

FIDELITY SPECIAL VALUES PLC

Final Results for the year ended 31 August 2025

Financial Highlights:

- During the year ended 31 August 2025, Fidelity Special Values PLC reported an ordinary share price total return of +21.8% and a net asset value (NAV) return of +14.3%.
- The Benchmark Index, the FTSE All-Share Index, produced a total return of +12.6% over the same timeframe.
- The Board recommends a final dividend of 6.84 pence per share which together with the interim dividend payment of 3.36 pence per share (totalling 10.20 pence) represents an increase of 6.9% over the prior year.
- Outperformance driven by stock selection in large-caps and sector positioning in banks, tobacco and life insurance.

Contacts

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CHAIRMAN'S STATEMENT

In last year's Annual Report I noted that, despite potentially destabilising world events such as the conflicts in Ukraine and Gaza and the forthcoming US presidential election, there was a growing feeling of normalisation in the global economy and stock markets. In fact, the year under review has been far from 'normal', dominated as it has been by efforts in the US to reshape global trade via various tariff announcements. Since April's 'Liberation Day' trade tariff announcement, US policymaking has taken centre stage for market watchers as tariffs were announced, paused and renegotiated.

If the scale of this upheaval had been clear when I wrote my statement last year, I might have thought twice before using the word 'normality'. But what has been truly remarkable in the face of such uncertainty is how well stock markets, and in particular the UK market, have performed.

UK equities remain deeply unloved on the domestic stage, with more than £12bn pulled out of open-ended funds across the UK All Companies, UK Equity Income and UK Smaller Companies sectors between July 2024 and July 2025¹. The last month to see aggregate inflows rather than outflows was July 2021, since which time more than £48bn has been withdrawn. Funds under management in UK equities have fallen by one-fifth, with the biggest reduction (c 60%) being in the UK Smaller Companies sector. Somewhat paradoxically, the start of this period of sustained outflows (mid to late 2021) almost exactly tracks the beginning of a recovery in the UK equity market versus the rest of the world, following a time of relative decline that began with the Brexit vote in 2016 and lasted until late 2020.

Against this background, it is very pleasing to report another year of strong absolute and relative performance for the Company, with a net asset value ("NAV") total return of +14.3% and a share price total return of 21.8% for the year ended 31 August 2025, versus a total return of +12.6% for our Benchmark, the FTSE All-Share Index. Returns have been both positive and ahead of the Benchmark in four of the past five years, building a cumulative five-year NAV total return of 124.3% and a share price total return of 140.4%, compared with 77.7% for the FTSE All-Share Index. In a world where the investment headlines are often dominated by the 'AI revolution' in general, and US technology stocks in particular, shareholders may also be pleasantly surprised to know that the Company has also substantially outperformed the 87.5% sterling total return from the Nasdaq index over the same period.

This is my last report to you after nearly 10 years as a Director and almost three years as Chairman, so I also wanted to reflect on the Company's longer-term performance, which has been remarkable. Your Portfolio Manager, Alex Wright, has been in post since September 2012, with Jonathan Winton alongside him as Co-Portfolio Manager since February 2020. During Alex's tenure, the Company has produced an annualised NAV total return of 11.8%, which represents an outperformance of 4.0% per year versus the Benchmark's 7.8% annualised return. As I step down as your Chairman, I would like to congratulate Alex and also Jonathan for this tremendous record, which is testament both to a robust investment process and to the long-term value of investing in good quality companies when they are unloved.

1 Based on monthly net retail sales figures from The Investment Association

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 2025 was 12.28 pence per share (2024: 11.58 pence). An interim dividend of 3.36 pence per share (2024: 3.24 pence) was paid on 19 June 2025. The Board is recommending a final dividend of 6.84 pence per share for the year ended 31 August 2025 (2024: 6.30 pence) for approval by shareholders at the Annual General Meeting ("AGM") on 11 December 2025. Together, the interim and final dividends total 10.20 pence, representing an increase of 6.9% over the 9.54 pence paid for the year ended 31 August 2024. The final dividend will be payable on 13 January 2026 to shareholders on the register at the close of business on 28 November 2025 (ex-dividend date 27 November 2025).

The total dividends for the year will provide shareholders with a 16th 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

Net gearing fell in aggregate during the financial year, from 7.9% on 31 August 2024 to 5.4% as at 31 August 2025, although it was higher in the intervening period (10.9% at the half-year end, 28 February 2025). Normally a lower level of gearing (within the stated range of 0-25%) might indicate that there are fewer attractive investment opportunities to be found. However, this has not been the case in the year under review, with Alex and Jonathan keen to stress they still see plenty of exciting investment ideas, particularly lower down the market capitalisation spectrum. Rather, an elevated level of merger and acquisition (“M&A”) activity has seen an unusually large amount of cash coming back into the portfolio, which has the natural effect of reducing the level of gearing. Detailed due diligence is a key tenet of the investment process, particularly among smaller companies that may be less widely researched, so there is something of a time lag between receiving M&A proceeds and reinvesting in new positions. Should the pace of M&A (which has largely been driven by overseas private equity funds and trade buyers) moderate, we would expect to see the level of gearing rise somewhat in the medium-term.

The ability to gear is a key structural advantage of investment trusts compared with their open-ended counterparts. 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

Across the investment trust sector, discounts to NAV have remained at wider than average levels, standing at 14.1% on 31 August 2025², a similar level to a year earlier. Your Company’s discount has remained appreciably narrower than this, beginning the review year at 8.4% and ending it at 3.1%, although it did briefly widen to more than 10% in October 2024. Under the Company’s discount management policy, the Board seeks to maintain the discount in single digits in normal market conditions. We therefore undertook a limited number of share buybacks in early 2025, repurchasing a total of 1,050,000 shares into Treasury between January and March. Following this, and without the need for further action, the discount narrowed sharply and has remained in the low single digits since May 2025, averaging 6.3% for the year. At the time of writing, the Company’s discount to NAV remains the lowest in its AIC UK All Companies sector by some margin, a testament to our strong performance record.

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 further 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.

2 Source: Winterflood Investment Trusts, Refinitiv

While some coverage comes as a direct result of the efforts of Fidelity and external PR partners, in other cases it arises naturally as a consequence of your Company’s strong long-term track record. We were very pleased this year to have been included on the Association of Investment Companies’ annual ‘ISA millionaires’ list again. This list looks at the returns’ investors could have achieved by investing their full ISA allowance each year (and reinvesting any dividends) since the vehicle was introduced in 1999. A total investment of £326,560 in your Company over the period from 6 April 1999 to 31 January 2025 would have grown to £1,198,034 – an impressive result that illustrates the value of investing for the long-term.

We were also delighted 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 for a third year running in November 2024, and we have the chance to make it four in a row, having been shortlisted once again for this year’s award.

BOARD OF DIRECTORS

It has been an enormous pleasure and a privilege for me to help guide your Company over the past decade. Upon my retirement from the Board at the conclusion of the AGM on 11 December 2025, I am delighted to advise that Claire Boyle, who was appointed to the Board in June 2019, will take on the role as Chair of the Board. I firmly believe that Claire has the relevant sector and market expertise to lead the Board going forwards and will provide continuity in the stewardship of your Company. In addition, Claire has extensive experience as an investment trust director, currently serving on the boards of three other investment trusts. The Board is confident that Claire has sufficient capacity to act as Chair of your Company in light of the time commitments ordinarily associated with the board of an investment company. I know that Claire will continue to serve shareholders well. Christopher Casey joined the Board on 1 January 2025 as part of the Board’s succession planning and he will replace Claire as Chair of the Audit Committee and Senior Independent Director. He is a chartered accountant by profession and a highly experienced Non-Executive Director, particularly of investment trusts, and we are pleased to have a candidate of his calibre to Chair our Audit Committee as Claire steps up to replace me as Chair of the Board. I wish them both every success in their new roles.

