



FidelityTM
INTERNATIONAL

FIDELITY SPECIAL VALUES PLC

Half-Yearly Report for the
six months ended 28 February 2021

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. 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 around 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 has been very pleasing, with a NAV total return of 24.3% and a share price total return by 36.5% compared to a Benchmark Index return of 12.0%. The Company's shares continue to remain in demand and mostly trade at a premium.

Andy Irvine, Chairman



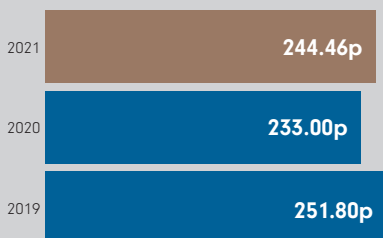
Contents



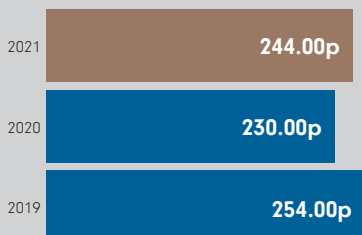
Portfolio Manager's Half-Yearly Review

Read more on page 04

Net Asset Value per Ordinary Share as at 28 February 2021, 29 February 2020 and 28 February 2019



Ordinary Share Price as at 28 February 2021, 29 February 2020 and 28 February 2019



Directors' Reports

At a Glance	02
Financial Highlights	03
Portfolio Manager's Half-Yearly Review	04
Twenty Largest Investments	07
Interim Management Report	09
Directors' Responsibility Statement	12

Financial Statements

Income Statement	14
Statement of Changes in Equity	16
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements	20

Information for Shareholders

Shareholder Information	28
Directory	30
Data protection	31
Glossary of Terms	32

At a Glance

Six months ended 28 February 2021

**Net Asset Value per
Ordinary Share
total return^{1,2}**

+24.3%

(29 February 2020: -6.1%)

**Ordinary Share Price
total return^{1,2}**

+36.5%

(29 February 2020: -6.7%)

**FTSE All-Share Index
(Benchmark Index)
total return¹**

+12.0%

(29 February 2020: -5.5%)

**Interim Dividend per
Ordinary Share**

2.17p

(29 February 2020: 2.10p)

1 Includes reinvested income.

2 Alternative Performance Measures. See Glossary of Terms on page 32.

As at 28 February 2021

Shareholders' Funds

£730.9m

Market Capitalisation

£729.5m

Capital Structure

Ordinary Shares of 5 pence each held
outside Treasury

298,973,920

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

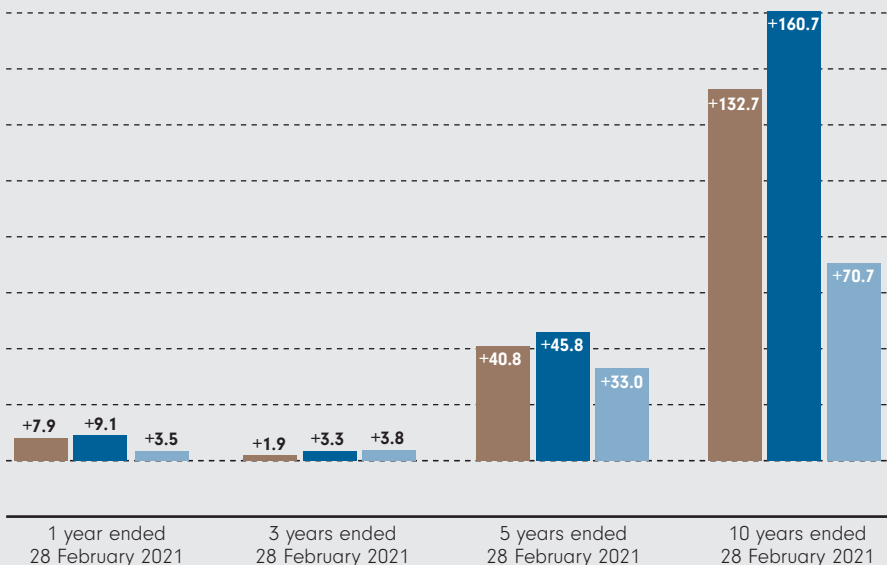
	28 February 2021	31 August 2020
Assets		
Shareholders' funds	£730.9m	£579.5m
Net Asset Value ("NAV") per ordinary share ¹	244.46p	199.81p
Share price and discount data		
Share price at period end	244.00p	181.60p
Share price period high ²	255.00p	280.50p
Share price period low ²	169.00p	135.00p
Discount at period end ¹	(0.2%)	(9.1%)
Premium period high ²	3.1%	4.1%
Discount period high ²	(12.3%)	(11.2%)

1 Alternative Performance Measures. See Glossary of Terms on page 32.

2 For the six month period to 28 February 2021 and for the year to 31 August 2020.

Standardised Performance Total Return¹ (%)

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



¹ Includes reinvested income.

