



# FIDELITY SPECIAL VALUES PLC

Half-Yearly Report for the  
six months ended 28 February 2022

# 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' and the last year has resulted in an abundance of such opportunities. The investment trust is primarily invested in UK equities, but may invest up to 20% of total net assets outside of UK companies. The portfolio consists of between 80-120 positions and the Portfolio Manager's strategy invests across the market capitalisation spectrum, usually with an overweight to medium sized and smaller companies.

It is an actively managed contrarian strategy that seeks out undervalued opportunities – this typically means investing in companies that have underperformed and where there is little or no value ascribed to any recovery potential.

By building a portfolio of stocks that are at different stages of their recovery process, the intention is to deliver outperformance across different market environments.

Performance in the six month reporting period was a NAV total return of -4.5% and a share price total return of -4.7% compared to a Benchmark Index return of +2.4%. The Company's shares have continued to mostly trade at a premium and the Board has authorised the issue of 10,565,000 shares in the reporting period in order to continue to meet demand.

Andy Irvine, Chairman

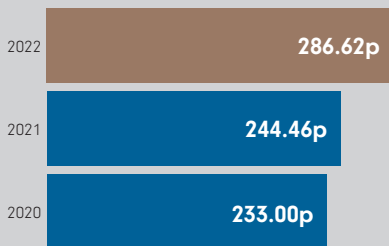
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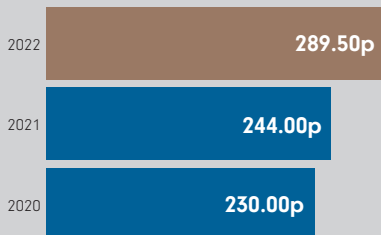
## Portfolio Manager's Half-Yearly Review

Read more on page 04

### Net Asset Value per Ordinary Share as at 28 February 2022, 28 February 2021 and 29 February 2020



### Ordinary Share Price as at 28 February 2022, 28 February 2021 and 29 February 2020



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# At a Glance

Six months ended 28 February 2022

**Net Asset Value per  
Ordinary Share  
total return<sup>1,2</sup>**

**-4.5%**

(28 February 2021: +24.3%)

**Ordinary Share Price  
total return<sup>1,2</sup>**

**-4.7%**

(28 February 2021: +36.5%)

**FTSE All-Share Index  
(Benchmark Index)  
total return<sup>1</sup>**

**+2.4%**

(28 February 2021: +12.0%)

**Interim Dividend per  
Ordinary Share**

**2.30p**

(28 February 2021: 2.17p)

<sup>1</sup> Includes reinvested income.

<sup>2</sup> Alternative Performance Measures. See Glossary of Terms on page 32.

## As at 28 February 2022

### Shareholders' Funds

£927.5m

### Market Capitalisation

£936.8m

### Capital Structure

Ordinary Shares of 5 pence each

323,593,920

## 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

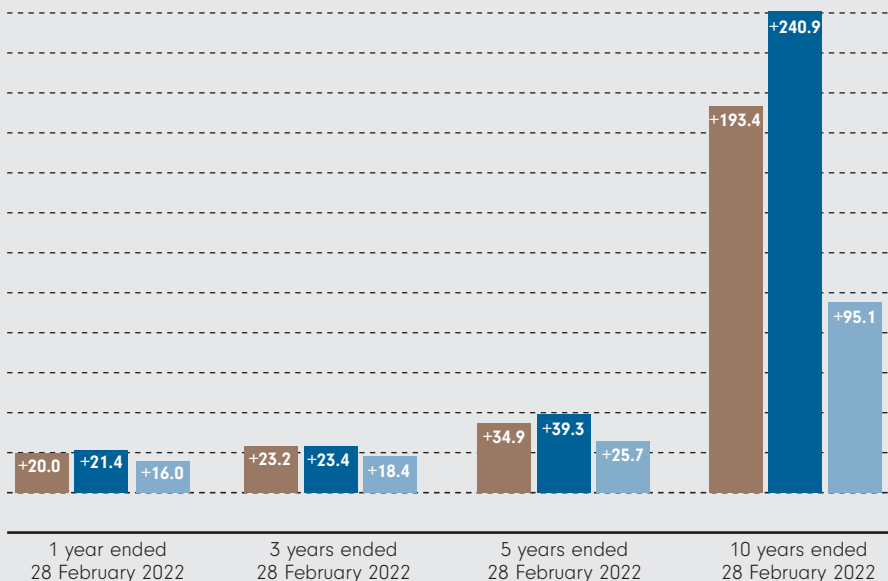
	28 February 2022	31 August 2021
<b>Assets</b>		
Shareholders' funds	<b>£927.5m</b>	£954.1m
Net Asset Value ("NAV") per ordinary share <sup>1</sup>	<b>286.62p</b>	304.79p
<b>Share price and discount data</b>		
Share price at period end	<b>289.50p</b>	308.50p
Share price period high <sup>2</sup>	<b>315.00p</b>	309.00p
Share price period low <sup>2</sup>	<b>280.00p</b>	169.00p
Premium at period end <sup>1</sup>	<b>1.0%</b>	1.2%
Premium period high <sup>2</sup>	<b>2.1%</b>	3.1%
Discount period high <sup>2</sup>	<b>(4.4%)</b>	(12.3%)

<sup>1</sup> Alternative Performance Measures. See Glossary of Terms on page 32.

<sup>2</sup> For the six month period to 28 February 2022 and for the year to 31 August 2021.

