FIDELITY SPECIAL VALUES PLC

Final Results for the year ended 31 August 2024

Financial Highlights:

- During the year ended 31 August 2024, Fidelity Special Values PLC reported a net asset value return of +24.1% and an ordinary share price total return of +24.3%.
- The Benchmark Index, the FTSE All-Share Index, produced a total return of +17.0% over the same period.
- The Board recommends a final dividend of 6.30 pence per share which together with the interim dividend payment of 3.24 pence per share (totalling 9.54 pence) represents an increase of 8.4% over the prior year.
- Strong earnings delivery and positioning in financials contributed positively to performance.

Contacts

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Company Secretary
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CHAIRMAN'S STATEMENT

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

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

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

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

Of course, equity investing is a long-term endeavour, and one year of standout performance should not be viewed in isolation. Alex Wright has now been your lead Portfolio Manager for 12 years, and it is pleasing to report that he has outperformed the Benchmark in eight of those 12 years, generating a NAV total return of +272.2% and a share price total return of +305.5%. Over this period, an investment of £1,000 would have returned £3,055 with dividends reinvested.

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

DIVIDENDS

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

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

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

GEARING

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

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

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

DISCOUNT

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

Under the Company's discount management policy, the Board seeks to maintain the discount in single digits in normal market conditions. With the exception of a single day in April, the discount did not breach 10% in the year under review, and as in the previous year, the Board has not undertaken any share repurchases. While it remains somewhat frustrating to be trading at a discount after performing so strongly in the reporting year, your Company has continued to trade on the narrowest discount to NAV in its peer group (8.9% at the time of writing, compared with an average of 10.0% for the other companies in its peer group), despite some peers having bought back shares or undertaken corporate actions.

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

RAISING OUR PROFILE

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

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

BOARD OF DIRECTORS

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

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

ANNUAL GENERAL MEETING

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

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

OUTLOOK

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

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

DEAN BUCKLEY
Chairman
6 November 2024

ANNUAL GENERAL MEETING – THURSDAY, 12 DECEMBER 2024 AT 11.00 AM
The AGM of the Company will be held at 11.00 am on **Thursday, 12 December 2024** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting in the Annual Report.

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

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

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

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

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

PORTFOLIO MANAGER'S REVIEW

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

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

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

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

Elsewhere, food manufacturer Bakkavor Group reported strong performance in the first half of 2024 and has also raised its annual profit forecast several times. Results from support services holdings Babcock International Group and Mitie Group provided further evidence that their turnarounds were beginning to materialise. Merger and acquisition ("M&A") activity continued to benefit portfolio performance; information and analytics group Ascential featured among the top contributors to fund returns after Informa, the UK events and academic publisher, confirmed plans to acquire it in a deal worth close to £1.2 billion, a 53% premium to prevailing market value.

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

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

QUESTION
How has gearing evolved over the period?

ANSWER
Gearing has increased somewhat over the past year reflecting the improving corporate earnings environment, continued attractive valuations and opportunities on offer. It stood at 7.9% at the end of August 2024, and contributed positively to

performance over the period. We continue to use CFDs rather than debt for gearing purposes which provides us with the flexibility to increase or decrease gearing. Unlike conventional bank loan facilities, we only pay financing costs when we wish to be geared, paying nothing when we are not.

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

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

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

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

Labour's landslide victory is expected to result in improved political stability in the UK. This should prove attractive to investors against a backdrop of increased uncertainty in Europe and the US, where the future course of domestic and foreign policies looks more unpredictable. The new UK government, with its large majority, has sought to foster more favourable business and market sentiment by stressing the importance of fiscal discipline and boosting economic growth, as well as its desire to work towards improved relations with the European Union. This, combined with a domestic economy that has performed better than anticipated, and corporate earnings that have proved particularly resilient in a global context, may help draw more attention to the UK.

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

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

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

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

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

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

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

ALEX WRIGHT
Portfolio Manager
6 November 2024

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT
As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces.

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

Climate change, which refers to a large scale shift in the planet's weather patterns and average temperatures, continues to be a key emerging as well as a principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their customers. The Board notes that the Manager includes ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially shareholder returns.

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

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

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

The Board considers the risks listed below as the principal risks and uncertainties faced by the Company.