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Portfolio Manager's Half-Yearly Review

Performance

The performance of the Company over the six month period to 28 February 2021 was strong, with a net asset value ("NAV") total return of 24.3% and a share price total return of 36.5%, compared to a total return of 12.0% for the FTSE All-Share Index (the Company's Benchmark Index). This report seeks to summarise the period, highlight the key drivers of performance and put forward the Portfolio Manager's views looking ahead.

Stock Market and Portfolio Review

Over the period, UK equities continued to make up some of the ground lost after the market collapse seen in late February/early March 2020 with the onset of the COVID-19 crisis. The period started on a downbeat note as a second wave of COVID-19 cases initially caused markets to retrace some of their earlier gains. However, news of the efficacy of a number of vaccines and their fast-track approval for use by authorities boosted investors' optimism, as did expectations that Joe Biden's win in the US presidential election would result in a new round of economic stimulus measures in the US. Investors were further relieved as the UK and the European Union finally agreed a post-Brexit trade deal, helping UK shares to end the rollercoaster year that was 2020 on a stronger footing.

While 2021 started off on an optimistic note as the UK Government's inoculation roll-out programme gained momentum, this quickly gave way to renewed nervousness as the country entered its third lockdown and new, more transmissible, variants started to be uncovered. While the swift vaccine rollout and the meaningful impact of vaccines in cutting transmission rates have bolstered recovery hopes, inflation worries started to creep in, causing markets to become more jittery of late and to question the previously established

market leadership favouring high-growth stocks. Towards the end of the period, investors welcomed the Government's plans to phase out pandemic restrictions, although overall UK equities only made modest gains in the first two months of the year.

From a macro perspective, while the domestic economy has rebounded in the second half of 2020, overall activity remains significantly below pre-pandemic levels. The UK economy proved particularly susceptible to lockdown measures given its reliance on services, hospitality and consumer spending, and fared worse among Western economies as a result. However, the fast pace of the vaccine rollout means that the UK economy should exit restrictions quicker and, given the disproportionate contraction it has experienced, stands to benefit most from a return to normality. Globally, growth should gradually pick up, supported by substantial fiscal and monetary stimuli, with central banks willing to do more if necessary.

Over the period, the Company's NAV continued to recover strongly from the low seen on 19th March 2020 and meaningfully outperformed the Benchmark Index. Strong stock selection, especially in consumer-related sectors, life insurance and health care, was the primary driver of returns during the period. The underweight allocation to the resources sectors was less beneficial, as investors increasingly focused on the more cyclical segments of the market during the period and moved away from defensives. Our lack of exposure to stocks such as pharmaceuticals groups AstraZeneca and GlaxoSmithKline, as well as highly-rated consumer goods companies Unilever and Reckitt Benckiser, contributed to relative returns as their shares fell.

Among our holdings, bicycle and motoring retailer Halfords Group was the leading

contributor, as it posted strong sales across the board during the third quarter, on the back of a significant increase in market share, driven by its digital operating model, the first group-wide motoring campaign and expansion of the Halfords Mobile Expert vans proposition. Insurance group Aviva was another key contributor. The company recently reported solid full-year results, reinstated its dividend and continued to make good progress in its disposal of non-core assets. Support services group Mitie also added value on the back of new contract wins, its acquisition of Interserve, and an improving balance sheet. The company has been rejuvenated under a new management team which has improved its culture, systems and contract risk profile. Among others, banking group AIB Group rose, as it revealed a new cost-cutting plan and a key competitor exited the Irish market, while the smaller position in M&C Saatchi also added value. This successful advertising agency with significant organic growth potential and high-profile clients is emerging from a troubled period that saw accounting misstatements, a deterioration in trading and boardroom issues. Under new management, new processes and controls have been put in place and ambitious targets have just been announced.

The underweight stance in oil majors Royal Dutch Shell and BP detracted from relative performance, as oil prices rose during the period. Sales and marketing group DCC was another detractor amid concerns over fewer M&A opportunities and the long term fears concerning transition away from petrol for its forecourt business. However, we remain positive on the company, which is a long term compounder that is focused on deploying capital in businesses that generate high returns on capital and strong cash conversion with low capital intensity. The holding in aerospace & defence group Ultra Electronics also lagged. It

subsequently reported 2020 results ahead of expectations maintaining organic growth with improved profit margins.

Despite the underperformance experienced in the February/March 2020 market dislocation, it is encouraging to note that the Company is now comfortably ahead of the broader market on a 12 month basis. While some of our economically-sensitive holdings were disproportionately affected by the lockdown restrictions, decisive action in selling off those that looked most vulnerable and taking advantage of valuation anomalies highlighted by our analysis, through increased gearing, ultimately proved rewarding. While the market was initially quick to discount some of our holdings as being vulnerable to the crisis, it was rewarding to see them demonstrate their resilience in the last six months, particularly in sectors such as life insurance, retailers and house builders – all areas we added to in the Spring/Summer.

