000	30 June 2019 unaudited £'000
Fixed assets				
Investments	10	1,125,786	1,108,702	1,084,330
		-----	-----	-----
Current assets				
Derivative instruments	10	10,034	16,576	8,856
Debtors		11,490	5,134	9,535
Amounts held at futures clearing houses and brokers		6,113	2,029	640
Fidelity Institutional Liquidity Fund		106	46	38
Cash at bank		6,576	9,444	15,252
		-----	-----	-----
		34,319	33,229	34,321
		-----	-----	-----
Creditors				
Derivative instruments	10	–	(457)	(648)
Other creditors		(4,372)	(912)	(3,357)
		-----	-----	-----
		(4,372)	(1,369)	(4,005)
		-----	-----	-----
Net current assets		29,947	31,860	30,316
		-----	-----	-----
Net assets		1,155,733	1,140,562	1,114,646
		=====	=====	=====
Capital and reserves				
Share capital	11	10,411	10,411	10,411
Share premium account		58,615	58,615	58,615
Capital redemption reserve		5,414	5,414	5,414
Capital reserve		1,051,725	1,037,007	1,004,377
Revenue reserve		29,568	29,115	35,829
		-----	-----	-----
Total shareholders' funds		1,155,733	1,140,562	1,114,646
		=====	=====	=====
Net asset value per ordinary share	12	280.88p	277.19p	270.90p
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NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITY

Fidelity European 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 2638812, 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 PUBLICATION OF NON-STATUTORY ACCOUNTS

The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the Act). The financial information for the year ended 31 December 2019 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 BASIS OF PREPARATION

The Company prepares its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also 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 October 2019. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2019.

4 INCOME

	six months ended 30.06.20 unaudited £'000	six months ended 30.06.19 unaudited £'000	year ended 31.12.19 audited £'000
Investment income			
Overseas dividends	15,705	24,621	29,019
Overseas scrip dividends	219	347	795
UK dividends	673	1,145	2,058
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	16,597	26,113	31,872
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Derivative income			
Income recognised from futures contracts	675	428	567
Dividends received on long CFDs	1,615	1,431	1,658
Interest received on long CFDs ¹	36	20	45
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	2,326	1,879	2,270
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Investment and derivative income	18,923	27,992	34,142
	=====	=====	=====
Other interest			
Interest received on deposits and money market funds	27	24	48
Interest received on tax reclaims	-	-	11
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	27	24	59
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Total income	18,950	28,016	34,201
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1 Due to negative interest rates during the reporting period, the Company received interest on its long CFDs.

No special dividends have been recognised in capital during the period (six months ended 30 June 2019: £nil and year ended 31 December 2019: £nil).

5 INVESTMENT MANAGEMENT FEES

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2020 (unaudited)			
Investment management fees	1,061	3,182	4,243
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Six months ended 30 June 2019 (unaudited)

Investment management fees	1,010	3,030	4,040
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Year ended 31 December 2019 (audited)

Investment management fees	2,119	6,357	8,476
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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.

FIL charges investment management fees at an annual rate of 0.85% of net assets up to £400 million and 0.75% of net assets in excess of £400 million. Fees are payable monthly in arrears and are calculated on a daily basis.

6 FINANCE COSTS

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2020 (unaudited)			
Interest paid on deposits ¹	18	54	72
Interest paid on short CFDs ¹	7	21	28
Dividends paid on short CFDs	32	98	130
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	57	173	230
	=====	=====	=====

Six months ended 30 June 2019 (unaudited)

Interest paid on deposits ¹	6	18	24
Interest paid on short CFDs ¹	20	59	79
Dividends paid on short CFDs	114	342	456
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	140	419	559
	=====	=====	=====

Year ended 31 December 2019 (audited)

Interest paid on deposits ¹	30	89	119
Interest paid on short CFDs ¹	27	81	108
Dividends paid on short CFDs	197	590	787
	-----	-----	-----
	254	760	1,014
	=====	=====	=====

1 Due to negative interest rates during the reporting period, the Company paid interest on its short CFDs and deposits.

7 TAXATION ON RETURN ON ORDINARY ACTIVITIES

	six months ended 30.06.20 unaudited £'000	six months ended 30.06.19 unaudited £'000	year ended 31.12.19 audited £'000
Overseas taxation	986	1,587	2,155
	=====	=====	=====