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 11 December 2025. 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.

ARTICLES OF ASSOCIATION

The Board is proposing to increase the aggregate cap on Directors’ fees to provide greater flexibility for any future changes. The proposed new cap is £350,000 in aggregate per annum, which replaces the existing cap of £250,000 per annum which was put in place in 2021.

The Board is also proposing to extend the time period allowed to draw up proposals regarding the Company’s voluntary liquidation and/or reorganisation and to hold a general meeting at which such proposals are submitted to members following an unsuccessful continuation vote, from three to six months. The proposed new time period, which runs from the date of the general meeting at which the unsuccessful vote occurred, is felt to provide a more practicable period to allow proposals to be fully considered and to be in line with market practice. The continuation votes are held every three years, and the next such vote is due at the 2025 AGM.

We have also taken the opportunity to make other changes of a minor, clarificatory or technical nature, including clarifications in relation to hybrid general meetings to follow how practice has developed. However, the amendments do not provide for, and the Board has no intention to move to, fully virtual meetings. A full tracked version of all the changes proposed to the Articles is available at www.fidelity.co.uk/specialvalues. The principal changes proposed to the Articles are set out in more detail in the Directors’ Report in the Annual Report.

ANNUAL GENERAL MEETING AND CONTINUATION VOTE

The Company’s AGM will be held at 11.00am on Thursday, 11 December 2025 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 hear first-hand from Alex Wright, your Portfolio Manager, to meet the Company’s Directors, and of course, for us to meet you. We hope to see as many of you as possible on the day. Full details of the AGM are below.

In accordance with the Articles of Association, your Company is subject to a continuation vote every three years. The next continuation vote will take place at this year’s AGM on 11 December 2025. At the last continuation vote in December 2022, it was pleasing to see strong evidence of shareholder support from the 99.89% of votes cast in favour of continuation of the Company. The enfranchisement of shareholders is a key advantage for investment trust investors over open-ended company investors, and we would urge all shareholders to use their vote at the forthcoming AGM to vote in favour of the continuation of the Company.

Items of special business to be proposed at the AGM are detailed in the Directors’ Report in the Annual Report.

OUTLOOK

Although your Company invests in UK equities, the UK is a very international market, with around 75% of FTSE All-Share revenues (and around 65% of portfolio holdings’ revenues) coming from overseas. As such, the global backdrop – which on current evidence is likely to remain fractious – will continue to be relevant in shaping the fortunes of your Company in the year ahead. While performance has been very positive in the year under review, the UK economic outlook remains muted and subject to further uncertainty ahead of the Budget in late November. However, as Alex pointed out in a recent webinar, just because there is a lot of negativity on politics and the economy, this does not mean there are not good returns on offer and, in fact, this is often why there are good returns to be had. However, while the UK equity market remains the cheapest (on a forward P/E basis) compared with the US, Europe, Japan and Asia, its valuation has risen somewhat from the bargain-basement levels seen in the last few years, and is now in line with long-term averages.

With much of the market return in recent years having come from re-rating rather than earnings growth, the prospect of another strong year for UK equities as a whole is less than certain, particularly given the economic backdrop. That said, the valuation of your Company’s portfolio remains substantially below the market average (at around 11x forward P/E, versus 14x for the FTSE All-Share), despite superior growth metrics compared with the index average. Although the near-term outlook may be clouded, we believe these characteristics underscore your Portfolio Managers’ commitment to finding out-of-favour companies across the market capitalisation spectrum that have the potential to make good progress well into the future.

DEAN BUCKLEY
Chairman

5 November 2025

ANNUAL GENERAL MEETING – THURSDAY, 11 DECEMBER 2025 AT 11.00 AM

The AGM of the Company will be held at 11.00 am on **Thursday, 11 December 2025** 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 their 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://meetings.lumiconnect.com** from your web browser on a tablet, smartphone or computer, you will need to enter the **Lumi Meeting ID** which is **100-720-059-199**. 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.

Further information on how to vote across the most common investment platforms is available at the following link: <https://www.theaic.co.uk/how-to-vote-your-shares>.

PORTFOLIO MANAGER’S REVIEW

QUESTION

How has the Company performed in the year to 31 August 2025?

ANSWER

The Company has recorded strong absolute returns over the reporting year with a net asset value and a share price total return of +14.3% and +21.8% respectively, compared to the Benchmark (FTSE All-Share Index) total return of +12.6%.

Overall, our portfolio holdings have delivered robust performance against a dynamic market environment. UK equities reached new all-time highs, driven by large-cap stocks, while improving investor confidence has sparked renewed interest in domestic shares. However, these positive results conceal a volatile period as markets navigated shifting trade policy announcements, elevated interest rates, subdued domestic economic data and stubborn inflation.

Market performance diverged sharply between large-cap and mid-to-small-cap stocks. The FTSE 100 delivered a gain of 13.6%, significantly outpacing the FTSE 250 and FTSE Small Cap Indices, which returned 6.0% and 6.9%, respectively. Despite our significant underweight position in large-cap stocks, the outperformance was primarily driven by stock selection within this part of the market.

Compared to the Benchmark, our underweight position in health care group AstraZeneca was the top contributor to relative performance. The company’s shares came under pressure after corruption allegations in its China operations and broader concerns that US drug pricing reforms could weigh on the pharmaceutical sector. We used this weakness as an opportunity to initiate a position in AstraZeneca, supported by its attractive drug pipeline and its relatively lower exposure to US drug pricing reforms.

Within the banking sector, several of our holdings, including Standard Chartered, NatWest Group and AIB Group, benefited from strong trading updates, share buyback announcements and rising interest rate expectations. In February 2025, Standard Chartered unveiled a new \$1.5 billion share buyback program after reporting a substantial increase in annual pre-tax profits. The diversified bank, which has an emerging market focus, is continuing to make strides in its turnaround journey. Meanwhile, NatWest and Irish bank AIB consistently delivered results ahead of consensus expectations throughout the year.

Defence has also been a key theme in the market. Our holding in defence contractor Babcock International Group benefited from a supportive environment with increased government spending commitments. In recent years, Babcock has made strong progress in its turnaround activity. The company has strengthened its balance sheet, exited lower quality businesses and improved contract execution. Similarly, outsourcing company Serco Group, which has half of its business linked to defence, saw greater returns after securing three meaningful contracts from the Ministry of Defence to provide maritime services for the Royal Navy. Conversely, the underweight position in Rolls Royce, while delivering strong absolute gains for the Company's portfolio, weighed on performance relative to the Benchmark.

Merger and acquisition ("M&A") activity continued to provide a positive tailwind and also contributed to the portfolio's performance. Our holding in Bakkavor Group, a leading UK supplier of freshly prepared foods, gained after peer Greencore agreed to acquire the company in a £1.2 billion cash-and-share deal. Direct Line Insurance Group also advanced following Aviva's agreement to acquire the company for £3.7 billion, which completed in July 2025 and created the UK's largest motor insurer. The latest announcement is from Just Group, a life insurance company, which struck a deal to be acquired by Canada's Brookfield Wealth Solutions. M&As also supported our holdings in gold pawnbroker H&T Group, Alpha Group, a foreign exchange broker (helping corporates with currency management) and alternative banking provider, and Warehouse REIT, an investor in large logistic warehouses.

