

Fidelity Special Values PLC

Half-Yearly Report

For the six months ended 29 February 2016



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The Investment Objective and Financial Highlights

The investment objective of Fidelity Special Values PLC is to achieve long term capital growth predominantly through investment in UK listed companies.

	29 February 2016	31 August 2015
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Assets

Shareholders' funds	£516.4m	£537.3m
Net Asset Value ("NAV") per share	193.93p	201.61p

Share price and discount data

Share price at period end	187.50p	197.50p
Share price period high ¹	203.00p	213.30p
Share price period low ¹	176.00p	161.30p
Discount at period end	(3.3%)	(2.0%)
Premium period high ¹	1.3%	2.3%
Discount period high ¹	(4.7%)	(10.6%)

Total returns (includes reinvested income) for the six months to end February

	2016	2015
NAV per share	-2.7%	+5.0%
Share price	-3.9%	+1.2%
FTSE All-Share Index ²	-1.2%	+4.1%

¹ For the six month period to 29 February 2016 and for the year to 31 August 2015

² The Company's Benchmark Index

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Chairman's Statement

RESULTS FOR THE SIX MONTHS TO 29 FEBRUARY 2016

NAV PER SHARE: -2.7%

SHARE PRICE: -3.9%

BENCHMARK INDEX: -1.2%

INTERIM DIVIDEND: 1.00p

(All performance figures are on a total return basis which includes reinvested income)

PERFORMANCE

The net asset value ("NAV") of the Company underperformed the Benchmark Index over the six month reporting period to 29 February 2016. The environment remained challenging as emerging economies have continued to slow and the US economy has grown less than expected. The resources sectors continued to see volatility, and this is having an impact across many other areas of the economy. Although GDP growth in the UK has slowed to slightly below trend, consumer confidence is still robust. Supported by a pickup in real income growth, the longer term growth outlook appears positive.

The Company has investments in a number of areas which should benefit from strong consumer confidence in the UK, such as speciality retailers and travel and leisure companies. These areas of the market offer attractive valuations and opportunities for stock picking. There is an element of bifurcation in valuations across the market, with some companies well above their historical levels, but others much cheaper and out of favour. Given the more benign macroeconomic picture, the Board believes the market will re-appraise the prospects of the companies currently out of favour and the valuations of these companies will become more favourable. As usual, the Company's investment portfolio has a strong contrarian flavour, and is weighted towards unloved companies rather than those companies that consensus favours.

OUTLOOK

The valuation of the market today is neither too expensive nor too cheap compared to historical levels, and with muted growth prospects, the Portfolio Manager will need strong stock picking ideas and risk management to drive performance of the Company's NAV. The Board feels that the investment strategy in place is well aligned with the long term interests of the Company's Shareholders.

Total return (%)	1 year	3 years	5 years	Since launch
NAV per share	-0.6	+36.9	+65.2	+1,234.2
Share price	+6.7	+48.5	+78.8	+1,227.3
FTSE All-Share Index	-7.3	+10.8	+28.4	+328.0

The figures in the table above are as at 29 February 2016.

The attribution analysis of the Company's NAV per share return for the six months to 29 February 2016 is detailed in the table below.

Analysis of the NAV total return for the period %

Impact of:

Index	-1.2
Stock selection (ungeared long portfolio)	-1.0
Gearing into long portfolio	-0.6
Shorts	+0.6
Hedges	+0.1
Operational costs	-0.6
Total return for the six months to 29 February 2016	-2.7

OTHER MATTERS

Discount Management and Share Repurchases

Under the Company's discount management policy, the Board seeks to maintain the discount in single digits in normal market conditions and will, subject to market conditions, repurchase ordinary shares with the objective of stabilising the share price discount based on the cum income NAV within a single digit range.

The level of discount has widened from 2.0% at the start of the reporting period to 3.3% as at 29 February 2016. This widening of discount gave rise to a NAV total return of -2.7% for the six months ahead of the share price total return of -3.9%. The Board continues to monitor the discount closely and will take action where it feels it to be effective.

In the six months to 29 February 2016, the Company repurchased 250,000 ordinary shares at an average discount of 3.7%. These shares are all held in Treasury.

Interim Dividend

The Board's dividend policy is to pay dividends twice yearly in order to smooth the dividend payment throughout the year. The Company's revenue return for the six months to 29 February 2016 was 0.95 pence per share and the Board has declared an interim dividend of 1.00 pence per share for the six month period to 29 February 2016, thereby maintaining last year's interim dividend. This will be paid on 25 May 2016 to Shareholders on the register on 13 May 2016 (ex-dividend date 12 May 2016).

Board Changes

After six years as Chairman and nearly eleven years as a Director, I will be stepping down from the Board on 5 July 2016. I have thoroughly enjoyed serving on your Board and would like to thank Shareholders and my fellow Directors for all the support I have been given. I am delighted to say that Andy Irvine will succeed me as Chairman and I wish him every success in that role.

Lynn Ruddick

Chairman

26 April 2016

Portfolio Manager's Half-Yearly Review

The results for the six months to 29 February 2016 are in the Chairman's Statement on page 2.

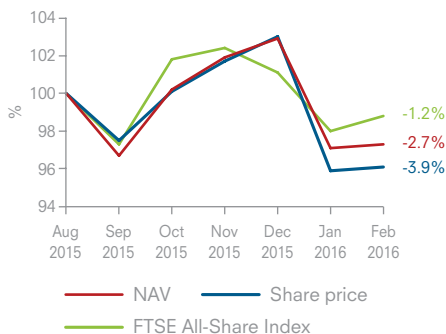
The performance of the Company over the six month period has been impacted by market volatility, and this resulted in a NAV return of -2.7% compared to -1.2% for the Benchmark Index (both figures on a total return basis). This report seeks to comment on the performance of the Company and the market over the period under review.