## Standardised Performance Total Return<sup>1</sup> (%)

■ NAV per ordinary share ■ Share Price  
■ FTSE All-Share Index



<sup>1</sup> Includes reinvested income.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

# Portfolio Manager's Half-Yearly Review

## Performance

In the six month period to 28 February 2022, the Company's net asset value ("NAV") per ordinary share returned -4.5% and the share price returned -4.7%, whilst the FTSE All-Share Index (the Company's Benchmark Index) returned +2.4% (all on a total return basis). Despite the short term performance, the Company's NAV and share price total returns remain ahead of the Benchmark Index over one, three, five and ten years as can be seen on page 3. This report seeks to summarise the reporting period, highlight the key drivers of performance and put forward the Portfolio Manager's views looking ahead.

## Stock Market and Portfolio Review

The period was marked by increased market volatility and sharp shifts in sector and style factor preferences, as investors attempted to come to terms with mounting inflationary pressures, anticipated interest rate rises and, more recently, the uncertainty stemming from the build-up to and eventual invasion of Ukraine by Russia in February.

UK equities started the review period on a weak note, declining for the first time in September after seven months of continuous gains, amid signs of a slowdown in the pace of the global economic recovery, as well as concerns over central bank tapering, tax increases and supply chain disruptions. The emergence of the Omicron COVID-19 variant triggered a global sell-off towards the end of November. However, markets recovered quickly as concerns over the impact of the virus gradually receded, and were further supported by robust corporate earnings, alongside general optimism around the recovery continuing in the UK and other major economies. The positive sentiment helped equities to end 2021 on a strong note.

2022 started off with an extreme style rotation out of expensive growth stocks (whose

valuations are often based on long duration projections which are particularly sensitive to interest rate rises) in favour of more attractively valued shares (where valuations reflect to a greater extent nearer term potential earnings). While UK equities were not immune to the prevailing volatility seen in other markets, they proved comparatively more resilient. However, the UK economy continued to be hampered by inflationary pressures, with consumer prices rising to their highest level in almost 30 years in December. This prompted the Bank of England to increase interest rates twice during the review period (and again in March). Markets remained under pressure in February owing to the uncertainty stemming from Russia's invasion of Ukraine. Recent market moves in response to the unfolding humanitarian crisis have been sharp and not always particularly discriminate. As major sanctions are imposed on Russia, the possibility of a potential shutdown of energy supplies raised concerns about energy security, leading to a spike not only in oil and gas prices, but also more broadly in commodity prices, given both Russia and Ukraine are key producers of steel, nickel, aluminium, wheat and corn, to name a few.

Over the period, the Company's NAV has lagged the return of the FTSE All-Share Index, which proved particularly resilient in a global context given its meaningful exposure to oil and gas producers and miners, two areas where the Company was underweight.

Against a backdrop of rising price pressures and supply chain constraints, both our industrials and consumer discretionary holdings proved a drag on returns having performed particularly strongly last year. Our combined exposure to these two areas, which declined by 8% and 7% respectively, fell just short of 50% (compared to 25% for the Index). Both sectors were seen as more susceptible to an economic



slowdown and were weak as a result, although many of our support services holdings (a subset of the industrial sector) have resilient business models which they demonstrated during the pandemic. While we have reduced our exposure to consumer facing businesses over the period, there are interesting stock specific turnarounds taking place and valuations are low, characteristics which both sectors have in common.

Our longstanding underweight to metals and mining was another meaningful headwind, as already-high metals prices have risen further since the Ukraine invasion due to Russian supply disruption. The sector, which accounted for 8% of the index (but only 3% of the portfolio), rose by 16%. We are happy to maintain a low and very selective exposure here, as we remain convinced that the prices of many metals are unsustainably high and that this may lead to demand destruction. At these levels, the risk/reward is very much skewed to the downside, and as contrarian investors we would rather own stocks where expectations are low and we see catalysts for improvement. While we held a marginally lower exposure to energy (7.7% position compared to 8.5% for the Index), the strong performance of our holdings helped mitigate the drag on relative returns.

At a stock level, the small (0.7%) position in Studio Retail hurt returns after the online catalogue company experienced supply chain and working capital issues. The company had successfully evolved to becoming an online business, with a product set that was competitively priced and spanned multiple product categories. It had benefited from the surge in online shopping and navigated the pandemic well. However, supply chain challenges in the second half of last year and failure to secure an emergency £25 million loan from lenders forced the company into

administration. The shares of Inchcape, a leading automotive distributor and retailer, underperformed despite delivering results slightly ahead of consensus, amid worries about the company's retail exposure to Russia. The company subsequently confirmed that this part of the business generated around 5% of group operating profit and that, given the current circumstances, ownership of that business is no longer tenable. The holding in support services Mitie Group also fell, however the company has been rejuvenated under a new management team, which has improved their culture, systems, contract risk profile and balance sheet. Elsewhere, despite a sizeable exposure to financials, the lack of exposure to banking group HSBC (reflecting our preference for banks where a positive change story will help drive improving returns) hurt performance, as the stock outperformed due to its higher sensitivity to short term US rates.

On a more positive note, our holding in specialty pharmaceutical firm Indivior, a developer of treatments for opioid-based drug addictions, was the leading contributor after reporting better than expected results primarily due to strong progress in its Sublocade product. The company also announced that it is considering a US listing for its shares given approximately 80% of its revenue is generated in the US. Meanwhile, London-headquartered gemstones miner Gemfields reported record breaking auctions last year, underpinning a recovery from the pandemic which had severely hampered their 2020 auction schedule due to the many travel, quarantine and congregating restrictions. Shares in advertising group M&C Saatchi also performed strongly after the company reported strong half year results exceeding pre-pandemic levels and received a takeover approach from the acquisition vehicle of its top shareholder Vin Murria.