Use of Derivatives

During the review period, the Company continued to use contracts for difference (“CFDs”) to gear portfolio long exposure and eliminate some of the currency exposure for those holdings listed outside the UK. As the Company had increased gearing and the market rose in the review period, the use of derivatives was a significant contributor to performance. Overall, net gearing was at 14.5% at the end of February 2021, reflecting the fact that we remain optimistic about the outlook and continue to find attractive investment opportunities with meaningful upside potential.

Outlook

UK equities, and in particular value stocks, continue to look very attractively valued in a global context, a hangover of prior Brexit uncertainty and the disproportionate impact

Portfolio Manager's Half-Yearly Review continued

of the pandemic on the domestic economy. Whilst the post-Brexit transition will present challenges near term, our conversations with companies suggest that these have been mostly administrative in nature and not insurmountable, particularly given the lead time to prepare, and resources available to most listed companies. Assuming this continues to be the case, we would expect the Brexit overhang to disappear over time, and if the UK economy recovers from the pandemic as expected, it is hard to see how UK stocks can remain this unloved. From a virus perspective, the pace of the vaccine roll-out, the falling numbers of new cases and hospitalisations, as well as the announcement by the Government of plans for a gradual reopening of the domestic economy, are very encouraging and point to a return to some sort of normality.

While we have started to see a rotation into value in late 2020, and more recently as investors contemplate the implications of an economic recovery supported by unprecedented fiscal and monetary stimulus, the dispersion in returns between growth and value stocks since the 2008-2009 global financial crisis remains unprecedented. This leads us to believe that, should investors shift their focus, the degree of outperformance could be very substantial, given how bifurcated the market continues to be.

Consensus is growing that later this year we could witness an uptick in inflation as economies reopen, and we see pent up demand and constrained supply in some areas. Indeed, many companies we talk to are increasingly highlighting these challenges, particularly within supply chains. There is still an enormous amount of US fiscal stimulus ahead of us, which could stoke things further, and create a very different environment to the one we saw after the financial crisis. Near term,

the ability for businesses to pass on these cost pressures will be increasingly in focus, and is a key topic of conversation in our company meetings. An environment with higher inflation and rising bond yields has tended to favour value stocks. If discount rates rise, then some of the very highly priced stocks/sectors could de-rate, which we have started to see, whereas value stocks moderate valuations should benefit from a normalisation of economic and market conditions.

This value opportunity has not gone unnoticed by acquirers, with UK companies continuing to receive bids from both corporates' and private equity. Over the past six months alone, five of our holdings (William Hill, McCarthy & Stone, CPL Resources, Entain (unsuccessful) and RDI REIT) were bid for highlighting that others also recognise the value on offer.

Against this improving backdrop, the Company continues to look attractively valued, with our holdings trading on an average Price-to-Earnings of 11x 2022 which looks low from an absolute and relative perspective, at a 20% discount to the broader UK market. As we have highlighted previously, we are not having to sacrifice quality and the portfolio contains companies with growth potential, good returns and relatively low levels of debt. Looking at the overall portfolio, our holdings have had more resilient earnings in 2020, are generating superior returns on capital and are not overly indebted. This quality profile gives us confidence that we can continue to deliver attractive returns to investors over the course of 2021.

Alex Wright

Portfolio Manager
22 April 2021

Twenty Largest Investments

as at 28 February 2021

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

	Gross Asset Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Long Exposures – shares unless otherwise stated			
Legal & General Group (long CFD)			
Life Insurance	39,009	5.3	(286)
Aviva (long CFD)			
Life Insurance	36,535	5.0	(10)
Imperial Brands			
Tobacco	24,316	3.3	24,316
John Laing Group			
Financial Services	22,172	3.0	22,172
Serco Group			
Support Services	22,057	3.0	22,057
DCC			
Support Services	21,189	2.9	21,189
ContourGlobal			
Electricity	20,391	2.8	20,391
Halfords Group			
General Retailers	20,051	2.8	20,051
Phoenix Group Holdings			
Life Insurance	19,940	2.7	19,940
Roche Holdings			
Pharmaceuticals & Biotechnology	18,681	2.6	18,681
Pearson (long CFD)			
Media	17,750	2.4	(43)
Sanofi (shares and long CFD)			
Pharmaceuticals & Biotechnology	17,578	2.4	2,650

