



FIDELITY SPECIAL VALUES PLC

Annual Report for the year ended 31 August 2024

Investment Objective and Overview

Fidelity Special Values PLC aims to achieve long-term capital growth primarily through investment in equities (and their related financial instruments) of UK companies which the Investment Manager believes to be undervalued or where the potential has not been recognised by the market.

The Company aims to achieve long-term capital growth for shareholders by investing in 'special situations'. It primarily invests in companies listed in the UK, but may invest up to 20% of total net assets outside of UK companies.

Contrarian stock-picking approach – The Portfolio Manager, Alex Wright, looks for unloved companies that are entering a period of positive change that the market has not yet recognised. He follows a highly disciplined investment process that

focuses first on evaluating downside risk and then on identifying positive change and potential upside. The focus is first and foremost on downside protection. Alex's philosophy is to base investment decisions on company fundamentals rather than top-down factors (market or macroeconomic drivers).

Leveraging Fidelity's global research platform – This contrarian approach is research intensive in order to identify and gain conviction in opportunities that are out of favour with other investors.

The depth of Fidelity's research ensures that there is a sufficient number of strong investment ideas to build a diversified portfolio at all points of the market cycle.

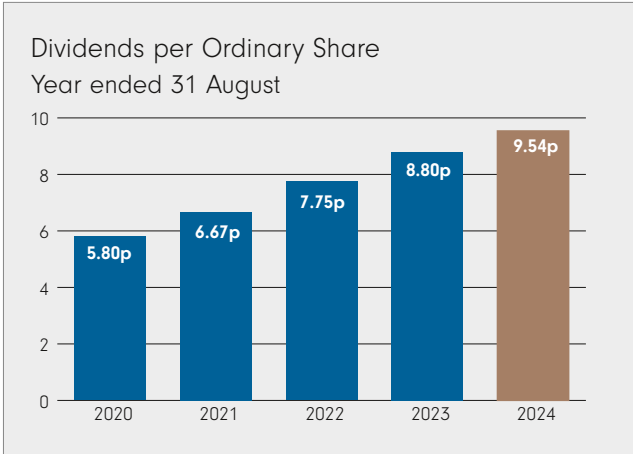
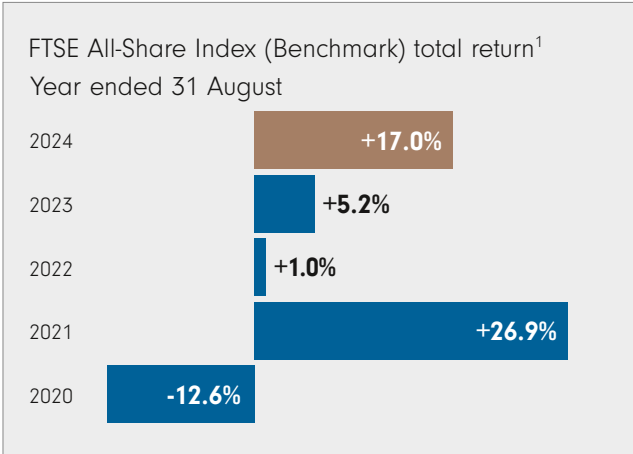
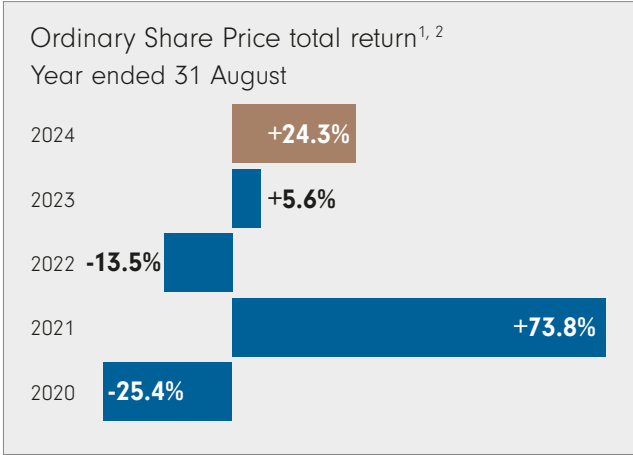
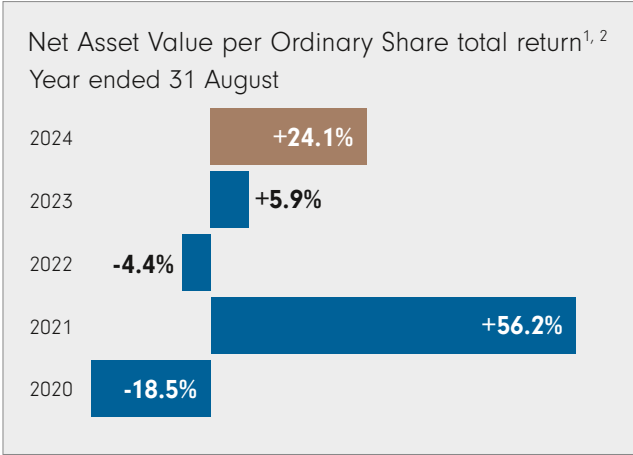
Performance – In the reporting year, the Company's net asset value total return was +24.1% and the share price total return was +24.3%, compared to the FTSE All-Share Index (Benchmark) return of +17.0%

Dean Buckley,
Chairman



At a Glance

In the reporting year, the Company's net asset value per ordinary share increased by 24.1% and the share price by 24.3%, whilst the Benchmark increased by 17.0% (all performance data on a total return basis).



1 Includes reinvested income.
2 Alternative Performance Measures (see pages 78 and 79).

As at 31 August 2024

Shareholders' Funds

£1,143.5m

Market Capitalisation

£1,042.0m

Capital Structure

Ordinary Shares of 5 pence each

324,098,920

Summary of the key aspects of the Investment Policy

The investment approach is flexible, with positions in large, medium and smaller sized companies, across all industries. The Company may make limited investments in companies outside of the UK.

The Company may also invest in other transferable securities, collective investment schemes, money market instruments, cash and deposits, and is also able to use derivatives for efficient portfolio management and investment purposes.

The Company is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by the use of gearing in a carefully considered and monitored way.

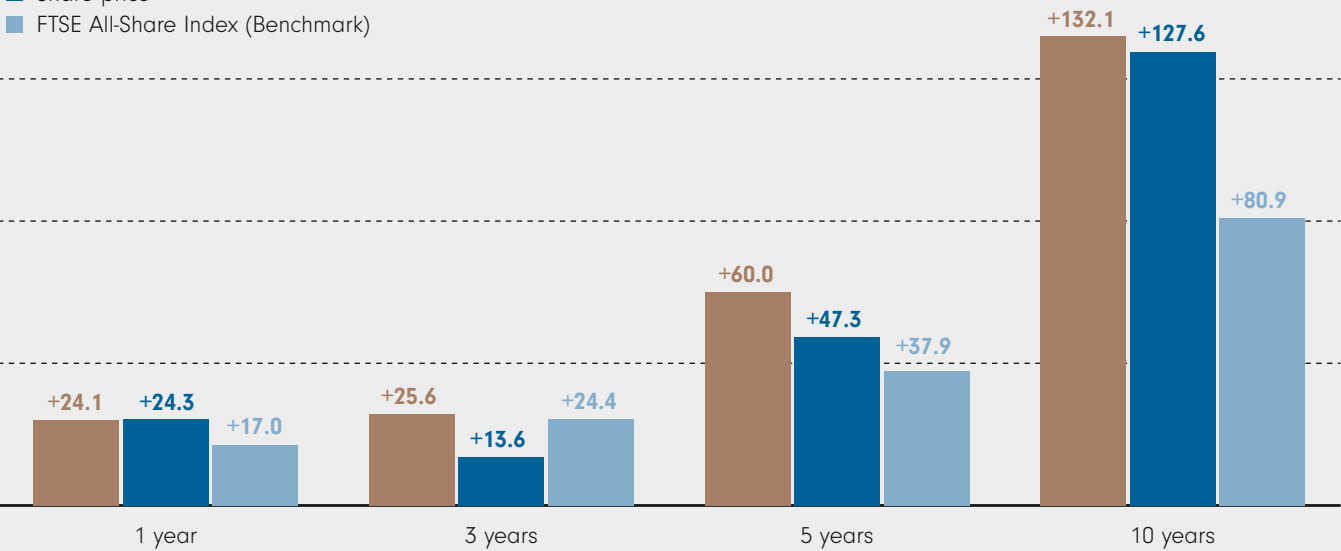
Financial Highlights

	2024	2023
Assets at 31 August		
Shareholders' funds	£1,143.5m	£951.0m
Net Asset Value ("NAV") per ordinary share ¹	352.84p	293.44p
Dividends for the year to 31 August		
Final dividend proposed per ordinary share	6.30p	6.27p
Interim dividend paid per ordinary share	3.24p	2.53p
Total dividends for the year	9.54p	8.80p
Share price and discount data for the year ended 31 August		
Share price at the year end	321.50p	267.50p
Share price: year high	334.00p	293.00p
Share price: year low	252.50p	234.00p
Discount at the year end ¹	(8.9%)	(8.8%)
Discount: year high	(10.0%)	(10.3%)
Discount: year low	(4.8%)	(2.8%)
Ongoing Charges for the year ended 31 August ^{1, 2}	0.70%	0.70%

1 Alternative Performance Measures (see pages 78 and 79).
2 Ongoing Charges (excluding finance costs and taxation) expressed as a percentage of the average net asset values for the year (prepared in accordance with guidance issued by the Association of Investment Companies ("AIC")). A definition of Ongoing Charges is in the Glossary of Terms on page 91.

Standardised Performance Total Return¹ (%)

- NAV per ordinary share
- Share price
- FTSE All-Share Index (Benchmark)



Periods ended 31 August 2024.

1 Includes reinvested income.

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Read more on pages 02 to 05



Portfolio Manager's Review

Read more on pages 06 to 08



Spotlight on the Top 10 Holdings

Read more on pages 09 and 10

Share Price as at 31 August

2024	321.50p
2023	267.50p
2022	260.50p

Ten Year Record

Read more on page 17

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Chairman's Statement



I have pleasure in presenting the Annual Report of Fidelity Special Values PLC for the year ended 31 August 2024.

Dean Buckley, Chairman

£1,143.5m

(As at 31 August 2024)
Shareholders' Funds

+24.1%

(Year ended 31 August 2024)
Net Asset Value per Ordinary Share
total return

+24.3%

(Year ended 31 August 2024)
Share Price total return

+17.0%

(Year ended 31 August 2024)
Benchmark total return

Whilst geopolitical challenges remain, from the conflict in the Middle East and war in Ukraine to the forthcoming US Presidential election, there is a growing sense that, from an economic and market standpoint, things are beginning to return to some sort of 'normality'. Heightened post-Covid rates of inflation across developed markets have moderated significantly, and monetary policy is beginning to follow suit, while economic growth expectations are tending towards a more 'soft landing' scenario than may have been the case this time last year. All these factors would normally point to a more benign backdrop for equity investment, and indeed some of the larger equity markets – from the US to Japan – have reached new highs in the year under review, albeit not without some volatility.

While investor attention may largely have been captured by US technology stocks, particularly those relating to artificial intelligence, there has been a quiet renaissance in the still-unloved UK equity market, with the FTSE All-Share Index (Benchmark) producing a very creditable total return of 17.0% in the 12 months to 31 August 2024. It is therefore particularly pleasing to be able to report another year of outperformance by your Company, with a net asset value ("NAV") total return of 24.1% and a share price total return of 24.3%.

One of the things that sets your Company apart is your Portfolio Managers' focus on opportunities across the market cap spectrum. Perhaps unusually, there was no one standout area in the UK market's performance for the year, with total returns of 16.9% for the large-cap FTSE 100 Index, 17.3% for the mid-cap FTSE 250 Index and 18.7% for the FTSE Small-Cap Index. This provides some context to your Company's performance, with positive contributions coming from all areas, from banking giant NatWest Group to mid-cap support services stock Babcock International Group and Irish housebuilder Glenveagh Properties. You can find out more about the contributors to performance in the Portfolio Managers' Review on pages 6 to 8.

The UK equity market, which has been broadly out of favour on the international stage since the Brexit vote in 2016, continues to trade at a material valuation discount to some other large developed markets, particularly the US. A key element to your Company's investment approach is to identify quality companies with valuations lower than peers within the UK market. Thus, while a more positive backdrop may see investor attention returning to the UK and pushing up valuations in aggregate, the cheaper companies that your Portfolio Manager favours could see an additional tailwind.

Of course, equity investing is a long-term endeavour, and one year of standout performance should not be viewed in isolation. Alex Wright has now been your lead Portfolio Manager for 12 years, and it is pleasing to report that

he has outperformed the Benchmark in eight of those 12 years, generating a NAV total return of +272.2% and a share price total return of +305.5%. Over this period, an investment of £1,000 would have returned £3,055 with dividends reinvested.

Alex has been supported since 2020 by co-Portfolio Manager Jonathan Winton. Jonathan and Alex share the same contrarian value based philosophy and process and have worked closely together for more than a decade, since Jonathan became co-manager of the open-ended Fidelity UK Smaller Companies fund in 2013. He has been lead manager of this fund since 2014, and in July this year was awarded the Investment Week Fund Manager of the Year Award in the UK Smaller Companies category. While Alex has the final say on buy and sell ideas for your Company's portfolio, Jonathan's wealth of expertise in the smaller companies space means that he is a key contributor to such ideas, and the two often attend company meetings together.

Dividends

While your Company's investment approach is focused on long-term capital growth rather than income generation, dividends have historically formed an important part of the total shareholder return. The Board's policy is to pay dividends twice a year in order to smooth the dividend payments for the Company's financial year.

The Company's revenue return for the year to 31 August 2024 was 11.58 pence per share (2023: 10.67 pence). The Board raised the interim dividend significantly at the half-year stage, with the payout of 3.24 pence per share (backed by a revenue return of 3.34 pence per share) being 28.1% higher than the 2.53 pence per share interim dividend in 2023. The Board is recommending a final dividend of 6.30 pence per share for the year ended 31 August 2024 (2023: 6.27 pence) for approval by shareholders at the Annual General Meeting ("AGM") on 12 December 2024. Together the interim and final dividends total 9.54 pence, representing an above-inflation increase of 8.4% over the 8.80 pence paid for the year ended 31 August 2023. The final dividend will be payable on 10 January 2025 to shareholders on the register at the close of business on 29 November 2024 (ex-dividend date 28 November 2024).

The total dividends for the year will provide shareholders with a 15th consecutive year of sustained annual dividend growth. While income is not the core objective of your Company's investment strategy, we as a Board understand the value of a regular dividend stream to smooth the less certain trajectory of short-term capital performance.

Gearing

As your Portfolio Managers explain in their review on the following pages, net gearing increased somewhat during the financial year, rising from 6.5% on 31 August 2023 to a peak of 9.2% in July, and ending the period at 7.9% on 31 August 2024. While still relatively low in the context of the Board's target range of 0-25%, the increase reflects an improving corporate earnings environment as well as continued attractive valuation opportunities within the investment universe. Although the overall macroeconomic picture remains somewhat uncertain, the Board has agreed with the Portfolio Managers that the Company's gearing should be allowed to rise further if required to take advantage of compelling investment ideas in the year ahead.

The ability to gear is a key structural advantage of investment trusts compared with their open-ended counterparts. Rather than using bank borrowing (which is often deployed across a portfolio on a pro-rata basis), your Company's gearing is achieved using contracts for difference ("CFDs"), which are implemented on a stock-by-stock basis, allowing a targeted increase in exposure to your Investment Manager's favoured positions. The Board reviews the use of CFDs annually, and has concluded that they remain appropriate, in terms of both their greater flexibility and their lower costs, versus more structural forms of gearing, such as bank borrowings.

Combined with Alex and Jonathan's contrarian and value-focused investment approach, your Board believes that the judicious use of gearing should continue to add value for shareholders over the longer-term, as has been proven historically. The Board believes that a gearing range of 0-25% remains appropriate in normal market conditions.

Discount

The last two years has seen discounts across the investment trust market remaining both more volatile and wider than long-term averages. The picture has improved somewhat in the year under review compared to the previous 12 months, with the sector average discount at the time of writing around 14%, compared with nearly 19% at the same point in 2023. Against such a backdrop, it is reassuring that your Company's discount to NAV, although wider than historically, has remained both relatively stable and narrower than those of its peers, beginning the financial year at 8.8% and ending it at 8.9%, in a range from 10.0% at its widest to 4.9% at its narrowest.

Under the Company's discount management policy, the Board seeks to maintain the discount in single digits in normal market conditions. With the exception of a single day in April, the discount did not breach 10% in the year under review, and as in the previous year, the Board has not undertaken any share repurchases. While it remains somewhat frustrating to be trading at a discount after

Chairman's Statement continued

performing so strongly in the reporting year, your Company has continued to trade on the narrowest discount to NAV in its peer group (8.9% at the time of writing, compared with an average of 10.0% for the other companies in its peer group), despite some peers having bought back shares or undertaken corporate actions.

Each year at the AGM, the Board seeks shareholders' authority to repurchase up to 14.99% of the issued share capital. Rest assured that we continue to monitor the level of the Company's discount closely and will take action when we believe that to do so will be effective and to the benefit of shareholders.

Raising our Profile

Share repurchases are only one of the tools available to investment company boards seeking to ensure that share prices do not materially diverge from the value of underlying investments. Increasing demand is arguably of far greater value than absorbing excess supply through share repurchases, and your Board and Fidelity – helped enormously by your Portfolio Managers' strong long-term performance record and differentiated investment approach – have continued to work hard to raise the Company's profile with both retail and institutional investors. This is critically important work, and while a lot of it happens behind the scenes, you may have also seen coverage in the press as a result of Alex and Jonathan's engagement.

We were very pleased to have won the prestigious Investment Company of the Year award from Investment Week magazine for the best trust in the UK All Companies sector in November 2023, repeating our success at the 2022 awards, and we are delighted to be on the shortlist once again for this year's award.

Board of Directors

Nigel Foster, our Senior Independent Director, will retire from the Board at the AGM on 12 December, having completed nine years' service. As our longest-serving Director, he has made a great contribution to the smooth running of the Company over his tenure, and we thank him for his efforts and wish him well for the future. The Board is currently well advanced in the process of seeking a new Director to replace Nigel, and we will make an announcement in due course. Claire Boyle will replace him as the Senior Independent Director when he steps down, whilst also continuing to serve as Audit Committee Chair. There have been no other changes to the Board in the year under review.

In accordance with the UK Corporate Governance Code for Directors of FTSE 350 companies, all Directors are subject to annual re-election at the AGM on 12 December 2024. The Directors' biographies can be found on page 31, and, between them, they have a wide range of appropriate skills and experience to form a balanced Board for the Company.

Annual General Meeting

The Company's AGM will be held at 11.00am on Thursday, 12 December 2024 at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform.

The AGM provides a great opportunity for shareholders to meet the Company's Directors, and of course, for us to meet you, and hear first-hand from Alex Wright, your Portfolio Manager. We hope to see as many of you as possible on the day. Full details of the AGM are on the next page.

Outlook

In his presentation to shareholders at the Company's 2023 AGM, Alex outlined his positive prognosis for the UK equity market, and it is pleasing to see his optimism has been rewarded in the year under review. I referred at the beginning of this statement to a 'quiet renaissance' in UK equities and, as Alex and Jonathan point out in their review, inflows to the market have remained muted, proving that they are not a necessary condition for positive performance. However, an improving corporate earnings environment, the prospect of some political stability and a gradual economic recovery may help to bring greater attention to the many good companies listed on the London Stock Exchange, which would undoubtedly give further impetus to the market.

Against such a backdrop, your Board and Portfolio Managers continue to believe that a well diversified, multi-cap portfolio of unloved but high-quality companies has the potential to deliver compelling long-term returns. UK shares remain undervalued in a global context, and the dividend income on offer from many companies could prove an increasing draw in a lower interest rate environment. We will have to wait and see if this can be the catalyst to turn a quiet renaissance into something with greater volume.



Dean Buckley

Chairman

6 November 2024

Annual General Meeting – Thursday, 12 December 2024 at 11.00 am

The AGM of the Company will be held at 11.00 am on **Thursday, 12 December 2024** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 81 to 84.

For those shareholders who are unable to attend in person, we will live-stream the formal business and presentations of the meeting online.

Alex Wright, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at **investmenttrusts@fil.com** or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 83 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and we will answer as many of these as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website **www.fidelity.co.uk/specialvalues**. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **<https://web.lumiagm.com>**.

Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **<https://web.lumiagm.com>** from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **141-269-839**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Portfolio Manager's Review



Alex Wright was appointed as Portfolio Manager of Fidelity Special Values PLC on 1 September 2012. He joined Fidelity in 2001 as a research analyst and covered a number of sectors across the market cap spectrum, both in the UK and developed and emerging Europe. He became a portfolio manager in 2007, launching the Fidelity UK Smaller Companies Fund in 2008. He is also Portfolio Manager of Fidelity Special Situations Fund.

Question

How has the Company performed in the year to 31 August 2024?

Answer

The Company has recorded strong absolute returns over the reporting year with a net asset value and a share price total return of 24.1% and 24.3% respectively, compared to the Benchmark (FTSE All-Share Index) return of 17.0%. Overall, our portfolio holdings have had an unusually strong earnings delivery, and performance has benefited from improving trading outlooks. The stronger economic backdrop has also meant that the share prices of our more economically sensitive small and mid-cap holdings have started to recover after a tough 2022-23 period.

Top contributor Keller Group reported positive trading trends and predicted that its results would be materially ahead of the previous year. The company is a market leader in ground engineering, a small niche sub-sector that provides it with exposure to various development and infrastructure trends globally, and particularly in the US, where it is a key beneficiary of federal spending plans, such as the Inflation Reduction Act, but has flown under the radar compared to US-listed beneficiaries. Irish housebuilders Cairn Homes and Glenveagh Properties also reported favourable market conditions and strong sales outlooks, reflecting Ireland's housing shortage and population growth, improving mortgage market and supportive government initiatives and policies.

Our financial holdings have continued to perform strongly with the likes of Just Group, NatWest Group, Aviva and AIB Group all among the top contributors. Just Group specialises in annuities (pensions which pay a fixed income for life) and has benefited from a surge in demand for insurance for corporate pension schemes known as bulk annuities. Higher interest rates have also lifted demand for individual annuities. Composite insurer Aviva also reported a good set of results with earnings, capital generation and solvency all better than expected. Its management has built credibility through the successful restructuring of the company and are starting to establish a track record of consistent operational performance. Meanwhile, banking groups NatWest and AIB continued to benefit from the higher interest rate environment and reported strong results.