## Portfolio Manager's Half-Yearly Review continued

### Use of Gearing

During the review period, we continued to use contracts for difference ("CFDs") to gear the Company's portfolio long exposure and eliminate some of the currency exposure for those holdings listed outside of the UK.

Towards the end of the period, we used our low leverage levels to take advantage of attractively valued opportunities and increase the leverage somewhat as stocks had heavily sold off. We have mainly been buying in areas which are less affected by the Russia-Ukraine conflict, but nevertheless have fallen with the market, rather than buying into the most affected areas. This very much aligns with how we reacted in March 2020 with the onset of the COVID-19 pandemic.

Overall, there was a meaningful reduction in the Company's gearing level over the period. Gearing stood at 6.9% at the end of February (compared to 14.6% at the end of August 2021) and approximately 4% of the portfolio was held in companies that have received firm cash bids.

### Outlook

UK equities remain significantly undervalued compared to global markets and reasonably valued in absolute terms. These factors contributed to their resilience in the more volatile market conditions that we have recently experienced, and should continue to prove helpful in the months ahead. As both central banks and investors come to terms with inflationary pressures, and interest rate expectations are adjusted accordingly, this should benefit our portfolio of attractively valued companies with improving fundamentals. In such conditions, market participants typically re-focus on short term earnings and valuations, resulting in a more supportive environment for value strategies. However, the impact of rising prices on

individual companies needs to be closely monitored and this is a key focus for us.

From an industry grouping perspective, positioning has become less pronounced compared to the broader market. While we remain overweight GDP sensitive stocks and financials, those exposures have reduced somewhat as a result of profit taking. Meanwhile, we remain underweight resources, primarily miners. Despite the recent spikes in commodity prices, we have not been tempted to add to our exposure in this area, as we believe those pricing levels are unsustainable and are likely to result in demand destruction. The market seems fixated on short term effects, such as higher inflation and commodity prices, rather than medium term implications, notably potential lower commodity demand as a result of lower GDP growth.

After the strong returns of the past decade, investors will need to be more discerning as to where they invest. The next ten years are unlikely to bring the same synchronised increases in asset classes that we have enjoyed for a long time and which were supported by incredibly low interest rates and very supportive stimulus measures. Selectivity is likely to be key to generating good returns. Fortunately, the UK market still offers a lot of attractively valued opportunities, and so has the potential to generate decent returns for investors, although it is going to be more difficult. The Company's portfolio currently trades on a 20-30% discount to the UK market (based on 2022 and 2023 earnings estimates), despite the fact that our holdings offer stronger profit growth potential, superior returns on capital and carry less debt than the broader market.

### Alex Wright

Portfolio Manager  
28 April 2022



# Twenty Largest Investments

as at 28 February 2022

The Asset Exposures shown below and on the next page measure exposure to market price movements as a result of owning shares and derivative instruments. The Fair Value is the actual value of the portfolio as reported in the Balance Sheet. Where a contract for difference ("CFD") is held, 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 share has moved.

	Asset Exposure		Fair Value
	£'000	% <sup>1</sup>	£'000
<b>Long Exposures – shares unless otherwise stated</b>			
<b>Legal &amp; General Group (long CFD)</b>			
Life Insurance	37,185	4.0	604
<b>Aviva (long CFD)</b>			
Life Insurance	36,312	3.9	(1,099)
<b>Shell</b>			
Oil, Gas and Coal	36,298	3.9	36,298
<b>Sanofi (long CFD)</b>			
Pharmaceuticals & Biotechnology	29,806	3.2	(118)
<b>Serco Group</b>			
Industrial Support Services	28,486	3.1	28,486
<b>Phoenix Group Holdings</b>			
Life Insurance	25,843	2.8	25,843
<b>Inchcape</b>			
Industrial Support Services	25,712	2.8	25,712
<b>AIB Group (long CFD)</b>			
Banks	23,926	2.6	(3,700)
<b>Imperial Brands</b>			
Tobacco	21,971	2.4	21,971
<b>DCC</b>			
Industrial Support Services	21,468	2.3	21,468
<b>Hellenic Telecommunications Organisation</b>			
Telecommunications Service Providers	20,911	2.3	20,911
<b>WPP</b>			
Media	20,453	2.2	20,453

## Twenty Largest Investments continued

	Asset Exposure		Fair Value
	£'000	% <sup>1</sup>	£'000
<b>Spire Healthcare Group</b>			
Health Care Providers	19,905	2.1	19,905
<b>NatWest Group (shares and long CFD)</b>			
Banks	19,514	2.1	556
<b>Ryanair Holdings (shares and long CFDs)</b>			
Travel & Leisure	18,665	2.0	1,950
<b>ContourGlobal</b>			
Electricity	18,480	2.0	18,480
<b>Mitie Group</b>			
Industrial Support Services	18,259	2.0	18,259
<b>Meggitt</b>			
Aerospace and Defense	18,092	1.9	18,092
<b>Vodafone Group (long CFD)</b>			
Telecommunications Service Providers	16,064	1.7	(911)
<b>Morgan Advanced Materials</b>			
Electronic & Electrical Equipment	15,628	1.7	15,628
<b>Twenty largest long exposures</b>	<b>472,978</b>	<b>51.0</b>	<b>288,788</b>
Other long exposures	518,441	55.9	477,852
<b>Gross Asset Exposure<sup>2</sup> (113 holdings)</b>	<b>991,419</b>	<b>106.9</b>	
<b>Portfolio Fair Value<sup>3</sup></b>			<b>766,640</b>
Net current assets (excluding derivative assets and liabilities)			160,846
<b>Shareholders' Funds</b>			<b>927,486</b>

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

2 Gross Asset Exposure comprises market exposure to investments of £775,792,000 plus market exposure to derivative instruments of £215,627,000.