Twenty Largest Investments continued

	Gross Asset Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Mitie Group			
Support Services	17,083	2.3	17,083
Royal Dutch Shell			
Oil & Gas Producers	14,923	2.0	14,923
Inchcape			
Support Services	14,594	2.0	14,594
Spire Healthcare Group			
Health Care Equipment & Services	12,393	1.7	12,393
AIB Group (long CFD)			
Banks	12,379	1.7	1,807
Morgan Advanced Materials			
Electronic & Electrical Equipment	11,509	1.6	11,509
Ultra Electronics Holdings			
Aerospace & Defense	11,407	1.6	11,407
Redde Northgate			
Support Services	11,311	1.6	11,311
Twenty largest long exposures	385,268	52.7	266,135
Other long exposures	451,476	61.8	410,985
Total long exposures (109 holdings)	836,744	114.5	677,120
Gross Asset Exposure²	836,744	114.5	
Portfolio Fair Value³			677,120
Net current assets (excluding derivative assets and liabilities)			53,763
Shareholders' Funds			730,883

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

2 Gross Asset Exposure comprises market exposure to investments of £676,404,000 plus market exposure to derivative instruments of £160,340,000.

3 Portfolio Fair Value comprises investments of £676,404,000 plus derivative assets of £2,551,000 less derivative liabilities of £1,835,000 (per the Balance Sheet on page 18).

Interim Management Report

Revised Management Fee

As reported in the Annual Report for the year ended 31 August 2020, the Board agreed a revised management fee with the Manager, FIL Investment Services (UK) Limited, which was effective from 1 January 2021. The previous tiered fee structure of 0.85% on the first £700 million of net assets reducing to 0.75% of net assets in excess of £700 million was replaced by a single fee of 0.60% of net assets. In addition, the fixed annual fee of £100,000 for services other than portfolio management was removed. There is no change in the investment process as a result of the new fee arrangement.

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 3.1% and a discount of 12.3%. The level of discount significantly narrowed from 9.1% at the start of the reporting period to 0.2% as at 28 February 2021. The peer group average discount as at 28 February 2021 was 6.1%.

During September and early October 2020, the Company's discount widened, and in order to

keep it in single digits, the Board approved the repurchase of 1,025,473 ordinary shares into Treasury. All of these shares were subsequently re-issued in late November and early December 2020 as the shares moved back to a premium. Since then and as at the date of this Half-Yearly Report, no further shares have been repurchased into Treasury or for cancellation.

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 9,969,913 ordinary shares from a combination of shares held in Treasury as above, and its block listing facilities. Since then and as at the date of this Half-Yearly Report, the Company has issued a further 2,460,000 shares.

The Board continues to monitor the discount/premium closely and will take action when it believes that it will be effective.

Interim Dividend

The Board's dividend policy is to pay dividends twice yearly in order to smooth the dividend payment for the Company's financial year. The Company's revenue return for the six months to 28 February 2021 was 1.54 pence per share.

The Board has declared an interim dividend of 2.17 pence per share which is 3.3% higher than the 2.10 pence per share paid as the interim dividend in 2020. This will be paid on 23 June 2021 to Shareholders on the register on 14 May 2021 (ex-dividend date 13 May 2021). 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, particularly in light of the continuing impact of COVID-19. However, based on current forecasts, the Board would hope to maintain at least the same level of dividend paid in the prior year.

Interim Management Report continued

Shareholders may choose to reinvest their dividends in additional shares in the Company. Details of the Dividend Reinvestment Plan are set out on page 29.

Principal Risks and Uncertainties

The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key risks and uncertainties faced by the Company.

The Board considers that the principal risks and uncertainties faced by the Company comprise of market, economic and political risk; pandemic risk; share price risk; discount control risk; regulatory risk; cybercrime risk; investment management risk; and operational risks (such as service providers). Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 August 2020. A copy of the Annual Report can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/specialvalues.

These principal risks and uncertainties have not materially changed during the six months to 28 February 2021, with the exception of continuing risks arising from new variants of COVID-19 and possible vaccine shortages, and are equally applicable to the remaining six months of the Company's financial year.

Coronavirus (COVID-19)

With the pandemic continuing to evolve and new variants of the virus appearing, it is evident that the arrival of vaccines does not necessarily mean an end of COVID-19. It is, potentially, a tough job for the formulations of the various vaccines to keep up with variants of

the disease. Risks remain and these are being kept under constant review by the Board and the Manager. 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 which means no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon.

The Manager carries on reviewing its business continuity plans and operational resilience strategies on an ongoing basis and 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. For example, to enhance its resilience and to look after the safety of employees, the Manager has mandated that all staff work from home and has implemented split team working for those whose work is deemed necessary to be carried out in an office. The Manager follows the self-isolation and lock-down arrangements on staff in line with Government recommendations and guidance.

Investment team key activities, including those of portfolio managers, analysts and trading/support functions, are performing well despite the operational challenges posed by working from home or split team arrangements.