Elsewhere, food manufacturer Bakkavor Group reported strong performance in the first half of 2024 and has also raised its annual profit forecast several times. Results from support services holdings Babcock International Group and Mitie Group provided further evidence that their turnarounds were beginning to materialise. Merger and acquisition ("M&A") activity continued to benefit portfolio performance; information and analytics group Ascential featured among the top contributors to fund returns after

Informa, the UK events and academic publisher, confirmed plans to acquire it in a deal worth close to £1.2 billion, a 53% premium to prevailing market value.

Question

What were some of the major changes you made to the portfolio during the year and what drove those?

Answer

The market outflows from small and medium sized stocks have presented us with some interesting opportunities at the smaller end of the market cap spectrum. Interestingly, this included a handful of prior growth darlings, such as the online personalised greetings card and gifts company Moonpig Group, web services firm Team Internet and specialist media platform Future. Sector wise, we have been finding new ideas in cyclical areas such as industrials, advertising, staffing, real estate and housing, where demand is stabilising and valuations remain low. Another area where we found more opportunities is defensives, where we have initiated a new position in food and grocery retailer Tesco and added to the likes of consumer health and hygiene brand owner Reckitt Benckiser Group, tobacco firm BAT and electricity network operator National Grid on weakness. Financials remain well represented in the portfolio given very attractive valuations, a more conducive backdrop and plenty of opportunities, with idiosyncratic factors driving their growth. However, we have taken some profits given the strong performance of some of our holdings. One stock we added to in the space is Standard Chartered, a diversified banking group with a focus on Emerging Markets whose turnaround story is finally coming through. Elsewhere, we remain meaningfully underweight in resources, a reflection of our lack of exposure to the large miners given our negative outlook for iron ore and thermal coal, and a reduction in our energy exposure.

Question

How has gearing evolved over the period?

Answer

Gearing has increased somewhat over the past year reflecting the improving corporate earnings environment, continued attractive valuations and opportunities on offer. It stood at 7.9% at the end of August 2024, and contributed positively to performance over the period. We continue to use CFDs rather than debt for gearing purposes which provides us with the flexibility to increase or decrease gearing. Unlike conventional bank loan facilities, we only pay financing costs when we wish to be geared, paying nothing when we are not.

Question

Your approach is to look for companies from across sectors and the market-cap spectrum that are overlooked and therefore undervalued by the market. How important is diversification to your approach?

Answer

Given our focus on unloved stocks with potential for change, diversification is an important aspect of our approach, as not all investment theses will play out and it can take time for the changes to come through and the market to recognise the improvements. We typically hold between 80 and 120 positions. By building a portfolio of stocks that are at different stages of their recovery process, the intention is to deliver outperformance across the market cycle. We are privileged to be able to leverage Fidelity International's extensive research resources to find opportunities and subsequently monitor our holdings on a day-to-day basis. The smaller end of the market cap spectrum is particularly inefficient as fewer sell-side analysts cover these stocks, and running a diversified portfolio allows us to gain exposure to companies with smaller market caps. We aim for stock selection to be the primary driver of performance and therefore a good spread of holdings across industries helps us to ensure the portfolio is not overly susceptible to particular sector-specific, regulatory or macroeconomic risks. If we feel a sector is meaningfully under represented, we will typically focus on trying to find opportunities where possible.

Question

UK equities continue to trade at a wide discount compared to other global markets. What catalysts are required to change this?

Answer

While UK equities have generated good returns since the pandemic, fund flows have remained negative, which is puzzling. Many domestic investors seem to have had their heads turned by the strong historic returns generated by US and technology stocks. However, the latter's lofty valuations make them vulnerable to disappointments, as we have seen in recent months and any sustained underperformance may well cause investors to reassess their allocation.

Labour's landslide victory is expected to result in improved political stability in the UK. This should prove attractive to investors against a backdrop of increased uncertainty in Europe and the US, where the future course of domestic

Portfolio Manager's Review continued

and foreign policies looks more unpredictable. The new UK government, with its large majority, has sought to foster more favourable business and market sentiment by stressing the importance of fiscal discipline and boosting economic growth, as well as its desire to work towards improved relations with the European Union. This, combined with a domestic economy that has performed better than anticipated, and corporate earnings that have proved particularly resilient in a global context, may help draw more attention to the UK.

We have recently seen a pick-up in M&A activity, as corporates grow in confidence amid improving economic and business conditions. This trend should continue given how attractive large parts of the UK market are. Other supportive dynamics include attractive dividends in a global context and the fact that a record number of UK companies are buying back their own shares.

Conditions surrounding the UK equity market are beginning to improve and this should hopefully help turn the tide. However, as the past year has shown, inflows into UK equities are not necessary to be able to generate attractive returns, although they would clearly have helped.

Question

What is the outlook for the Company over the next twelve months and beyond?

Answer

We continue to believe that the combination of attractive valuations and the large divergence in performance between different parts of the market creates good opportunities for attractive returns from UK stocks on a three-to-five-year view.

Given the relatively robust performance of UK companies, it has been a surprise that we have not started to see the valuation gap between the UK and other global markets narrow. For us, this demonstrates the strong opportunity for savvy investors willing to buy into the UK market today. Compared with their own historic averages, as well as stock markets across the globe, UK shares remain cheap and we are seeing value across the market cap spectrum.

While there continues to be a degree of uncertainty both in the UK as well as globally, overall the UK economic outlook has improved. Companies have proved surprisingly resilient and we are encouraged by the performance of our holdings in the recent reporting season.

Overall, we believe the portfolio is well positioned to benefit from the improving economic backdrop and we remain excited about the opportunity set on offer. Our holdings continue to trade at a meaningful c.20% discount to the broader UK market, despite resilient earnings, superior returns on capital and relatively low levels of debt. This quality profile gives us confidence that we can continue to deliver attractive returns to investors.

Alex Wright






Portfolio Manager

6 November 2024

Spotlight on the Top 10 Holdings

as at 31 August 2024

(Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.)

<div>Industry Tobacco</div> <div></div>	<div>Imperial Brands</div> <div><div>% of Net Assets4.1%</div></div> <div>Imperial Brands is a global fast-moving consumer goods company, the fourth largest in its industry sector. It is catching up with the competition in developing a range of less harmful next generation products. Over time, this could be transformational for the shares, as the business transitions to a much larger proportion of its products having greater longevity than the current tobacco business.</div>
<div>Industry Banks</div> <div></div>	<div>AIB Group</div> <div><div>% of Net Assets3.8%</div></div> <div>AIB Group has leading market shares in banking products in Ireland. It provides a comprehensive range of financial services to personal, business and corporate customers. It is one of three major Irish domestic banks, with a focus on residential mortgage lending (circa 50% of loans), as well as small and medium sized enterprise/commercial/corporate lending.</div>
<div>Industry Construction & Materials</div> <div></div>	<div>Keller Group</div> <div><div>% of Net Assets3.4%</div></div> <div>Keller Group is the world's largest independent ground engineering specialist, primarily providing foundation solutions. Its new management has been laser focused on optimising the return profile of the company by transforming it into a much more streamlined business with a good spread of geographic and sector exposure.</div>
<div>Industry Pharmaceuticals & Biotechnology</div> <div></div>	<div>Roche Holdings</div> <div><div>% of Net Assets3.3%</div></div> <div>Roche Holdings is a leading global healthcare company operating in pharmaceuticals and diagnostics. It has a growing pipeline with early stage immune-oncology assets. It is the sector leader in terms of innovation and has one of the strongest pipeline and research and development (R&D) hub in the sector.</div>
<div>Industry Personal Care, Drug & Grocery Stores</div> <div></div>	<div>Reckitt Benckiser Group</div> <div><div>% of Net Assets3.0%</div></div> <div>Reckitt Benckiser Group is a consumer goods company with a leading market position in hygiene, health and nutrition. Past under-investment in the business, and more recently litigation related to its US infant nutrition business, have caused the stock to trade at a meaningful discount to its peers. We believe the litigation liability has been excessively discounted by the market, and there is additional upside from margin improvement and significant divestments, which the company's management has already started to address.</div>

Spotlight on the Top 10 Holdings continued

<div>Industry Industrial Support Services</div> 	<div>DCC</div> <div>% of Net Assets2.9%</div> <p>DCC is a distributor of energy, medical and technology products with proven ability to build scale in fragmented sectors through a disciplined approach to mergers and acquisitions (M&A). With an eye on the future, the company is expanding its range to energy transition products. It has a high-quality business, a strong balance sheet and a long track record of generating attractive returns.</p>
<div>Industry Life Insurance</div> 	<div>Aviva</div> <div>% of Net Assets2.9%</div> <p>Aviva is a composite insurer that provides life and non-life insurance and asset management services. It is one of a number of insurers with strong positions in pensions and retirement income that are held in the portfolio. The life insurance sector offers an attractive combination of cheap valuations, attractive dividend yields, strong demand/supply fundamentals and growing earnings.</p>
<div>Industry General Industrials</div> 	<div>Coats Group</div> <div>% of Net Assets2.9%</div> <p>Coats Group is a dominant global producer of threads for the apparel and footwear markets increasingly recognised for its sustainability credentials which should enable it to continue to grow market share in an increasingly climate-conscious fashion industry.</p>
<div>Industry Banks</div> 	<div>NatWest Group</div> <div>% of Net Assets2.9%</div> <p>NatWest Group has made significant strides in repositioning itself. It is now a smaller, mostly UK focused, bank with good retail and commercial banking franchises, a solid balance sheet, a high-quality deposit base and a well-diversified loan book. Capital generation is strong, allowing for very attractive dividends and buy-backs.</p>
<div>Industry Gas, Water & Multi-Utilities</div> 	<div>National Grid</div> <div>% of Net Assets2.8%</div> <p>National Grid is a network operator with a large electrical distribution and transmission network. We believe that growing power demand could drive underappreciated upside for the company as investments into power networks continue to build.</p>

Portfolio Listing

as at 31 August 2024

The Asset Exposures shown below and on pages 12 to 14 measure exposure to market price movements as a result of owning shares, corporate bonds and derivative instruments. The Fair Value is the realisable value of the portfolio as reported in the Balance Sheet. Where the Company holds shares and corporate bonds, the Asset Exposure and Fair Value will be the same. For derivative instruments, Asset Exposure is the market value of the underlying asset to which the Company is exposed, while the Fair 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 asset has moved.

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Imperial Brands – Tobacco	47,048	4.1	47,048
AIB Group (corporate bond and long CFD) – Banks	43,128	3.8	16,169
Keller Group (shares and long CFD) – Construction & Materials	39,370	3.4	25,021
Roche Holdings – Pharmaceuticals & Biotechnology	37,673	3.3	37,673
Reckitt Benckiser Group – Personal Care, Drug & Grocery Stores	34,378	3.0	34,378
DCC – Industrial Support Services	33,584	2.9	33,584
Aviva – Life Insurance	33,541	2.9	33,541
Coats Group – General Industrials	33,024	2.9	33,024
NatWest Group – Banks	32,592	2.9	32,592
National Grid – Gas, Water & Multi-Utilities	32,235	2.8	32,235
Standard Chartered – Banks	30,698	2.7	30,698
Just Group – Life Insurance	28,864	2.5	28,864
Mitie Group – Industrial Support Services	28,218	2.5	28,218
Glenveagh Properties (shares and long CFDs) – Household Goods & Home Construction	28,115	2.5	24,626
Barclays – Banks	26,831	2.3	26,831
British American Tobacco – Tobacco	25,530	2.2	25,530
Ericsson – Telecommunications Equipment	22,811	2.0	22,811
Spire Healthcare Group – Health Care Providers	21,897	1.9	21,897
Shell – Oil, Gas & Coal	20,859	1.8	20,859
Bakkavor Group – Food Producers	19,786	1.7	19,786
C&C Group (shares and long CFD) – Beverages	18,820	1.6	15,846
Direct Line Insurance Group – Non-Life Insurance	18,792	1.6	18,792
Conduit Holdings – Non-Life Insurance	18,680	1.6	18,680
Victrex – Chemicals	18,270	1.6	18,270
Phoenix Group Holdings – Life Insurance	18,179	1.6	18,179
SSE – Electricity	17,104	1.5	17,104
GSK – Pharmaceuticals & Biotechnology	16,853	1.5	16,853
Zigup – Industrial Transportation	16,691	1.5	16,691
Cairn Homes (long CFDs) – Household Goods & Home Construction	16,649	1.5	675
Hellenic Telecommunications Organisation – Telecommunications Service Providers	16,274	1.4	16,274
Tesco – Personal Care, Drug & Grocery Stores	15,391	1.3	15,391
Moonpig Group – Retailers	14,557	1.3	14,557
Ascential – Software & Computer Services	13,586	1.2	13,586
John Wood Group (shares and long CFD) – Oil, Gas & Coal	13,437	1.2	11,530
Babcock International Group – Aerospace & Defense	13,131	1.1	13,131

Portfolio Listing continued

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Energiean – Oil, Gas & Coal	12,409	1.1	12,409
PZ Cussons – Personal Care, Drug & Grocery Stores	11,620	1.0	11,620
TT Electronics (shares and long CFDs) – Technology Hardware & Equipment	11,517	1.0	7,163
Essentra (shares and long CFDs) – Industrial Support Services	11,416	1.0	8,637
Genuit Group – Construction & Materials	11,316	1.0	11,316
Elementis – Chemicals	11,172	1.0	11,172
Kaspi.kz – Banks	10,724	0.9	10,724
IG Design Group – Personal Care, Drug & Grocery Stores	10,419	0.9	10,419
WPP (long CFD) – Media	9,950	0.9	211
West African Resources – Precious Metals & Mining	9,818	0.9	9,818
Rolls-Royce Holdings – Aerospace & Defense	9,501	0.8	9,501
TBC Bank Group – Banks	9,244	0.8	9,244
Sherborne Investors Guernsey (shares and long CFD) – Closed End Investments	8,850	0.8	5,303
Ryanair Holdings (long CFD) – Travel & Leisure	8,568	0.7	490
Central Asia Metals (shares and long CFD) – Industrial Metals & Mining	8,358	0.7	3,956
Crest Nicholson Holdings – Household Goods & Home Construction	8,043	0.7	8,043
Alpha Group International – Investment Banking & Brokerage Services	7,972	0.7	7,972
Lancashire Holdings – Non-Life Insurance	7,935	0.7	7,935
Schlumberger – Oil, Gas & Coal	7,888	0.7	7,888
Halfords Group – Retailers	7,281	0.6	7,281
Origin Enterprises (shares and long CFD) – Food Producers	7,273	0.6	6,726
Endeavour Mining (corporate bond) – Precious Metals & Mining	7,054	0.6	7,054
Warehouse REIT – Real Estate Investment Trusts	7,051	0.6	7,051
Future – Media	6,949	0.6	6,949
Dowlais Group – Automobiles & Parts	6,945	0.6	6,945
LSL Property Services – Real Estate Investment & Services	6,672	0.6	6,672
Hays – Industrial Support Services	6,373	0.6	6,373
Norcros – Construction & Materials	6,007	0.5	6,007
Morgan Advanced Materials – Electronic & Electrical Equipment	5,638	0.5	5,638
James, Fisher & Sons – Industrial Transportation	5,599	0.5	5,599
OMV – Oil, Gas & Coal	5,530	0.5	5,530
Hikma Pharmaceuticals – Pharmaceuticals & Biotechnology	5,478	0.5	5,478
PetroTal – Oil, Gas & Coal	5,280	0.5	5,280
Serco Group (long CFD) – Industrial Support Services	5,263	0.5	102
H&T Group – Finance & Credit Services	5,262	0.5	5,262
NewRiver REIT – Real Estate Investment Trusts	5,178	0.4	5,178
Digital 9 Infrastructure – Closed End Investments	5,006	0.4	5,006
Close Brothers Group – Banks	4,906	0.4	4,906
Senior – Aerospace & Defense	4,819	0.4	4,819
Bango – Software & Computer Services	4,604	0.4	4,604
Molten Ventures – Investment Banking & Brokerage Services	4,576	0.4	4,576

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Team Internet Group – Software & Computer Services	4,318	0.4	4,318
Gooch & Housego – Technology Hardware & Equipment	4,110	0.4	4,110
Jadestone Energy (shares and long CFDs) – Oil, Gas & Coal	3,500	0.3	2,433
Watkin Jones – Household Goods & Home Construction	3,310	0.3	3,310
Base Resources – Industrial Metals & Mining	2,985	0.3	2,985
St James's Place – Investment Banking & Brokerage Services	2,950	0.3	2,950
Kenmare Resources (long CFDs) – Industrial Metals & Mining	2,941	0.3	(1)
Virgin Money UK (long CFD) – Banks	2,544	0.2	5
Capital – Industrial Metals & Mining	2,467	0.2	2,467
abrdn Property Income Trust – Real Estate Investment Trusts	2,320	0.2	2,320
Shaftesbury Capital (convertible bond) – Real Estate Investment Trusts	2,272	0.2	2,272
Empiric Student Property – Real Estate Investment Trusts	2,036	0.2	2,036
Gemfields Group – Precious Metals & Mining	2,024	0.2	2,024
Secure Trust Bank – Banks	1,988	0.2	1,988
Premier Miton Group – Investment Banking & Brokerage Services	1,980	0.2	1,980
Smiths News – Industrial Support Services	1,909	0.2	1,909
Andrada Mining – Industrial Metals & Mining	1,797	0.2	1,797
OCI – Chemicals	1,271	0.1	1,271
Jubilee Metals Group – Precious Metals & Mining	1,225	0.1	1,225
Smith & Nephew – Medical Equipment & Services	1,201	0.1	1,201
Great Portland Estates – Real Estate Investment Trusts	1,064	0.1	1,064
Capital & Regional – Real Estate Investment Trusts	868	0.1	868
Atlantic Lithium – Industrial Metals & Mining	792	0.1	792
Worsley Investors – Closed End Investments	691	0.1	691
Prax Exploration & Production – Oil, Gas & Coal	466	–	466
TVC Holdings – Unlisted Investment	250	–	250
Hostmore (shares and long CFD) – Travel & Leisure	236	–	213
Marwyn Value Investors – Closed End Investments	154	–	154
Adriatic Metals – Industrial Metals & Mining	7	–	7
McColl's Retail Group – Personal Care, Drug & Grocery Stores	–	–	–
Studio Retail Group – Retailers	–	–	–
Unbound Group (shares and long CFD) – Retailers	–	–	–
Total long exposures (108 holdings)	1,235,736	108.1	1,124,906
Short exposures			
Short CFDs (1 holding)	2,117	0.2	(102)
Gross Asset Exposure	1,237,853	108.3	
Portfolio Fair Value			1,124,804

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

See the next page for details of the Fair Value and Asset Exposure of Investments.

Portfolio Listing continued

Fair Value and Asset Exposure of Investments as at 31 August 2024

	Fair Value £'000	2024 Asset Exposure £'000	% ¹	2023 Asset Exposure £'000	% ¹
Investments (Note 10 – see page 65)	1,120,686	1,120,686	98.0	882,692	92.8
Long CFDs (Note 11 – see page 66)	4,220	115,050	10.1	130,073	13.7
Short CFDs (Note 11 – see page 66)	(102)	2,117	0.2	-	-
	1,124,804	1,237,853	108.3	1,012,765	106.5
Cash at bank ²	2,072	(110,977)	(9.7)	(127,225)	(13.4)
Fidelity Institutional Liquidity Fund	9,677	9,677	0.8	57,432	6.0
Other net current assets (excluding derivative assets and liabilities)	6,988	6,988	0.6	8,077	0.9
Shareholders' Funds	1,143,541	1,143,541	100.0	951,049	100.0

The Company uses gearing through the use of CFD positions. Gross gearing as at 31 August 2024 was 8.3% (2023: 6.5%) and net gearing was 7.9% (2023: 6.5%) – see Note 18 on page 76 for further details.

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

² The asset exposure column for cash at bank has been adjusted to assume the Company traded direct holdings rather than exposure being gained through CFD positions. The amount is derived by taking the cost of the shares underlying the CFDs when the contracts were opened less the cash at bank balance at the year end.

Distribution of the Portfolio

as at 31 August 2024

The table below and on the next page details the Distribution of the Portfolio based on Asset Exposure which measures the exposure of the portfolio to market price movements as a result of owning shares, bonds and derivative instruments

Shares, corporate bonds and derivative instruments	UK ¹ %	Overseas ² %	2024 Asset Exposure ³ %	Index ⁴ %	2023 Asset Exposure ³ %
Financials					
Banks	12.1	2.1	14.2	10.0	15.9
Life Insurance	7.0	-	7.0	2.1	7.8
Non-Life Insurance	3.9	-	3.9	0.9	4.1
Investment Banking & Brokerage Services	1.6	-	1.6	3.2	0.6
Closed End Investments	1.3	-	1.3	6.1	1.3
Finance & Credit Services	0.5	-	0.5	2.2	0.6
	26.4	2.1	28.5	24.5	30.3
Industrials					
Industrial Support Services	7.7	-	7.7	3.5	10.8
Construction & Materials	5.0	-	5.0	0.5	2.3
General Industrials	2.9	-	2.9	1.3	2.3
Aerospace & Defense	2.4	-	2.4	3.9	3.4
Industrial Transportation	2.0	-	2.0	1.2	1.8
Electronic & Electrical Equipment	0.5	-	0.5	1.0	0.7
Industrial Engineering	-	-	-	0.6	-
	20.5	-	20.5	12.0	21.3
Consumer Staples					
Tobacco	6.3	-	6.3	3.1	5.3
Personal Care, Drug & Grocery Stores	6.2	-	6.2	7.9	2.7
Food Producers	2.3	-	2.3	0.7	2.8
Beverages	1.7	-	1.7	2.7	1.8
	16.5	-	16.5	14.4	12.6
Consumer Discretionary					
Household Goods & Home Construction	4.8	-	4.8	1.3	2.9
Retailers	1.9	-	1.9	1.7	2.9
Media	1.5	-	1.5	4.1	0.3
Automobiles & Parts	0.6	-	0.6	0.1	0.7
Travel & Leisure	-	0.7	0.7	1.8	3.6
Leisure Goods	-	-	-	0.2	1.2
Consumer Services	-	-	-	1.7	-
Personal Goods	-	-	-	0.1	-
	8.8	0.7	9.5	11.0	11.6

Distribution of the Portfolio continued

as at 31 August 2024

Shares, corporate bonds and derivative instruments	UK ¹ %	Overseas ² %	2024 Asset Exposure ³ %	Index ⁴ %	2023 Asset Exposure ³ %
Health Care					
Pharmaceuticals & Biotechnology	2.0	3.3	5.3	12.1	7.6
Health Care Providers	1.9	–	1.9	–	2.0
Medical Equipment & Services	0.1	–	0.1	0.6	–
	4.0	3.3	7.3	12.7	9.6
Basic Materials					
Chemicals	2.6	0.1	2.7	0.5	2.0
Industrial Metals & Mining	1.4	0.4	1.8	5.5	2.1
Precious Metals & Mining	0.7	1.1	1.8	0.3	1.9
	4.7	1.6	6.3	6.3	6.0
Energy					
Oil, Gas & Coal	4.9	1.2	6.1	10.2	8.9
	4.9	1.2	6.1	10.2	8.9
Utilities					
Gas, Water & Multi-utilities	2.8	–	2.8	2.9	1.0
Electricity	1.5	–	1.5	0.9	0.5
	4.3	–	4.3	3.8	1.5
Technology					
Software & Computer Services	2.0	–	2.0	1.3	0.5
Technology Hardware & Equipment	1.4	–	1.4	–	0.8
	3.4	–	3.4	1.3	1.3
Telecommunications					
Telecommunications Service Providers	–	1.4	1.4	1.2	1.5
Telecommunications Equipment	–	2.0	2.0	–	1.5
	–	3.4	3.4	1.2	3.0
Real Estate					
Real Estate Investment Trusts	1.9	–	1.9	2.2	0.4
Real Estate Investment & Services	0.6	–	0.6	0.4	–
	2.5	–	2.5	2.6	0.4
Total Asset Exposure	96.0	12.3	108.3	100.0	106.5
Total Asset Exposure – 2023	89.5	17.0			106.5

1 Comprises shares listed on a UK exchange, UK derivatives (classified by reference to the UK exchange of the underlying equity) and UK bonds (classified by country of risk).