3 Portfolio Fair Value comprises Investments of £775,792,000 plus derivative assets of £1,355,000 less derivative liabilities of £10,507,000 (per the Balance Sheet, on page 18).

# Interim Management Report

## Board Changes

Andy Irvine will step down as Chairman of the Board and as a non-executive Director at the conclusion of the Annual General Meeting ("AGM") in December 2022. He will be replaced as Chairman by Dean Buckley and Nigel Foster will replace Mr Buckley as Senior Independent Director at the same time. A recruitment process is being carried out to recruit a non-executive Director as part of the Board's succession plan.

## Discount/Premium and Share Repurchases/Issues

Under the Company's discount management policy, the Board seeks to maintain the discount in single digits in normal market conditions and will repurchase shares to help stabilise the share price discount.

The Board will approve the issuance of shares if the Company's shares are trading at a sufficient level of premium to ensure that it adds value for Shareholders and that the issue of shares is not dilutive. Issuing shares increases the size of the Company, making it more liquid and allowing costs to be spread out over a larger pool of assets.

Over the reporting period, the Company's shares traded between a premium of 2.1% and a discount of 4.4%. The peer group average discount as at 28 February 2022 was 8.6%.

In the reporting period, the Company's shares mostly traded at a premium and in order to meet demand, the Company issued a total of 10,565,000 ordinary shares from its block listing facilities. Since then and as at the date of this Half-Yearly Report, the Company has issued a further 505,000 shares.

In order to ensure that the Company was able to continue to meet the demand for shares, it

acquired a new block listing from the UK Listing Authority for 30,000,000 shares, effective from 7 February 2022.

No shares were repurchased for cancellation or into Treasury in the reporting period.

The Board continues to monitor the level of the Company's discount/premium closely and will take action when it believes that it will be effective and to the benefit of Shareholders.

## Interim Dividend

The Board's policy is to pay dividends twice yearly in order to smooth the dividend payments for the Company's financial year. The Company's revenue return for the six months to 28 February 2022 was 1.80 pence per share.

The Board has declared an interim dividend of 2.30 pence per share which is 6% higher than the 2.17 pence per share paid as the interim dividend in 2021. This will be paid on 22 June 2022 to Shareholders on the register on 13 May 2022 (ex-dividend date 12 May 2022). Shareholders should note that the Board will review the final dividend payment later in the year based on dividend receipts from the companies held in the portfolio. However, based on current forecasts, the Board would hope to maintain at least the same level of dividend as paid in the prior year and would intend to pay it entirely from the revenue earned in the reporting period.

## Principal Risks and Uncertainties

The Board, with the assistance of the Manager (FIL Investment Services (UK) Limited), 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 faced by the Company.

## Interim Management Report continued

The Board considers that the principal risks and uncertainties faced by the Company fall into the following categories: market, economic and political risks; investment management risk; cybercrime risk; environmental, social and governance (ESG) risk; regulatory risk; key person risk; discount control risk; competition risk; pandemic risk; and operational (service providers) risks.

Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 August 2021, a copy of which can be found on the Company's pages of the Manager's website at [www.fidelity.co.uk/specialvalues](http://www.fidelity.co.uk/specialvalues).

While the principal risks and uncertainties are the same as those at the previous year end, the quantum of these risks has, and continues to, change and the Board remains vigilant in monitoring such risks.

A key emerging risk that the Board has identified is climate change. It is one of the most critical emerging issues confronting asset managers and their investors. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor this.

Risks from the emerging new variants of COVID continue, but the defence against the virus improves with each passing year. Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long term investment. These risks are somewhat mitigated by the investment trust structure of the Company which means that no forced sales need to take place to deal with any redemptions. Therefore, investments in the Company's portfolio can be held over a longer time horizon.

The Manager carries on reviewing its business continuity plans and its operational resilience strategies on an ongoing basis. It continues to take all reasonable steps in meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. The Manager has appropriate business continuity plans in place and the provision of services has continued to be supplied without interruption during the pandemic and continues to do so.

Investment team key activities, including those of portfolio managers, analysts and trading/support functions, have continued to perform well despite the operational challenges posed when working from home or when split team arrangements were in place.

The Company's other third party service providers have also implemented similar measures to ensure that business disruption is kept to a minimum.

### Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and company secretariat services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 12 to the Financial Statements on page 27.

### 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, 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 can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report.

This conclusion also takes into account the Board's assessment of the ongoing risks from COVID and evolving variants as set out above.

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

Continuation votes are held every three years and the next continuation vote will be put to Shareholders at the AGM in December 2022.

By Order of the Board

**FIL Investments International**

28 April 2022

## Directors' Responsibility Statement

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

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard: FRS 104: Interim Financial Reporting; and
- b) the Portfolio Manager's Half-Yearly Review on pages 4 to 6 and the Interim Management Report on pages 9 to 11, include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

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

The Half-Yearly Report was approved by the Board on 28 April 2022 and the above responsibility statement was signed on its behalf by Andy Irvine, Chairman.