Elsewhere, our position in tobacco group Imperial Brands added value, with its results showing continued progress in stabilising its core tobacco business across key markets. The company also continues to provide an attractive distribution to shareholders. In addition, not holding Unilever and Diageo contributed positively, as both companies came under pressure from weaker earnings, and in Diageo's case, structural concerns around future demand for spirits.

QUESTION

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

ANSWER

We have actively recycled capital from areas of strong performance and leaned into unloved businesses with attractive turnaround potential. While the investment process is driven by bottom-up stock selection, we group the market into four super sectors – financials, resources, defensive and other GDP sensitive companies. Encouragingly, we have increasingly been finding attractive ideas across the full range of these sectors and the market capitalisation spectrum.

Within financials, banks have remained a standout source of returns. We exited our position in Barclays and reduced our stake in AIB Group following strong rallies in the shares of both companies and redeployed some of these profits into Lloyds Banking Group, Close Brothers Group and Secure Trust Bank, following a more constructive outlook on the motor-finance review. We also sold our holding in leading UK insurer Phoenix Group Holdings after a period of positive performance, with our investment thesis largely playing out. Financials remain well represented in the portfolio and offer diversification across different business models and geographic exposure.

Elsewhere, we continue to find attractive opportunities in defensives. We increased our position in medical device company Smith & Nephew, driven by stronger conviction in its orthopaedics turnaround, and it subsequently rallied after revealing positive progress in its quarterly results. We took profits from Imperial Brands and recycled it into British American Tobacco, given its attractive valuation, geographical footprint and greater exposure to next-generation products. The company is particularly well positioned to benefit from possible regulatory changes in the US, where illicit products currently dominate the next generation nicotine market. We exited our position in pharmaceutical company GSK due to waning confidence in its ability to sustain growth in HIV treatments ahead of an upcoming patent cliff.

Within resources, our underweight position has narrowed as we have identified selective investment opportunities. While we continue to hold a cautious stance on oil given the challenging demand and supply backdrop, it has increasingly become an unloved area. We initiated a position in our preferred oil major, TotalEnergies, while exiting OMV, Shell, and Schlumberger. In mining, we continue to remain underweight in large-cap names due to a weak outlook on iron ore. However, we added a position in Glencore, which offers attractive commodity exposure and supports our constructive view on copper.

Our exposure to domestically focused businesses has increased, particularly linked to UK consumption. This includes holdings in retailers such as Frasers Group and DFS, housing-related stocks such as Genuit and Travis Perkins, as well as three smaller UK housebuilders. These businesses combine attractive stock-specific opportunities with depressed industry volumes, offering multiple catalysts to support a turnaround. While consumers have been saving heavily over the past few years, consumption levels are historically low due to concerns around inflation, interest rates and ongoing geopolitical conflicts. We anticipate an improving outlook as housing market volumes strengthen and interest rates decline.

Until recently, we maintained limited exposure to the property sector due to tight yields and an oversupply of office space following the rise of working from home. However, this has started to unwind, and we have selectively increased exposure to areas offering higher yields, rising rental growth and attractive total returns. Many of these stocks trade at significant discounts to their net asset values, for example, in student accommodation (Empiric Student Properties), industrial logistics (Warehouse REIT) and prime London office space (Derwent). We have favoured smaller companies within the sector given the potential for economies of scale from consolidation. Notably, both Empiric Student Properties and Warehouse REIT are currently subject to takeover activity.

QUESTION

UK equities continue to trade at a discount to global markets. What opportunities does this present for investors and what could drive this valuation gap to close?

ANSWER

UK equities have performed strongly over the past year, yet many domestic investors continue to withdraw funds from the UK market. This investment behaviour has been a long-standing trend, leaving UK shares trading at a substantial valuation discount compared with other regions. Nevertheless, inflows are not necessary to generate good performance and capital exiting industries can present exciting investment opportunities, as it leads to greater market inefficiencies.

We have seen a reduction in competitor resources and fewer investors following UK companies, particularly further down the market capitalisation spectrum. This allows us to gain an analytical edge, supported by Fidelity's extensive analyst network, helping us to explore unloved areas of the market and uncover hidden investment gems.

The valuation gap between the UK and global markets has narrowed, following a period of strong returns. Encouragingly, buying interest has returned from international investors, helping to support a revival in UK equities. The UK has been an attractive destination, particularly for US investors, given the highly international nature of many domestic companies and the cheap valuations on offer.

We have seen another strong year of M&A activity, with several of our holdings subject to bids, reflecting the value on offer in the UK market. This activity has been broad-based, ranging from domestic consolidation, overseas acquirers and private equity interest. The increase in bid activity highlights an additional channel to unlock value in our positions. Other supportive dynamics include attractive dividends compared to global markets and a record number of UK companies buying back their own shares.

The UK’s unpopularity in recent years has prompted frequent questions around what catalyst is needed to improve domestic performance and close the valuation gap. My response continues to be that nothing needs to change, we do not require a re-rating to deliver attractive returns. Importantly, forecasts for company earnings across our holdings remain strong and we work closely with Fidelity’s analyst teams to assess the likelihood of these earnings being delivered. Overall, we remain happy with the performance environment, and it remains a fertile hunting ground for contrarian stock pickers.

QUESTION

Can you elaborate on the Company’s increased tilt towards mid and small-cap companies, domestically focused businesses and how their recovery is playing out?

ANSWER

One of the key advantages of the investment company structure is that we can hold meaningful exposure further down the market cap spectrum. We have always maintained a structural bias towards these smaller companies, as they are typically less well known to investors and often poorly covered by the sell side.

Over the past twelve months, we have selectively increased our exposure to this part of the market given the attractive turnaround opportunities, particularly within more cyclical areas. Many of these businesses have been hit hard in recent years, and also investors have tended to favour larger, global companies. At the time of writing, large-cap companies were trading marginally above their long-term averages, with the FTSE 100 on 14.1x forward price-to-earnings, whereas mid-cap and small-cap companies present a more pronounced valuation opportunity, trading at c12x forward price-to-earnings.

We have exposure to the domestic consumer through retail and housing-related stocks, as well as property companies. These areas are particularly attractive as industry cycles are depressed compared with history, such as housebuilding volumes, sofa sales and new kitchens, which are 10-25% below pre-Covid volumes. There have been tentative signs of a recovery, with DFS and Halfords delivering positive profit updates earlier in the year. However, consumer spending remains low and sentiment poor, and these stocks are sensitive to what is going on in the domestic economic environment. While it is difficult to predict when a turnaround will materialise, importantly they have idiosyncratic factors that could drive their growth and valuations without pricing in a recovery in volumes.

QUESTION

M&A activity has been a positive source of performance for the Company over the past few years. Why is this a consistent feature and do you expect these levels of M&A to continue going forward?

ANSWER

Our contrarian-value approach focuses on finding unloved companies with the potential for positive change. We firstly evaluate the downside protection of a company before considering its prospects over a three-to-five-year view. While the investment thesis is not predicated on a takeover, it can be a secondary effect arising from our investment approach. This is due to our structural bias towards investing in undervalued medium and smaller sized companies, where takeover activity is typically higher.

As companies progress through their positive change journey, we conduct extensive due diligence and closely monitor developments with support from Fidelity’s analyst network. We generally find that our contrarian ideas typically re-rate as positive developments excite the market and more investors buy into the story. However, occasionally the route is a takeover, which can unlock shareholder value earlier. While not every takeover bid is what we consider fair value, the majority of deals have offered attractive premiums, and our process recycles this capital into new ideas.