2 Comprises shares listed on an overseas exchange, overseas derivatives (classified by reference to the overseas exchange of the underlying equity) and overseas bonds (classified by country of risk).

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

4 The FTSE All-Share Index which is the Company's Benchmark Index.

Ten Year Record

as at 31 August 2024

As at 31 August	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Capital										
Shareholders' funds (£m)	1,143.5	951.0	922.6	954.1	579.5	698.7	725.0	673.5	578.3	537.3
NAV per ordinary share (p) ¹	352.84	293.44	284.67	304.79	199.81	252.99	271.98	254.63	217.94	201.61
Share price (p)	321.50	267.50	260.50	308.50	181.60	251.50	276.00	246.50	196.25	197.50
(Discount)/premium to NAV (%) ¹	(8.9)	(8.8)	(8.5)	1.2	(9.1)	(0.6)	1.5	(3.2)	(10.0)	(2.0)
Revenue										
Revenue return per ordinary share (p) ¹	11.58	10.67	9.42	7.22	4.81	8.65	5.70	5.33	4.15	3.39
Dividends per ordinary share (p)	9.54	8.80	7.75	6.67	5.80	7.25 ²	5.00	4.60	3.70	3.35
Ongoing charges (costs of running the Company) (%) ¹	0.70	0.70	0.69	0.76	0.98	0.97	1.04	1.06	1.10	1.10
Gearing¹										
Gross gearing (%) ³	8.3	6.5	10.0	14.6	14.0	2.5	10.4	9.1	15.5	23.8
Net gearing (%) ⁴	7.9	6.5	10.0	14.6	14.0	2.5	6.6	0.9	7.9	9.4
Performance Total Returns										
NAV (%) ¹	+24.1	+5.9	-4.4	+56.2	-18.5	-4.9	+8.7	+19.1	+9.9	+7.3
Share price (%) ¹	+24.3	+5.6	-13.5	+73.8	-25.4	-6.9	+14.0	+28.1	+1.1	+12.4
Benchmark (%)	+17.0	+5.2	+1.0	+26.9	-12.6	+0.4	+4.7	+14.3	+11.7	-2.3

1 Alternative Performance Measures.

2 Includes a special dividend of 1.50 pence per ordinary share.

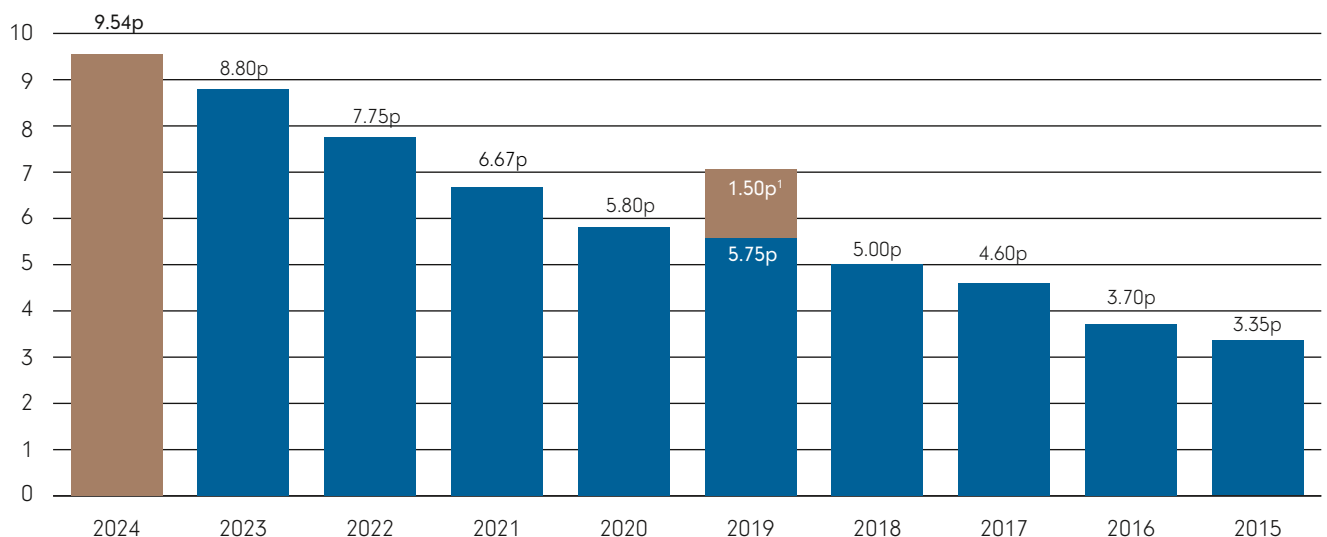
3 Gross gearing is the total of: long exposures, plus short exposures and less exposures hedging the portfolio, expressed as a percentage of Shareholders' Funds.

4 Net gearing is the total of: long exposures, less short exposures and less exposures hedging the portfolio, expressed as a percentage of Shareholders' Funds.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

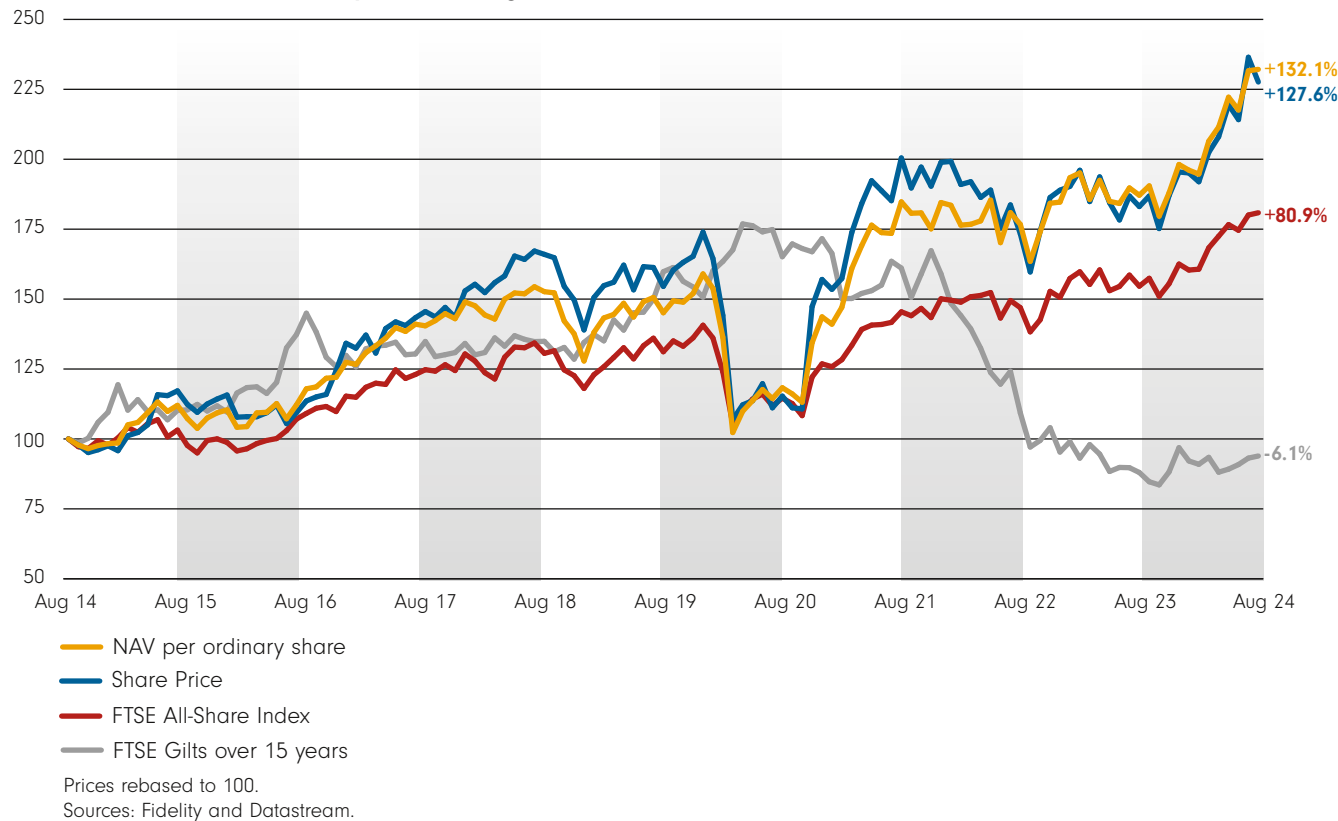
Dividends per ordinary share for ten years to 31 August 2024



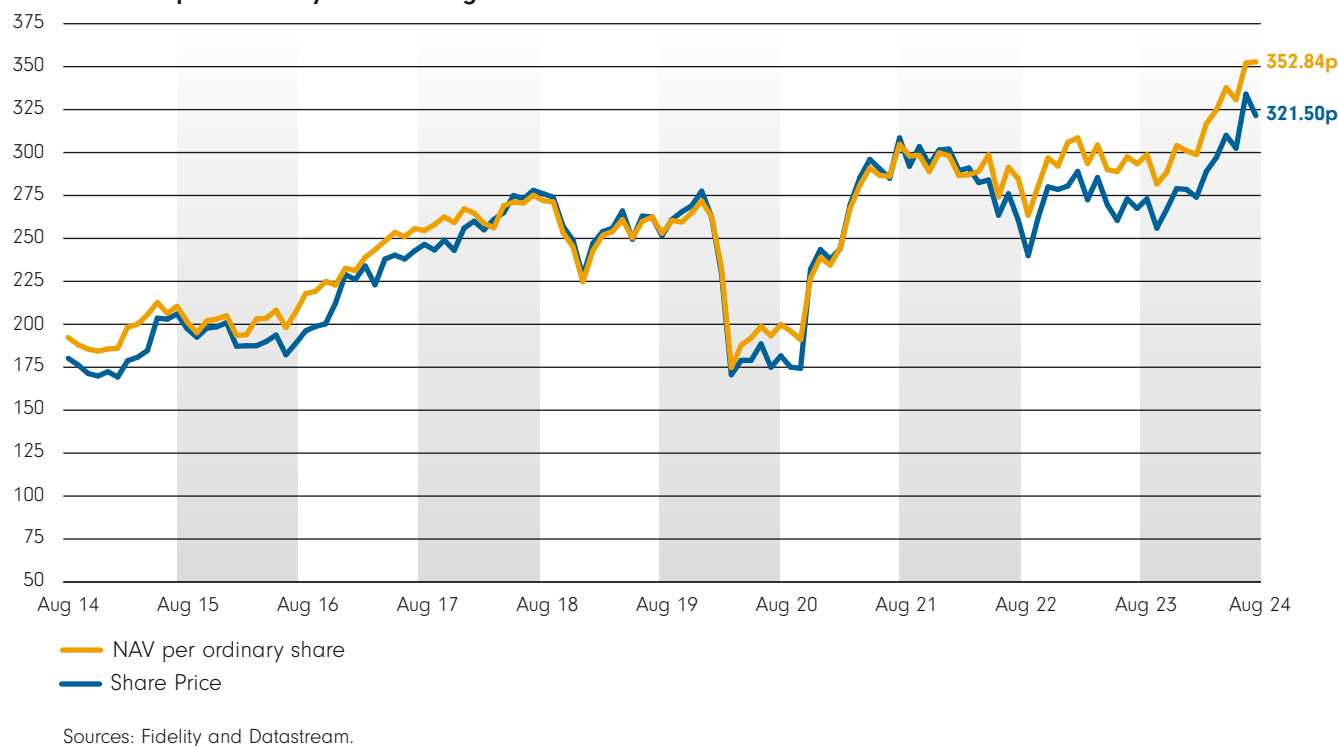
1 Special dividend from the increased income generated for the year ended 31 August 2019.

Summary of Performance Charts

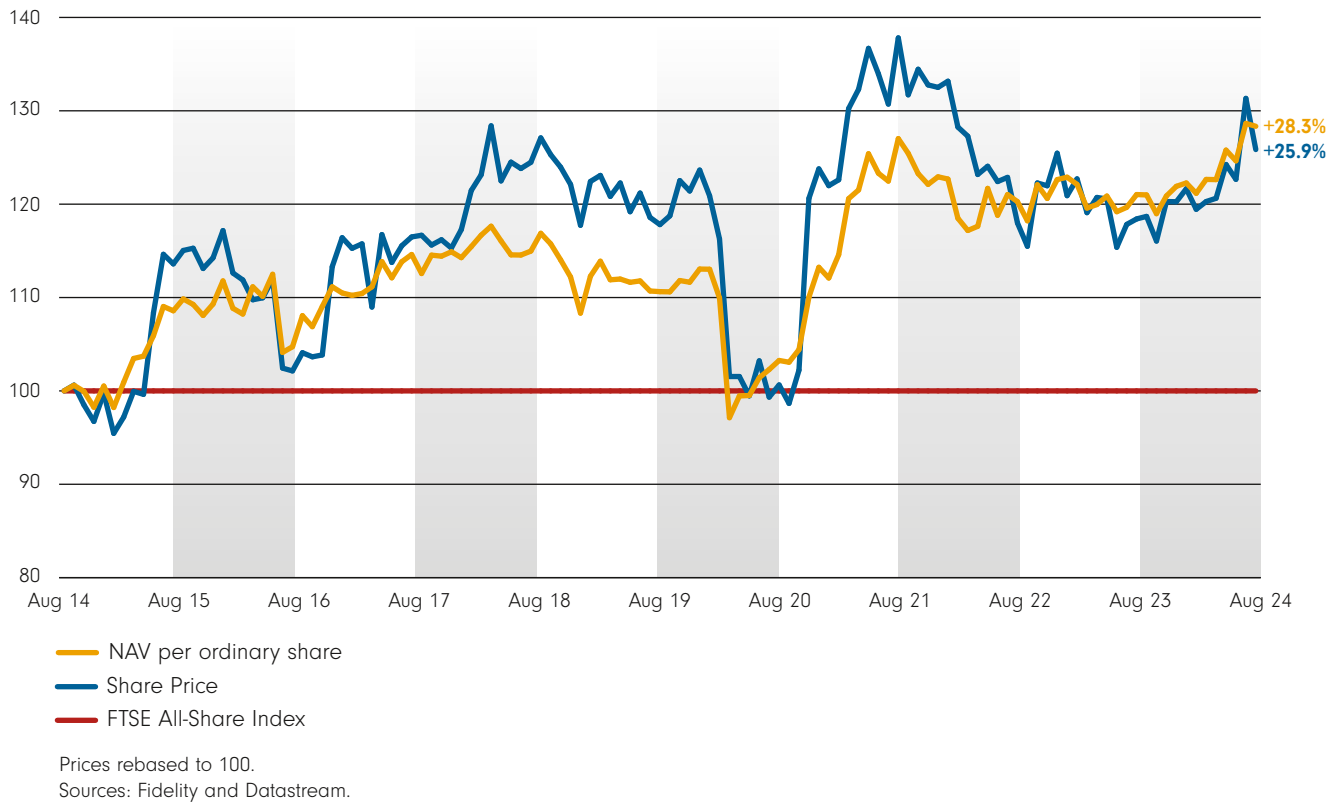
Total return performance for ten years to 31 August 2024



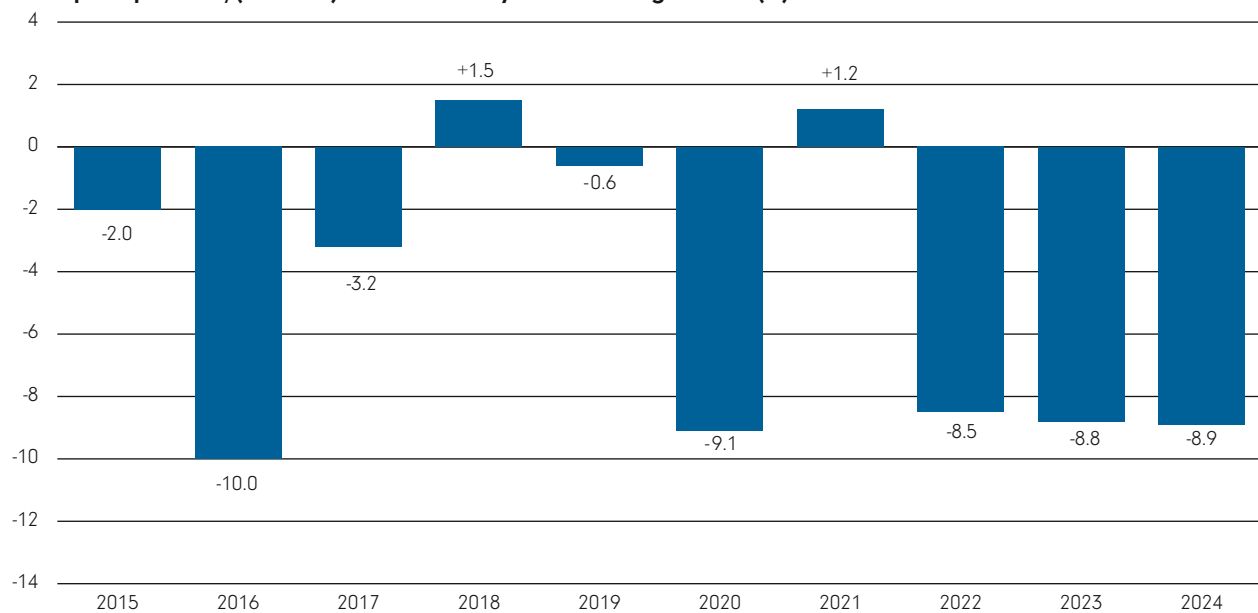
NAV and share price for ten years to 31 August 2024



Total return performance relative to the Benchmark for ten years to 31 August 2024



Share price premium/(discount) to NAV for ten years to 31 August 2024 (%)



Source: Fidelity.

Attribution Analysis

Analysis of change in NAV total return for the year ended 31 August 2024		%
Impact of:		
Index		+17.0
Stock selection		+6.9
Gearing		+0.5
Operational Costs		-0.8
Cash		+0.5
NAV total return for the year ended 31 August 2024		+24.1

Sector contributors and detractors as at 31 August 2024 (in absolute terms)

Top 5 Sector Contributors	%	Bottom 5 Sector Detractors	%
Banks	+4.2	Automobiles & Parts	-0.4
Life Insurance	+2.9	Oil, Gas & Coal	-0.4
Industrial Support Services	+2.9	Leisure Goods	-0.2
Construction & Materials	+2.7	Chemicals	-0.2
Tobacco	+1.7	Industrial Metals & Mining	-0.2

Stock contributors and detractors as at 31 August 2024 (in absolute terms)

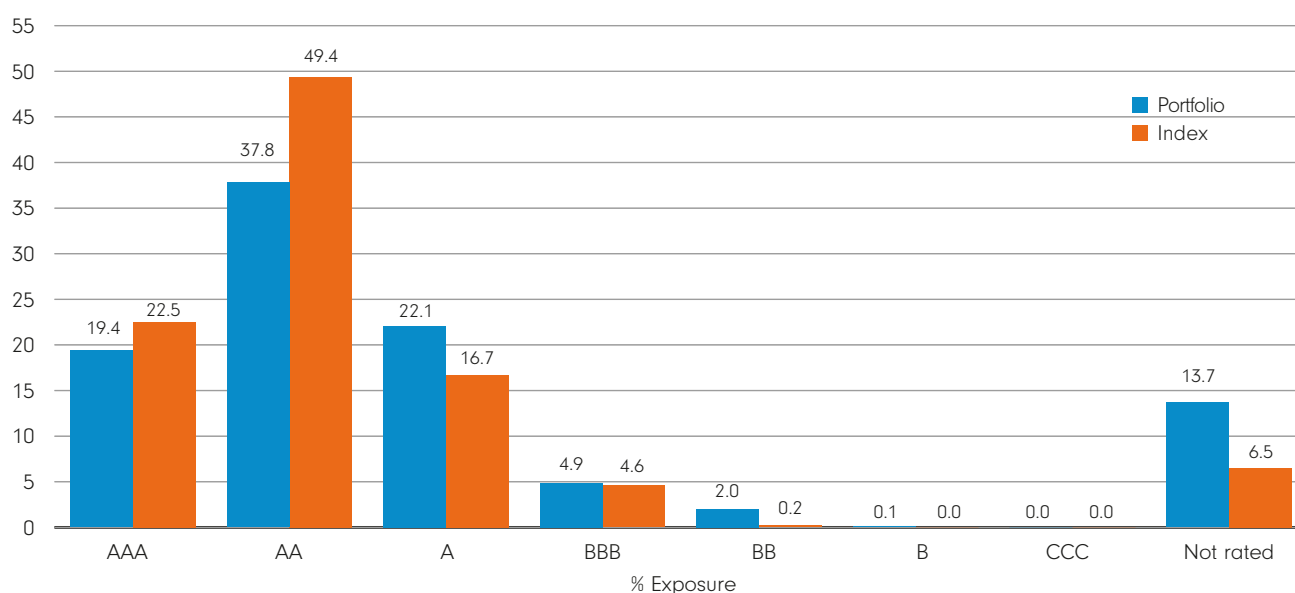
Top 5 Stock Contributors	%	Bottom 5 Stock Detractors	%
Keller Group	+2.4	Victrex	-0.6
Just Group	+1.5	Reckitt Benckiser Group	-0.4
NatWest Group	+1.3	Dowlais Group	-0.4
Imperial Brands	+1.3	John Wood Group	-0.3
Aviva	+1.2	Andrada Mining	-0.3

Source: Fidelity.