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

Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and the role of Company Secretary to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 13 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 (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

This conclusion also takes into account the Board's assessment of the continuing risks arising from COVID-19 as set out above.

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

By Order of the Board

FIL Investments International

22 April 2021

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 22 April 2021 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 2021

		Six months ended 28 February 2021 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		-	101,257	101,257
Gains/(losses) on long CFDs		-	35,062	35,062
Losses on short CFDs and futures		-	-	-
Investment and derivative income	4	7,538	-	7,538
Other interest	4	87	-	87
Derivative expenses	5	-	-	-
Investment management fees	6	(2,475)	-	(2,475)
Other expenses		(359)	-	(359)
Foreign exchange losses		-	(950)	(950)
Net return/(loss) on ordinary activities before finance costs and taxation		4,791	135,369	140,160
Finance costs		(122)	-	(122)
Net return/(loss) on ordinary activities before taxation		4,669	135,369	140,038
Taxation on return/(loss) on ordinary activities	7	(169)	-	(169)
Net return/(loss) on ordinary activities after taxation for the period		4,500	135,369	139,869
Return/(loss) per ordinary share	8	1.54p	46.37p	47.91p

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 2020 audited			Six months ended 29 February 2020 unaudited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	(131,085)	(131,085)	-	(49,076)	(49,076)
-	(11,820)	(11,820)	-	3,589	3,589
-	(1,905)	(1,905)	-	(1,799)	(1,799)
20,282	-	20,282	8,658	-	8,658
789	-	789	622	-	622
(75)	-	(75)	(46)	-	(46)
(5,627)	-	(5,627)	(3,183)	-	(3,183)
(718)	-	(718)	(336)	-	(336)
-	(2,641)	(2,641)	-	(2,666)	(2,666)
14,651	(147,451)	(132,800)	5,715	(49,952)	(44,237)
(530)	-	(530)	(381)	-	(381)
14,121	(147,451)	(133,330)	5,334	(49,952)	(44,618)
(360)	-	(360)	(167)	-	(167)
13,761	(147,451)	(133,690)	5,167	(49,952)	(44,785)
4.81p	(51.59p)	(46.78p)	1.83p	(17.72p)	(15.89p)

Statement of Changes in Equity

for the six months ended 28 February 2021

	Notes	Share capital £'000
Six months ended 28 February 2021 (unaudited)		
Total Shareholders' funds at 31 August 2020		14,501
New ordinary shares issued	11	447
Costs associated with the issue of new ordinary shares		-
Issue of ordinary shares from Treasury	11	-
Repurchase of ordinary shares into Treasury	11	-
Net return on ordinary activities after taxation for the period		-
Dividend paid to Shareholders	9	-
Total Shareholders' funds at 28 February 2021		14,948
Year ended 31 August 2020 (audited)		
Total Shareholders' funds at 31 August 2019		13,808
New ordinary shares issued	11	693
Net (loss)/return on ordinary activities after taxation for the year		-
Dividends paid to Shareholders	9	-
Total Shareholders' funds at 31 August 2020		14,501
Six months ended 29 February 2020 (unaudited)		
Total Shareholders' funds at 31 August 2019		13,808
New ordinary shares issued	11	573
Net (loss)/return on ordinary activities after taxation for the period		-
Dividends paid to Shareholders	9	-
Total Shareholders' funds at 29 February 2020		14,381

Share premium account £'000	Capital redemption reserve £'000	Other non-distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
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
109,897	3,256	5,152	542,023	24,532	698,668
34,409	-	-	-	-	35,102
-	-	-	(147,451)	13,761	(133,690)
-	-	-	-	(20,575)	(20,575)
144,306	3,256	5,152	394,572	17,718	579,505
109,897	3,256	5,152	542,023	24,532	698,668
30,223	-	-	-	-	30,796
-	-	-	(49,952)	5,167	(44,785)
-	-	-	-	(14,484)	(14,484)
140,120	3,256	5,152	492,071	15,215	670,195

Balance Sheet

as at 28 February 2021

Company number 2972628

	Notes	28.02.21 unaudited £'000	31.08.20 audited £'000	29.02.20 unaudited £'000
Fixed assets				
Investments	10	676,404	563,763	597,554
Current assets				
Derivative instruments	10	2,551	7,619	5,576
Debtors		4,927	3,921	3,036
Amounts held at futures clearing houses and brokers		-	860	8,715
Cash and cash equivalents		49,284	9,802	78,790
		56,762	22,202	96,117
Current liabilities				
Derivative instruments	10	(1,835)	(1,946)	(16,296)
Other creditors		(448)	(4,514)	(7,180)
		(2,283)	(6,460)	(23,476)
Net current assets				
		54,479	15,742	72,641
Net assets				
		730,883	579,505	670,195
Capital and reserves				
Share capital	11	14,948	14,501	14,381
Share premium account		165,579	144,306	140,120
Capital redemption reserve		3,256	3,256	3,256
Other non-distributable reserve		5,152	5,152	5,152
Capital reserve		530,513	394,572	492,071
Revenue reserve		11,435	17,718	15,215
Total Shareholders' funds		730,883	579,505	670,195
Net asset value per ordinary share	12	244.46p	199.81p	233.00p