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# Income Statement

for the six months ended 28 February 2022

		Six months ended 28 February 2022 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		–	(48,464)	(48,464)
(Losses)/gains on long CFDs		–	(2,563)	(2,563)
Investment and derivative income	4	9,107	–	9,107
Other interest	4	181	–	181
Investment management fees	5	(2,806)	–	(2,806)
Other expenses		(470)	–	(470)
Foreign exchange gains/(losses)		–	687	687
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>		<b>6,012</b>	<b>(50,340)</b>	<b>(44,328)</b>
Finance costs		(309)	–	(309)
<b>Net return/(loss) on ordinary activities before taxation</b>		<b>5,703</b>	<b>(50,340)</b>	<b>(44,637)</b>
Taxation on return/(loss) on ordinary activities	6	(32)	–	(32)
<b>Net return/(loss) on ordinary activities after taxation for the period</b>		<b>5,671</b>	<b>(50,340)</b>	<b>(44,669)</b>
<b>Return/(loss) per ordinary share</b>	7	<b>1.80p</b>	<b>(15.95p)</b>	<b>(14.15p)</b>

The Company does not have any other comprehensive income. Accordingly the net return/(loss) on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

No operations were acquired or discontinued in the period and all items in the above statement derive from continuing operations.

Year ended 31 August 2021 audited			Six months ended 28 February 2021 unaudited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	252,899	252,899	-	101,257	101,257
-	55,323	55,323	-	35,062	35,062
27,890	-	27,890	7,538	-	7,538
257	-	257	87	-	87
(5,098)	-	(5,098)	(2,475)	-	(2,475)
(669)	-	(669)	(359)	-	(359)
-	(720)	(720)	-	(950)	(950)
22,380	307,502	329,882	4,791	135,369	140,160
(378)	-	(378)	(122)	-	(122)
22,002	307,502	329,504	4,669	135,369	140,038
(406)	-	(406)	(169)	-	(169)
21,596	307,502	329,098	4,500	135,369	139,869
7.22p	102.74p	109.96p	1.54p	46.37p	47.91p

# Statement of Changes in Equity

for the six months ended 28 February 2022

	Notes	Share capital £'000
<b>Six months ended 28 February 2022 (unaudited)</b>		
<b>Total Shareholders' funds at 31 August 2021</b>		<b>15,651</b>
New ordinary shares issued	10	<b>528</b>
Net (loss)/return on ordinary activities after taxation for the period		-
Dividend paid to Shareholders	8	-
<b>Total Shareholders' funds at 28 February 2022</b>		<b>16,179</b>
<b>Year ended 31 August 2021 (audited)</b>		
<b>Total Shareholders' funds at 31 August 2020</b>		<b>14,501</b>
New ordinary shares issued	10	1,150
Costs associated with the issue of new ordinary shares		-
Issue of ordinary shares from Treasury	10	-
Repurchase of ordinary shares into Treasury	10	-
Net return on ordinary activities after taxation for the year		-
Dividends paid to Shareholders	8	-
<b>Total Shareholders' funds at 31 August 2021</b>		<b>15,651</b>
<b>Six months ended 28 February 2021 (unaudited)</b>		
<b>Total Shareholders' funds at 31 August 2020</b>		<b>14,501</b>
New ordinary shares issued	10	447
Costs associated with the issue of new ordinary shares		-
Issue of ordinary shares from Treasury	10	-
Repurchase of ordinary shares into Treasury	10	-
Net return on ordinary activities after taxation for the period		-
Dividend paid to Shareholders	8	-
<b>Total Shareholders' funds at 28 February 2021</b>		<b>14,948</b>

Share premium account £'000	Capital redemption reserve £'000	Other non-distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
205,466	3,256	5,152	702,637	21,928	954,090
31,673	-	-	-	-	32,201
-	-	-	(50,340)	5,671	(44,669)
-	-	-	-	(14,136)	(14,136)
237,139	3,256	5,152	652,297	13,463	927,486
144,306	3,256	5,152	394,572	17,718	579,505
61,259	-	-	-	-	62,409
(123)	-	-	-	-	(123)
24	-	-	2,383	-	2,407
-	-	-	(1,820)	-	(1,820)
-	-	-	307,502	21,596	329,098
-	-	-	-	(17,386)	(17,386)
205,466	3,256	5,152	702,637	21,928	954,090
144,306	3,256	5,152	394,572	17,718	579,505
21,366	-	-	-	-	21,813
(117)	-	-	-	-	(117)
24	-	-	2,383	-	2,407
-	-	-	(1,811)	-	(1,811)
-	-	-	135,369	4,500	139,869
-	-	-	-	(10,783)	(10,783)
165,579	3,256	5,152	530,513	11,435	730,883

# Balance Sheet

as at 28 February 2022

Company number 2972628

	Notes	28.02.22 unaudited £'000	31.08.21 audited £'000	28.02.21 unaudited £'000
<b>Fixed assets</b>				
Investments	9	775,792	886,710	676,404
<b>Current assets</b>				
Derivative instruments	9	1,355	1,968	2,551
Debtors		5,844	6,674	4,927
Amounts held at futures clearing houses and brokers		10,530	40	-
Cash and cash equivalents		145,625	63,780	49,284
		163,354	72,462	56,762
<b>Current liabilities</b>				
Derivative instruments	9	(10,507)	(3,161)	(1,835)
Other creditors		(1,153)	(1,921)	(448)
		(11,660)	(5,082)	(2,283)
<b>Net current assets</b>		151,694	67,380	54,479
<b>Net assets</b>		927,486	954,090	730,883
<b>Capital and reserves</b>				
Share capital	10	16,179	15,651	14,948
Share premium account		237,139	205,466	165,579
Capital redemption reserve		3,256	3,256	3,256
Other non-distributable reserve		5,152	5,152	5,152
Capital reserve		652,297	702,637	530,513
Revenue reserve		13,463	21,928	11,435
<b>Total Shareholders' funds</b>		927,486	954,090	730,883
<b>Net asset value per ordinary share</b>	11	286.62p	304.79p	244.46p