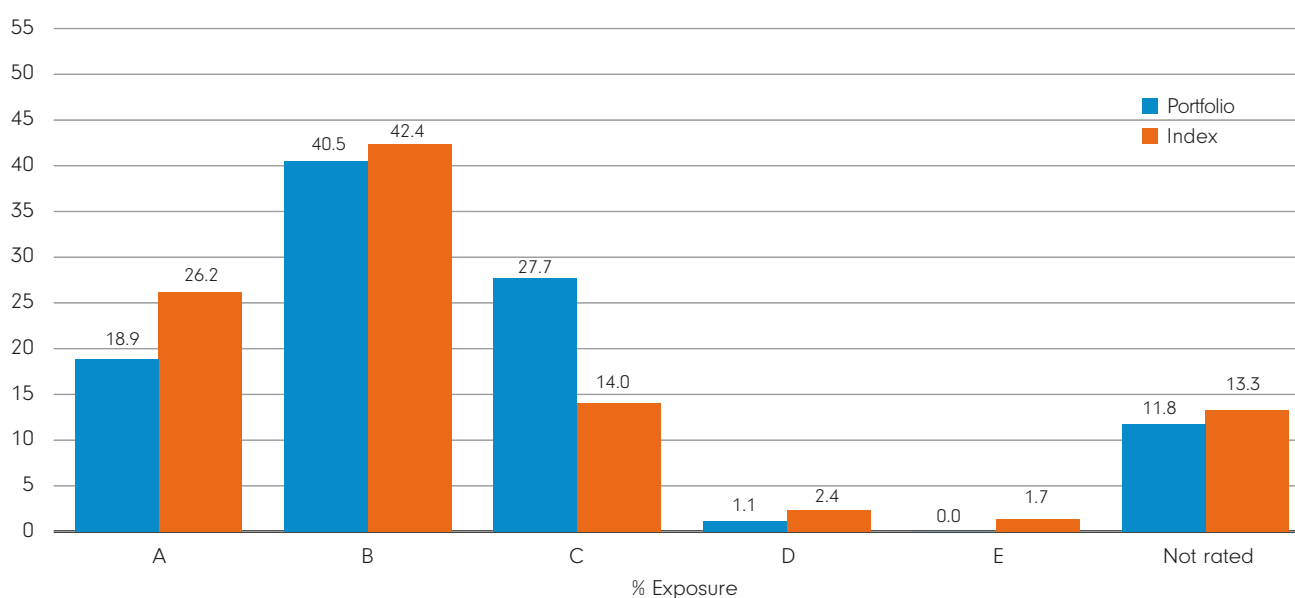
ESG Ratings

The charts below show a breakdown of the underlying stocks in the Company's portfolio using MSCI and Fidelity International's own ESG ratings. In the first chart, MSCI rates issuers on a AAA to CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. In the second chart, Fidelity's analysts rate stocks in their coverage universe on a five scale rating from A (best) to E (worst) and are based on the net asset value of holdings excluding cash, liquidity funds, derivatives and ETFs, and rebased to 100%. Fidelity's proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators.

MSCI ESG Rating Distribution



Fidelity ESG Rating Distribution



Sources: Fidelity International and MSCI ESG Research as at 31 August 2024.

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and the Portfolio Manager's Review on pages 2 to 8 form part of the Strategic Report.

Business and Status

The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and has no employees.

Investment Objective

The Company's objective is to achieve long-term capital growth primarily through investment in equities (and their related financial instruments) of UK companies which the Investment Manager believes to be undervalued or where the potential has not been recognised by the market.

Strategy

In order to achieve this objective, the Company operates as an investment company and has an actively managed portfolio of special situation investments, consisting primarily of UK listed companies. It has the benefit of investing up to 20% of the portfolio in listed companies on overseas exchanges in order to enhance shareholder returns. As an investment company, it is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by using gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to the Manager (FIL Investment Services (UK) Limited). The Portfolio Manager aims to achieve a total return on the Company's assets over the longer-term in excess of the equivalent return on the FTSE All-Share Index, the Company's Benchmark. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving this objective. The Board recognises that investing in equities is a long-term process and the Company's returns will vary from year to year.

The Company's objective, strategy and principal activity have remained unchanged throughout the year ended 31 August 2024.

Investment Management Philosophy, Style and Process

Fidelity International's ("Fidelity") distinctive investment approach is "bottom up" stock picking – investing in companies on the basis of their underlying strengths, facilitated by extensive research capabilities. Fidelity's analysts evaluate companies, meet their management and speak to suppliers, competitors and customers in order to build up a picture of the true state of a company's fundamentals. This first-hand research is fundamental to Fidelity's ability to form a view of a company's future profitability and ultimately for the Portfolio Manager to decide if he considers it an

attractive investment for our shareholders. The Portfolio Manager works closely with the Fidelity analyst team and also has access to a wide range of research produced by third parties.

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of securities and instruments issued by or related primarily to UK companies.

The Company will have a blend of investments in larger, medium and smaller sized companies and be guided by a contrarian philosophy.

The Portfolio Manager has a contrarian style which focuses on significant valuation anomalies in stocks which are out of favour with other investors, yet show potential for change. The Portfolio Manager believes these opportunities exist across the market capitalisation spectrum, and the investment approach is flexible, with positions in large, medium and smaller sized companies. The proportions in each size category may vary over time, as investment opportunities are selected on a bottom up basis.

Investments typically have the following characteristics:

- **Unrecognised potential for positive change:** The Portfolio Manager wants to see evidence of the company embarking upon a period of positive change. Once this change begins to be recognised by the market, there is potential for substantial upside.
- **Limited downside risk:** The Portfolio Manager invests in companies where market expectations are low. They will have some asset or characteristic that should prevent significant falls in the share price.

The Benchmark of the Company against which performance is measured is the FTSE All-Share Index.

The Company may invest directly in the shares of companies or indirectly through equity-related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in unquoted securities, subject to the investment restrictions set out on page 23.

Derivatives

The Company may utilise derivative instruments, including index-linked notes, CFDs, covered options and other equity-related derivative instruments as a tool to meet the investment objective of the Company.

Derivatives usage will focus on, but not be limited to the following investment strategies:

- As an alternative form of gearing to bank loans or bonds, the Company will purchase long CFDs that achieve an equivalent effect to bank gearing but normally at lower financing costs.
- To hedge equity market risks where the Portfolio Manager considers that suitable protection can be purchased to limit the downside of a falling market at a reasonable cost; and

- By taking short exposures on stocks that the Portfolio Manager considers to be over-valued.

The Company will not undertake any naked shorts.

Gearing

The Company may use gearing to enhance long-term capital growth. The maximum level of gross gearing is 40%. Within this limit the Portfolio Manager has the discretion to use a range of instruments for gearing, such as debt and CFDs, depending on the relative cost and availability of those instruments. It is the current intention of the Board that, in normal market circumstances, the Portfolio Manager will maintain net gearing in the range of 0% to 25%. Both gross and net gearing are defined in the Glossary of Terms on page 91. The level of gearing is considered by the Board at each of its meetings.

Investment Restrictions

The Company will invest and manage its assets with an objective of spreading risk through the following investment restrictions:

- No single investment (excluding cash and cash equivalents), nor the aggregate investment in any one company, shall represent more than 10% of the Company's portfolio, measured as at the time of investment.
- No more than 20% of the portfolio will be invested in companies listed on overseas exchanges.
- The Company will not invest more than 5% of its gross assets in unquoted securities.
- The Company will not invest more than 15% of its gross assets at the time of investment in listed investment companies (including listed investment trusts), including no more than 10% of its gross assets at the time of investment in funds that do not have stated policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

Modification of the Investment Objective or the Investment Policy

In accordance with the UK Listing Rules, any material change to the Company's published Investment Objective or Investment Policy will require the prior approval of both the Financial Conduct Authority and the shareholders of the Company (by way of an ordinary resolution).

Performance

The Company's performance for the year ended 31 August 2024 and a summary of the year's activities and indications of trends and factors that may impact the future performance of the Company are included in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 8. The Portfolio Listing, the Distribution of the Portfolio, the Ten Year Record, the Summary of Performance Charts and the Attribution Analysis are set out on pages 11 to 20.

Dividends and Results

The portfolio is managed actively in pursuit of capital growth. Hence, in any one year the dividend income received from investments will vary according to which stocks are owned during the reporting period and so will the dividend that will be paid.

In order to continue to qualify as an investment company, the Company is required by Section 1159 of the Corporation Tax Act 2010 to distribute sufficient net income so that it retains no more than 15% of its net income in any reporting year.

The Company's results for the year ended 31 August 2024 are set out in the Income Statement on page 54. The revenue return was 11.58 pence and the capital return was 57.32 pence, giving a total return of 68.90 pence per ordinary share.

The Board recommends that a final dividend of 6.30 pence per ordinary share be paid on 10 January 2025 to shareholders who appear on the register as at the close of business on 29 November 2024 (ex-dividend date 28 November 2024). This is in addition to the interim dividend of 3.24 pence per ordinary share paid to shareholders on 20 June 2024.

Key Performance Indicators

The key performance indicators ("KPIs") used to determine the performance of the Company and which are comparable to those reported by other investment companies are set out in the tables below.

Shareholder Total Returns

Share price total return for the year ended 31 August 2024	1 year (%)	3 years (%)	5 years (%)
Fidelity Special Values PLC ¹	+24.3	+13.6	+47.3
Benchmark ²	+17.0	+24.4	+37.9
Peer group ³	+23.5	-4.7	+42.5

Net Asset Value ("NAV") Total Returns

NAV per ordinary share total return for the year ended 31 August 2024	1 year (%)	3 years (%)	5 years (%)
Fidelity Special Values PLC ¹	+24.1	+25.6	+60.0
Benchmark ²	+17.0	+24.4	+37.9
Peer group ³	+18.8	+1.7	+36.9

Discount

Discount as at 31 August	2024 (%)	2023 (%)	2022 (%)
Fidelity Special Values PLC ¹	(8.9)	(8.8)	(8.5)
Peer group ³	(9.3)	(11.4)	(10.4)

Ongoing Charges

Ongoing charges for the year ended 31 August ⁴	2024 (%)	2023 (%)	2022 (%)
Fidelity Special Values PLC ¹	0.70	0.70	0.69

1 Alternative Performance Measures.

2 FTSE All-Share Index.

3 AIC UK All Companies sector (including Fidelity Special Values PLC).

4 Defined in the Glossary of Terms on page 91.

Sources: Fidelity and Datastream.

Strategic Report continued

In addition to the KPIs set out on the previous page, the Board also monitors the factors contributing to investment results, as set out in the Attribution Analysis on page 20. Long-term performance is also monitored and is set out in the Ten Year Record and the Summary of Performance Charts on pages 17 to 19.

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. 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, identifies the key existing and emerging risks and uncertainties that the Company faces.

The Audit Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve the Company's strategic objectives.

Climate change, which refers to a large scale shift in the planet's weather patterns and average temperatures, continues to be a key emerging as well as a principal risk confronting asset managers and their investors. Globally, climate change effects are already

being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their customers. The Board notes that the Manager includes ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially shareholder returns.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events.

The Board, together with the Manager, is also monitoring the emerging risks posed by the rapid advancement of artificial intelligence ("AI") and technology and how it may threaten the Company's activities and its potential impact on the portfolio and investee companies. Although advances in computing power mean that AI is a powerful tool that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the risks listed on pages 25 to 28 as the principal risks and uncertainties faced by the Company.

Principal Risks	Description and Risk Mitigation
Market, Economic and Political Risks	<p>The Company may be affected by market and economic risks. The principal market related risks are market downturn, interest rate movements, inflation and market shocks, such as the UK economic recovery, volatility from the war in Ukraine and conflict in the Middle East and the Red Sea. The Company may also be impacted by concerns over global economic growth and major political events affecting the UK market and economy and the consequences of this. Although inflation in the UK and across most economies has stabilised, risks remain driven by a combination of global labour shortages in some sectors and supply chain shortages, including energy and food security. Inflation and economic instability are leading to a prolonged cost-of-living crisis and potentially impacting investors' risk appetite.</p> <p>The Company is exposed to a number of geopolitical risks. The fast-changing global geopolitical landscape is largely shaped by the ongoing armed conflicts effects, deglobalisation trends and significant supply disruption, as well as concerns around global growth and uncertainties on effects of changes in monetary policies. Russia and the Middle East are both significant net exporters of oil, natural gas and a variety of soft commodities and supply limitations have fuelled global inflation and economic instability, specifically within Western nations. The ongoing conflicts add to geopolitical risk and economic instability, including social unrest across Europe. The conflict in the Red Sea poses risk of disruption to shipping routes and the supply and cost of goods, thereby affecting the global economy and trade. Globally, geopolitical uncertainty is significantly impacted by deglobalisation trends driven by the prioritisation of the resiliency of supply chains national security concerns as well as from political pressure. The ramifications of onshoring include regulatory protectionism across regions, heightening geopolitical tensions on the continent and overseas. US-China and EU-China tensions over trade and technology rivalry increase the concerns of China-Taiwan relations potentially escalating to military conflict as well as increasing tensions over trade and economic issues due to competing territorial claims.</p> <p>As the year progresses, political risks are also set to increase heading towards the US elections in November, and coupled with ongoing geopolitical conflicts, could lead to higher volatility for broader markets and oil in particular. In China, divergent growth patterns persist, as exports and manufacturing growth accelerate, but domestic consumption remains subdued, and the property sector continues to weigh on growth momentum.</p> <p>The Company's portfolio is made up mainly of listed securities. The Portfolio Manager's success or failure to protect and increase the Company's value against the above background is core to the Company's continued success. The investment philosophy of stock-picking and investing in attractively valued companies should outperform the Benchmark over time.</p> <p>The risk from the likely effects of unforeseen economic and market events is somewhat mitigated by the Company's investment trust structure which means no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.</p> <p>The Board reviews market, economic and political risks and legislative changes at each Board meeting. The Portfolio Manager provides an investment review at each meeting which includes a review of the economic and political environment and any risks and challenges faced by the Company.</p> <p>Risks to which the Company is exposed to in the market risk category are included in Note 17 to the Financial Statements on pages 69 to 75 together with summaries of the policies for managing these risks.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
Investment Performance Risk (including the use of derivatives and gearing)	<p>The achievement of the Company's investment performance objective relative to the market requires the taking of risk such as investment strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Company's Benchmark and/or peer group companies. The Board relies on the Portfolio Manager's skills and judgement to make investment decisions based on research and analysis of individual stocks and sectors. The Board reviews the performance of the asset value of the portfolio against the Benchmark and its competitors and also considers the outlook for the market with the Portfolio Manager at each Board meeting. The emphasis is on long-term investment performance as there is a risk for the Company of volatility of performance in the shorter-term.</p> <p>Derivative instruments are used to protect and enhance investment returns. There is a risk that the use of derivatives may lead to higher volatility in the NAV and the share price than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board. Further detail on derivative instruments risk is included in Note 17 to the Financial Statements on pages 69 to 75.</p> <p>The Company gears through the use of long CFDs which provide greater flexibility and are generally cheaper than bank loans as a form of financing. The principal risk is that the Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or increasing underperformance in a falling market. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.</p>
Regulatory Risk	<p>The Company may be impacted by changes in legislation, taxation, regulation or other external influence that require changes to the nature of the Company's business. More recently, there have been increased concerns around investment cost disclosures and its impact in the industry. Regulatory changes for investment companies are monitored regularly by the Board and managed through active engagement with regulators and trade bodies by the Manager and also the AIC.</p>
Cybercrime and Information Security Risks	<p>The operational risk and business impact from heightened external levels of cybercrime and the risk of data loss is significant. Cybercrime threats evolve rapidly and consequently the risk is regularly re-assessed and the Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager's technology and risk teams have developed a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat, and also potentially addressing the risks of artificial intelligence (AI). The risk is regularly re-assessed by Fidelity's information security teams and risk frameworks are continually enhanced. This has resulted in the implementation of additional tools and processes, including improvements to existing ones. Fidelity has dedicated cybersecurity and technology risk teams which provide continuous oversight, regular awareness updates and best practice guidance.</p> <p>Risks also remain due to the war in Ukraine and conflict in the Middle East and the trend to more working from home. These primarily relate to phishing, ransomware, remote access threats, extortion and denial of services attacks, threats from highly organised criminal networks and sophisticated ransomware operators. The Manager has dedicated detect and respond resources specifically to monitor the cyber threats associated within the workplace and there are a number of mitigating actions in place including, control strengthening, geo-blocking and phishing mitigants, combined with enhanced resilience and recovery options.</p> <p>The Company's third-party service providers are also subject to regular oversight and provide assurances and have similar control measures in place to detect and respond to cyber threats and activity.</p>

Principal Risks	Description and Risk Mitigation
Business Continuity Risk	<p>There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The top risks globally are cybersecurity, geopolitical events and natural disasters. There are also ongoing risks from the war in Ukraine and conflict in the Middle East, specifically regarding cyberattacks and the potential loss of power and/or broadband services.</p> <p>The Manager continues to take all necessary and reasonable steps to assure operational resilience and to meet its regulatory obligations, assess its ability to continue operating and the steps it needs to take to support its clients, including the Board, and has an appropriate control environment in place. The Manager has provided the Board with assurance that the Company has appropriate operational resilience and business continuity plans and the provision of services has continued to be supplied without interruption.</p> <p>Specific risks posed by the pandemic continue to ease with increasing levels of staff returning to routine office-based working, albeit under hybrid working arrangements which allows greater flexibility on remote working as part of the new operating model.</p> <p>The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary. They are all subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received by the Board on an annual basis and any concerns are investigated. The third-party service providers have also confirmed the implementation of appropriate measures to ensure no business disruption.</p> <p>Risks associated with these services are generally rated as low, but the financial consequences could be serious, including reputational damage to the Company. These are mitigated through operational resilience frameworks.</p>
Key Person and Operational Support Risks	<p>The loss of the Portfolio Manager or key individuals could lead to potential performance, operational or regulatory issues. The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers.</p> <p>The Portfolio Manager, Alex Wright, has a differentiated style in relation to his peers. This style is intrinsically linked with the Company's investment philosophy and strategy, and therefore, the Company has a key person dependency on him. Fidelity has succession plans in place for its portfolio managers which have been discussed with the Board and provides some assurance in this regard. Jonathan Winton, the Co-Portfolio Manager, works alongside the Portfolio Manager and has extensive experience in the markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. There is also a risk that the Manager has inadequate succession plans for other key operational individuals.</p>
Discount Control Risk	<p>Due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control. The Board has a discount management policy in place and some short-term influence over the discount may be exercised by the use of share repurchases at acceptable prices and within the parameters set by the Board. The demand for shares can be influenced through good performance and an active investor relations program.</p> <p>The Company's share price, NAV and discount volatility are monitored daily by the Manager with the Company's Broker and considered by the Board on a regular basis.</p>

Strategic Report continued

Principal Risks	Description and Risk Mitigation
Environmental, Social and Governance ("ESG") Risk	There is a risk that the value of the assets of the Company are negatively impacted by ESG related risks, including climate change risk, such as the risk of extreme weather events that may impact global supply chains for companies and customers. ESG risks include investor expectations and how the Company is positioned from a marketing perspective and whether it is compliant with its ESG disclosure requirements. Whilst Fidelity considers ESG factors in its investment decision-making process, the Company does not carry the label. ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities based on sector-specific key performance indicators. The Portfolio Manager considers the effects of ESG when making investment decisions. ESG ratings of the companies within the Company's portfolio compared to MSCI ratings are provided on page 21.

Continuation Vote

A continuation vote takes place every three years. There is a risk that shareholders do not vote in favour of continuation during periods when performance of the Company's NAV and share price is poor. The last continuation vote was at the AGM held on 14 December 2022, and 99.89% of shareholders voted in favour of the continuation of the Company. The next continuation vote will take place at the AGM in 2025.

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long-term capital growth. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

In making an assessment of the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance compared to its Benchmark;
- The principal and emerging risks and uncertainties facing the Company and their potential impact, as set out on pages 24 to above;
- The likely future demand for the Company's shares;
- The Company's share price discount to the NAV and the Board's discount management policy;
- The liquidity of the Company's portfolio;
- The level of income generated by the Company; and
- Future income and expenditure forecasts.

The Company's performance for the five year reporting period to 31 August 2024 was well ahead of the Benchmark. The NAV total return was +60.0% and the share price total return was +47.3% compared to the Benchmark total return of +37.9%. The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary;
- The Board's discount management policy; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

In preparing the Financial Statements, the Directors have considered the continued impact of climate change and potential emerging risks from the use of artificial intelligence as detailed on page 24. The Board has also considered the impact of regulatory changes, unforeseen market events, geopolitical issues and the ongoing global implications of the war in Ukraine and the Middle East conflict and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 32.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

As an externally managed investment company, the Company has no employees or physical assets, and a number of its functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the external appointed Manager (FIL Investment Services (UK) Limited) and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 22 and 23.

The Board receives regular reports from the Company's Broker which covers market activity, how the Company compares with its peers in the AIC UK All Companies sector.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and the Portfolio Manager to present to the shareholders on the Company's performance and future plans and the Board encourages all shareholders to attend in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Company Secretary in writing at the same address or by email at investmenttrusts@fil.com.

The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. It believes that a proper consideration of Environmental, Social and Governance ("ESG") issues aligns with the Company's investment objective to deliver long-term capital growth.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of approval of this report, have included:

- As part of the Board's succession plan, initiating a recruitment process to replace Nigel Foster who having completed nine years on the Board on 1 September 2024 will step down at the conclusion of the AGM on 12 December 2024. His replacement will be announced in due course;
- The decision to appoint Claire Boyle as the Senior Independent Director to replace Nigel Foster from 12 December 2024;
- The decision to pay an interim dividend of 3.24 pence per share and to recommend the payment of a final dividend of 6.30 pence per share (a total of 9.54 pence per share), to maintain the 15 year track record of increasing dividends, while retaining funds for reinvestment, consistent with the objective of long-term capital growth;
- Meetings by the Chairman with some of the Company's key shareholders during the reporting year; and
- The decision to once again hold a hybrid AGM in 2024 in order to make it more accessible to those investors who are unable to or prefer not to attend in person.

Board Diversity

The Board's overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace. Due regard will be given to the benefit of diversity on the Board, including gender and ethnicity.