Cash Flow Statement

for the six months ended 28 February 2021

	28.02.21	31.08.20	29.02.20
	unaudited	audited	unaudited
	£'000	£'000	£'000
Operating activities			
Investment income received	6,457	18,960	10,807
Net derivative income	2,129	4,236	1,408
Interest received	12	695	581
Investment management fee paid	(2,578)	(5,714)	(3,183)
Directors' fees paid	(87)	(179)	(60)
Other cash payments	(318)	(512)	(238)
Net cash inflow from operating activities before finance costs and taxation	5,615	17,486	9,315
Finance costs paid	(122)	(530)	(381)
Overseas taxation incurred	50	(625)	(256)
Net cash inflow from operating activities	5,543	16,331	8,678
Investing activities			
Purchases of investments	(201,782)	(335,753)	(184,650)
Sales of investments	186,160	284,973	184,698
Receipts on long CFDs	49,036	9,781	2,026
Payments on long CFDs	(9,017)	(41,630)	(2,214)
Payments on short CFDs and futures	-	(2,400)	(2,153)
Movement on amounts held at futures clearing houses and brokers	860	17,142	9,287
Net cash inflow/(outflow) from investing activities	25,257	(67,887)	6,994
Net cash inflow/(outflow) before financing activities	30,800	(51,556)	15,672
Financing activities			
Dividends paid	(10,783)	(20,575)	(14,484)
Net proceeds from issue of ordinary shares	22,343	35,486	31,180
Costs associated with the issue of new ordinary shares	(117)	-	-
Repurchase of ordinary shares	(1,811)	-	-
Net cash inflow from financing activities	9,632	14,911	16,696
Net increase/(decrease) in cash and cash equivalents	40,432	(36,645)	32,368
Cash and cash equivalents at the beginning of the period	9,802	49,088	49,088
Effect of movement in foreign exchange	(950)	(2,641)	(2,666)
Cash and cash equivalents at the end of the period	49,284	9,802	78,790
Represented by:			
Cash at bank	2,011	1,860	16,344
Amount held in Fidelity Institutional Liquidity Fund	47,273	7,942	62,446
	49,284	9,802	78,790

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 2020 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 Basis of Preparation

(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 October 2019. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 August 2020.

(ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. 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.

4 Income

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Investment income			
UK dividends	4,191	11,678	5,750
UK property income distributions	260	-	-
Overseas dividends	1,734	3,615	1,781
Overseas scrip dividends	-	274	274
Debt security interest	-	138	110
	6,185	15,705	7,915
Derivative income			
Dividends received on long CFDs	1,353	4,577	743
Investment and derivative income	7,538	20,282	8,658
Other interest			
Interest received on CFDs	75	94	41
Interest received on bank deposits, collateral and money market funds	12	695	581
	87	789	622
Total income	7,625	21,071	9,280

Special dividends of £1,617,000 (year ended 31 August 2020: £276,000 and six months ended 29 February 2020: £276,000) have been recognised in capital.

Notes to the Financial Statements continued

5 Derivative Expenses

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Dividends paid on short CFDs	-	71	43
Interest paid on short CFDs	-	4	3
Total derivative expenses	-	75	46

6 Investment Management Fees

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Portfolio management services	2,442	5,527	3,133
Non-portfolio management services*	33	100	50
Investment management fees	2,475	5,627	3,183

* 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.

7 Taxation on Return/(Loss) on Ordinary Activities

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Overseas taxation	169	360	167
Total taxation charge for the period	169	360	167

8 Return/(Loss) per Ordinary Share

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Revenue return per ordinary share	1.54p	4.81p	1.83p
Capital return/(loss) per ordinary share	46.37p	(51.59p)	(17.72p)
Total return/(loss) per ordinary share	47.91p	(46.78p)	(15.89p)

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:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	4,500	13,761	5,167
Net capital return/(loss) on ordinary activities after taxation	135,369	(147,451)	(49,952)
Net total return/(loss) on ordinary activities after taxation	139,869	(133,690)	(44,785)
	Number	Number	Number
Weighted average number of ordinary shares in issue during the period	291,958,494	285,790,149	281,889,040