8 RETURN PER ORDINARY SHARE

	six months ended 30.06.20 unaudited	six months ended 30.06.19 unaudited	year ended 31.12.19 audited
Revenue return per ordinary share	3.99p	6.04p	7.00p
Capital return per ordinary share	3.58p	39.32p	47.26p
	-----	-----	-----
Total return per ordinary share	7.57p	45.36p	54.26p
	=====	=====	=====

The return per ordinary share is based on the net return on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares held outside of Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation for the period	16,418	24,873	28,816
Net capital return on ordinary activities after taxation for the period	14,718	161,925	194,542
	-----	-----	-----
Net total return on ordinary activities after taxation for the period	31,136	186,798	223,358
	=====	=====	=====
	number	number	number
Weighted average number of ordinary shares held outside of Treasury during the period	411,466,049	411,828,509	411,645,789
	=====	=====	=====

9 DIVIDENDS PAID TO SHAREHOLDERS

	six months ended 30.06.20 unaudited £'000	six months ended 30.06.19 unaudited £'000	year ended 31.12.19 audited £'000
Final dividend of 3.88 pence per ordinary share for the year ended 31 December 2019	15,965	–	–
Interim dividend of 2.59 pence per ordinary share for the year ended 31 December 2019	–	–	10,657
Final dividend of 6.28 pence per ordinary share for the year ended 31 December 2018	–	25,872	25,872
	-----	-----	-----
	15,965	25,872	36,529
	=====	=====	=====

The Company has declared an interim dividend for the six month period to 30 June 2020 of 2.60 pence per ordinary share (2019: 2.59 pence). The interim dividend will be paid on 30 October 2020 to shareholders on the register on 25 September 2020 (ex-dividend date 24 September 2020). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £10,698,000 (2019: £10,657,000). This amount is based on the number of ordinary shares held outside of Treasury at the date of this report.

10 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.

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The table below sets out the Company's fair value hierarchy:

	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
30 June 2020 (unaudited)				
Financial assets at fair value through profit or loss				
Investments	1,125,786	–	–	1,125,786
Derivative instrument assets	1,051	8,983	–	10,034
	-----	-----	-----	-----
	1,126,837	8,983	–	1,135,820
	-----	-----	-----	-----
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	–	–	–
	=====	=====	=====	=====
	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
31 December 2019 (audited)				
Financial assets at fair value through profit or loss				
Investments	1,108,702	–	–	1,108,702

Derivative instrument assets	–	16,576	–	16,576
	-----	-----	-----	-----
	1,108,702	16,576	–	1,125,278
	-----	-----	-----	-----
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(137)	(320)	–	(457)
	=====	=====	=====	=====
	level 1	level 2	level 3	total
30 June 2019 (unaudited)	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss				
Investments	1,084,330	–	–	1,084,330
Derivative instrument assets	242	8,614	–	8,856
	-----	-----	-----	-----
	1,084,572	8,614	–	1,093,186
	-----	-----	-----	-----
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(648)	–	(648)
	=====	=====	=====	=====

11 SHARE CAPITAL

	30 June 2020 unaudited		31 December 2019 audited		30 June 2019 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 2.5 pence each held outside of Treasury						
Beginning of the period	411,466,049	10,286	412,172,826	10,304	412,172,826	10,304
Ordinary shares repurchased into Treasury	–	–	(706,777)	(18)	(706,777)	(18)
	-----	-----	-----	-----	-----	-----
End of the period	411,466,049	10,286	411,466,049	10,286	411,466,049	10,286
	-----	-----	-----	-----	-----	-----
Ordinary shares of 2.5 pence each held in Treasury¹						
Beginning of the period	4,981,861	125	4,275,084	107	4,275,084	107
Ordinary shares repurchased into Treasury	–	–	706,777	18	706,777	18
	-----	-----	-----	-----	-----	-----
End of the period	4,981,861	125	4,981,861	125	4,981,861	125
	-----	-----	-----	-----	-----	-----
Total share capital		10,411		10,411		10,411
		=====		=====		=====

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

There were no ordinary shares repurchased into Treasury during the period (year ended 31 December 2019: cost of £1,578,000 (net of stamp duty) and six months ended 30 June 2019: cost of £1,591,000).