The Board has taken into consideration the FCA's UK Listing Rules requirements (UKLR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer ("CEO"), senior independent director or chief financial officer ("CFO")) is held by a woman; and
- at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

Strategic Report continued

The Board considers that as an externally managed investment trust, with no CEO or CFO, the Chairman of the Company, the Senior Independent Director and the Chair of the Audit Committee to be senior positions.

As required by the FCA's UK Listing Rules, the Company's reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 August 2024 and up to the date of this report, the target of 40% of women on the Board, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background have been met.

Gender Reporting as at 31 August 2024

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Audit Committee Chair)
Men	3	60%	2
Women	2	40%	1

Although, the Company is not a FTSE 250 company, it meets the recommendations of the Parker Review Committee that each FTSE 250 company should have at least one director from an ethnic minority background by 2024 so as to improve the ethnic and cultural diversity of UK company boards as can be seen from the table below. The Board also meets the UK Listing Rule and the FCA's targets that at least one Director is from an ethnic minority background. This position is held by Ominder Dhillon.

Ethnic Background Reporting as at 31 August 2024

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Audit Committee Chair)
White British or other White (including minority white groups)	4	80%	3
Asian/Asian British	1	20%	0

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social and Governance ("ESG") in the Investment Process

The Board has contracted with Fidelity to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an important input into the assessment of the value of the Company's investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in its investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing, and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/responsible-investing.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Manager who updates the Board on issues and activities. These activities are reviewed regularly by the Manager's corporate governance team.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Managers' product level disclosure consistent with the Task Force on Climate-related Financial Disclosures (TCFD) can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/special values.

FUTURE DEVELOPMENTS

Some trends likely to affect the Company in the future are also common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect the Company's future development, performance and positions are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 8.

By Order of the Board
FIL Investments International
 Secretary
 6 November 2024

Board of Directors



Dean Buckley

Chairman

(since 14 December 2022)

Appointed 3 November 2015



Dean Buckley is Chairman of Alliance Witan PLC and a Non-Executive Director of Baillie Gifford & Co Limited. He is Chairman of Evelyn Partners Fund Solutions Limited (previously Smith & Williamson Fund Administration Limited). He was until February 2024, Senior Independent Director and Chairman of the Audit Committee and the Remuneration Committee of JPMorgan Asia Growth & Income plc. He was previously a Non-Executive Director of Saunderson House Ltd and Chief Executive Officer at Scottish Widows Investment Partnership. Prior to this, he held several positions at HSBC Bank plc, including Chief Executive Officer for HSBC Asset Management UK and Middle East and Chief Investment Officer for HSBC Asset Management, European equities, and held a number of senior Fund Manager positions at Prudential Portfolio Managers. He is a Fellow of the Institute of Actuaries.



Claire Boyle

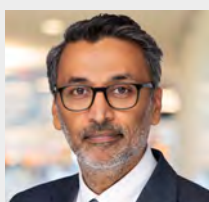
Chair of the Audit Committee

(since 12 December 2019)

Appointed 24 June 2019



Claire Boyle is Chair of the Life Science REIT plc, Audit Chair of The Monks Investment Trust PLC and a Non-Executive Director of Nippon Active Value Fund plc. She was previously a Non-Executive Director and Chair of the Audit Committee of abrdn Japan Investment Trust PLC. She was a Partner at Oxburgh Partners LLP with responsibility for the European Equity Hedge Fund and, prior to that, a European Equity Fund Manager at American Express Asset Management. She started her investment career with Robert Fleming Investment Management. She is a Fellow of the Institute of Chartered Accountants, having worked in fraud investigations at Coopers & Lybrand.



Ominder Dhillon

Appointed 23 June 2022



Ominder Dhillon is a Non-Executive Director of The City of London Investment Trust plc and a Senior Advisor to IC Research. He has over 30 years' experience of asset management covering institutional, wholesale and retail channels. Until June 2023, he was a Trustee to a UK charity, Facing History & Ourselves. Until January 2020, he was Global Head of Institutional Distribution at M&G Investments and prior to that, Managing Director of Global Business Development at sustainable and impact investment specialist Impax Asset Management. Prior to Impax, he was Head of UK & Ireland Institutional Distribution at Fidelity International, Director Institutional Business Development at Scottish Widows Investment Partnership and a Director and Portfolio Manager at John Morrell & Associates Limited.



Nigel Foster

Senior Independent Director

(since 14 December 2022)

Appointed 1 September 2015



Nigel Foster has over 43 years' experience in the investment management industry. Prior to joining the Board, he was a Managing Director at BlackRock where he headed all market facing activities, including trading and capital markets for the EMEA region. He was also Global Head of Derivatives at BlackRock and predecessor firms for 27 years. He has led a number of prominent financial rescues and is the author of "The Derivatives Game", a book that traces the story of derivatives from ancient times to the present day.



Alison McGregor

Appointed 1 January 2020



Alison McGregor is Chair of The Malcolm Group and a Non-Executive Director of the Scottish Football Association. Until recently she was the Chair and a Non-Executive Director of Scottish Power Energy Networks. Until December 2019, she was CEO of HSBC Scotland. Prior roles include Managing Director at Corporate Banking North HSBC, Head of Corporate Banking Clydesdale and Yorkshire Bank and 24 years' experience in various banking roles at Barclays Bank PLC. Prior board roles include Non-Executive Director of Beatson Cancer Charity, Chair of the Scottish Apprenticeship Advisory Board, Non-Executive Director of CBI and Non-Executive Director of Scottish Enterprise. In 2018, she received the Women in Banking and Finance UK award for Achievement and was recognised by Action for Children as Woman of Influence in Business. In 2017, she was awarded the Scotland Corporate Leader of the Year Award at The Scottish Women's Awards.

All Directors are Non-Executive Directors and all are independent.

Committee membership key



Audit



Management Engagement



Nomination



Committee Chair

Directors' Report

The Directors have pleasure in presenting their report together with the audited Financial Statements of the Company for the year ended 31 August 2024.

The Company was incorporated in England and Wales as a public limited company on 27 September 1994 under the name of Fidelity Special Values PLC with the registered number 2972628 and commenced business as an investment trust on 17 November 1994.

MANAGEMENT COMPANY

FIL Investment Services (UK) Limited ("FIL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FIL, as the Manager, has delegated the portfolio management of assets and the role of company secretary to FIL Investments International.

The Alternative Investment Fund Management and Secretarial Services Agreement (the "Management Agreement") will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Agreement by sixty days' notice if the Manager ceases to be a subsidiary of FIL Limited. FIL Limited has no beneficial interest in the shares of the Company (2023: nil).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on pages 37 and 38.

Management Fee

Since 1 January 2021, the management fee is a single fee of 0.60% of net assets.

Fees for the reporting year were £6,095,000 (2023: £5,698,000) and are disclosed in Note 4 on page 61.

The Board

All Directors served on the Board throughout the year ended 31 August 2024. A brief description of all serving Directors as at the date of this Annual Report is shown on page 31 and indicates their qualifications for Board membership.

In line with the Board's succession plan, and having served a nine year tenure, Nigel Foster will not be seeking re-election at the AGM on 12 December 2024.

Directors' and Officers' Liability Insurance

In addition to benefits under the Manager's global Directors' and Officers' liability insurance arrangements, the Company maintains additional insurance cover for its Directors under its own policy as permitted by the Companies Act 2006.

Professional Negligence Liability Risks

The requirement to cover potential liability risks arising from professional negligence is covered by the Manager's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of the Manager.

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 and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has, therefore, concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 30 November 2025 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, the Middle East conflict and significant market and geopolitical events.

Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on page 28.

Auditor's Appointment

A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 12 December 2024.

Disclosure of Information to the Company's Auditor

As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this Annual Report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Articles of Association

Any amendments to the Company's Articles of Association must be made by a special resolution.

Corporate Governance

The Corporate Governance Statement on pages 36 to 39 forms part of this report.

Registrar, Custodian and Depositary Arrangements

The Company has appointed Link Group as its Registrar to manage the Company's share register, JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets, and J.P. Morgan Europe Limited as its

Depository, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 62.

Share Capital

The Company's issued share capital comprises ordinary shares of 5 pence each which are fully listed on the London Stock Exchange. As at 31 August 2024, the share capital of the Company was 324,098,920 shares (2023: 324,098,920). No shares were held in Treasury (2023: nil).

Premium/Discount Management: Enhancing Shareholder Value

The Board actively manages the Company's level of premium/discount. If the Company is trading at a discount, it seeks to maintain the discount in single digits in normal market conditions. The Board seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV either for cancellation or for holding in Treasury. The Board will exercise these authorities if deemed to be in the best interests of shareholders at the time.

Share Issues

The Company did not issue any ordinary shares in the year to 31 August 2024 (2023: nil). Since the year end and as at the date of this Annual Report, no ordinary shares have been issued.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 12 December 2024 and resolutions to renew these authorities will be put to shareholders at this AGM.

Share Repurchases

The Company did not repurchase any ordinary shares into Treasury or for cancellation in the year to 31 August 2024 (2023: nil). Since the year end and as at the date of this Annual Report, no shares have been repurchased into Treasury or for cancellation.

The authority to repurchase shares expires at the AGM on 12 December 2024 and a resolution to renew the authority to purchase shares, either for cancellation or to buy into Treasury, will be put to shareholders at this AGM.

Substantial Share Interests

As at 31 August 2024 and 30 September 2024, notification had been received that the shareholders listed in the table below held more than 3% of the voting share capital of the Company.

Shareholders	31 August 2024	30 September 2024
Fidelity Platform Investors	18.03	17.91
Evelyn Partners	9.84	9.82
Interactive Investor	8.31	8.31
Hargreaves Lansdown	7.46	7.47
Rathbones	6.00	5.94
RBC Brewin Dolphin	5.09	4.97
AJ Bell	3.68	3.71
Charles Stanley	3.18	3.16
Investec Wealth & Investment	3.17	3.16

An analysis of shareholders as at 31 August 2024 is detailed in the table below.

Shareholders as at 31 August 2024	% of voting share capital
Private Shareholders ¹	85.65
Institutions	9.84
Hedge Funds	2.30
Insurance	1.04
Pension	0.75
Other	0.42

¹ Includes Fidelity Platform Investors (18.03%).

Additional Information Required in the Directors' Report

Information on proposed dividends, financial instruments, disclosure on Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-Related Financial Disclosures (TCFD) is set out in the Strategic Report on pages 22 to 30.

Responsibility as an Institutional Shareholder

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity International is a signatory to the UK Stewardship Code which sets out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at www.fidelity.co.uk.

Directors' Report continued

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass Shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Directors, are available to meet with shareholders to discuss strategy and governance. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at investmenttrusts@fil.com or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 12 December 2024, details of which can be found on page 5.

Alex Wright, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at investmenttrusts@fil.com or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

The Notice of Meeting on pages 81 to 84 sets out the business of the AGM and the special business resolutions are explained more fully on the next page. A separate resolution is proposed on each substantially separate issue including the Annual Report and Financial Statements. The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

Voting Rights in the Company's Shares

Every person entitled to vote on a show of hands has one vote. On a poll every shareholder who is present in person or by proxy or representative has one vote for every ordinary share held. At general meetings, all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's page of the Manager's website at www.fidelity.co.uk/specialvalues after the AGM.

ANNUAL GENERAL MEETING – THURSDAY, 12 DECEMBER 2024 AT 11.00 AM

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

The AGM of the Company will be held at **11.00 am on Thursday, 12 December 2024** at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 81 to 84.

For those shareholders who are unable to attend in person, we will live-stream the formal business and presentations of the meeting online.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 83 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and we will answer as many as possible at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website www.fidelity.co.uk/specialvalues. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website at <https://web.lumiagm.com>.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://web.lumiagm.com> from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **141-269-839**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Fidelity Platform Investors - Voting at AGMs

If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting

A paper Proxy Form will be sent to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 12 December 2024, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 81 and 82, including the items of special business summarised below.

Authority to Allot Shares

Resolution 10 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £1,620,494. If passed, this resolution will enable the Directors to allot a maximum of 32,409,880 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury shares) as at 6 November 2024 and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per share or at a premium to NAV per ordinary share.

Authority to Disapply Pre-Emption Rights

Resolution 11 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £1,620,494 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company as at 6 November 2024 and equivalent to 32,409,880 ordinary shares).

Authority to Repurchase Shares

Resolution 12 is a special resolution which renews the Company's authority to purchase up to 14.99% (48,582,428) of ordinary shares in issue (excluding Treasury shares) on 6 November 2024 either for immediate cancellation or for retention as Treasury shares at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or by cancelling the shares. Purchases of ordinary shares will be at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board

FIL Investments International

Secretary

6 November 2024

Corporate Governance Statement

"Corporate governance" is the process by which the Board of Directors of a company look after shareholders' interests and by which it endeavours to enhance those interests (often referred to as "shareholder value"). Shareholders hold the Directors responsible for the stewardship of a company's affairs, delegating authority to the Directors to manage the Company on their behalf and holding them accountable for its performance.

This report, which forms part of the Directors' Report, explains how the Directors of Fidelity Special Values PLC (the "Company") deal with that responsibility, authority and accountability.

Corporate Governance Codes

The Board follows the principles and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018 and the AIC's Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code and paragraph 6.6.6(6) of the UK Listing Rules. This statement, together with the Statement of Directors' Responsibilities on page 43, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at www.theaic.co.uk and the UK Code on the FRC's website at www.frc.org.uk.

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this report, except in relation to the UK Code provisions relating to the role of the chief executive, executive directors' remuneration, and the need for an internal audit function. The Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations. All of its day to day management and administrative functions are delegated to the Manager.

The Corporate Governance of an Investment Trust Company

The corporate governance of most investment companies is different from most other commercial companies in one important respect: they do not employ their own people as management but instead the services of a fund management company. This affects the way investment companies are governed but not the purpose of their governance. Given that the Manager's business is not dedicated solely to the interests of investment companies and their shareholders, investment company boards must be largely independent of management. However, the Board must have knowledge and experience of both fund management and investment company management. The Company was established and is managed and promoted by its Manager, which is, therefore, one of the main reasons some shareholders choose to invest in the Company's shares. It follows that it is an important aspect of the corporate governance of the Company that its Manager should be party to the responsibility, authority and accountability to those investing in their management.

The Corporate Governance policies and Modus Operandi of Fidelity Special Values PLC

The corporate governance of any investment company, while following the guidelines of the UK Code and AIC Code, will vary in certain respects depending on its own circumstances. The Board of the Company has considered its own circumstances and determined its own corporate governance policies and modus operandi.

In this section we have outlined the corporate governance policies and modus operandi through the following three aspects of corporate governance: Responsibility, Authority and Accountability. It is, first of all, important that shareholders have confidence in the Board of Directors, whom they hold responsible and accountable for the Company's affairs.

In determining the guidelines for the composition of the Board, the Directors believe that Board members, including the Chairman, are independent of management, and that within the Board there is understanding and experience of investment management, investment company management, the investment objective of the Company, marketing, general business experience and finally of Fidelity's investment philosophy and its operations.

All Directors are independent and considered to be free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Details of the Directors' current business associations are set out on page 31. In addition, all Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. The Board follows a procedure of notification of any interests that may arise as part of considering any potential conflicts.

All of the Directors are Non-Executive. Each Director's individual independence, including that of the Chairman, has been assessed and confirmed, taking into consideration:

- Integrity, commitment, intelligent challenge;
- Independence of mind and character;
- Experience and knowledge of investment trusts, of the investment business generally and of Fidelity;
- Financial literacy;
- Conflicts of interest; and
- Performance as a Director.

	Regular Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Claire Boyle	5/5	3/3	1/1	1/1
Dean Buckley ¹	5/5	n/a	1/1	1/1
Ominder Dhillon	5/5	3/3	1/1	1/1
Nigel Foster ²	4/5	2/3	1/1	0/1
Alison McGregor	5/5	3/3	1/1	1/1

- 1 As Chairman of the Board, Mr Buckley is not a member of the Audit Committee but is invited to attend the meetings.
2 Unable to attend one meeting due to personal circumstances.

Figures in the table above indicate those meetings for which each Director was eligible to attend and attended in the year. Regular Board meetings exclude ad hoc meetings for other Board business.

The Board considers the tenure of each Director annually. A Director may serve for more than nine years, provided that such Director is considered by the Board to continue to be independent and provides experience that remains relevant. In addition, each Director is subject to annual re-election, or election if newly appointed, by shareholders.

The Board meets regularly to discharge its duties effectively and the table above gives the attendance record for the meetings held during the reporting year.

Responsibility

Under Section 172(1) of the Companies Act, the Directors have a duty to promote the success of the Company for the benefit of our shareholders. This includes having regard (amongst other matters) to the likely consequences of any decision in the long-term, fostering relationships with the Company's stakeholders and the desirability of the Company in maintaining a reputation for high standards of business conduct. Further detail on promoting the success of the Company is in the Strategic Report on pages 28 and 29.

Authority

The Board is furnished by shareholders with the authority to manage the Company on their behalf, in order to discharge the responsibilities outlined above. The Board, being independent of the Manager, carries out its duties through Board meetings and Board appointed Committee meetings. The most important aspect of Directors' duties concerns the management of the Company's portfolio of assets and of the risk profile of its balance sheet. While the day-to-day investment management is delegated to the Manager, there are certain decisions retained and made by the Directors, including the payment of dividends, the share issue and share repurchase guidelines and the derivatives and gearing policies.

In structuring Board meetings, the Directors try to concentrate as much as possible of their regular Board meetings on (i) investment matters (including strategy, investment policy, gearing and derivatives policies, portfolio and stock reviews, portfolio turnover, monitoring performance etc.); and (ii) shareholder value matters (including monitoring the premium or discount,

share issues and share repurchases and the marketing of the Company). The Chairman is responsible for the promotion of a culture of openness and debate, for ensuring that the Directors receive accurate, timely and clear information and for ensuring that there is adequate time available for the discussion of agenda items, particularly strategic issues.

The Board meets regularly with the Company's Broker to discuss shareholder value and investor relation matters. The Portfolio Manager and Manager meet with the larger shareholders on a regular basis and report back to the Board on those meetings. The Chairman, when required, also attends some of these meetings. Key representatives of the Manager attend each Board meeting, enabling the Board to discuss business matters further.

BOARD COMMITTEES

The Board has three Committees, as set out below and on the next page, through which it discharges certain of its corporate governance responsibilities. These are the Audit Committee, the Management Engagement Committee and the Nomination Committee. Terms of reference of each Committee are available on the Company's pages of the Manager's website at www.fidelity.co.uk/specialvalues.

Audit Committee

The Audit Committee consists of Claire Boyle as Chair, Ominder Dhillon, Nigel Foster and Alison McGregor. Full details of the Audit Committee are disclosed in the Report of the Audit Committee on pages 44 to 46.

Management Engagement Committee Composition

The Management Engagement Committee is chaired by Dean Buckley and consists of all the Directors.

Role and Responsibilities

It is charged with reviewing and monitoring the performance of the Manager and for ensuring that the terms of the Company's Management Agreement remains competitive and reasonable for shareholders. It meets at least once a year and reports to the Board, making recommendations where appropriate.

Corporate Governance Statement continued

Manager's Reappointment

Ahead of the AGM on 12 December 2024, the Committee has reviewed the performance of the Manager and the current fee basis and also that of its peers. The Committee noted the Company's NAV and share price performance over the reporting year and also over five years and over the Portfolio Manager's tenure compared to the returns of the Benchmark. The Committee also noted the commitment, quality and continuity of the team responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue. Details of the fee structure for the reporting year ended 31 August 2024 can be found in the Directors' Report on page 32.

Nomination Committee

Composition

The Nomination Committee is chaired by Dean Buckley and consists of all the Directors.

Role and Responsibilities

The Committee meets at least once a year and reviews the composition, size and structure of the Board. The Committee is responsible for succession planning and it is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders.

In respect of new Directors, the Board believes that it is important in the search for and recommendation of a candidate to the Board that it is carried out by all of the Committee members who are all independent Directors. The Committee carries out its candidate search from the widest possible pool of talent based on the benefits of having a diverse range of skills, knowledge, experience, perspectives and background, including gender and diversity. External consultants are used to identify potential candidates and to assist the Board in recruiting new independent Non-Executive Directors.

Upon appointment, each Director is provided with all relevant information regarding the Company and receives an induction on the investment operation and administration functions of the Company, together with a summary of their duties and responsibilities. Directors are encouraged to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. They also receive regular briefings from, amongst others, the AIC, the Company's Auditor and the Company Secretary, regarding any proposed developments or changes in law or regulations that could affect the Company and/or the Directors.

The Committee also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM, it has considered the performance and contribution of each Director and concluded that each Director seeking re-election has been effective and continues to demonstrate commitment to their role. This has been endorsed by the Board which recommends their reappointment by shareholders at the forthcoming AGM. The terms and conditions of appointment of Directors are available for inspection at the registered office of the Company.

As part of the election and re-election process, and other than every third year when an external evaluation is undertaken, a Board evaluation process is undertaken ahead of the AGM

which takes the form of written questionnaires and one to one discussions. The Chairman leads the assessment of the individual Directors' contributions to the Board and the Senior Independent Director leads the assessment for the evaluation and performance of the Chairman. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results.

As a FTSE 350 Company and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board carried out an externally facilitated evaluation in 2023. The next external evaluation will take place in 2026.

Accountability

Given that the shareholders entrust the Board of Directors with the management of the Company's affairs, it is necessary that the Board accounts for itself to shareholders. The process of accountability involves providing all the necessary information for shareholders to make judgements about the Board's stewardship and performance through a full and informative annual financial report, a half-yearly financial report, the presentation of the Company's results and future prospects at the AGM and accessibility to the Board at any time via the Company Secretary.

The AGM is the occasion when the Board accounts for itself in a public meeting. It regards any bona fide issue that any shareholder raises as one that should be put to all shareholders at the AGM so that all those attending can hear any concerns expressed in an open forum and make their own judgement. The AGM provides shareholders with an opportunity to vote on certain issues that are not ultimately delegated to the Board. This includes the election and re-election of Directors every year in addition to the normal matters of approving the financial statements, the appointment of the Company's Auditor, the issue of new shares and the repurchase of shares. Your Board has an established policy that enables shareholders to decide whether they wish to continue the Company's existence by putting a "continuation vote" before shareholders at every third AGM. The next continuation vote will take place at the AGM in 2025.

Directors' Remuneration

The Board determines the level of Directors' fees and full details are disclosed in the Directors' Remuneration report on pages 40 and 41.

Senior Independent Director

Nigel Foster is the Senior Independent Director and fulfils the role as a sounding board for the Chairman, intermediary for the other Directors as necessary and acts as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate. Claire Boyle will succeed Mr Foster when he steps down from the Board on 12 December 2024.

Company Secretary

The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Directors also have the ability to take independent professional advice, if necessary, at the Company's expense.