Notes to the Financial Statements continued

9 Dividends Paid to Shareholders

	Six months ended 28.02.21 unaudited £'000	Year ended 31.08.20 audited £'000	Six months ended 29.02.20 unaudited £'000
Final dividend of 3.70 pence per ordinary share paid for the year ended 31 August 2020	10,783	-	-
Interim dividend of 2.10 pence per ordinary share paid for the year ended 31 August 2020	-	6,091	-
Final dividend of 3.65 pence per ordinary share paid for the year ended 31 August 2019	-	10,265	10,265
Special dividend of 1.50 pence per ordinary share paid for the year ended 31 August 2019	-	4,219	4,219
	10,783	20,575	14,484

The Company has declared an interim dividend for the six month period to 28 February 2021 of 2.17 pence per ordinary share (2020: 2.10 pence). The interim dividend will be paid on 23 June 2021 to Shareholders on the register at 14 May 2021 (ex-dividend date 13 May 2021). The total cost of this interim dividend, which has not been included as a liability in these Financial Statements, is £6,541,000 (2020: £6,091,000). This amount is based on the number of ordinary shares in issue held at the date of this report.

10 Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included 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

10 Fair Value Hierarchy continued

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

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

31 August 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	562,866	–	897	563,763
Derivative instrument assets	–	7,619	–	7,619
	562,866	7,619	897	571,382
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(1,946)	–	(1,946)

29 February 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	592,124	4,543	887	597,554
Derivative instrument assets	–	5,576	–	5,576
	592,124	10,119	887	603,130
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(16,296)	–	(16,296)

Notes to the Financial Statements continued

11 Share Capital

	28 February 2021 unaudited		31 August 2020 audited		29 February 2020 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid ordinary shares of 5 pence each						
Held outside Treasury						
Beginning of the period	290,029,480	14,501	276,169,480	13,808	276,169,480	13,808
Ordinary shares repurchased into Treasury	(1,025,473)	(51)	-	-	-	-
Ordinary shares issued out of Treasury	1,025,473	51	-	-	-	-
New ordinary shares issued	8,944,440	447	13,860,000	693	11,465,000	573
End of the period	298,973,920	14,948	290,029,480	14,501	287,634,480	14,381
Held in Treasury*						
Beginning of the period	-	-	-	-	-	-
Ordinary shares repurchased into Treasury	1,025,473	51	-	-	-	-
Ordinary shares issued out of Treasury	(1,025,473)	(51)	-	-	-	-
End of the period	-	-	-	-	-	-
Total share capital	298,973,920	14,948	290,029,480	14,501	287,634,480	14,381

* 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, 9,969,913 ordinary shares (year ended 31 August 2020: 13,860,000 shares and six months to 29 February 2020: 11,465,000 shares) were issued. From the issue of ordinary shares out of Treasury, £2,383,000 (year ended 31 August 2020 and six month period to 29 February 2020: £nil) was credited to the capital reserve. The premium received in the period on the issue of new ordinary shares of £21,366,000 (year ended 31 August 2020: £34,409,000 and six month period to 29 February 2020: £30,223,000) and on the issue of ordinary shares out of Treasury of £24,000 (year ended 31 August 2020 and six month period to 29 February 2020: £nil) was credited to the share premium account.

1,025,473 ordinary shares (year ended 31 August 2020 and six months to 29 February 2020: nil) were repurchased and held in Treasury. The cost of repurchasing these shares was £1,811,000 (year ended 31 August 2020 and six months to 29 February 2020: £nil). This amount was charged to the capital reserve.

12 Net Asset Value per Ordinary Share

	28.02.21 unaudited	31.08.20 audited	29.02.20 unaudited
Total Shareholders' funds	£730,883,000	£579,505,000	£670,195,000
Ordinary shares held outside Treasury at period end	298,973,920	290,029,480	287,634,480
Net asset value per ordinary share	244.46p	199.81p	233.00p

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.

13 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 6 above. During the period, fees for portfolio management services of £2,442,000 (year ended 31 August 2020: £5,527,000 and six months ended 29 February 2020: £3,133,000) and fees for non-portfolio management services of £33,000 (year ended 31 August 2020: £100,000 and six months ended 29 February 2020: £50,000) 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 £332,000 (year ended 31 August 2020: £418,000 and six months ended 29 February 2020: £505,000) and fees for non-portfolio management services of £nil (year ended 31 August 2020: £17,000 and six months ended 29 February 2020: £17,000) 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 £62,000 (year ended 31 August 2020: £175,000 and six months ended 29 February 2020: £66,000). At the Balance Sheet date, marketing services of £16,000 (year ended 31 August 2020: £20,000 and six months ended 29 February 2020: £40,000) were accrued and included in other creditors.

As at 28 February 2021, 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.

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.

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

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).

Link Share Dealing Service

Link Group offer a low cost share dealing service to buy or sell shares. Further information is available at www.linksharedeal.com, or by telephoning **0371 664 0445** (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 8:00-16:30, Monday to Friday, excluding public holidays in England and Wales). The Link Share Dealing Service allows you to deal in the shares of other companies for which Link Group acts as Registrar, provided you are already a Shareholder in the relevant company, and that company offers the Share Deal facility to its Shareholders.