Despite turbulent markets and sharp currency movements, there has been no pause in takeover activity this year. We have seen a flurry of bids for companies within the portfolio. The surge in activity underscores the inherent value and investment opportunities available in the UK market. There are numerous overlooked companies across the market cap spectrum and our holdings continue to trade at an attractive discount to the broader market.

Our contrarian investment approach should continue to benefit from an active takeover market. While the level of M&A activity will not always remain this high, we are excited that our holdings have this additional potential channel to unlock value. The investment universe remains deep and attractive, offering plenty of choice and investment opportunities.

QUESTION

There has been a resurgence in UK equities – do you expect this outperformance to continue over the next 12 months and beyond?

ANSWER

The return of overseas investors is an encouraging trend, as they capitalise on the relative value available in the UK market. Given that the UK represents only a small share of global indices, even modest reallocations from overseas can have a meaningful positive impact.

Encouragingly, despite subdued domestic economic data and political uncertainty prevailing in the market, performance recently has remained positive. This underscores the fact that attractive returns are available in an uncertain environment, which can act as a driver of investment opportunities. 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 returns from UK stocks on a three-to-five-year view.

While there has been some narrowing in regional valuations following strong performance, we believe that the UK has room to run further. It continues to trade at a meaningful discount to other regions, both on an absolute basis and when adjusting for sectoral differences in markets. Importantly, this gives investors a more attractive starting point compared to other more expensive markets.

We remain excited with the prospects for our holdings. Overall, we believe the UK market has an underappreciated richness of opportunity, combining strong earnings growth, high dividend yields and low valuations. The portfolio benefits from a favourable upside/downside profile and our holdings trade at a meaningful discount to the broader UK market, despite exhibiting resilient earnings, strong returns on capital and relatively low levels of debt. This quality profile reinforces our confidence in delivering attractive long-term returns for investors.

ALEX WRIGHT

Portfolio Manager

5 November 2025

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

EMERGING RISKS

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.

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. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computing power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

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

EMERGING RISKS – MANAGER’S ROLE

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.

ANNUAL REVIEW OF THE RISK REGISTER

The Company has a full risk register which includes less material risks which the Board reviews at least annually.

PRINCIPAL RISKS

1. Economic, Political and Market Risks

Trend: Increased

Description and Impact

- The Company and its assets may be affected by market and economic risks. These include market downturns, interest rate movements, inflation and market events, such as the UK economic recovery. Inflation and economic instability continue to lead to a prolonged cost-of-living crisis and may potentially impact investors’ risk appetite.
- The Company is exposed to several geopolitical risks. The global geopolitical landscape continues to change and is largely shaped by the ongoing effects of armed conflicts, tariff wars, deglobalisation trends and significant supply disruption. The Middle East and Russia 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 and the macro-economic uncertainty continues to impact Western investment appetite.
- Heightened tensions between the U.S. and global trading partners, particularly China, continue to impact markets. The US/China relationship is also impacted by the dynamic of the balance between national security and economic interests and could lead to higher volatility, sanctions for broader markets, technology and oil in particular, as well as risk of changes in foreign policies across the globe.
- China’s outlook for ‘controlled stabilisation’ remains intact, supported by targeted policy measures. China’s growth stabilisation is more credible post-deal (i.e. the government’s commitment to implementing strategic economic measures to achieve steady growth and economic resilience), and the agreement with the U.S. reduces pressure on China to deliver new fiscal easing. Exports and industrial activities continue to outperform despite the slower than expected recovery in domestic demand.

2. Competition Risks and Marketplace Threats Impacting Business Growth

Trend: Increased

Description and Impact

- There is increased activity around mergers and acquisitions across the investment company marketplace and alternative investment offerings (including passive vehicles) which could influence the demand for the Company’s shares. In addition, cheaper capital and the search for technology scale is also likely to mean increased consolidation.
- There is a risk of costly shareholder activism in the investment company sector, pursuing goals that may not be in the interests of most shareholders.

3. Investment Performance Risk (including the use of Derivatives and Gearing)

Trend: Stable

Description and Impact

- 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

Mitigation

- 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 market, economic and political background is core to the Company’s continued success. His 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.
- The Board regularly reviews the impact of gearing and derivatives, and has comfort that the portfolio is sufficiently diversified by sector and number of holdings.
- Risks to which the Company is exposed to in the market and currency risk category are included in Note 17 to the Financial Statements below together with summaries of the policies for managing these risks. It is the Company's policy not to hedge the underlying currencies of the holdings in the portfolio but rather to take the currency risk into consideration when making investment decisions.

Mitigation

- The Board, the Company's Broker and the Manager closely monitor industry activity, the peer group and the share register.
- An annual review of strategy is undertaken by the Board to ensure that the Company continues to offer a relevant product to investors.

Mitigation

- The Portfolio Manager is responsible for actively monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

- 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 and there is a risk of volatility of performance in the short-term. Continued underperformance could lead to the Company and its objective becoming unattractive to investors.
- Derivative instruments are used to enhance investment returns. The principal risk is that the Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or to underperform in a falling market. The Company gears using derivatives including long CFDs which provide greater flexibility and are generally cheaper than bank loans.

4. Changes in Legislation, Taxation or Regulation

Trend: Stable

Description and Impact

- Changes in legislation, taxation or regulation, or other external influence that require changes to the investment trust structure of the Company are a significant risk for the Company.
- A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status resulting in the Company being subject to tax on capital gains.
- There have been increased concerns about investment cost disclosures and their impact on the industry. There is a risk that the FCA's proposed Consumer Composite Investment (CCI) regime may make investment companies more complex for consumers and other investors to understand and increase the regulatory burden imposed on the sector if it proceeds with some of the proposals as drafted.

5. Cybercrime and Information Security

Trend: Stable

Description and Impact

- There is cybersecurity risk from cyberattacks or threats to the functioning of global markets and to the Manager's own business model, including its and the Company's outsourced suppliers.
- There is risk of cybercrime such as phishing, remote access threats, extortion, and denial-of-service attacks from highly organised criminal networks and sophisticated ransomware operators, including threats such as service disruption/extortion attacks (DDoS, ransomware), financial theft and data breaches, regulatory non-compliance, reputational damage/loss of customer trust. The threat environment continues to evolve rapidly, including the heightened potential threat from nation state backed threat actor due to geopolitical tensions from the current wars in Ukraine and Gaza. Ransomware continues to increase globally and is also becoming a supply chain risk.
- There are additional risks from the increased use of artificial intelligence (AI).

6. Business Continuity and Crisis Management

Trend: Stable

Description and Impact

- There is business process disruption risk from continued threats of cyberattacks, geopolitical events, outages, fire events and natural disasters, resulting in financial and/or reputational impact to the Company affecting the functioning of the business.
- The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary who may be subject to cybercrime.

7. Operational Risks

Trend: Stable

Description and Impact

- There is risk of financial losses or reputational damage from inadequate or failed internal processes, people and systems or from external parties and events.

8. Key Person Risk and Operational Support Risks

Trend: Stable

Description and Impact

- The loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues.
- 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.

- The Board reviews Fidelity's compliance with agreed investment restrictions; investment performance and risk; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in the markets. The Board also regularly canvasses major shareholders for their views with respect to company matters.
- The Board has put in place policies and limits to control the Company's use of derivatives and exposures. These are monitored daily 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 Board regularly considers the level of gearing and gearing risk. The Investment Policy sets the gearing limits within which the Manager must operate.