# Cash Flow Statement

for the six months ended 28 February 2022

	28.02.22 unaudited £'000	31.08.21 audited £'000	28.02.21 unaudited £'000
<b>Operating activities</b>			
Investment income received	10,686	17,825	6,457
Net derivative income	2,858	7,930	2,129
Interest received	47	24	12
Underwriting commission received	-	16	-
Investment management fee paid	(2,839)	(5,059)	(2,578)
Directors' fees paid	(77)	(163)	(87)
Other cash payments	(376)	(567)	(318)
<b>Net cash inflow from operating activities before finance costs and taxation</b>	<b>10,299</b>	<b>20,006</b>	<b>5,615</b>
Finance costs paid	(309)	(378)	(122)
Overseas taxation suffered	(57)	(348)	50
<b>Net cash inflow from operating activities</b>	<b>9,933</b>	<b>19,280</b>	<b>5,543</b>
<b>Investing activities</b>			
Purchases of investments	(126,137)	(378,229)	(201,782)
Sales of investments	184,319	305,611	186,160
Receipts on long CFDs	35,710	91,127	49,036
Payments on long CFDs	(30,314)	(28,938)	(9,017)
Movement on amounts held at futures clearing houses and brokers	(10,490)	820	860
<b>Net cash inflow/(outflow) from investing activities</b>	<b>53,088</b>	<b>(9,609)</b>	<b>25,257</b>
<b>Net cash inflow before financing activities</b>	<b>63,021</b>	<b>9,671</b>	<b>30,800</b>
<b>Financing activities</b>			
Dividends paid	(14,136)	(17,386)	(10,783)
Net proceeds from the issue of ordinary shares	32,273	64,356	22,343
Cost associated with the issue of new ordinary shares	-	(123)	(117)
Repurchase of ordinary shares	-	(1,820)	(1,811)
<b>Net cash inflow from financing activities</b>	<b>18,137</b>	<b>45,027</b>	<b>9,632</b>
<b>Net increase in cash and cash equivalents</b>	<b>81,158</b>	<b>54,698</b>	<b>40,432</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>63,780</b>	<b>9,802</b>	<b>9,802</b>
<b>Effect of movement in foreign exchange</b>	<b>687</b>	<b>(720)</b>	<b>(950)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>145,625</b>	<b>63,780</b>	<b>49,284</b>
<b>Represented by:</b>			
Cash at bank	27,953	2,000	2,011
Amount held in Fidelity Institutional Liquidity Fund	117,672	61,780	47,273
	<b>145,625</b>	<b>63,780</b>	<b>49,284</b>

# 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 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act"). The financial information for the year ended 31 August 2021 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

## 3 Accounting Policies

### (i) Basis of Preparation

The Company prepares its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC") in April 2021. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 August 2021.

### (ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. This conclusion also takes into account the Board's assessment of the continuing risks arising from COVID-19 and evolving variants.



## 4 Income

	Six months ended 28.02.22 unaudited £'000	Year ended 31.08.21 audited £'000	Six months ended 28.02.21 unaudited £'000
<b>Investment income</b>			
UK dividends	6,148	13,392	4,191
UK scrip dividends	85	-	-
UK property income distributions	-	-	260
Overseas dividends	1,828	6,114	1,734
Overseas scrip dividends	23	-	-
Underwriting commission	-	16	-
	8,084	19,522	6,185
<b>Derivative income</b>			
Dividends received on long CFDs	1,023	8,368	1,353
<b>Investment and derivative income</b>	9,107	27,890	7,538
<b>Other interest</b>			
Interest received on long CFDs*	134	233	75
Interest received on bank deposits, collateral and money market funds	47	24	12
	181	257	87
<b>Total income</b>	9,288	28,147	7,625

\* Due to negative interest rates during the reporting period, the Company received interest on some of its long CFD positions.

Special dividends of £286,000 (year ended 31 August 2021: £1,730,000 and six months ended 28 February 2021: £1,617,000) have been recognised in capital.

# Notes to the Financial Statements continued

## 5 Investment Management Fees

	Six months ended 28.02.22 unaudited £'000	Year ended 31.08.21 audited £'000	Six months ended 28.02.21 unaudited £'000
Portfolio management services	2,806	5,065	2,442
Non-portfolio management services*	–	33	33
<b>Investment management fees</b>	<b>2,806</b>	<b>5,098</b>	<b>2,475</b>

\* Includes company secretarial, fund accounting, taxation, promotional and corporate advisory services.

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.

From 1 January 2021, FIL charges portfolio management fees at an annual rate of 0.60% of net assets and the fee for non-portfolio management services of £100,000 per annum is no longer charged. Prior to this date, the portfolio management fees were charged on a tiered fee basis of 0.85% on the first £700 million of net assets and 0.75% of net assets in excess of £700 million.

## 6 Taxation on Return/(Loss) on Ordinary Activities

	Six months ended 28.02.22 unaudited £'000	Year ended 31.08.21 audited £'000	Six months ended 28.02.21 unaudited £'000
Overseas taxation	32	406	169
<b>Total taxation charge for the period</b>	<b>32</b>	<b>406</b>	<b>169</b>

**7 Return/(Loss) per Ordinary Share**

	<b>Six months ended 28.02.22 unaudited</b>	Year ended 31.08.21 audited	Six months ended 28.02.21 unaudited
Revenue return per ordinary share	<b>1.80p</b>	7.22p	1.54p
Capital (loss)/return per ordinary share	<b>(15.95p)</b>	102.74p	46.37p
<b>Total (loss)/return per ordinary share</b>	<b>(14.15p)</b>	109.96p	47.91p

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares in issue during the period, as shown below:

	<b>£'000</b>	£'000	£'000
Net revenue return on ordinary activities after taxation	<b>5,671</b>	21,596	4,500
Net capital (loss)/return on ordinary activities after taxation	<b>(50,340)</b>	307,502	135,369
<b>Net total (loss)/return on ordinary activities after taxation</b>	<b>(44,669)</b>	329,098	139,869
	<b>Number</b>	Number	Number
Weighted average number of ordinary shares in issue during the period	<b>315,639,997</b>	299,297,599	291,958,494

# Notes to the Financial Statements continued

## 8 Dividends Paid to Shareholders

	Six months ended 28.02.22 unaudited £'000	Year ended 31.08.21 audited £'000	Six months ended 28.02.21 unaudited £'000
Final dividend of 4.50 pence per ordinary share paid for the year ended 31 August 2021	14,136	-	-
Interim dividend of 2.17 pence per ordinary share paid for the year ended 31 August 2021	-	6,603	-
Final dividend of 3.70 pence per ordinary share paid for the year ended 31 August 2020	-	10,783	10,783
	14,136	17,386	10,783

The Company has declared an interim dividend for the six month period to 28 February 2022 of 2.30 pence per ordinary share (2021: 2.17 pence). The interim dividend will be paid on 22 June 2022 to Shareholders on the register at 13 May 2022 (ex-dividend date 12 May 2022). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £7,454,000 (2021: £6,541,000). This amount is based on the number of ordinary shares in issue held at the date of this report.

## 9 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 as disclosed in the Company's Annual Report for the year ended 31 August 2021 (Accounting Policies Notes 2 (l) and (m) on pages 59 and 60).

**9 Fair Value Hierarchy** continued

The table below sets out the Company's fair value hierarchy:

<b>28 February 2022 (unaudited)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investments	<b>775,353</b>	<b>–</b>	<b>439</b>	<b>775,792</b>
Derivative instrument assets	<b>–</b>	<b>1,355</b>	<b>–</b>	<b>1,355</b>
	<b>775,353</b>	<b>1,355</b>	<b>439</b>	<b>777,147</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	<b>–</b>	<b>(10,507)</b>	<b>–</b>	<b>(10,507)</b>

<b>31 August 2021 (audited)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investments	885,753	–	957	886,710
Derivative instrument assets	–	1,968	–	1,968
	885,753	1,968	957	888,678
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	–	(3,161)	–	(3,161)

<b>28 February 2021 (unaudited)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investments	675,630	–	774	676,404
Derivative instrument assets	–	2,551	–	2,551
	675,630	2,551	774	678,955
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	–	(1,835)	–	(1,835)

# Notes to the Financial Statements continued

## 10 Share Capital

	28 February 2022 unaudited		31 August 2021 audited		28 February 2021 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
<b>Issued, allotted and fully paid ordinary shares of 5 pence each</b>						
<b>Held outside Treasury</b>						
<b>Beginning of the period</b>	<b>313,028,920</b>	<b>15,651</b>	290,029,480	14,501	290,029,480	14,501
Ordinary shares repurchased into Treasury	-	-	(1,025,473)	(51)	(1,025,473)	(51)
Ordinary shares issued out of Treasury	-	-	1,025,473	51	1,025,473	51
New ordinary shares issued	<b>10,565,000</b>	<b>528</b>	22,999,440	1,150	8,944,440	447
<b>End of the period</b>	<b>323,593,920</b>	<b>16,179</b>	313,028,920	15,651	298,973,920	14,948
<b>Held in Treasury*</b>						
<b>Beginning of the period</b>	-	-	-	-	-	-
Ordinary shares repurchased into Treasury	-	-	1,025,473	51	1,025,473	51
Ordinary shares issued out of Treasury	-	-	(1,025,473)	(51)	(1,025,473)	(51)
<b>End of the period</b>	-	-	-	-	-	-
<b>Total share capital</b>	<b>323,593,920</b>	<b>16,179</b>	313,028,920	15,651	298,973,920	14,948

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

During the period, 10,565,000 ordinary shares (year ended 31 August 2021: 24,024,913 shares and six months ended 28 February 2021: 9,969,913 shares) were issued. The premium received in the period on the issue of new ordinary shares of £31,673,000 (year ended 31 August 2021: £61,259,000 and six months ended 28 February 2021: £21,366,000) was credited to the share premium account. In the year to 31 August 2021, 1,025,473 ordinary shares were issued out of Treasury. £24,000 was credited to the share premium account and £2,383,000 was credited to the capital reserve.

No ordinary shares were repurchased and held in Treasury during the period (year ended 31 August 2021 and six months ended 28 February 2021: 1,025,473 shares). The cost of repurchasing these shares in the year to 31 August 2021 was charged to the capital reserve (year ended 31 August 2021: £1,820,000 and six months ended 28 February 2021: £1,811,000).

## 11 Net Asset Value per Ordinary Share

	<b>28.02.22 unaudited</b>	31.08.21 audited	28.02.21 unaudited
Total Shareholders' funds	<b>£927,486,000</b>	£954,090,000	£730,883,000
Ordinary shares held outside Treasury at period end	<b>323,593,920</b>	313,028,920	298,973,920
Net asset value per ordinary share	<b>286.62p</b>	304.79p	244.46p

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. Since 3 December 2020, there have been no shares held in Treasury.