Supply of Information

The Board meeting papers are the key source of regular information for the Board, the contents of which are determined by the Board and contain sufficient information on the financial condition of the Company. The Board receives this information in a timely manner and of a quality appropriate to enable it to discharge its duties.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to financial, operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit Committee and the Board.

In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor relevant to the Company's audit. It also includes consideration of internal controls covered in similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. The process also assists in identifying any new emerging risks and the action necessary to mitigate their potential impact. The Board confirms that there is an effective ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 August 2024 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit Committee meets the Manager's internal audit representative at least once a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

Whistle-Blowing Procedure

Part of the Managers' role in ensuring the provision of a good service pursuant to the Management Agreement, includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. This policy has been endorsed accordingly by the Board.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

Criminal Finances Act 2017

The Company is subject to the Criminal Finances Act 2017 and follows a zero tolerance policy to tax evasion and its facilitation. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

On Behalf of the Board



Dean Buckley

Chairman

6 November 2024

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 August 2024 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of Non-Executive Directors and has no chief executive officer and employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 12 December 2024.

The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 47 to 53.

Directors' Remuneration

The annual fee structure from 1 September 2024 is as follows: Chairman – £47,000 (2023: £44,500); Chair of the Audit Committee – £37,500 (2023: £35,000); Senior Independent Director – £33,000 (2023: £31,500); and Director – £31,000 (2023: £29,500). Levels of remuneration are reviewed to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Directors to a total of £250,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role that individual Directors fulfil. Other than fees and reasonable out-of-pocket expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes, or other taxable benefits. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office. Directors' fees are paid monthly in arrears. Directors do not serve a notice period if their appointment were to be terminated.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own individual fees.

The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager, and research from third parties and it includes information on the fees of other similar investment trusts.

As a FTSE 350 company, and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board is required to carry out an externally facilitated evaluation every third year of its performance. This also includes input into the appropriate level of Directors' fees from an independent source.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's Annual General Meetings and can be obtained from the Company's registered office.

The Company's remuneration policy will apply to new Board members, who will be paid the equivalent amount of fees as current Board members.

Voting on the Remuneration Policy

The Remuneration Policy (the "Policy"), as set out above, was approved at the AGM held on 14 December 2022 with 99.19% of votes cast in favour, 0.22% of votes cast against and 0.59% of votes withheld. The Policy has been followed throughout the year ended 31 August 2024 and up to the date of this report. The next vote will be put to shareholders at the AGM in December 2025, and the votes cast will be disclosed on the Company's website at:

www.fidelity.co.uk/specialvalues.

Voting on the Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 31 August 2023 was approved at the AGM held on 14 December 2023 with 99.61% of votes cast in favour, 0.21% of votes cast against and 0.18% of votes withheld.

The Directors' Remuneration Report for the year ended 31 August 2024 will be put to shareholders at the AGM on 12 December 2024, and the votes cast will be disclosed on the Company's pages of the Manager's website at:

www.fidelity.co.uk/specialvalues.

Single Total Figure of Directors' Remuneration

The single total aggregate Directors' remuneration for the year ended 31 August 2024 was £181,456 (2023: £180,836). This includes expenses incurred by Directors in attending to the affairs of the Company and are considered by HMRC to be a taxable expense. Information on individual Directors' fees and taxable Directors' expenses are disclosed in the table below.

Remuneration of Directors

	2025 Projected Fees (£)	2024 Fees (Audited) (£)	2024 Taxable Expenses (Audited) (£)	2024 Total (Audited) (£)	2023 Fees (Audited) (£)	2023 Taxable Expenses (Audited) (£)	2023 Total (Audited) (£)
Claire Boyle ¹	38,941	35,000	3,039	38,039	34,000	1,288	35,288
Dean Buckley	47,000	44,500	663	45,163	39,033	468	39,501
Ominder Dhillon	31,000	29,500	1,983	31,483	29,000	1,332	30,332
Nigel Foster ²	9,287	31,500	–	31,500	29,000	–	29,000
Alison McGregor	31,000	29,500	5,771	35,271	29,000	4,143	33,143
Andy Irvine ³	n/a	n/a	n/a	n/a	12,404	1,168	13,572
Total	157,228	170,000	11,456	181,456	172,437	8,399	180,836

¹ To be appointed as Senior Independent Director on 12 December 2024 in addition to continuing as Audit Committee Chair.

² Retiring on 12 December 2024.

³ Retired on 14 December 2022.

Five year change comparison in Directors' Remuneration

The table below sets out the change in Directors' fees over the last five years.

	31 August 2024	31 August 2019	Change (%)
Chairman	44,500	41,000	+8.5%
Senior Independent Director	31,500	27,000	+16.7%
Audit Committee Chair	35,000	31,750	+10.2%
Director	29,500	27,000	+9.3%

Expenditure on Directors' Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 August 2025 is disclosed in the first table above.

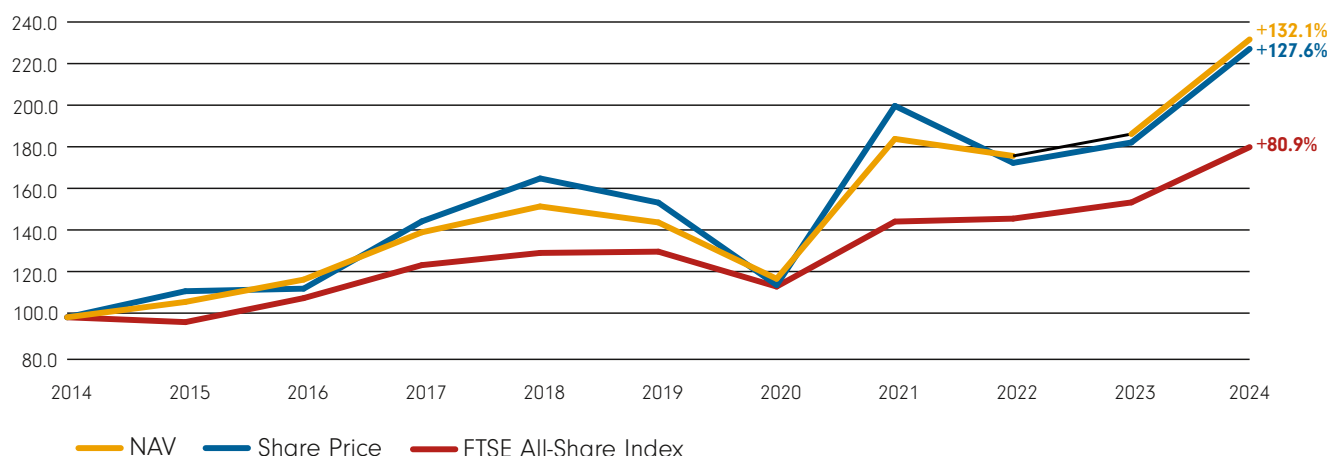
	31 August 2024 £	31 August 2023 £
Expenditure on Directors' Remuneration:		
Fees and taxable expenses	181,456	180,836
Distribution to Shareholders:		
Dividend payments	30,822,000	25,863,000

Directors' Remuneration Report continued

Performance

The Company aims to achieve long-term capital growth primarily through investment in equities (and their related financial instruments) of UK companies which the Investment Manager believes to be undervalued or where the potential has not been recognised by the market. The graph below shows the performance of the NAV per ordinary share and share price against the FTSE All-Share Index (Benchmark) over ten years to 31 August 2024.

Total return performance for the ten years to 31 August 2024



Directors' Interests in Ordinary Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors are encouraged. The interests of the Directors' in the ordinary shares of the Company are shown in the table below. All of the shareholdings are beneficial. The Portfolio Manager also holds shares in the Company.

Directors' Shareholdings (Audited)

	31 August 2024	31 August 2023	Change during year
Claire Boyle	7,466	7,466	-
Dean Buckley	50,000	50,000	-
Ominder Dhillon ¹	7,750	4,000	3,750
Nigel Foster ²	88,000	81,000	7,000
Alison McGregor ³	20,000	30,000	(10,000)

¹ Purchase of shares by self and connected persons.

² Purchase of shares by self.

³ Sale of shares by connected person.

All Directors' shareholdings remained unchanged at the date of this report.

On Behalf of the Board

Dean Buckley

Dean Buckley

Chairman

6 November 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law, the Directors have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the reporting period.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a fair and balanced manner that provides relevant, reliable, comparable and understandable information;
- State whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Company and the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report which comply with that law and those regulations.

The Directors have delegated the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at www.fidelity.co.uk/specialvalues to the Manager. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Statement of Directors' Responsibility was approved by the Board on 6 November 2024 and signed on its behalf by:



Dean Buckley
Chairman

Report of the Audit Committee

I am pleased to present the formal report of the Audit Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see page 39 for further details) and the effectiveness of the independent audit process for the year ended 31 August 2024. This report details how we carry out this role.

Composition and Meetings

The members of the Committee are myself as Chair, Ominder Dhillon, Nigel Foster and Alison McGregor. In line with the recommendation of the UK Corporate Governance Code, the Chairman of the Board is not a member of the Committee but is invited to attend the Committee meetings. All Committee members are independent Non-Executive Directors, and their skills and experience are set out on page 31. The Committee considers that collectively the members have sufficient recent and relevant sector and financial experience to fully discharge their responsibilities.

The Committee met three times during this reporting year. The Committee invites the Company's Auditor and personnel from the Manager's financial, risk and internal audit functions to attend and report to the Committee on relevant matters. During the year, I also met privately with the Auditor to raise any issues without management present. After each Committee meeting, I report to the Board on the main items discussed at the meeting.

Ahead of each AGM, the Committee's performance is evaluated as part of the overall Board evaluation process as reported on page 38.

Role and Responsibilities of the Audit Committee

The Committee's authority and duties are defined in its terms of reference, which were reviewed during the year and are available on the Company's pages of the Manager's website at www.fidelity.co.uk/specialvalues. The principal activities carried out during the year were:

- **Financial Reporting:** We considered the Company's financial reports, including the significant accounting issues and the appropriateness of the accounting policies adopted. We considered and are satisfied that, taken as a whole, the 2024 Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. We considered the ongoing impact of the war in Ukraine and market events and reviewed the assessment of the Company as a going concern and also its viability over a five year time frame. We reviewed the revenue that has been recognised and the liquidity of the portfolio;
- **Internal Audit:** We considered the scope of the internal audit of the Manager and the subsequent findings from this work, receiving regular reports from the internal audit function of the Manager. The Committee also monitored progress in the implementation of the Manager's internal audit recommendations;
- **Risk and Internal Control:** During one of the Committee meetings, we considered the key existing and emerging risks facing the Company and the adequacy and effectiveness of the internal controls and risk management processes. This included a review of the Manager's business continuity plans and operational resilience strategies in order to continue to meet regulatory obligations and also continuing to serve and support investors and the Board. The Company's third party service providers also continue to implement similar measures to ensure that there is no disruption in service. The Committee received sufficient assurance that the Manager's and third party service providers measures have continued to work effectively in the reporting year; and
- **External Auditor:** we considered the independence, effectiveness and fees of the Auditor, as detailed later in this report.

Significant issues considered by the Committee during the year

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities can be found on page 43. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and any specific areas which require judgement.

Summarised below are the most significant issues which were considered by the Committee in respect of these Financial Statements and how these issues were addressed.

Recognition of Investment Income	<p>Investment income is recognised in accordance with Accounting Policy Note 2 (e) on pages 58 and 59. The Manager provided detailed revenue forecasts and the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for the classification of these special dividends. The Committee reviewed the internal audit and compliance monitoring reports received from the Manager, including an additional internal controls report ("AAF" report) prepared by PricewaterhouseCoopers LLP on behalf of the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed the reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.</p>
Valuation, existence and ownership of investments (including derivatives and unlisted investments)	<p>The valuation of investments (including derivatives) is in accordance with Accounting Policy Notes 2 (k) and 2 (l) on pages 59 and 60. The Committee took comfort from the Depositary's regular oversight function that investment related activities were conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional AAF report prepared by PricewaterhouseCoopers LLP on behalf of the Manager which concluded that the controls around the valuation, existence and ownership of investments operate effectively. The valuation of unlisted investments is appraised by the Manager's Fair Value Committee ("FVC") in accordance with UK GAAP and International Private Equity and Venture Capital Valuation Guidelines. The Committee reviewed the information received from the FVC on the proposed valuation methodologies for all unlisted investments. The Committee also reviewed the reports provided by the Auditor on its work on the valuation, existence and ownership of the Company's investments, including derivatives and unlisted investments.</p>

The Company confirms that it has complied with the September 2014 Competition and Markets Authority Order in relation to the performance and appointment of the Auditor, as set out below and on the next page.

Independence and Effectiveness of the Audit Process

Ernst & Young LLP acted as the Company's Auditor for the year ended 31 August 2024.

- With regard to the independence of the Auditor, the Committee reviewed:
- The Auditor's arrangements for any conflicts of interest;
- The fact that no non-audit services were provided to the Company during the reporting year and up to the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulations and their professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

- The fulfilment by the Auditor of the agreed audit plan, including the audit team and approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 August 2024; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Report of the Audit Committee continued

Auditor's Appointment

Ernst & Young LLP was appointed as the Company's Auditor on 30 November 2015 following a formal audit tender process. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the third year that the current Audit Partner, Ashley Coups, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations that restricts the Company's choice of Auditor.

Audit Tenure

The Company is required to conduct an audit tender process every ten years and an audit tender will be completed in 2025. This process will be led by the Audit Committee who will complete an assessment of external auditors' proposals. Following this assessment, a recommendation will be made to the Board regarding whether a change of auditor should be made.

Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 62. The audit fee for the reporting year was £52,987 (2023: £49,998).

Claire Boyle

Chair of the Audit Committee
6 November 2024

Independent Auditor's Report to the Members of Fidelity Special Values PLC

Opinion

We have audited the Financial Statements of Fidelity Special Values PLC (the 'Company') for the year ended 31 August 2024 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related Notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('United Kingdom Generally Accepted Accounting Practice').

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 August 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- Inspecting the Directors' assessment of going concern, including the revenue and expense forecast, for the period to 30 November 2025 which is at least 12 months from the date

of approval of these Financial Statements. In preparing the revenue and expense forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;

- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue and expense forecast and the liquidity assessment of the investments and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly; and
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 November 2025 which is at least twelve months from the date of approval of these Financial Statements.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent Auditor’s Report to the Members of Fidelity Special Values PLC continued

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.• Risk of incorrect valuation or ownership of the investment portfolio, including derivatives.
Materiality	<ul style="list-style-type: none">• Overall materiality of £11.44m which represents 1% of Net Asset Value of the Company as of 31 August 2024.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the companies. The Company has determined that the impact of climate change could affect the Company’s investments and their valuations and potentially shareholder returns. This is explained on page 24 in the principal and emerging risks section, which form part of the “Other information”, rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering the impact of climate change was focused on the adequacy of the Company’s disclosures in the Financial Statements as set out in Note 2(a) and the conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures. Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</p> <p><i>Refer to the Report of the Audit Committee (page 45); Accounting policies (pages 58 and 59); and Note 3 of the Financial Statements (page 61).</i></p> <p>The Company has reported revenue of £51.16m (2023: £46.69m).</p> <p>During the year, the Company received special dividends amounting to £7.12m (2023: £3.30m), of which £1.91m (2023: £1.40m) was classified as revenue and £5.21m (2023: £1.90m) was classified as capital and recorded under the gains/(losses) on investments.</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>In addition to the above, the Directors may be required to exercise judgement in determining whether income received in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> We obtained an understanding of the processes and controls surrounding the revenue recognition and classification of special dividends by performing our walkthrough procedures to evaluate the design and implementation of controls; For all dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements; For all dividends accrued, we assessed whether the dividend obligations arose prior to 31 August 2024 with reference to an external source; To test completeness of recorded income, we tested that all expected dividends for each investee company had been recorded as income with reference to an external source; and For all dividend income during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. For special dividends above our testing threshold, we assessed the appropriateness of the Company's classification as either revenue or capital by reviewing the rationale for the underlying distribution. 	<p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.</p>

Independent Auditor's Report to the Members of Fidelity Special Values PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incorrect valuation or ownership of the investment portfolio, including derivatives</p> <p><i>Refer to the Report of the Audit Committee (page 45); Accounting policies (pages 59 and 60); and Notes 10 and 11 of the Financial Statements (pages 65 and 66).</i></p> <p>At 31 August 2024, the Company held investments with a value of £1,120.69m (2023: £882.69m). The Company also has net derivative assets amounting to £4.12m (2023: £0.82m).</p> <p>The valuation of the assets held in the investment portfolio, including derivatives, is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.</p> <p>The fair value of the listed investments and derivatives is determined using quoted market prices at close of business on the reporting date. Investments which are unlisted are priced using market-based valuation approaches.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing our walkthrough procedures; For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor. For all derivatives, we compared the market prices of the underlying instrument to an independent pricing vendor and agreed cost price to the Brokers' confirmations. We recalculated the investment and derivative valuations as at the year end; We inspected the stale pricing report to identify prices that had not changed and verified whether the quoted price is a valid fair value; For the unlisted investments, we obtained and assessed the valuation papers to support the valuation of the investments as at the year end, agreed the inputs made and challenged and assessed the method and estimates used in line with International Private Equity and Venture Capital guidelines ("IPEV"); and We compared the Company's investment holdings as at 31 August 2024 to the independent confirmation received directly from the Company's Custodian and Depositary. We agreed all open year-end derivative positions to confirmations received independently from the Company's Brokers. 	<p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio, including derivatives.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £11.44m (2023: £9.51m), which is 1% (2023: 1%) of the Company's Net Assets. We believe that the Net Assets provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £8.58m (2023: £7.13m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement

of £1.92m (2023: £1.76m) being 5% (2023: 5%) of revenue profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.57m (2023: £0.48m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 28;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 32;
- Directors' statement on fair, balanced and understandable set out on page 43;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 39; and
- The section describing the work of the Audit Committee set out on page 44.

Independent Auditor's Report to the Members of Fidelity Special Values PLC continued

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 43, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies Statement of Recommended Practice, the UK Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 30 November 2015 to audit the Financial Statements for the year ending 31 August 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 August 2016 to 31 August 2024.

- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Ashley Coups

Senior Statutory Auditor
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
6 November 2024

Income Statement

for the year ended 31 August 2024

	Notes	Year ended 31 August 2024			Year ended 31 August 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	166,057	166,057	–	(12,021)	(12,021)
Gains on derivative instruments	11	–	19,524	19,524	–	35,770	35,770
Investment and derivative income	3	48,413	–	48,413	43,717	–	43,717
Other interest	3	2,751	–	2,751	2,971	–	2,971
Investment management fees	4	(6,095)	–	(6,095)	(5,698)	–	(5,698)
Other expenses	5	(898)	–	(898)	(948)	–	(948)
Foreign exchange gains/(losses)		–	204	204	–	(4,032)	(4,032)
Net return on ordinary activities before finance costs and taxation		44,171	185,785	229,956	40,042	19,717	59,759
Finance costs	6	(5,794)	–	(5,794)	(4,774)	–	(4,774)
Net return on ordinary activities before taxation		38,377	185,785	224,162	35,268	19,717	54,985
Taxation on return on ordinary activities	7	(848)	–	(848)	(672)	–	(672)
Net return on ordinary activities after taxation for the year		37,529	185,785	223,314	34,596	19,717	54,313
Return per ordinary share	8	11.58p	57.32p	68.90p	10.67p	6.08p	16.75p

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

Balance Sheet

as at 31 August 2024

Company number 2972628

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	10	1,120,686	882,692
Current assets			
Derivative instruments	11	4,318	1,769
Debtors	12	8,200	8,937
Cash and cash equivalents		11,749	59,460
		24,267	70,166
Current liabilities			
Derivative instruments	11	(200)	(949)
Other creditors	13	(1,212)	(860)
		(1,412)	(1,809)
Net current assets		22,855	68,357
Net assets		1,143,541	951,049
Capital and reserves			
Share capital	14	16,205	16,205
Share premium account	15	238,442	238,442
Capital redemption reserve	15	3,256	3,256
Other non-distributable reserve	15	5,152	5,152
Capital reserve	15	834,580	648,795
Revenue reserve	15	45,906	39,199
Total Shareholders' funds		1,143,541	951,049
Net asset value per ordinary share	16	352.84p	293.44p

The Financial Statements on pages 54 to 77 were approved by the Board of Directors on 6 November 2024 and were signed on its behalf by:



Dean Buckley
Chairman

The Notes on pages 58 to 77 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 August 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other non- distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Share- holders' funds £'000
Total Shareholders' funds at 31 August 2023		16,205	238,442	3,256	5,152	648,795	39,199	951,049
Net return on ordinary activities after taxation for the year		-	-	-	-	185,785	37,529	223,314
Dividends paid to Shareholders	9	-	-	-	-	-	(30,822)	(30,822)
Total Shareholders' funds at 31 August 2024		16,205	238,442	3,256	5,152	834,580	45,906	1,143,541
Total Shareholders' funds at 31 August 2022		16,205	238,442	3,256	5,152	629,078	30,466	922,599
Net return on ordinary activities after taxation for the year		-	-	-	-	19,717	34,596	54,313
Dividends paid to Shareholders	9	-	-	-	-	-	(25,863)	(25,863)
Total Shareholders' funds at 31 August 2023		16,205	238,442	3,256	5,152	648,795	39,199	951,049

Cash Flow Statement

for the year ended 31 August 2024

	Notes	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Operating activities			
Investment income received		42,980	39,436
Net derivative income received		4,454	5,934
Interest received		2,723	2,971
Investment management fee paid		(6,008)	(5,699)
Directors' fees paid		(170)	(173)
Other cash payments		(696)	(777)
Net cash inflow from operating activities before finance costs and taxation	20	43,283	41,692
Finance costs paid		(5,853)	(4,622)
Overseas taxation suffered		(536)	(1,119)
Net cash inflow from operating activities		36,894	35,951
Investing activities			
Purchases of investments		(353,057)	(429,178)
Sales of investments		282,830	368,171
Receipts on long CFDs		51,625	70,856
Payments on long CFDs		(35,747)	(45,085)
Receipts on short CFDs		950	-
Payments on short CFDs		(588)	-
Movement on amounts held at futures clearing houses and brokers		-	8,190
Net cash outflow from investing activities		(53,987)	(27,046)
Net cash (outflow)/inflow before financing activities		(17,093)	8,905
Financing activities			
Dividends paid	9	(30,822)	(25,863)
Net cash outflow from financing activities		(30,822)	(25,863)
Net decrease in cash and cash equivalents		(47,915)	(16,958)
Cash and cash equivalents at the beginning of the year		59,460	80,450
Effect of movement in foreign exchange		204	(4,032)
Cash and cash equivalents at the end of the year		11,749	59,460
Represented by:			
Cash at bank		2,072	2,028
Amount held in Fidelity Institutional Liquidity Fund		9,677	57,432
		11,749	59,460

The Notes on pages 58 to 77 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Principal Activity

Fidelity Special 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 2972628, 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 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). The Financial Statements have also been 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 July 2022.

a) Basis of accounting – The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 30 November 2025 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the risks faced by the Company as detailed in the Going Concern Statement on page 32.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as an emerging and a principal risk as set out on page 24 and on page 28, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date. Investments, which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Directors' Report on page 32 takes account of all events and conditions up to 30 November 2025, which is at least twelve months from the date of approval of these Financial Statements.

b) Significant accounting estimates and judgements – The Directors make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements required in order to determine the appropriate valuation methodology of level 3 financial instruments have a risk of causing an adjustment to the carrying amounts of assets. These judgements include making assessments of the possible valuations in the event of a listing or other marketability related risks.

c) Segmental reporting – The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

d) Presentation of the Income Statement – In order to reflect better the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. The net revenue return after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

e) Income – Income from equity investments is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Amounts are credited to the revenue column of the Income Statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case. Interest on securities is accounted for on an accruals basis and is credited to the revenue column of the Income Statement.