Mitigation

- The Board and Manager closely monitor regulatory, taxation and legislative changes, with developments impacting the Company summarised in the form of regular reporting to the Board.
- The Manager monitors Section 1158 status to ensure any issues are escalated to the Board and addressed promptly.
- The Manager participates in industry discussions regarding regulatory changes impacting investment companies, and regulatory developments continue to be monitored and managed by Fidelity through active lobbying and negotiations as well as a robust change management process.

Mitigation

- The risk is monitored by the Board with the help of the Manager's global cybersecurity team and their extensive Strategic Cyber and Information Security programme and assurances from outsourced suppliers.
- The Manager has established a comprehensive framework of information security policies and standards which provide a structured approach to identify, prevent, and respond to information security threats. The framework ensures consistency in Fidelity's security measures, enhances its ability to adapt to evolving/emerging threats, and compliance with changing regulatory requirements. The Company's other service providers also have similar measures in place.
- Key performance indicators and metrics have been developed by the Manager to monitor the overall efficacy of cybersecurity processes and controls and to further enhance the Manager's cybersecurity strategy and operational resilience.

Mitigation

- Fidelity has Business Continuity and Crisis Management Frameworks in place to deal with business disruption and assure operational resilience.
- All third-party service providers are subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received on an annual basis and any concerns are investigated.
- The Board regularly reviews the services provided by third parties.

Mitigation

- Fidelity's Operational Risk Management Framework is designed to pro-actively prevent, identify and manage operational risks inherent in most activities.
- Fidelity uses robust systems and procedures dedicated to its operational processes. Its risk management structure is designed according to the FCA's three lines of defence model.

Mitigation

- The Company has a Co-Portfolio Manager, Jonathan Winton, who works alongside the Portfolio Manager, and has extensive experience in the same markets and companies and shares a common investment approach and complementary investment experience with the Portfolio Manager. The Portfolio Manager is also supported by an Investment Specialist and a team of Fidelity analysts.

- There is also a risk that the Manager has inadequate succession plans for other key operational individuals.

9. Discount Control Risk

Trend: Stable

Description and Impact

- The price of the Company’s shares and its discount to NAV are factors which are not completely within the Company’s control.
- The Board has a discount management policy and some short-term influence over the discount may be exercised by carrying out share repurchases at acceptable prices and within the parameters set by the Board.
- In considering the risk that the discount to NAV poses to shareholder value and returns, both the absolute level of the discount and the amount relative to the Company’s peer group and the wider market are considered.

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 this year’s AGM on 11 December 2025 and the Directors expect the vote to be passed.

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 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;
- Future income and expenditure forecasts; and
- The Company’s continuation vote.

The Company’s performance for the five year reporting period to 31 August 2025 was strong and well ahead of the Benchmark. The NAV total return was +124.3% and the share price total return was +140.4% compared to the Benchmark total return of +77.7%.

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 Company’s portfolio mainly comprises of 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.

- The Manager identifies key dependencies which are then addressed through succession plans, particularly for portfolio managers.

Mitigation

- The Board reviews the investment strategy, investment performance and the marketing approach, given the influence of all these factors on the discount.
- The Company’s share price, NAV and discount volatility are monitored daily by the Manager and the Company’s Broker and considered by the Board on a regular basis. The demand for shares can be influenced through good performance and an active investor relations programme.
- The Board regularly reviews the Company’s share register and the Chairman meets with large shareholders.
- Discretionary repurchases of ordinary shares are made within guidelines set by the Board, and considering prevailing market conditions.

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 2026 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 significant global geopolitical and market events and regulatory changes that could impact the Company's performance, prospects and operations.

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, accounting 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 its sector on performance, discount and share repurchase activity, an analysis of the Company's share register and market trends.

The Board places great importance on communication with shareholders. The Annual General Meeting ("AGM") 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 and considers the Manager's ESG approach.

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, appointing Christopher Casey as a Non-Executive Director with effect from 1 January 2025 to replace Nigel Foster who having completed nine years on the Board on 1 September 2024 stepped down at the conclusion of the AGM on 12 December 2024;
- As part of the Board's succession plan, initiating a recruitment process to replace Dean Buckley as a Non-Executive Director when he steps down from the Board as Chairman and Non-Executive Director at the conclusion of the AGM on 11 December 2025. His replacement as a Non-Executive Director will be announced in due course;
- The decision to appoint Claire Boyle as Chair of the Board to replace Dean Buckley from 11 December 2025 and for Christopher Casey to replace her as Chair of the Audit Committee on the same date. Mr Casey will also replace Mrs Boyle as Senior Independent Director;
- The decision to pay an interim dividend of 3.36 pence per share and to propose the payment of a final dividend of 6.84 pence per share (a total of 10.20 pence per share). This maintains the Company's 16 year track record of increasing dividends, while retaining funds for reinvestment, consistent with the objective of long-term capital growth;
- Authorising the repurchase of 1,050,000 ordinary shares into Treasury up to the latest practicable date of this Annual Report in line with the Board's discount management policy;
- Carrying out an audit tender as the current Auditor will have been in place for 10 years in November this year and proposing to appoint PricewaterhouseCoopers LLP as the Company's auditor from and including the financial year ending 31 August 2026;

- 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 2025 so as to make it more accessible to those investors who are unable 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 5 November 2025 and signed on its behalf by:

DEAN BUCKLEY
Chairman

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	Year ended 31 August 2025			Year ended 31 August 2024		
		Revenue £’000	Capital £’000	Total £’000	Revenue £’000	Capital £’000	Total £’000
Gains on investments	10	–	117,016	117,016	–	166,057	166,057
Gains on derivative instruments	11	–	2,195	2,195	–	19,524	19,524
Investment and derivative income	3	51,646	–	51,646	48,413	–	48,413
Other interest	3	2,375	–	2,375	2,751	–	2,751
Investment management fees	4	(6,857)	–	(6,857)	(6,095)	–	(6,095)
Other expenses	5	(944)	–	(944)	(898)	–	(898)
Foreign exchange (losses)/gains		–	(546)	(546)	–	204	204
		-----	-----	-----	-----	-----	-----
Net return on ordinary activities before finance costs and taxation		46,220	118,665	164,885	44,171	185,785	229,956
Finance costs	6	(6,225)	–	(6,225)	(5,794)	–	(5,794)

Net return on ordinary activities before taxation		39,995	118,665	158,660	38,377	185,785	224,162
Taxation on return on ordinary activities	7	(272)	–	(272)	(848)	–	(848)
Net return on ordinary activities after taxation for the year		39,723	118,665	158,388	37,529	185,785	223,314
Return per ordinary share	8	12.28p	36.67p	48.95p	11.58p	57.32p	68.90p

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 2025
Company number 2972628

	Notes	2025 £'000	2024 £'000
Fixed assets			
Investments	10	1,164,423	1,120,686
Current assets			
Derivative instruments	11	1,213	4,318
Debtors	12	10,672	8,200
Amounts held at futures clearing houses and brokers		1,300	–
Cash and cash equivalents		94,109	11,749
		107,294	24,267
Current liabilities			
Derivative instruments	11	(3,530)	(200)
Other creditors	13	(999)	(1,212)
		(4,529)	(1,412)
Net current assets		102,765	22,855
Net assets		1,267,188	1,143,541
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	949,776	834,580
Revenue reserve	15	54,357	45,906
Total Shareholders' funds		1,267,188	1,143,541
Net asset value per ordinary share	16	392.26p	352.84p

The Financial Statements above and below were approved by the Board of Directors on 5 November 2025 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 2025

