

Client: Chi Med
Source: Reuters
Date: 12 June 2012

Bolton's blues continue as China fund drops 20 pct

LONDON, June 12 (Reuters) - Anthony Bolton's Fidelity China Special Situations fund has lost a fifth of its value since its launch in Asia in 2010, lagging the wider Chinese stock market, it was revealed in an annual report on Tuesday. Bolton, one of the UK's best known and most successful fund managers, said in the report that he continued to believe his strategy was capable of beating the Chinese benchmark index, despite struggling so far.

The fund has suffered from heavy exposure to poorly performing small and mid-cap stocks, according to the report. Earlier this year Bolton decided to run the fund for at least two more years, giving himself more time to turn around its poor performance.

"To date the road has been hard but my enthusiasm for this amazing country remains unabated...I strongly believe that China is not the house of cards some have suggested and it is not about to collapse," Bolton said in the fund's annual report.

"Specifically on Chinese stocks, valuations are still near their ten-year lows and sentiment has again become very negative...I continue to believe that those who stick the course in China will be amply rewarded," he said.

Among the companies Bolton likes are REXLot, which provides services to the state-owned lottery sector, Hong-Kong based property developer CSI Properties and pharmaceuticals firm Hutchison China MediTech.

Bolton forged a reputation as one of the UK's savviest stock-pickers during 28 years managing Fidelity's flagship Special Situations fund, turning 1,000 pounds invested at the start into almost 150,000 pounds by the time he stepped down from day-to-day management in 2007.

Since its launch in April 2010, the \$750 million China fund's net asset value (NAV) has fallen by 20 percent to June 11, underperforming a 17 percent drop in the benchmark MSCI China Index.

The fund's share price has fallen 26.3 percent over the same period.

(Reporting by Tommy Wilkes and Anjuli Davies; Editing by Elaine Hardcastle)