Principal Risks	Description and Risk Mitigation
Market, Economic and Political Risks	The Company may be affected by market and economic risks. The principal market related risks are market downturn, interest rate movements, inflation and market shocks, such as the UK economic recovery, volatility from the war in Ukraine and conflict in the Middle East and the Red Sea. The Company may also be impacted by concerns over global economic growth and major political events affecting the UK market and economy and the consequences of this. Although inflation in the UK and across most economies has stabilised, risks remain driven by a combination of global labour shortages in some sectors and supply chain shortages, including energy and food security. Inflation and economic instability are leading to a prolonged cost-of-living crisis and potentially impacting investors' risk appetite. The Company is exposed to a number of geopolitical risks. The fast-changing global geopolitical landscape is largely shaped by the ongoing armed conflicts effects, deglobalisation trends and significant supply disruption, as well as concerns around global growth and uncertainties on effects of changes in monetary policies. Russia and the Middle East are both significant net exporters of oil, natural gas and a variety of soft commodities and supply limitations have fuelled global inflation and economic instability, specifically within Western nations. The ongoing conflicts add to geopolitical risk and economic instability, including social unrest across Europe. The conflict in the Red Sea poses risk of disruption to shipping routes and the supply and cost of goods, thereby affecting the global economy and trade. Globally, geopolitical uncertainty is significantly impacted by deglobalisation trends driven by the prioritisation of the resiliency of supply chains national security concerns as well as from political pressure. The ramifications of onshoring include regulatory protectionism across regions, heightening geopolitical tensions on the continent and overseas. US-China and EU-China tensions over trade and technology rivalry increase the concerns of China- Taiwan relations potentially escalating to military conflict as well as increasing tensions over trade and economic issues due to competing territorial claims. As the year progresses, political risks are also set to increase heading towards the US elections in November, and coupled with ongoing geopolitical conflicts, could lead to higher volatility for broader markets and oil in particular. In China, divergent growth patterns persist, as exports and manufacturing growth accelerate, but domestic consumption remains subdued, and the property sector continues to weigh on growth momentum. The Company's portfolio is made up mainly of listed securities. The Portfolio Manager's success or failure to protect and increase the Company's value against the above background is core to the Company's continued success. The investment philosophy of stock-picking and investing in attractively valued companies should outperform the Benchmark over time. The risk from the likely effects of unforeseen economic and market events is somewhat mitigated by the Company's investment trust structure which means no forced sales need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon. The Board reviews market, economic and political risks and legislative changes at each Board meeting. The Portfolio Manager provides an investment review at each meeting which includes a review of the economic and political environment and any risks and challenges faced by the Company. Risks to which the Company is exposed to in the market risk category are included in Note 17 to the Financial Statements below together with summaries of the policies for managing these risks.
Investment Performance Risk (including the use of derivatives and gearing)	The achievement of the Company's investment performance objective relative to the market requires the taking of risk such as investment strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Company's Benchmark and/or peer group companies. The Board relies on the Portfolio Manager's skills and judgement to make investment decisions based on research and analysis of individual stocks and sectors. The Board reviews the performance of the asset value of the portfolio against the Benchmark and its competitors and also considers the outlook for the market with the Portfolio Manager at each Board meeting. The emphasis is on long-term investment performance as there is a risk for the Company of volatility of performance in the shorter-term. Derivative instruments are used to protect and enhance investment returns. There is a risk that the use of derivatives may lead to higher volatility in the NAV and the share price than might otherwise be the case. The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored on a daily basis by the Manager's Compliance team and regular reports are provided to the Board. Further detail on derivative instruments risk is included in Note 17 to the Financial Statements below. The Company gears through the use of long CFDs which provide greater flexibility and are generally cheaper than bank loans as a form of financing. The principal risk is that the Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or increasing underperformance in a falling market. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Manager must operate.
Regulatory Risk	The Company may be impacted by changes in legislation, taxation, regulation or other external influence that require changes to the nature of the Company's business. More recently, there have been increased concerns around investment cost disclosures and its impact in the industry. Regulatory changes for investment companies are monitored regularly by the Board and managed through active engagement with regulators and trade bodies by the Manager and also the AIC.
Cybercrime and Information Security Risks	The operational risk and business impact from heightened external levels of cybercrime and the risk of data loss is significant. Cybercrime threats evolve rapidly and consequently the risk is regularly re-assessed and the Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager's technology and risk teams have developed a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat, and also potentially addressing the risks of artificial intelligence (AI). The risk is regularly re-assessed by Fidelity's information security teams and risk frameworks are continually enhanced. This has resulted in the implementation of additional tools and processes, including improvements to