12 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £1,155,733,000 (31 December 2019: £1,140,562,000 and 30 June 2019: £1,114,646,000) and on 411,466,049 (31 December 2019: 411,466,049 and 30 June 2019: 411,466,049) ordinary shares, being the number of ordinary shares of 2.5 pence each held outside of Treasury at the period end. 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.

13 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 on the Balance Sheet above, and any gearing, which is achieved through the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

The Company's gearing at the end of the period is shown below:

gross asset exposure	% ¹	net asset exposure	% ¹
£'000		£'000	

30 June 2020 (unaudited)

Investments	1,125,786	97.4	1,125,786	97.4
Long CFDs	79,665	6.9	79,665	6.9
Long futures	40,438	3.5	40,438	3.5
	-----	-----	-----	-----
Total long exposures	1,245,889	107.8	1,245,889	107.8
Short CFDs	—	—	—	—
	-----	-----	-----	-----
Gross/net asset exposure	1,245,889	107.8	1,245,889	107.8
	-----	-----	-----	-----
Shareholders' funds	1,155,733		1,155,733	
	-----	-----	-----	-----
Gearing²		7.8		7.8
		=====		=====

31 December 2019 (audited)

Investments	1,108,702	97.2	1,108,702	97.2
Long CFDs	72,774	6.4	72,774	6.4
Long futures	26,151	2.3	26,151	2.3
	-----	-----	-----	-----
Total long exposures	1,207,627	105.9	1,207,627	105.9
Short CFDs	13,973	1.2	(13,973)	(1.2)
	-----	-----	-----	-----
Gross/net asset exposure	1,221,600	107.1	1,193,654	104.7
	-----	-----	-----	-----
Shareholders' funds	1,140,562		1,140,562	
	-----	-----	-----	-----
Gearing²		7.1		4.7
		=====		=====

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

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

	gross asset exposure		net asset exposure	
	£'000	% ¹	£'000	% ¹
30 June 2019 (unaudited)				
Investments	1,084,330	97.3	1,084,330	97.3
Long CFDs	66,941	6.0	66,941	6.0
Long futures	9,082	0.8	9,082	0.8
	-----	-----	-----	-----
Total long exposures	1,160,353	104.1	1,160,353	104.1
Short CFDs	15,453	1.4	(15,453)	(1.4)
	-----	-----	-----	-----
Gross/net asset exposure	1,175,806	105.5	1,144,900	102.7
	-----	-----	-----	-----
Shareholders' funds	1,114,646		1,114,646	
	-----	-----	-----	-----
Gearing²		5.5		2.7
		=====		=====

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

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

14 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 services and the role of company secretary to FIL Investments International ("FIL"), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 above.

During the period, fees for portfolio management services of £4,243,000 (six months ended 30 June 2019: £4,040,000 and year ended 31 December 2019: £8,476,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £733,000 (31 December 2019: £752,000 and 30 June 2019: £705,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was

£80,000 (six months ended 30 June 2019: £80,000 and year ended 31 December 2019: £189,000). At the Balance Sheet date, £16,000 (31 December 2019: £7,000 and 30 June 2019: £2,000) for marketing services was accrued and included in other creditors.

As at 30 June 2020, the Board consisted of five non-executive Directors (shown in the Directory in the Half-Yearly Report), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £41,500, the Audit Committee Chair an annual fee of £32,500, the Senior Independent Director an annual fee of £29,500 and each other Director an annual fee of £27,000. The following members of the Board hold ordinary shares in the Company: Vivian Bazalgette 30,000 shares, Fleur Meijs 28,970 shares, Sir Ivan Rogers nil shares, Marion Sears 25,475 shares and Paul Yates 32,000 shares.

The financial information contained in this Half-Yearly Results Announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2020 and 30 June 2019 has not been audited or reviewed by the Company's Independent Auditor.

The information for the year ended 31 December 2019 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the Auditor on those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

A copy of the Half-Yearly Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM

The Half-Yearly Report will also be available on the Company's website at www.fidelityinvestmenttrusts.com where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.