Derivative instrument income received from dividends on long contracts for difference ("CFDs") is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited to the revenue column of the Income Statement.

2 Accounting Policies continued

Interest received on short CFDs, bank deposits, collateral and money market funds is accounted for on an accruals basis and credited to the revenue column of the Income Statement. Interest received on CFDs represents the finance costs calculated by reference to the notional value of the CFDs.

f) Investment management fees and other expenses – Investment management fees and other expenses are accounted for on an accruals basis and are charged as follows:

- Investment management fees are allocated in full to revenue; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

g) Functional currency and foreign exchange – The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

h) Finance costs – Finance costs comprise interest on bank overdrafts and finance costs paid on CFDs, which are accounted for on an accruals basis. Finance costs are charged in full to the revenue column of the Income Statement.

i) Taxation – The taxation charge represents the sum of current taxation and deferred taxation.

Current taxation is taxation suffered at source on overseas income less amounts recoverable under taxation treaties. Taxation is charged or credited to the revenue column of the Income Statement, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Income Statement. Where expenses are allocated between revenue and capital any tax relief in respect of the expenses is allocated between revenue and capital returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

Deferred taxation is the taxation expected to be payable or recoverable on timing differences between the treatment of certain items for accounting purposes and their treatment for the purposes of computing taxable profits. Deferred taxation is based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable. Deferred tax assets are only recognised if it is considered more likely than not that there will be sufficient future taxable profits to utilise them.

j) Dividend paid – Dividends payable to equity Shareholders are recognised when the Company's obligation to make payment is established.

k) Investments – The Company's business is investing in financial instruments with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed; and
- Unlisted investments are not quoted, or are not frequently traded, and are stated at the best estimate of fair value. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager's team, meets quarterly to determine the fair value of unlisted investments.

The FVC provide a recommendation of fair values to the Board using market-based approaches such as multiples, industry valuation benchmarks and available market prices. Consideration is given to the cost of the investment, recent arm's length transactions in the same or similar investments and the financial performance of the investment since purchase. This pricing methodology is subject to a detailed review and appropriate challenge by the Directors.

Notes to the Financial Statements continued

2 Accounting Policies continued

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within gains/(losses) on investments in the capital column of the Income Statement and has disclosed these costs in Note 10 on page 65.

l) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short CFDs, futures, options and warrants. Derivatives are classified as other financial instruments and are initially accounted for and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;
- Futures – the difference between the contract price and the quoted trade price; and
- Options – value based on similar instruments or the quoted trade price for the contract.

Where transactions are used to protect or enhance income, if the circumstances support this, the income and expenses derived are included in net income in the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the income and expenses derived are included: for long CFDs, as gains or losses on long CFDs, and for short CFDs, futures and options as gains or losses on short CFDs, futures and options in the capital column of the Income Statement. Any positions on such transactions open at the year end are reflected on the Balance Sheet at their fair value within current assets or current liabilities.

m) Debtors – Debtors include securities sold for future settlement, amounts receivable on settlement of derivatives, accrued income, taxation recoverable and other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

n) Amounts held at futures clearing houses and brokers – These are amounts held in segregated accounts as collateral on behalf of brokers and are carried at amortised cost.

o) Cash and cash equivalents – Cash and cash equivalents may comprise cash at bank and money market funds which are short-term, highly liquid and are readily convertible to a known amount of cash. These are subject to an insignificant risk of changes in value.

p) Other creditors – Other creditors include securities purchased for future settlement, finance costs payable, investment management fees and other creditors and expenses accrued in the ordinary course of business. If payment is due within one year or less (or in the normal operating cycle of the business, if longer) they are classified as current liabilities. If not, they are presented as non-current liabilities. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

q) Capital reserve – The following are accounted for in the capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Dividends receivable which are capital in nature; and
- Costs of repurchasing or issuing ordinary shares.

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having an adequate credit rating, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding losses of £10,868,000 (2023: losses of £9,684,000).

3 Income

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Investment income		
UK dividends	30,235	29,189
UK property income distributions	135	-
UK scrip dividends	1,310	-
UK property income scrip dividends	157	-
Interest on securities	1,528	805
Overseas dividends	10,395	10,543
	43,760	40,537
Derivative income		
Dividends received on long CFDs	4,653	3,180
Investment and derivative income	48,413	43,717
Other interest		
Interest received on bank deposits, collateral and money market funds	2,723	2,965
Interest received on tax reclaims	-	6
Interest received on short CFDs	28	-
	2,751	2,971
Total income	51,164	46,688

Special dividends of £5,206,000 (2023: £1,904,000) have been recognised in capital during the year.

4 Investment Management Fees

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Investment management fees	6,095	5,698

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 0.60% of net assets. Fees are accrued on a daily basis and payable monthly.

Notes to the Financial Statements continued

5 Other Expenses

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
AIC fees	21	21
Custody fees	27	35
Depository fees	58	57
Directors' expenses	15	17
Directors' fees ¹	170	172
Legal and professional fees	101	82
Marketing expenses	229	303
Printing and publication expenses	122	116
Registrars' fees	74	68
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements ²	53	50
Sundry other expenses	28	27
Other expenses	898	948

1 Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report on page 41.

2 The VAT payable on audit fees is included in sundry other expenses.

6 Finance Costs

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Interest paid on long CFDs	5,765	4,761
Interest paid on bank overdrafts	29	13
	5,794	4,774

7 Taxation on Return on Ordinary Activities

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
a) Analysis of the taxation charge for the year		
Overseas taxation	848	672
Taxation charge for the year (see Note 7b)	848	672

b) Factors affecting the taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 25.00% (2023: blended rate of 25.00%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Net return on ordinary activities before taxation	224,162	54,985
Net return on ordinary activities before taxation multiplied by the blended rate of UK corporation tax of 25.00% (2023: blended rate of 21.52%)	56,040	11,833
Effects of:		
Capital gains not taxable ¹	(46,446)	(4,243)
Income not taxable	(10,485)	(8,550)
Excess management expenses	891	960
Overseas taxation	(848)	672
Total taxation charge for the year (see Note 7a)	(848)	672

¹ The Company is exempt from UK taxation on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £18,126,000 (2023: £17,235,000), in respect of excess expenses of £72,504,000 (2023: £68,940,000) available to be set off against future taxable profits has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

The UK corporation tax rate increased from 19.00% to 25.00% from 1 April 2023. The rate of 25.00% has been applied to calculate the unrecognised deferred tax asset for the current year (2023: 25.00%).

Notes to the Financial Statements continued

8 Return per Ordinary Share

	Year ended 31.08.24	Year ended 31.08.23
Revenue return per ordinary share	11.58p	10.67p
Capital return per ordinary share	57.32p	6.08p
Total return per ordinary share	68.90p	16.75p

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

	£'000	£'000
Net revenue return on ordinary activities after taxation	37,529	34,596
Net capital return on ordinary activities after taxation	185,785	19,717
Net total return on ordinary activities after taxation	223,314	54,313

	Number	Number
Weighted average number of ordinary shares held outside of Treasury	324,098,920	324,098,920

9 Dividends Paid to Shareholders

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Dividends paid		
Interim dividend of 3.24 pence per ordinary share paid for the year ended 31 August 2024	10,501	-
Final dividend of 6.27 pence per ordinary share paid for the year ended 31 August 2023	20,321	-
Interim dividend of 2.53 pence per ordinary share paid for the year ended 31 August 2023	-	8,200
Final dividend of 5.45 pence per ordinary share paid for the year ended 31 August 2022	-	17,663
	30,822	25,863
Dividends proposed		
Final dividend proposed of 6.30 pence per ordinary share for the year ended 31 August 2024	20,418	-
Final dividend proposed of 6.27 pence per ordinary share for the year ended 31 August 2023	-	20,321
	20,418	20,321

The Directors have proposed the payment of a final dividend of 6.30 pence per ordinary share for the year ended 31 August 2024 which is subject to approval by Shareholders at the Annual General Meeting on 12 December 2024 and has not been included as a liability in these Financial Statements. The dividends will be paid on 10 January 2025 to Shareholders on the register at the close of business on 29 November 2024 (ex-dividend date 28 November 2024).

10 Investments

	2024 £'000	2023 £'000
Listed investments	1,119,970	880,839
Unlisted investments	716	1,853
Total investments at fair value	1,120,686	882,692
Opening book cost	914,377	813,135
Opening investment holding (losses)/gains	(31,685)	22,537
Opening fair value	882,692	835,672
Movements in the year		
Purchases at cost	354,795	426,404
Sales – proceeds	(282,858)	(367,363)
Gains/(losses) on investments	166,057	(12,021)
Closing fair value	1,120,686	882,692
Closing book cost	1,003,728	914,377
Closing investment holding gains/(losses)	116,958	(31,685)
Closing fair value	1,120,686	882,692

The Company received £282,858,000 (2023: £367,363,000) from investments sold in the year. The book cost of these investments when they were purchased was £265,444,000 (2023: £325,162,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

Investment transaction costs

Transaction costs incurred in the acquisition and disposal of investments, which are included in the gains/(losses) on investments above, were as follows:

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Purchases transaction costs	1,606	1,688
Sales transaction costs	135	167
	1,741	1,855

Notes to the Financial Statements continued

11 Derivative Instruments

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Gains on long CFD positions closed	15,864	25,778
Gains on short CFD positions closed	362	-
Movement in investment holding gains on long CFDs	3,400	9,992
Movement in investment holding losses on short CFDs	(102)	-
	19,524	35,770

	2024 Fair value £'000	2023 Fair value £'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	4,318	1,769
Derivative instrument liabilities	(200)	(949)
	4,118	820

	Fair value £'000	2024 Asset exposure £'000	Fair value £'000	2023 Asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	4,220	115,050	820	130,073
Short CFDs	(102)	2,117	-	-
	4,118	117,167	820	130,073

12 Debtors

	2024 £'000	2023 £'000
Securities sold for future settlement	146	117
Amounts receivable on settlement of derivatives	-	14
Accrued income	6,598	7,058
Overseas taxation recoverable	1,408	1,720
Other debtors and prepayments	48	28
	8,200	8,937

13 Other Creditors

	2024 £'000	2023 £'000
Securities purchased for future settlement	271	-
Finance costs payable	150	209
Creditors and accruals	791	651
	1,212	860

14 Share Capital

	Number of shares	2024 Nominal value £'000	Number of shares	2023 Nominal value £'000
Issued, allotted and fully paid Ordinary shares of 5 pence each held outside of Treasury				
Total share capital – Beginning of the year	324,098,920	16,205	324,098,920	16,205
New ordinary shares issued/repurchased	-	-	-	-
Total share capital – End of the year	324,098,920	16,205	324,098,920	16,205

During the year, no new ordinary shares were issued (2023: nil shares). At 31 August 2024, no shares were held in Treasury.

Notes to the Financial Statements continued

15 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other non-distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 September 2023	16,205	238,442	3,256	5,152	648,795	39,199	951,049
Gains on investments (see Note 10)	-	-	-	-	166,057	-	166,057
Gains on long CFDs (see Note 11)	-	-	-	-	19,264	-	19,264
Gains on short CFDs (see Note 11)	-	-	-	-	260	-	260
Foreign exchange gains	-	-	-	-	204	-	204
Revenue return on ordinary activities after taxation for the year	-	-	-	-	-	37,529	37,529
Dividends paid to Shareholders (see Note 9)	-	-	-	-	-	(30,822)	(30,822)
At 31 August 2024	16,205	238,442	3,256	5,152	834,580	45,906	1,143,541

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other non-distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 September 2022	16,205	238,442	3,256	5,152	629,078	30,466	922,599
Losses on investments (see Note 10)	-	-	-	-	(12,021)	-	(12,021)
Gains on long CFDs (see Note 11)	-	-	-	-	35,770	-	35,770
Foreign exchange losses	-	-	-	-	(4,032)	-	(4,032)
Revenue return on ordinary activities after taxation for the year	-	-	-	-	-	34,596	34,596
Dividends paid to Shareholders (see Note 9)	-	-	-	-	-	(25,863)	(25,863)
At 31 August 2023	16,205	238,442	3,256	5,152	648,795	39,199	951,049

The capital reserve balance at 31 August 2024 includes investment holding gains of £116,958,000 (2023: losses of £31,685,000) as detailed in Note 10. The revenue and capital reserves are distributable by way of dividend. See Note 2 (q) for further details.

16 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the total Shareholders' funds divided by the number of ordinary shares held outside of Treasury.

	2024	2023
Total Shareholders' funds	£1,143,541,000	£951,049,000
Ordinary shares held outside of Treasury at year end	324,098,920	324,098,920
Net asset value per ordinary share	352.84p	293.44p

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.

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are market, economic and political, investment performance (including the use of derivatives and gearing), regulatory, cybercrime and information security, business continuity, key person and operational support, discount control and environmental, social and governance ("ESG"). Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. These risks and how they are identified, evaluated and managed are shown in the Strategic Report on pages 24 to 28.

This note refers to the identification, measurement and management of risks potentially affecting the value of financial instruments. The Company's financial instruments may comprise:

- Equity shares (listed and unlisted) and corporate bonds held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise CFDs, futures and options on listed stocks and equity indices; and
- Cash, liquid resources and short-term debtors and creditors that arise from its operations.

The risks identified arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Notes to the Financial Statements continued

17 Financial Instruments continued

MARKET PRICE RISK

Interest rate risk

The Company finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The Board imposes limits to ensure gearing levels are appropriate. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2024 £'000	2023 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	110,830	129,253
Exposure to financial instruments that earn interest		
Cash and cash equivalents	11,749	59,460
Short CFDs – exposure plus fair value	2,015	–
	13,764	59,640
Net exposure to financial instruments that bear interest	97,066	69,793

Foreign currency risk

The Company does not carry out currency speculation. The Company's net return on ordinary activities after taxation for the year and its net assets can be affected by foreign exchange movements because the Company has income and assets which are denominated in currencies other than the Company's functional currency which is UK sterling. The Company can also be subject to short-term exposure to exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs.

Three principal areas have been identified where foreign currency risk could impact the Company:

- Movements in currency exchange rates affecting the value of investments and derivative instruments;
- Movements in currency exchange rates affecting short-term timing differences; and
- Movements in currency exchange rates affecting income received.

The portfolio management team monitor foreign currency risk, but it is not the Company's policy to hedge against currency risk.

17 Financial Instruments continued

Currency exposure of financial assets

The currency exposure profile of the Company's financial assets is shown below:

Currency	Investments held at fair value £'000	Long exposure to derivative instruments ¹ £'000	Debtors £'000	Cash and cash equivalents ² £'000	2024
					Total £'000
Euro	54,522	41,800	751	–	97,073
US dollar	39,752	–	542	33	40,327
Swiss franc	37,673	–	273	–	37,946
Swedish krona	22,811	–	–	–	22,811
Australian dollar	12,439	–	–	–	12,439
South African rand	2,024	–	–	–	2,024
Canadian dollar	–	–	–	28	28
UK sterling	951,465	73,250	6,634	11,688	1,043,037
	1,120,686	115,050	8,200	11,749	1,255,685

1 The exposure to the market of long CFDs.

2 Cash and cash equivalents are made up of £2,072,000 cash at bank and £9,677,000 held in Fidelity Institutional Liquidity Fund.

Currency	Investments held at fair value £'000	Long exposure to derivative instruments ¹ £'000	Debtors ² £'000	Cash and cash equivalents ³ £'000	2023
					Total £'000
Euro	67,412	77,457	823	–	145,692
US dollar	31,515	–	722	36,855	69,092
Swiss franc	36,842	–	224	–	37,066
Swedish krona	14,175	–	–	–	14,175
Australian dollar	7,782	–	49	–	7,831
Norwegian krone	4,841	–	–	–	4,841
South African rand	2,468	–	–	–	2,468
Canadian dollar	1,703	–	–	29	1,732
UK sterling	715,954	52,616	7,119	22,576	798,265
	882,692	130,073	8,937	59,460	1,081,162

1 The exposure to the market of long CFDs.

2 Cash and cash equivalents are made up of £2,028,000 cash at bank and £57,432,000 held in Fidelity Institutional Liquidity Fund.

Notes to the Financial Statements continued

17 Financial Instruments continued

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprise other creditors. The currency profile of these financial liabilities is shown below:

Currency	Short exposure to derivative instruments ¹ £'000	Other creditors £'000	2024 Total £'000
US dollar	2,117	1	2,118
Euro	-	62	62
UK sterling	-	1,149	1,149
	2,117	1,212	3,329

1 The exposure to the market of short CFDs.

Currency	Short exposure to derivative instruments ¹ £'000	Other creditors £'000	2023 Total £'000
Swiss franc	-	135	135
UK sterling	-	725	725
	-	860	860

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are estimated using Value at Risk and Stress Tests as set out in the Company's internal Risk Management Process Document.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Liquidity risk exposure

At 31 August 2024, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £200,000 (2023: £949,000) and other creditors of £1,212,000 (2023: £860,000).

Counterparty risk

Certain derivative instruments in which the Company may invest are not traded on an exchange, but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's ("ISDA") market standard derivative legal documentation. These are known as Over the Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and by evaluating derivative instrument credit risk exposure.

17 Financial Instruments continued

For derivative transactions, collateral is used to reduce the risk of both parties to the contract. All collateral amounts are held in UK sterling and are managed on a daily basis for all relevant transactions. At 31 August 2024, £3,410,000 (2023: £580,000) was held by the brokers in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company. This collateral comprised: J.P. Morgan Securities plc £2,370,000 (2023: £220,000), UBS AG £510,000 (2023: £nil), HSBC Bank plc £380,000 (2023: £360,000) and Goldman Sachs International Ltd £150,000 (2023: £nil). At 31 August 2024, there were no amounts held by the Company at futures clearing houses and brokers, in a segregated collateral account, on behalf of the brokers, to reduce the credit risk exposure of the brokers (2023: £nil).

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Manager. Exposure to credit risk arises on unsettled security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments, are set out in a documented Risk Management Process Document. Derivative instruments are used by the Manager for the following purposes:

- To gain unfunded long exposure to equity markets, sectors or single stocks. Unfunded exposure is exposure gained without an initial flow of capital;
- To hedge equity market risk using derivatives with the intention of at least partially mitigating losses in the exposures of the Company's portfolio as a result of falls in the equity market; and
- To position short exposures in the Company's portfolio. These uncovered exposures benefit from falls in the prices of shares which the Portfolio Manager believes to be over-valued. These positions, therefore, distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at 31 August 2024, an increase of 1.00% in interest rates throughout the year, with all other variables held constant, would have decreased the Company's net return on ordinary activities after taxation for the year and decreased the net assets of the Company by £971,000 (2023: decreased the net return and decreased the net assets by £698,000). A decrease of 1.00% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial instruments held and currency exchange rates at 31 August 2024, a 10% strengthening of the UK sterling exchange rate against foreign currencies, with all other variables held constant, would have decreased the Company's net return on ordinary activities after taxation for the year and decreased the net assets of the Company by £19,133,000 (2023: decreased the net return and decreased the net assets by £25,706,000). A 10% weakening of the UK sterling exchange rate against foreign currencies, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £23,385,000 (2023: increased the net return and increased the net assets by £31,418,000).

Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 August 2024, an increase of 10% in share prices, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £111,997,000 (2023: increased the net return and increased the net assets by £88,084,000). A decrease of 10% in share prices would have had an equal and opposite effect.

An increase of 10% in the valuation of unlisted investments held at 31 August 2024 would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £72,000 (2023: increased the net return after taxation and increased the net assets by £185,300). A decrease of 10% in the valuation would have had an equal and opposite effect.

Notes to the Financial Statements continued

17 Financial Instruments continued

Other price risk – net exposure to derivative instruments sensitivity analysis

Based on the derivative instruments held and share prices at 31 August 2024, an increase of 10% in the share prices underlying the derivative instruments, with all other variables held constant, would have increased the Company's net return on ordinary activities after taxation for the year and increased the net assets of the Company by £11,717,000 (2023: increased the net return and increased the net assets by £13,007,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. As explained in Notes 2 (k) and (l) on pages 59 and 60, investments and derivative instruments are shown at fair value.

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 in 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 valuation techniques used by the Company are explained in Notes 2 (l) and (m) on page 60. The table below sets out the Company's fair value hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 Total £'000
Financial assets at fair value through profit or loss				
Investments	1,096,402	23,413	871	1,120,686
Derivative instrument assets	–	4,318	–	4,318
	1,096,402	27,731	871	1,125,004
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(200)	–	(200)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 Total £'000
Financial assets at fair value through profit or loss				
Investments	857,351	23,246	2,095	882,692
Derivative instrument assets	–	1,769	–	1,769
	857,351	25,015	2,095	884,461
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(949)	–	(949)

17 Financial Instruments continued

The table below sets out the movements in level 3 financial instruments during the year:

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Beginning of the year	2,095	448
Sales proceeds – Marwyn Value Investors	(99)	-
Sales gain – Marwyn Value Investors	59	-
Transfer into level 3 at cost – Prax Exploration & Production and Unbound Group ¹	-	1,942
Movement in investment holding (losses)	(1,184)	(295)
End of the year	871	2,095

¹ Financial instruments are transferred into level 3 on the date they are suspended, delisted or when they have not traded for thirty days.