	existing ones. Fidelity has dedicated cybersecurity and technology risk teams which provide continuous oversight, regular awareness updates and best practice guidance. Risks also remain due to the war in Ukraine and conflict in the Middle East and the trend to more working from home. These primarily relate to phishing, ransomware, remote access threats, extortion and denial of services attacks, threats from highly organised criminal networks and sophisticated ransomware operators. The Manager has dedicated detect and respond resources specifically to monitor the cyber threats associated within the workplace and there are a number of mitigating actions in place including, control strengthening, geo-blocking and phishing mitigants, combined with enhanced resilience and recovery options. The Company's third-party service providers are also subject to regular oversight and provide assurances and have similar control measures in place to detect and respond to cyber threats and activity.
Business Continuity Risk	There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The top risks globally are cybersecurity, geopolitical events and natural disasters. There are also ongoing risks from the war in Ukraine and conflict in the Middle East, specifically regarding cyberattacks and the potential loss of power and/or broadband services. The Manager continues to take all necessary and reasonable steps to assure operational resilience and to meet its regulatory obligations, assess its ability to continue operating and the steps it needs to take to support its clients, including the Board, and has an appropriate control environment in place. The Manager has provided the Board with assurance that the Company has appropriate operational resilience and business continuity plans and the provision of services has continued to be supplied without interruption. Specific risks posed by the pandemic continue to ease with increasing levels of staff returning to routine office-based working, albeit under hybrid working arrangements which allows greater flexibility on remote working as part of the new operating model. The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary. They are all subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received by the Board on an annual basis and any concerns are investigated. The third-party service providers have also confirmed the implementation of appropriate measures to ensure no business disruption. Risks associated with these services are generally rated as low, but the financial consequences could be serious, including reputational damage to the Company. These are mitigated through operational resilience frameworks.
Key Person and Operational Support Risks	The loss of the Portfolio Manager or key individuals could lead to potential performance, operational or regulatory issues. The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers. The Portfolio Manager, Alex Wright, has a differentiated style in relation to his peers. This style is intrinsically linked with the Company's investment philosophy and strategy, and therefore, the Company has a key person dependency on him. Fidelity has succession plans in place for its portfolio managers which have been discussed with the Board and provides some assurance in this regard. Jonathan Winton, the Co-Portfolio Manager, works alongside the Portfolio Manager and has extensive experience in the markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. There is also a risk that the Manager has inadequate succession plans for other key operational individuals.
Discount Control Risk	Due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control. The Board has a discount management policy in place and some short-term influence over the discount may be exercised by the use of share repurchases at acceptable prices and within the parameters set by the Board. The demand for shares can be influenced through good performance and an active investor relations program. The Company's share price, NAV and discount volatility are monitored daily by the Manager with the Company's Broker and considered by the Board on a regular basis.
Environmental, Social and Governance ("ESG") Risk	There is a risk that the value of the assets of the Company are negatively impacted by ESG related risks, including climate change risk, such as the risk of extreme weather events that may impact global supply chains for companies and customers. ESG risks include investor expectations and how the Company is positioned from a marketing perspective and whether it is compliant with its ESG disclosure requirements. Whilst Fidelity considers ESG factors in its investment decision-making process, the Company does not carry the label. ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities based on sector-specific key performance indicators. The Portfolio Manager considers the effects of ESG when making investment decisions. ESG ratings of the companies within the Company's portfolio compared to MSCI ratings are provided in the Annual Report.

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

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

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

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;

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

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

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

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

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement below.

GOING CONCERN STATEMENT

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

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

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

PROMOTING THE SUCCESS OF THE COMPANY

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

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

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

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

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing these Financial Statements the Directors are required to:

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

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

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

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

The Directors confirm that to the best of their knowledge:

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

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

DEAN BUCKLEY
Chairman

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2024

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

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

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

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

The Notes below form an integral part of these Financial Statements.

BALANCE SHEET AS AT 31 AUGUST 2024
Company number 2972628

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	10	1,120,686	882,692
Current assets			
Derivative instruments	11	4,318	1,769
Debtors	12	8,200	8,937
Cash and cash equivalents		11,749	59,460
		24,267	70,166
Current liabilities			
Derivative instruments	11	(200)	(949)
Other creditors	13	(1,212)	(860)

	Notes		
		(1,412)	(1,809)
		---------------	---------------
Net current assets		22,855	68,357
		=========	=========
Net assets		1,143,541	951,049
		=========	=========
Capital and reserves			
Share capital	14	16,205	16,205
Share premium account	15	238,442	238,442
Capital redemption reserve	15	3,256	3,256
Other non-distributable reserve	15	5,152	5,152
Capital reserve	15	834,580	648,795
Revenue reserve	15	45,906	39,199
		---------------	---------------
Total Shareholders' funds		1,143,541	951,049
		=========	=========
Net asset value per ordinary share	16	352.84p	293.44p
		=========	=========

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

DEAN BUCKLEY
Chairman

The Notes below form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2024

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

The Notes below form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000

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

The Notes below form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITY

Fidelity Special Values PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company’s registration number is 2972628, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 ACCOUNTING POLICIES

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council ("FRC"). The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in July 2022.