Dividend Reinvestment Plan

Link Group offers a Dividend Reinvestment Plan which is a convenient way for Shareholders to build up their shareholding by using their dividend money to purchase additional shares in the Company. The Plan is provided by Link Group, a trading name of Link Market Services Trustees Limited which is authorised and regulated by the Financial Conduct Authority.

For more information and an application pack call **0371 664 0381** (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). Alternatively you can email: shares@linkgroup.co.uk or log on to www.signalshares.com.

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/its

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.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.

Financial Calendar 2021/2022	
28 February 2021	Half-Yearly Period End
23 April 2021	Announcement of Half-Yearly Results
May 2021	Publication of Half-Yearly Report
13 May 2021	Ex-Dividend Date
14 May 2021	Dividend Record Date
23 June 2021	Payment of Interim Dividend
31 August 2021	Financial Year End
November 2021	Publication of Annual Report
December 2021	Ex-Dividend and Dividend Record Dates
December 2021	Annual General Meeting
January 2022	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

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/privacy-policy/>

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.

How long will personal data be kept for?

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

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 Share Price Total Return).

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.

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 the 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 margin. The Company may reason that the asset price will rise, by buying (“long” position) or fall, by selling (“short” position). If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received.

Derivatives

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

Discount

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

Fair Value

The fair value is the best estimate of the 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, where available otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market;
- **Futures and options** – valued at the quoted trade price for the contract; and
- **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).

Futures

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

Gearing

Gearing is the amount of exposure the Company uses to invest in the market. The Company uses two measures of **gearing**:

- **Gross gearing** which is the amount by which **Gross Asset Exposure** exceeds **Shareholders' funds** expressed as a percentage of **Shareholders' funds**.
- **Net gearing** which is the amount by which **Net Asset Exposure** exceeds **Shareholders' funds** expressed as a percentage of **Shareholders' funds**.

Gross Asset Exposure

A measure of the Company's total equity exposure. It is calculated as the sum of all long exposures, plus short exposures and less exposures **hedging** the portfolio.

Hedging

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

Net asset Exposure

A measure of the Company's net equity exposure. It is calculated as the sum of all long exposures, less short exposures and less exposures **hedging** the portfolio.

Net Asset Value (NAV)

Net asset value is sometimes also described as "Shareholders' funds" and represents 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 share basis.

Ongoing Charges

Total operating expenses (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 (buys) or puts (sells) and are used to gain or reduce exposure to the underlying asset on a conditional basis, for example, the purchase of a call option provides exposure to the upside potential of an underlying stock, with the downside risk being limited to the premium paid.

Premium

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

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.

Glossary of Terms continued

- **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/(Loss)

The **return/(loss)** 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

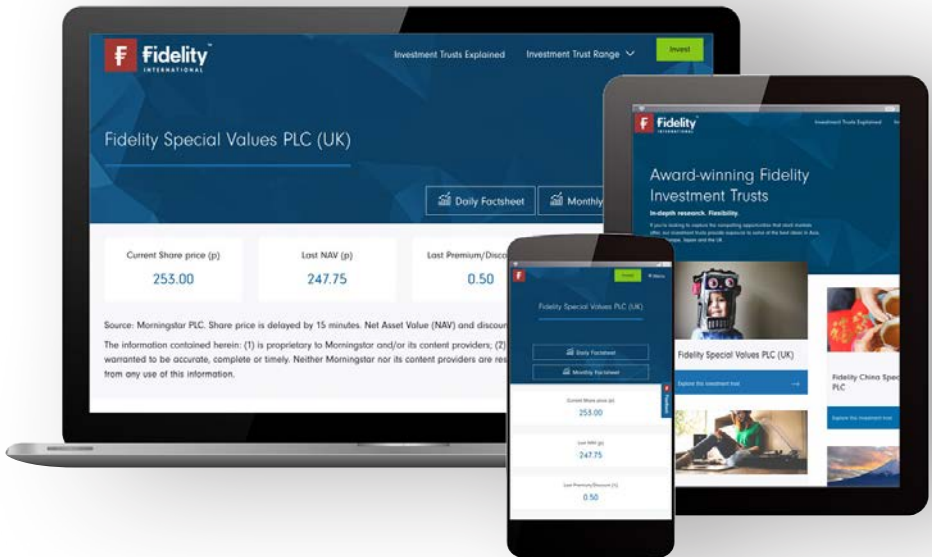
Shareholders' funds are also described as "net asset value" and represent the total value of the Company's assets less the total value of its liabilities.

Total Return Performance

The return on the share price or **net asset value** per 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 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 pay dividends, have no voting rights and are excluded from the **net asset value** per share calculation.



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