## 12 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 fee arrangements are given in Note 5 above. During the period, fees for portfolio management services of £2,806,000 (year ended 31 August 2021: £5,065,000 and six months ended 28 February 2021: £2,442,000) and fees for non-portfolio management services of £nil (year ended 31 August 2021: £33,000 and six months ended 28 February 2021: £33,000) were payable to FIL. Non-portfolio management fees include company secretarial, fund accounting, taxation, promotional and corporate advisory services. At the Balance Sheet date, fees for portfolio management services of £441,000 (year ended 31 August 2021: £474,000 and six months ended 28 February 2021: £332,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £142,000 (year ended 31 August 2021: £106,000 and six months ended 28 February 2021: £62,000). At the Balance Sheet date, marketing services of £16,000 (year ended 31 August 2021: £13,000 and six months ended 28 February 2021: £16,000) were accrued and included in other creditors.

As at 28 February 2022, the Board consisted of five Non-Executive Directors (as shown in the Directory on page 30), all of whom are considered to be independent. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £41,000, the Audit Committee Chairman an annual fee of £31,750 and each other Director an annual fee of £27,000.

As at the date of this report, the following members of the Board held ordinary shares in the Company: Andy Irvine 250,000 shares, Dean Buckley 50,000 shares, Nigel Foster 75,000 shares, Claire Boyle 7,466 shares and Alison McGregor 20,000 shares.



# 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](http://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.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com).

## Shareholders on the main share register

Contact Link Group, Registrar to Fidelity Special Values PLC, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: [enquiries@linkgroup.co.uk](mailto:enquiries@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](http://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 in the next column, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

Website: [www.fidelity.co.uk](http://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](mailto:investmenttrusts@fil.com)**

Website: **[www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)**

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](http://www.sharegift.org.uk)**.

Financial Calendar 2022/2023	
28 February 2022	Half-Yearly Period End
April 2022	Announcement of Half-Yearly Results
May 2022	Publication of Half-Yearly Report
12 May 2022	Ex-Dividend Date
13 May 2022	Dividend Record Date
22 June 2022	Payment of Interim Dividend
31 August 2022	Financial Year End
November 2022	Publication of Annual Report
December 2022	Ex-Dividend and Dividend Record Dates
December 2022	Annual General Meeting
January 2023	Payment of Final Dividend

# Directory

## Board of Directors

Andy Irvine (Chairman)  
Claire Boyle (Chair of the Audit Committee)  
Dean Buckley (Senior Independent Director)  
Nigel Foster  
Alison McGregor

## Alternative Investment Fund Manager (AIFM/the 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](mailto: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 Investment Trusts  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London  
EC4R 2GA

## Independent Auditor

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

## Lawyer

Dickson Minto W.S.  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

## Registrar

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## 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 such as 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, 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, 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

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

### Requesting access, making changes to your 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.

# Glossary of Terms

## 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;
- Return (Revenue, Capital and Total Returns); and
- Total Return Performance (Net Asset Value Total Return and 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 Index

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.

## Collateral

Assets 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.

## Depository

An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. J.P. Morgan Europe 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's shares are said to be trading at a **discount**. It 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 this 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 and 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**.

### Futures

Agreements to buy or sell a stated amount of an asset at a specific future date and at a pre-agreed 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**) which are both defined in this Glossary of Terms.

### 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**). This is the sum total of all **Asset Exposures**.

### Gross Gearing

**Gross Asset Exposure** in excess 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 **future** or **option**.

### Investment Manager

FIL Investments International.

### Manager

FIL Investment Services (UK) Limited is the appointed **Manager** under the Alternative Investment Fund Managers' Directive ("AIFMD") and it has delegated the portfolio management of assets to FIL Investments International.

### Net Assets or Net Asset Value (NAV)

Sometimes 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

**Net Market Exposure** in excess of **Shareholders' Funds**.

## Glossary of Terms continued

### 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 expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily **net asset values** for the reporting period.

### 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.

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

### Return

The **return** generated in a given period from the investments:

- **Revenue return** – reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation;
- **Capital return** – reflects the return on capital, excluding any revenue return; and
- **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.



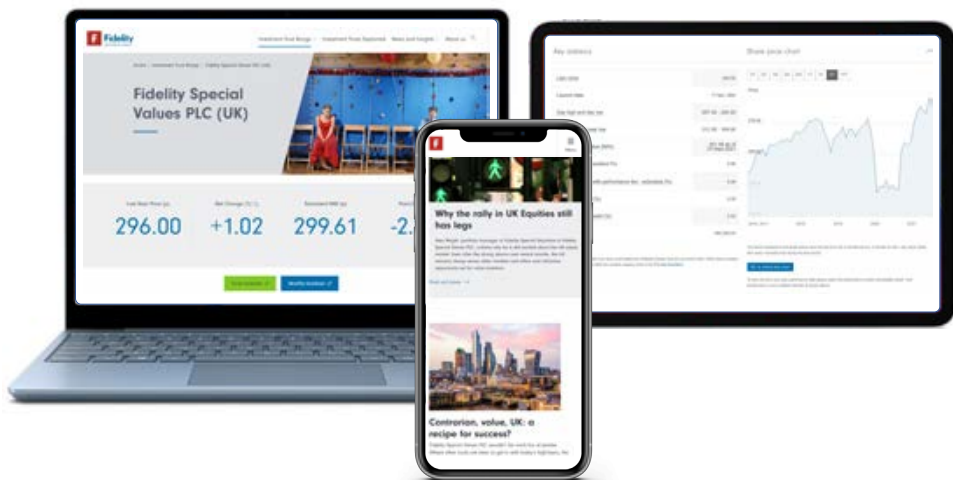
### Total Return Performance

The return on the share price or [net asset value per ordinary share](#) taking into account the rise and fall of share prices and dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or 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 website at [www.fidelity.co.uk/specialvalues](http://www.fidelity.co.uk/specialvalues) where you can read articles and watch videos on the Company.



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