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

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

The Company's Going Concern Statement set out above takes account of all events and conditions up to 30 November 2025, which is at least twelve months from the date of approval of these Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed; and

- Unlisted investments are not quoted, or are not frequently traded, and are stated at the best estimate of fair value. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager's team, meets quarterly to determine the fair value of unlisted investments.

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

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

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

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;

- Futures – the difference between the contract price and the quoted trade price; and

- Options – value based on similar instruments or the quoted trade price for the contract.

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

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

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

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

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

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

- Gains and losses on the disposal of investments and derivative instruments;

- Changes in the fair value of investments and derivative instruments held at the year end;

- Foreign exchange gains and losses of a capital nature;

- Dividends receivable which are capital in nature; and

- Costs of repurchasing or issuing ordinary shares.

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

3 INCOME

	Year ended 31.08.24 £'000	Year ended 31.08.23 £'000
Investment income		
UK dividends	30,235	29,189
UK property income distributions	135	–
UK scrip dividends	1,310	–

UK property income scrip dividends	157	–
Interest on securities	1,528	805
Overseas dividends	10,395	10,543
	---------------	---------------
	43,760	40,537
	=========	=========
Derivative income		
Dividends received on long CFDs	4,653	3,180
	---------------	---------------
Investment and derivative income	48,413	43,717
	=========	=========
Other interest		
Interest received on bank deposits, collateral and money market funds	2,723	2,965
Interest received on tax reclaims	–	6
Interest received on short CFDs	28	–
	---------------	---------------
	2,751	2,971
	=========	=========
Total income	51,164	46,688
	=========	=========

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

4 INVESTMENT MANAGEMENT FEES

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

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International ("FII"). Both companies are Fidelity group companies.

FII charges investment management fees at an annual rate of 0.60% of net assets. Fees are accrued on a daily basis and payable monthly.

5 OTHER EXPENSES

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

1 Details of the breakdown of Directors' fees are disclosed in the Directors' Remuneration Report in the Annual Report.
2 The VAT payable on audit fees is included in sundry other expenses.

6 FINANCE COSTS

	Year ended	Year ended

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

7. TAXATION ON RETURN ON ORDINARY ACTIVITIES

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

b) Factors affecting the taxation charge for the year

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

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

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

c) Deferred taxation

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

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

8. RETURN PER ORDINARY SHARE

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

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

	£'000	£'000
Net revenue return on ordinary activities after taxation	37,529	34,596

Net capital return on ordinary activities after taxation	185,785	19,717
	---------------	---------------
Net total return on ordinary activities after taxation	223,314	54,313
	=========	=========

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

9. DIVIDENDS PAID TO SHAREHOLDERS

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

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

10 INVESTMENTS

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

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

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

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

11. DERIVATIVE INSTRUMENTS

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

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

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

12. DEBTORS

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

	---------------	---------------
	8,200	8,937
	=========	=========

13. OTHER CREDITORS

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

14. SHARE CAPITAL

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

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

15 CAPITAL AND RESERVES

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

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

	---------------	---------------	---------------	---------------	---------------	---------------	---------------
At 31 August 2023	16,205	238,442	3,256	5,152	648,795	39,199	951,049
	=========	=========	=========	=========	=========	=========	=========

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

16 NET ASSET VALUE PER ORDINARY SHARE
The calculation of the net asset value per ordinary share is based on the total Shareholders' funds divided by the number of ordinary shares held outside of Treasury.

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

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

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

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

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

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

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

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

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

Foreign currency risk
The Company does not carry out currency speculation. The Company's net return on ordinary activities after taxation for the year and its net assets can be affected by foreign exchange movements because the Company has income and assets which

are denominated in currencies other than the Company's functional currency which is UK sterling. The Company can also be subject to short-term exposure to exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs.

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

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

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

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

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

1 The exposure to the market of long CFDs.
2 Cash and cash equivalents are made up of £2,072,000 cash at bank and £9,677,000 held in Fidelity Institutional Liquidity Fund.

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

1 The exposure to the market of long CFDs.
2 Cash and cash equivalents are made up of £2,028,000 cash at bank and £57,432,000 held in Fidelity Institutional Liquidity Fund.