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other Non- distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Share- holders' funds £'000
Total Shareholders' funds at 31 August 2024		16,205	238,442	3,256	5,152	834,580	45,906	1,143,541
Net return on ordinary activities after taxation for the year		–	–	–	–	118,665	39,723	158,388
Repurchase of ordinary shares	14	–	–	–	–	(3,469)	–	(3,469)
Dividends paid to Shareholders	9	–	–	–	–	–	(31,272)	(31,272)
		-----	-----	-----	-----	-----	-----	-----
Total Shareholders' funds at 31 August 2025		16,205	238,442	3,256	5,152	949,776	54,357	1,267,188
		=====	=====	=====	=====	=====	=====	=====
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
		=====	=====	=====	=====	=====	=====	=====

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Operating activities			
Investment income received		42,920	42,980
Net derivative income received		5,969	4,454
Interest received		2,352	2,723
Investment management fee paid		(6,820)	(6,008)
Directors' fees paid		(181)	(170)
Other cash payments		(801)	(696)
		-----	-----
Net cash inflow from operating activities before finance costs and taxation	20	43,439	43,283
		=====	=====
Finance costs paid		(6,228)	(5,853)
Overseas taxation suffered		(223)	(536)
		-----	-----
Net cash inflow from operating activities		36,988	36,894
		=====	=====
Investing activities			
Purchases of investments		(352,069)	(353,057)
Sales of investments		425,818	282,830
Receipts on long CFDs		70,434	51,625
Payments on long CFDs		(61,062)	(35,747)
Receipts on short CFDs		460	950
Payments on short CFDs		(1,622)	(588)
Movement on amounts held at futures clearing houses and brokers		(1,300)	–
		-----	-----
Net cash inflow/(outflow) from investing activities		80,659	(53,987)
		=====	=====
Net cash inflow/(outflow) before financing activities		117,647	(17,093)
		=====	=====

Financing activities			
Dividends paid	9	(31,272)	(30,822)
Repurchase of ordinary shares	14	(3,469)	—
		-----	-----
Net cash outflow from financing activities		(34,741)	(30,822)
		-----	-----
Net increase/(decrease) in cash and cash equivalents		82,906	(47,915)
Cash and cash equivalents at the beginning of the year		11,749	59,460
Effect of movement in foreign exchange		(546)	204
		-----	-----
Cash and cash equivalents at the end of the year		94,109	11,749
		=====	=====
Represented by:			
Cash at bank		1,937	2,072
Amount held in Fidelity Institutional Liquidity Fund		92,172	9,677
		-----	-----
		94,109	11,749
		=====	=====

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 that is listed 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 2026 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 and their consideration of the upcoming continuation vote at the AGM on 11 December 2025. The Directors recommend that shareholders vote in favour of the continuation of the Company.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as an emerging 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 above takes account of all events and conditions up to 30 November 2026, 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 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 gains and losses derived are included in gains/(losses) on derivative instruments 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 £26,458,000 (2024: losses of £10,868,000).

3 INCOME

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Investment income		
UK dividends	33,971	30,235
UK property income distributions	1,522	135
UK scrip dividends	512	1,310
UK property income scrip dividends	–	157
Interest on securities	1,512	1,528
Overseas dividends	7,562	10,395
	-----	-----
	45,079	43,760
	=====	=====
Derivative income		
Dividends received on long CFDs	6,567	4,653
	-----	-----
Investment and derivative income	51,646	48,413
	=====	=====
Other interest		
Interest received on bank deposits, collateral and money market funds	2,352	2,723
Interest received on short CFDs	23	28
	-----	-----
	2,375	2,751
	=====	=====
Total income	54,021	51,164
	=====	=====

Special dividends of £2,947,000 (2024: £5,206,000) have been recognised in capital during the year.

4 INVESTMENT MANAGEMENT FEES

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Investment management fees	6,857	6,095
	=====	=====

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

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

5 OTHER EXPENSES

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
AIC fees	24	21
Custody fees	28	27
Depositary fees	59	58
Directors' expenses	18	15
Directors' fees ¹	182	170
Legal and professional fees	93	101
Marketing expenses	230	229
Printing and publication expenses	147	122
Registrars' fees	80	74
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements ^{2,3}	59	53
Sundry other expenses	24	28
	-----	-----
Other expenses	944	898
	=====	=====

- 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.
- 3 Included in the current year's audit fee is an amount of £3,750 in respect of additional scope of work relating to the transition of Fidelity's reporting functions to JP Morgan and this has been paid by Fidelity.

6 FINANCE COSTS

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Interest paid on long CFDs	6,122	5,765
Interest paid on bank overdrafts	103	29
	-----	-----
	6,225	5,794
	=====	=====

7 TAXATION ON RETURN ON ORDINARY ACTIVITIES

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
a) Analysis of the taxation charge for the year		
Overseas taxation	272	848
	-----	-----
Taxation charge for the year (see Note 7b)	272	848
	=====	=====

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% (2024: 25%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Net return on ordinary activities before taxation	158,660	224,162
	-----	-----
Net return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25% (2024: 25%)	39,665	56,040
Effects of:		
Capital gains not taxable ¹	(29,666)	(46,446)
Income not taxable	(10,558)	(10,485)
Excess management expenses	559	891
Overseas taxation	272	848
	-----	-----
Total taxation charge for the year (see Note 7a)	272	848
	=====	=====

1 The Company is exempt from UK corporation tax 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 £18,685,000 (2024: £18,126,000), in respect of excess expenses of £74,740,000 (2024: £72,504,000) 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.

8 RETURN PER ORDINARY SHARE

	Year ended 31.08.25	Year ended 31.08.24
Revenue return per ordinary share	12.28p	11.58p
Capital return per ordinary share	36.67p	57.32p
	-----	-----
Total return per ordinary share	48.95p	68.90p
	=====	=====

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 of Treasury during the year, as shown below:

	£'000	£'000
Net revenue return on ordinary activities after taxation	39,723	37,529
Net capital return on ordinary activities after taxation	118,665	185,785
	-----	-----
Net total return on ordinary activities after taxation	158,388	223,314
	=====	=====
	Number	Number
Weighted average number of ordinary shares held outside of Treasury	323,570,427	324,098,920
	=====	=====

9 DIVIDENDS PAID TO SHAREHOLDERS

	Year ended 31.08.25 £'000	Year ended 31.08.24 £'000
Dividends paid		
Interim dividend of 3.36 pence per ordinary share paid for the year ended 31 August 2025	10,854	—
Final dividend of 6.30 pence per ordinary share paid for the year ended 31 August 2024	20,418	—
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
	-----	-----
	31,272	30,822
	=====	=====
Dividends proposed		
Final dividend proposed of 6.84 pence per ordinary share for the year ended 31 August 2025	22,097	—
Final dividend proposed of 6.30 pence per ordinary share for the year ended 31 August 2024	—	20,418
	-----	-----
	22,097	20,418
	=====	=====

The Directors have proposed the payment of a final dividend of 6.84 pence per ordinary share for the year ended 31 August 2025, which is subject to approval by Shareholders at the Annual General Meeting on 11 December 2025 and has not been included as a liability in these Financial Statements. The dividends will be paid on 13 January 2026 to Shareholders on the register at the close of business on 28 November 2025 (ex-dividend date 27 November 2025).