Marwyn Value Investors

Marwyn Value Investors is a closed-ended fund incorporated in the United Kingdom. The fund is highly illiquid and the valuation at 31 August 2024 is based on the indicative bid price in the absence of a last trade price. Following a corporate action event in October 2023, the current year valuation is based on a reduced number of shares compared to the prior year. As part of this transaction, £99,000 was received as cash in the reporting year. As at 31 August 2024, its fair value was £154,000 (2023: £242,000).

TVC Holdings

TVC Holdings is an unlisted investment holding company incorporated in Ireland. The valuation at 31 August 2024 is based on the NAV from the 2022 audited company's financial report. As at 31 August 2024, its fair value was £251,000 (2023: £254,000). Subsequent to the year end, and following an extraordinary general meeting on 17 October, it was agreed to put the company into liquidation. It is anticipated that an initial distribution of c. €0.09 will be made to shareholders, subject to liquidator approval.

Studio Retail Group

Studio Retail Group operated as a multi-channel retail company. On 14 February 2022, the company was suspended from trading on the London Stock Exchange. The company is now delisted and in administration. As at 31 August 2024, its fair value was £nil (2023: £nil).

McColl's Retail Group

McColl's Retail Group owns and operates convenience and newsagent stores. The company was suspended from trading on 6 May 2022 after appointing administrators. As at 31 August 2024, its fair value was £nil (2023: £nil).

Prax Exploration & Production

Hurricane Energy plc, an oil and gas exploration company, delisted from the London Stock Exchange in June 2023, after it was acquired by Prax Exploration & Production. The valuation on 31 August 2024 is based on the latest trade price from the JP Jenkins platform. As at 31 August 2024, its fair value was £466,000 (2023: £1,599,000).

Unbound Group

Unbound Group plc is a UK based company engaged in selling a range of brands focused on the over 55 age demographics. On 17 July 2023, the company stopped trading and has subsequently gone into administration. As at 31 August 2024, its fair value was £nil (2023: £nil).

Notes to the Financial Statements continued

18 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 in the Balance Sheet on page 55 and any gearing, which is managed by the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 22. The principal risks and their management are disclosed in the Strategic Report on page 24 and on page 28 and in Note 17.

The Company's gearing at the year end is set out below:

	2024			
	Gross gearing Asset exposure		Net gearing Asset exposure	
	£'000	% ¹	£'000	% ¹
Investments	1,120,686	98.0	1,120,686	98.0
Long CFDs	115,050	10.1	115,050	10.1
Total long exposures	1,235,736	108.1	1,235,736	108.1
Short CFDs	2,117	0.2	(2,117)	(0.2)
Gross asset exposure/net market exposure	1,237,853	108.3	1,233,619	107.9
Shareholders' funds	1,143,541		1,143,541	
Gearing²		8.3%		7.9%

	2023			
	Gross gearing Asset exposure		Net gearing Asset exposure	
	£'000	% ¹	£'000	% ¹
Investments	882,692	92.8	882,692	92.8
Long CFDs	130,073	13.7	130,073	13.7
Total long exposures	1,012,765	106.5	1,012,765	106.5
Shareholders' funds	951,049		951,049	
Gearing²		6.5%		6.5%

1 Asset exposure to the market expressed as a percentage of Shareholders' funds.

2 Gearing is the amount by which Asset Exposure exceeds Shareholders' funds expressed as a percentage of Shareholders' funds.

19 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 and the role of company secretary to FIL Investments International ("FIL"). Both companies are Fidelity group companies.

Details of the current fee arrangements are given in the Directors' Report on page 32 and in Note 4 on page 61. During the year, fees payable to FIL for portfolio management services were £6,095,000 (2023: £5,698,000). At the Balance Sheet date, fees for portfolio management services of £570,000 (2023: £483,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the year was £229,000 (2023: £303,000). At the Balance Sheet date, marketing services of £52,000 (2023: £nil) were accrued and included in other creditors.

Disclosures of the Directors' interests in the ordinary shares of the Company and Director's fees and taxable expenses relating to reasonable travel expenses payable to the Directors are given in the Directors' Remuneration Report on pages 41 and 42. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £19,000 (2023: £18,000) of Employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £14,000 (2023: £14,000) were accrued and payable.

20 Reconciliation of Net Return on Ordinary Activities before Finance Costs and Taxation to Net Cash Inflow from Operating Activities before Finance Costs and Taxation

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Net total return on ordinary activities before finance costs and taxation	229,956	59,759
Less: net capital return on ordinary activities before finance costs and taxation	(185,785)	(19,717)
Net revenue return on ordinary activities before finance costs and taxation	44,171	40,042
Scrip dividends	(1,467)	-
Decrease in debtors	440	1,650
Increase in other creditors	139	-
Net cash inflow from operating activities before finance costs and taxation	43,283	41,692

Alternative Performance Measures

The Company uses the following Alternative Performance Measures which are all defined in the Glossary of Terms on pages 90 to 92.

Discount/Premium

The discount/premium is considered to be an Alternative Performance Measure. It is the difference between the net asset value per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company’s discount are on the Financial Highlights page.

Gearing

Gearing (both gross and net) is considered to be an Alternative Performance Measure. See Note 18 on page 76 for details of the Company’s gearing.

Net Asset Value (“NAV”) per Ordinary Share

The NAV per ordinary share is considered to be an Alternative Performance Measure. See the Balance Sheet on page 55 and Note 16 on page 69 for further details.

Ongoing Charges

The ongoing charges are considered to be an Alternative Performance Measure. It has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	2024	2023
Investment management fees (£'000)	6,095	5,698
Other expenses (£'000)	898	948
Ongoing charges (£'000)	6,993	6,646
Ongoing charges	0.70%	0.70%

Revenue, Capital and Total Returns per Share

Revenue, capital and total returns per share are considered to be Alternative Performance Measures. See the Income Statement on page 54 and Note 8 on page 64 for further details.

Total Return Performance

Total return performance is considered to be an Alternative Performance Measure. The NAV per ordinary share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. The ordinary share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per ordinary share and the ordinary share price of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 August 2024 and 31 August 2023.

	Net asset value per ordinary share	Ordinary share price
2024		
31 August 2023	293.44p	267.50p
31 August 2024	352.84p	321.50p
Change in year	+20.2%	+20.2%
Impact of dividend reinvestments	+3.9%	+4.1%
Total return for the year	+24.1%	+24.3%

	Net asset value per ordinary share	Ordinary share price
2023		
31 August 2022	284.67p	260.50p
31 August 2023	293.44p	267.50p
Change in year	+3.1%	+2.7%
Impact of dividend reinvestments	+2.8%	+2.9%
Total return for the year	+5.9%	+5.6%

Financial Calendar

The key dates in the Company’s calendar are:

31 August 2024 – Financial Year End
7 November 2024 – Announcement of the annual results for the year ended 31 August 2024
November 2024 – Publication of the Annual Report
28 November 2024 – Ex-Dividend Date
29 November 2024 – Dividend Record Date
12 December 2024 – Annual General Meeting
10 January 2025 – Payment of Final Dividend
28 February 2025 – Half-Year End
April 2025 – Announcement of the Half-Yearly Results for the six months to 28 February 2025
April 2025 – Publication of the Half-Yearly Report
May 2025 – Ex-Dividend and Dividend Record Date
June 2025 – Payment of Interim Dividend

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Special Values PLC will be held 4 Cannon Street, London EC4M 5AB and virtually via the Lumi AGM meeting platform on Thursday, 12 December 2024 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 August 2024.
2. To declare that a final dividend for the year ended 31 August 2024 of 6.30 pence per ordinary share be paid to shareholders on the register as at close of business on 29 November 2024.
3. To re-elect Mrs Claire Boyle as a Director.
4. To re-elect Mr Dean Buckley as a Director.
5. To re-elect Mr Ominder Dhillon as a Director.
6. To re-elect Mrs Alison McGregor as a Director.
7. To approve the Directors' Remuneration Report (excluding the section headed "The Remuneration Policy" set out on page 40) for the year ended 31 August 2024.
8. To reappoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
9. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, pass the following special business resolutions of which Resolution 10 will be proposed as an ordinary resolution and Resolutions 11 and 12 as special resolutions.

Authority to Allot Ordinary Shares and Disapply Pre-Emption Rights

Resolutions 10 and 11 will, if approved, authorise the Directors to allot a limited number of new ordinary shares (or to sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 10% of the number of ordinary shares of the Company (including Treasury shares) in issue on 6 November 2024. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority in order to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would be re-issued at net asset value ("NAV") per ordinary share or at a premium to NAV per ordinary share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per ordinary share.

10. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the

powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £1,620,494 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 6 November 2024) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

11. THAT, subject to the passing of Resolution 10, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 10 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

- a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £1,620,494 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 6 November 2024); and
- b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per ordinary share,

and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this Resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this Resolution had not expired.

Notice of Meeting continued

Authority to Repurchase Shares

Resolution 12 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) on 6 November 2024 either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held In Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 5 pence each ("the shares") in the capital of the Company provided that:
- a) the maximum number of shares hereby authorised to be purchased shall be 48,582,428;
 - b) the minimum price which may be paid for a share is 5 pence;
 - c) the maximum price (excluding expenses) which may be paid for each share is the higher of:
 - i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days immediately preceding the day of purchase; and
 - ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;
 - d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is earlier, unless such authority is renewed prior to such time; and
 - e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the share portal at **www.signalshares.com**, you will need to log in to your share portal account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy.
2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11.00 am on Tuesday, 10 December 2024. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notari ally or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used (in each case excluding non-business days).
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11.00 am on Tuesday, 10 December 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 11.00 am on Tuesday, 10 December 2024.

By Order of the Board

FIL Investments International

Secretary

6 November 2024

6. Proximity Voting – If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to **www.proximity.io**. Your proxy must be lodged by no later than 11.00 am on Tuesday, 10 December 2024 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Unless otherwise indicated on the Form of Proxy, CREST, Proximity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Tuesday, 10 December 2024. Shareholders are urged to vote using the proxy form provided or electronically where permitted by your nominee or platform.
9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

In order to join the AGM electronically and ask questions via the platform, shareholders will need to connect to the following site: **https://web.lumiagm.com**. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device.

Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will be asked to enter the **Lumi Meeting ID** which is **141-269-839**. You will then be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate or as detailed on your proxy form. Signal Shares users (**www.signalshares.com**) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link, our Registrar, by calling **+44 (0) 371 277 1020***.

Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting

declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when the Chairman commences polling on the Resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform is available on the Company's pages of the Manager's website at: **www.fidelity.co.uk/specialvalues**.

If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting Link Group on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If your shares are held within a nominee / platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link Group, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **141-269-839**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

* Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights

Notice of Meeting continued

that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Tuesday, 10 December 2024. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
13. As at 6 November 2024 (the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 324,098,920 ordinary shares carrying one vote each. No shares were held by the Company in Treasury, therefore, the total number of shares with voting rights in the Company was 324,098,920.
14. Any corporation which is a member can appoint one or more corporate representative who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

17. No Director has a service contract with the Company.

18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at www.fidelity.co.uk/specialvalues.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Shareholder Information

Investing in Fidelity Special Values PLC

Fidelity Special Values PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages on the Manager's website at www.fidelity.co.uk/specialvalues.

CONTACT INFORMATION

Shareholders and Fidelity's Platform Investors should contact the appropriate administrator using the contact details given below and on the next page. Links to the websites of major platforms can be found online at www.fidelity.co.uk/its.

Shareholders on the main share register

Contact Link Group, Registrar to Fidelity Special Values PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@linkgroup.co.uk

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at www.signalshares.com. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

Should you have any queries in respect of the Link Share Portal, contact the helpline on **0371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

Website: www.fidelity.co.uk

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

General Enquiries

General enquiries should be made to the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **01737 836347**

Email: investmenttrusts@fil.com

Website: www.fidelity.co.uk/its

If you hold Fidelity Special Values PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at www.sharegift.org.uk.

Shareholder Information continued

Managers and Advisors

Alternative Investment Fund Manager (the AIFM/Manager)

FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

Investment Manager, Secretary and Registered Office

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP
Email: investmenttrusts@fil.com

Banker and Custodian

JPMorgan Chase Bank (London Branch)
125 London Wall
London
EC2Y 5AJ

Depository

J.P. Morgan Europe Limited
25 Bank Street
London
E14 5JP

Financial Adviser and Stockbroker

Winterflood Securities
Riverbank House
2 Swan Lane
London
EC4R 3GA

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Simmons and Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS

Registrar

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Company Information

The Company was launched on 17 November 1994. The original subscription price was £1 for each ordinary share of 25 pence each. Following the sub-division of ordinary shares on a five for one basis on 29 June 2015, the Company's share capital now comprises ordinary shares of 5 pence each and the restated original subscription price is 20 pence for each ordinary share.

The Company is a member of The Association of Investment Companies (the "AIC") from whom general information on investment trusts can be obtained by telephoning **020 7282 5555** (email: enquiries@theaic.co.uk).

Price Information

The share price of Fidelity Special Values PLC is published daily in the Financial Times under the heading "Investment Companies". It is also published in The Times and The Daily Telegraph. Price and performance information is also available at: www.fidelity.co.uk/specialvalues

Investors can also obtain current price information by telephoning Fidelity for free on **0800 41 41 10** or FT Cityline on **0905 817 1690** (voice activated service) (calls charged at 60p per minute on a per second basis from a BT landline. Charges from other telephone networks may vary). The Reuters code for Fidelity Special Values PLC is FSV.L, the SEDOL is BWXC7Y9 and the ISIN is GB00BWXC7Y93.

Net Asset Value ("NAV") Information

The Company's NAV is calculated and released to the London Stock Exchange on a daily basis.

UK Capital Gains Tax

All UK individuals under present legislation are permitted to have £3,000 of capital gains in the current tax year 2024/2025 (2023/2024: £6,000) before being liable for capital gains tax. Capital gains tax is charged at 10% and 20% dependent on the total amount of taxable income.

Data Protection

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will, therefore, collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company website at <https://investment-trusts.fidelity.co.uk/security-privacy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity group but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

Requesting access, making changes to personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the portfolio management of assets and company secretarial function to FIL Investments International. Details of the Management Agreement can be found in the Directors' Report on page 32.

The table below discloses information required by the Alternative Investment Fund Managers Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International.</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	Details of the Company's investment objective, policy and strategy, including investment limits, are on pages 22 and 23.
Risk management	<p>The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management.</p> <p>The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under the AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 24 to 28 and in Note 17 to the Financial Statements on pages 69 to 75.
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company's assets were subject to special arrangements arising from its illiquid nature.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company uses leverage to increase its exposure primarily to UK companies and currently holds derivative instruments. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.</p>	<p>The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method.</p> <p>At 31 August 2024, actual leverage was 1.09 for the Gross Method and 1.10 for the Commitment Method.</p>
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 72.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B); and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page

EU Securities Financing Transactions Regulations ("SFTR")

The following disclosures relate to contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, which came into force on 12 January 2016.

As at 31 August 2024, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the Broker £'000	Collateral held by the Company £'000
Goldman Sachs International (UK)	4	0.00%	150	-
HSBC Bank plc (UK)	476	0.04%	380	-
J.P. Morgan plc (UK)	3,007	0.26%	2,370	-
Morgan Stanley & Co International plc (UK)	5	0.00%	-	-
UBS AG (UK)	626	0.05%	510	-

Collateral held by the broker was held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 August 2024 from CFDs was a gain of £18,440,000.

Glossary of Terms

AAF Report

A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC

The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

AIF

Alternative Investment Fund ("AIF"). The Company is an AIF.

AIFM

Alternative Investment Fund Manager ("AIFM"). The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM (the Manager).

AIFMD

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing;
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges;
- Revenue, Capital and Total Returns; and
- Total Return Performance (Net Asset Value Total Return or Ordinary Share Price Total Return).

Asset Exposure

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivatives).

Benchmark

FTSE All-Share Index against which the performance of the Company is measured.

Block Listing

A facility that allows the Company to issue new ordinary shares to meet demand in the market over a period of time.

Capital Gains Tax (CGT)

The tax you may have to pay if you sell your shares at a profit.

Collateral

Asset provided as security for the unrealised gain or loss under a contract for difference.

Contract For Difference (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as collateral. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

Custodian

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

Corporation Tax

The UK tax the Company may have to pay on its profits. As an investment trust company, the Company is exempt from UK corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income, and consequently it is tax efficient for the Company.

Depository

An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. J.P.Morgan Europe Limited act as the Company's Depository.

Derivatives

Financial instruments (such as futures, options and contracts for difference) whose value is derived from the value of an underlying asset or other financial instrument.

Discount

If the share price of the Company is lower than the net asset value per ordinary share, the Company is said to be trading at a discount. The discount is shown as a percentage of the net asset value per ordinary share.

Fair Value

The fair value is the best measure of the realisable value of the investments, including derivatives, at a point in time and is measured as:

- **Listed and AIM quoted investments** – valued at bid prices or last market prices as available, otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;
- **Contracts for difference** – valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses); and

- **Futures and options** – valued at the quoted trade price for the contract.

Fidelity International (Fidelity)

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as **AIFM**, Secretary and **Investment Manager**.

Future

An agreement to buy or sell a fixed amount of an asset at a fixed future date and a fixed price.

Gearing

The economic exposure of the portfolio to its underlying assets in excess of total net assets. It represents the additional exposure to the market above **Shareholders' Funds**. The Company uses two measures of **gearing** (**Gross Gearing** and **Net Gearing**).

Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the **derivatives**. It is the sum total of all **Asset Exposures**.

Gross Gearing

The amount by which **Gross Asset Exposure** exceeds **Shareholders' Funds** expressed as a percentage of **Shareholders' Funds**.

Hedging

A strategy aimed at minimising or eliminating the risk or loss through adverse movements normally involving taking a position in a **derivative** such as a **future** or an **option**.

Investment Manager

FIL Investments International.

Manager

FIL Investment Services (UK) Limited is the appointed **Manager** under the **AIFMD** and has delegated the portfolio management of assets to the **Investment Manager**.

Net Assets or Net Asset Value (NAV)

Also described as "**Shareholders' Funds**", **net assets** represent the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per ordinary share basis.

Net Asset Value per Ordinary Share

The **net asset value** divided by the number of ordinary shares in issue.

Net Gearing

The amount by which **Net Market Exposure** exceeds **Shareholders' Funds** expressed as a percentage of **Shareholders' Funds**.

Net Market Exposure

Net Market Exposure is the total of all long exposures, less short exposures and less exposures **hedging** the portfolio.

Ongoing Charges

Total operational expense (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily **net asset values** for the reporting year.

Options

An **option** is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. **Options** may be calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis.

Portfolio Manager

Alex Wright is the appointed **Portfolio Manager** of the Company and is responsible for managing the Company's assets.

Pre-Emption Rights

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing Shareholders. At each Annual General Meeting, the Board seeks Shareholder approval to disapply **pre-emption rights** provision, up to 10% of the Company's issued share capital.

Premium

If the share price of the Company is higher than the **net asset value per ordinary share**, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value per ordinary share**.

Registrar

An entity that manages the Company's Shareholder register. The Company's **Registrar** is Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividends and it cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividends and it cannot be used to fund share repurchases.
- **Other non-distributable reserve** represents amounts transferred from the warrant reserve. It is not distributable by way of dividends and it cannot be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund repurchases and issuance of shares from Treasury and it is distributable by way of dividends.

Glossary of Terms continued

- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Income Statement. It is distributable by way of dividends.

Return

The [return](#) generated in a given period from investments:

- **Revenue Return** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation;
- **Capital Return** reflects the gains and losses on investments and derivative instruments, including foreign exchange related gains and losses;
- **Total Return** reflects the aggregate of revenue and capital returns.

Shareholders' Funds

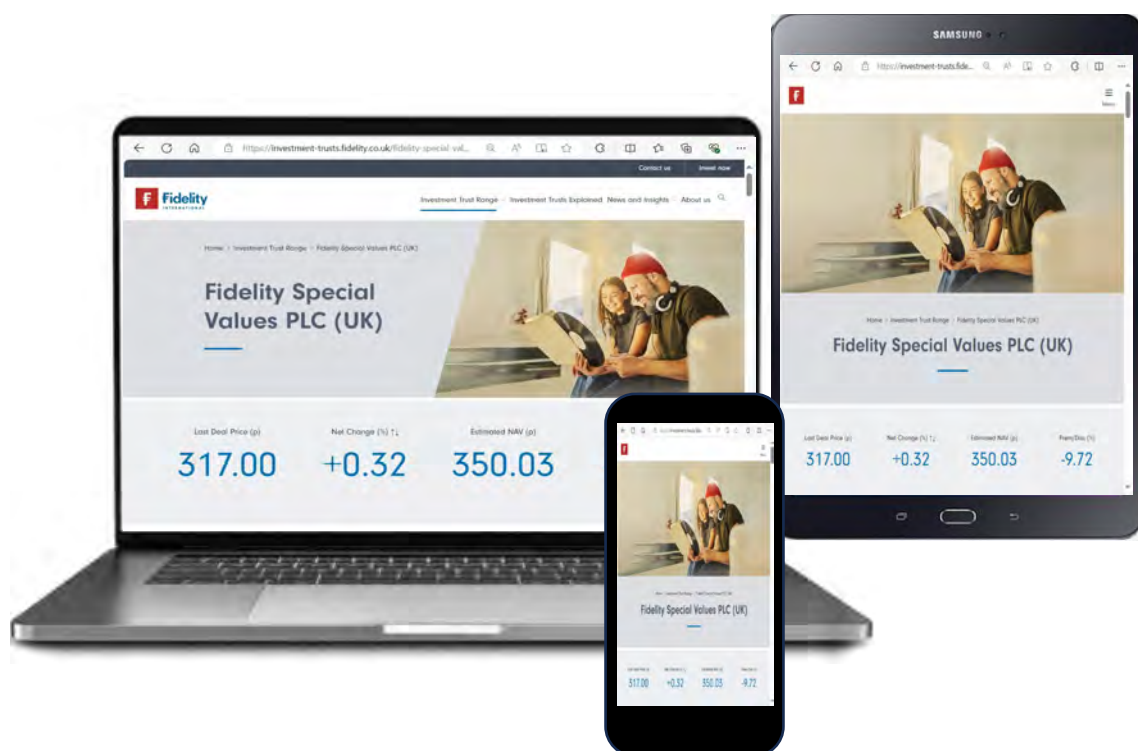
[Shareholders' Funds](#) are also described as [net asset value](#) and represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

Total Return Performance

The return on the share price or [net asset value per ordinary share](#) taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested for additional shares (for share price total return) or in the Company's assets (for [net asset value](#) total return).

Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not receive dividends, have no voting rights and are excluded from the [net asset value per ordinary share](#) calculation.



To find out more about Fidelity Special Values PLC, visit our new website www.fidelity.co.uk/specialvalues where you can read articles and watch videos on the Company.



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