Currency exposure of financial liabilities

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

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

1 The exposure to the market of short CFDs.

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

Other price risk

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

Liquidity risk

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

Liquidity risk exposure

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

Counterparty risk

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

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

Credit risk

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

Derivative instrument risk

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

- To gain unfunded long exposure to equity markets, sectors or single stocks. Unfunded exposure is exposure gained without an initial flow of capital;

- To hedge equity market risk using derivatives with the intention of at least partially mitigating losses in the exposures of the Company's portfolio as a result of falls in the equity market; and
- To position short exposures in the Company's portfolio. These uncovered exposures benefit from falls in the prices of shares which the Portfolio Manager believes to be over-valued. These positions, therefore, distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

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

Foreign currency risk sensitivity analysis

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

Other price risk – exposure to investments sensitivity analysis

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

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

Other price risk – net exposure to derivative instruments sensitivity analysis

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

Fair Value of Financial Assets and Liabilities

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

Fair Value Hierarchy

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

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in Notes 2 (l) and (m) above. The table below sets out the Company's fair value hierarchy:

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

				2023
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	£'000	£'000	£'000	£'000
Investments	857,351	23,246	2,095	882,692

Derivative instrument assets	–	1,769	–	1,769
	---------------	---------------	---------------	---------------
	857,351	25,015	2,095	884,461
	=========	=========	=========	=========
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(949)	–	(949)
	=========	=========	=========	=========

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

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

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

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

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

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

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

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

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

18 CAPITAL RESOURCES AND GEARING
The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed in the Balance Sheet above and any gearing, which is managed by the use of derivative instruments. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective, both of which are detailed in the Annual Report. The principal risks and their management are disclosed above and in Note 17.

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

	2024			
	Gross gearing Asset exposure £'000	%[1]	Net gearing Asset exposure £'000	%[1]
Investments	1,120,686	98.0	1,120,686	98.0

Long CFDs	115,050	10.1	115,050	10.1
	---------------	---------------	---------------	---------------
Total long exposures	1,235,736	108.1	1,235,736	108.1
Short CFDs	2,117	0.2	(2,117)	(0.2)
	---------------	---------------	---------------	---------------
Gross asset exposure/net market exposure	1,237,853	108.3	1,233,619	107.9
	=========	=========	=========	=========
Shareholders' funds	1,143,541		1,143,541	
	=========		=========	
Gearing[2]		8.3%		7.9%
		=========		=========

	2023			
	Gross gearing Asset exposure		Net gearing Asset exposure	
	£'000	%[1]	£'000	%[1]
Investments	882,692	92.8	882,692	92.8
Long CFDs	130,073	13.7	130,073	13.7
	---------------	---------------	---------------	---------------
Total long exposures	1,012,765	106.5	1,012,765	106.5
	=========	=========	=========	=========
Shareholders' funds	951,049		951,049	
	=========		=========	
Gearing[2]		6.5%		6.5%
		=========		=========

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

19 TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management and the role of company secretary to FIL Investments International ("FII"). Both companies are Fidelity group companies.

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

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

20 RECONCILIATION OF NET RETURN ON ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES BEFORE FINANCE COSTS AND TAXATION

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

ALTERNATIVE PERFORMANCE MEASURES

The Company uses the following Alternative Performance Measures which are all defined in the Glossary of Terms in the Annual Report.

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

GEARING
Gearing (both gross and net) is considered to be an Alternative Performance Measure. See Note 18 above for details of the Company's gearing.

NET ASSET VALUE ("NAV") PER ORDINARY SHARE
The NAV per ordinary share is considered to be an Alternative Performance Measure. See the Balance Sheet and Note 16 above for further details.

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

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

Revenue, Capital and Total Returns per Share
Revenue, capital and total returns per share are considered to be Alternative Performance Measures. See the Income Statement and Note 8 above for further details.

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

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

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

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

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 August 2024 are an abridged version of the Company's full Annual Report and Financial Statements, which have been approved and audited with an unqualified report. The 2023 and 2024 statutory accounts received unqualified reports from the Company's Auditor and did not include any reference to matters to which the Auditor drew attention by way of emphasis without qualifying the reports and did not contain a statement under s.498 of the Companies Act 2006. The financial information for 2023 is derived from the statutory accounts for 2023 which have been delivered to the Registrar of Companies. The 2024 Financial Statements will be filed with the Registrar of Companies in due course.

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

The Annual Report will be posted to Shareholders later this month and additional copies will be available from the registered office of the Company and on the Company's website: www.fidelity.co.uk/specialvalues where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.

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

ENDS