10 INVESTMENTS

	2025 £'000	2024 £'000
Listed investments	1,162,102	1,119,970
Unlisted investments	2,321	716
	-----	-----
Total investments at fair value	1,164,423	1,120,686
	=====	=====
Opening book cost	1,003,728	914,377
Opening investment holding gains/(losses)	116,958	(31,685)
	-----	-----
Opening fair value	1,120,686	882,692

Movement in the year

Purchases at cost	352,391	354,795
Sales – proceeds	(425,670)	(282,858)
Gains on investments	117,016	166,057
	-----	-----
Closing fair value	1,164,423	1,120,686
	=====	=====
Closing book cost	989,274	1,003,728
Closing investment holding gains	175,149	116,958
	-----	-----
Closing fair value	1,164,423	1,120,686
	=====	=====

The Company received £425,670,000 (2024: £282,858,000) from investments sold in the year. The book cost of these investments when they were purchased was £366,845,000 (2024: £265,444,000). 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 on investments above, were as follows:

	Year ended	Year ended
	31.08.25	31.08.24
	£'000	£'000
Purchases transaction costs	1,869	1,606
Sales transaction costs	215	135
	-----	-----
	2,084	1,741
	=====	=====

11 DERIVATIVE INSTRUMENTS

	Year ended	Year ended
	31.08.25	31.08.24
	£'000	£'000
Gains on long CFD positions closed	9,792	15,864
(Losses)/gains on short CFD positions closed	(1,162)	362
Movement in investment holding (losses)/gains on long CFDs	(6,537)	3,400
Movement in investment holding gains/(losses) on short CFDs	102	(102)
	-----	-----
	2,195	19,524
	=====	=====

	2025	2024
	Fair value	Fair value
	£'000	£'000
Derivative instruments recognised on the Balance Sheet		
Derivative instrument assets	1,213	4,318
Derivative instrument liabilities	(3,530)	(200)
	-----	-----
	(2,317)	4,118
	=====	=====

	2025	Asset exposure	2024	Asset exposure
	Fair value	£'000	Fair value	£'000
	£'000	£'000	£'000	£'000
At the year end the Company held the following derivative instruments				
Long CFDs	(2,317)	171,164	4,220	115,050
Short CFDs	-	-	(102)	2,117
	-----	-----	-----	-----
	(2,317)	171,164	4,118	117,167
	=====	=====	=====	=====

12 DEBTORS

2025	2024
------	------

	£'000	£'000
Securities sold for future settlement	–	146
Amounts receivable on settlement of derivatives	420	–
Accrued income	8,866	6,598
Overseas taxation recoverable	1,359	1,408
Other debtors and prepayments	27	48
	-----	-----
	10,672	8,200
	=====	=====

13 OTHER CREDITORS

	2025	2024
	£'000	£'000
Securities purchased for future settlement	81	271
Finance costs payable	147	150
Creditors and accruals	771	791
	-----	-----
	999	1,212
	=====	=====

14 SHARE CAPITAL

	2025		2024	
	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				
Beginning of the year	324,098,920	16,205	324,098,920	16,205
Ordinary shares repurchased into Treasury	(1,050,000)	(53)	–	–
	-----	-----	-----	-----
End of the year	323,048,920	16,152	324,098,920	16,205
	=====	=====	=====	=====
Ordinary shares of 5 pence each held in Treasury¹				
Beginning of the year	–	–	–	–
Ordinary shares repurchased into Treasury	1,050,000	53	–	–
	-----	-----	-----	-----
End of the year	1,050,000	53	–	–
	=====	=====	=====	=====
Total share capital		16,205		16,205
	=====	=====	=====	=====

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

The cost of ordinary shares repurchased into Treasury during the year was £3,469,000 (2024: £nil).

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 2024	16,205	238,442	3,256	5,152	834,580	45,906	1,143,541
Gains on investments (see Note 10)	–	–	–	–	117,016	–	117,016
Gains on long CFDs (see Note 11)	–	–	–	–	3,255	–	3,255
Losses on short CFDs (see Note 11)	–	–	–	–	(1,060)	–	(1,060)
Foreign exchange losses	–	–	–	–	(546)	–	(546)
Revenue return on ordinary activities after taxation for the year	–	–	–	–	–	39,723	39,723
Dividends paid to Shareholders (see Note 9)	–	–	–	–	–	(31,272)	(31,272)
Repurchase of ordinary shares (see Note 14)	–	–	–	–	(3,469)	–	(3,469)
	-----	-----	-----	-----	-----	-----	-----
At 31 August 2025	16,205	238,442	3,256	5,152	949,776	54,357	1,267,188
	=====	=====	=====	=====	=====	=====	=====

Other

Total

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	non- distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	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
	=====	=====	=====	=====	=====	=====	=====

The capital reserve balance at 31 August 2025 includes investment holding gains of £175,149,000 (2024: gains of £116,958,000) as detailed in Note 10. 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.

	2025	2024
Total Shareholders' funds	£1,267,188,000	£1,143,541,000
Ordinary shares held outside of Treasury at year end	323,048,920	324,098,920
Net asset value per ordinary share	392.26p	352.84p
	=====	=====

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. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified 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 bonds held in accordance with the Company’s investment objective and policies;
- Derivative instruments which comprise CFDs, forward currency contracts, 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 instruments 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:

	2025 £'000	2024 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	173,481	110,830
Exposure to financial instruments that earn interest		
Cash and cash equivalents	94,109	11,749
Short CFDs – exposure plus fair value	–	2,015
Amounts held at futures clearing houses and brokers	1,300	–
	-----	-----
	95,409	13,764

	=====	=====
Net exposure to financial instruments that bear interest	78,072	97,066
	=====	=====

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 rate movements because the Company has income, assets and liabilities which are de-nominated 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:

	2025				
	Investments held at fair value	Long exposure to derivative instruments ¹	Debtors ²	Cash and cash equivalents ³	Total
Currency	£'000	£'000	£'000	£'000	£'000
Euro	60,130	80,138	1,510	—	141,778
US dollar	10,891	—	981	59,871	71,743
Australian dollar	14,744	—	—	—	14,744
Swiss franc	11,268	—	443	—	11,711
South African rand	1,347	—	—	—	1,347
Georgian lari	—	—	121	—	121
Canadian dollar	—	—	—	27	27
UK sterling	1,066,043	91,026	8,917	34,211	1,200,197
	-----	-----	-----	-----	-----
	1,164,423	171,164	11,972	94,109	1,441,668
	=====	=====	=====	=====	=====

1 The exposure to the market of long CFDs.

2 Debtors include amounts held at futures clearing houses and brokers.

3 Cash and cash equivalents are made up of £1,937,000 cash at bank and £92,172,000 held in Fidelity Institutional Liquidity Fund.

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

1 The exposure to the market of long CFDs.

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

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprises short positions on derivative instruments and other creditors. The currency profile of these financial liabilities is shown below:

	2025		
	Short exposure to derivative instruments ¹	Other creditors	Total
Currency	£'000	£'000	£'000
Euro	–	48	48
UK sterling	–	951	951
	-----	-----	-----
	–	999	999
	=====	=====	=====

1 The exposure to the market of short CFDs.

	2024		
	Short exposure to derivative instruments ¹	Other creditors	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.

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 2025, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £3,530,000 (2024: £200,000) and other creditors of £999,000 (2024: £1,212,000).

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 pro-cess 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 OTC and exchange traded derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions.

	2025		2024	
	Collateral received	Collateral pledged	Collateral received	Collateral pledged
Collateral	£'000	£'000	£'000	£'000
Goldman Sachs International Ltd	260	–	150	–
HSBC Bank plc	140	–	380	–
J.P. Morgan plc	–	260	2,370	–
Morgan Stanley & Co. International Ltd	–	–	–	–
UBS AG	–	1,040	510	–
	-----	-----	-----	-----

Total	400	1,300	3,410	–
	=====	=====	=====	=====

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 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 Managers 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 2025, 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 £781,000 (2024: decreased the net return and decreased the net assets by £971,000). 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 2025, 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 £21,947,000 (2024: decreased the net return and decreased the net assets by £19,133,000). 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 £26,824,000 (2024: increased the net return and increased the net assets by £23,385,000).

Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 August 2025, 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 £116,398,000 (2024: increased the net return and increased the net assets by £111,997,000). 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 2025 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 £44,000 (2024: increased the net return after taxation and increased the net assets by £72,000). 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 2025, 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 £17,116,000 (2024: increased the net return and increased the net assets by £11,717,000). 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 (k) and (l). The table below sets out the Company’s fair value hierarchy:

	2025			
	Level 1	Level 2	Level 3	Total
	£’000	£’000	£’000	£’000
Financial assets at fair value through profit or loss				
Investments	1,159,745	2,357	2,321	1,164,423
Derivative instrument assets	–	1,213	–	1,213
	-----	-----	-----	-----
	1,159,745	3,570	2,321	1,165,636
	=====	=====	=====	=====
Financial liabilities at fair value through profit or loss				

Derivative instrument liabilities	–	(3,530)	–	(3,530)
	=====	=====	=====	=====
	2024			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss				
Investments	1,096,402	23,413	871	1,120,686
Derivative instrument assets	–	4,318	–	4,318
	-----	-----	-----	-----
	1,096,402	27,731	871	1,125,004
	=====	=====	=====	=====
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(200)	–	(200)
	=====	=====	=====	=====

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

	2025	2024
	£'000	£'000
Beginning of the year	871	2,095
Sales proceeds – Marwyn Value Investors	–	(99)
Sales gain – Marwyn Value Investors	–	59
Transfer into level 3 at cost – Hostmore and John Wood Group ¹	17,040	–
Movement in investment holding losses	(15,590)	(1,184)
	-----	-----
End of the year	2,321	871
	=====	=====

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 2025 continues to be based on the indicative bid price in the absence of a last trade price. As at 31 August 2025, its fair value was £154,000 (2024: £154,000).

TVC Holdings

TVC Holdings is an unlisted investment holding company incorporated in Ireland. The company was delisted from the Dublin Stock Exchange on 11 August 2014. In December 2024 a distribution of EUR 0.09 was received and the price was subsequently changed to EUR 0.014. As at 31 August 2025, its fair value was £49,000 (2024: £251,000).

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 2025, its fair value was £nil (2024: £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 2025, its fair value was £nil (2024: £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 2025 is based on the latest trade price from the JP Jenkins platform. As at 31 August 2025, its fair value was £390,000 (2024: £466,000).

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 ceased trading and has subsequently gone into administration. As at 31 August 2025, its fair value was £nil (2024: £nil).

Hostmore

Hostmore, a hospitality business, was suspended from the London Stock Exchange on 1 May 2025 and entered administration on 18 September 2024. As at 31 August 2025, its fair value was £nil (2024: £213,000).

John Wood Group

John Wood, provider of project, engineering and technical services, was suspended from the London Stock Exchange following delays in publishing its financial statements. The valuation at the reporting date was based on the suspended price at 1 May 2025. As at 31 August 2025, the fair value for both the common stock and CFD was £1,996,000 (2024: £11,530,000).

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 Strategic Report in the Annual Report. The principal risks and their management are disclosed above.

The Company’s gross and net gearing at the year end is set out below:

		2025			
		Gross gearing		Net gearing	
		Asset exposure		Asset exposure	
		£'000	% ¹	£'000	% ¹
Investments		1,164,423	91.9	1,164,423	91.9
Long CFDs		171,164	13.5	171,164	13.5
		-----	-----	-----	-----
Total long exposures		1,335,587	105.4	1,335,587	105.4
Short CFDs		—	—	—	—
		-----	-----	-----	-----
Gross asset exposure/net market exposure		1,335,587	105.4	1,335,587	105.4
		=====	=====	=====	=====
Shareholders' funds		1,267,188		1,267,188	
		=====		=====	
Gearing²			5.4%		5.4%
			=====		=====
		2024			
		Gross gearing		Net gearing	
		Asset exposure		Asset exposure	
		£'000	% ¹	£'000	% ¹
Investments		1,120,686	98.0	1,120,686	98.0
Long CFDs		115,050	10.1	115,050	10.1
		-----	-----	-----	-----
Total long exposures		1,235,736	108.1	1,235,736	108.1
Short CFDs		2,117	0.2	(2,117)	(0.2)
		-----	-----	-----	-----
Gross asset exposure/net market exposure		1,237,853	108.3	1,233,619	107.9
		=====	=====	=====	=====
Shareholders' funds		1,143,541		1,143,541	
		=====		=====	
Gearing²			8.3%		7.9%
			=====		=====

- 1 Asset exposure to the market expressed as a percentage of Shareholders' funds.
- 2 Gearing is the amount by which gross asset exposure/net market exposure exceeds Shareholders' funds expressed as a percentage of Shareholders' funds.

19 TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

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

Details of the current fee arrangements are given in the Directors' Report in the Annual Report. During the year, the following expenses were payable to FIL:

	31 August 2025	31 August 2024
	£'000	£'000
Investment management fees	6,857	6,095
Marketing fees	230	229
	=====	=====

At the Balance Sheet date, the following balances payable to FIL were accrued and included in other creditors:

	31 August 2025	31 August 2024
	£'000	£'000
Investment management fees	607	570
Marketing fees	33	52
	=====	=====

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, £24,000 (2024: £19,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £13,000 (2024: £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	Year ended
--	------------	------------

	31.08.25	31.08.24
	£'000	£'000
Net total return on ordinary activities before finance costs and taxation	164,885	229,956
Less: net capital return on ordinary activities before finance costs and taxation	(118,665)	(185,785)
	-----	-----
Net revenue return on ordinary activities before finance costs and taxation	46,220	44,171
Scrip dividends	(512)	(1,467)
(Increase)/decrease in debtors	(2,247)	440
(Decrease)/increase in other creditors	(22)	139
	-----	-----
Net cash inflow from operating activities before finance costs and taxation	43,439	43,283
	=====	=====

ALTERNATIVE PERFORMANCE MEASURES

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

DISCOUNT/PREMIUM

Details of the Company’s discount are on the Financial Highlights page in the Annual Report.

GEARING

See Note 18 above for details of the Company’s gearing (both gross and net).

NET ASSET VALUE (“NAV”) PER ORDINARY SHARE

See the Balance Sheet and Note 16 above for further details.

ONGOING CHARGES

The ongoing charges have been calculated in accordance with guidance issued by the AIC as the total of investment management fees and other expenses expressed as a percentage of the average net asset values throughout the year.

	2025	2024
Investment management fees (£'000)	6,857	6,095
Other expenses (£'000)	944	898
	-----	-----
Ongoing charges (£'000)	7,801	6,993
	=====	=====
Ongoing charges	0.68%	0.70%
	=====	=====

Revenue, Capital and Total Returns per Share

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 2025 and 31 August 2024.

	Net asset value per ordinary share	Ordinary share price
2025		
31 August 2024	352.84p	321.50p
31 August 2025	392.26p	380.00p
Change in year	+11.2%	+18.2%
Impact of dividend reinvestments	+3.1%	+3.6%
	-----	-----
Total return for the year	+14.3%	+21.8%
	=====	=====
	Net asset value per	Ordinary

2024	ordinary	share
	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%
	=====	=====

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 August 2025 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 2024 and 2025 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 2024 is derived from the statutory accounts for 2024 which have been delivered to the Registrar of Companies. The 2025 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