ECONOMIC, STOCK MARKET & PORTFOLIO REVIEW

The Benchmark Index fell by 1.2% over the six month period, as concerns about global growth resurfaced, with emerging economies continuing to slow and investors uncertain over how this would be reflected in developed markets. This compares to a fall of 2.3% over the last financial year. There have been considerable declines in the prices of oil and industrial metals, which have severely impacted the earnings of many of the UK market's largest commodity companies. Nevertheless, the economic background remains supportive for the UK consumer for the time being. Income has continued to recover, and the combination of lower food and fuel prices and some wage growth has led to a consistent rise in household discretionary income during 2015. The recovery in consumer spending is expected to support overall economic growth in 2016 as well.

UK inflation has remained well below the Government's 2% target, and given this environment, the likelihood of an immediate rise in interest rates remains low. However, should commodity prices continue to stabilise, inflation expectations may be revised upwards later in the year. Given the likely persistence of the international headwinds weighing on the economy, when the Bank of England does decide

Total return performance for the six months to 29 February 2016



Prices rebased to 100 at 31 August 2015
Sources: Fidelity and Datastream

to increase the interest rates, it is expected to do so gradually.

It might intuitively seem sensible to invest in quality stocks (i.e. those with predictable earnings) in the face of a somewhat uncertain macroeconomic outlook. However, the last two years have seen a magnitude of outperformance which is usually associated with times of extreme economic stress, rather than modest recovery. The prices you are asked to pay for these companies today leave little margin for error.

While I am keen to reduce as far as possible any macro or thematic biases to the portfolio, in this current bifurcated market environment, a contrarian investor cannot help but be attracted to those companies that do not fit the quality perception, and where a wider range of investment outcomes is possible. Many of the 'value' categories have some exposure to the economic cycle. For example, banks, oil and construction stand out to me as areas that seem to be pricing in an economic downturn. While there is

Portfolio Manager's Half-Yearly Review

a good deal to be worried about in the global economy, I believe the chances of a 'muddle-through' scenario are much better than the market expects. If this more supportive macroeconomic picture endures, I believe the market will re-appraise the prospects of the stocks currently out of favour, and the gulf of valuations will have to narrow.

In terms of performance, the Company's NAV fell during the period, and slightly underperformed the Benchmark Index. Overall performance was impacted by negative investment surrounding some of our key holdings in the banking sector, such as Citigroup and Bank of Ireland. Banking is one area that lagged in 2015 and early 2016, but where I continue to find opportunities. For example, Lloyds Banking Group's stock valuation remains very attractive and in February this year it announced a significantly increased dividend, sending a strong signal to the market on the financial strength of the company. The market has been unwilling to give the company credit for these positive changes, preferring to dwell on past misdemeanours rather than its future prospects. I had increased my exposure to Lloyds as well as other banking stocks during a particularly extreme bout of investor risk aversion. I have also increased my holdings in companies with exposure to construction activity, such as Wolseley and CRH.

Several of our key holdings made a significant contribution with merger and acquisition activity remaining a key driver of portfolio returns. For example, the holding in business outsourcer Xchanging rose after the company agreed to an offer from technology consulting company Computer Sciences Corporation following a bidding war. There were other holdings where the prospects of a turnaround and growth momentum helped their shares upwards, such as bookmaker

Ladbrokes and Carnival, the world's biggest cruise company.

I have been taking the opportunity to buy shares in companies whose prices have fallen despite attractive prospects for positive change over the medium term. I am still finding a lot of new ideas among large, medium sized and small companies. I have also been paying keen attention to the geographical source of sales within the Company, particularly looking at those companies earning non-sterling currencies in view of Brexit concerns.

OUTLOOK

Overall, the market neither looks dangerously expensive nor attractively cheap. However, digging a little deeper reveals significant differences in valuations between companies and categories. I think investors would do well to ensure that their portfolios do not rely on recent trends continuing indefinitely.

As ever, I will be spending my time researching and meeting companies, looking for those that offer some degree of downside protection but also potential for a positive change to show them in a new light. In my experience, this is the best way to deliver the capital growth over the long term.

Alex Wright

Portfolio Manager

26 April 2016

Twenty Largest Investments as at 29 February 2016

The Gross Asset Exposures shown below measure exposure to market price movements as a result of owning either shares, derivative instruments or fixed-interest securities. The Fair Values shown measure the actual value on the Balance Sheet.

Shares, derivative instruments and fixed-interest securities	Gross Asset Exposure		Fair value
	£'000	% ¹	£'000
Long exposures			
Royal Dutch Shell (shares and long CFD) Oil & Gas Producers	30,725	6.0	12,761
Lloyds Banking Group (long CFD) Banks	30,546	5.9	3,705
Citigroup (shares and long CFD) Banks	28,099	5.4	25,572
CRH (long CFD) Construction & Materials	21,596	4.2	(265)
Carnival Travel & Leisure	19,587	3.8	19,587
Royal Mail (shares and long CFD) Industrial Transportation	19,242	3.7	8,339
Wolseley Support Services	18,064	3.5	18,064
Ultra Electronics Holdings Aerospace & Defence	17,141	3.3	17,141
Bank of Ireland (long CFD) Banks	14,572	2.8	(3,082)
Regus Support Services	14,049	2.7	14,049
esure Group Non-life Insurance	13,601	2.6	13,601
Homeserve Support Services	12,830	2.5	12,830
Phoenix Group Holdings Life Insurance	12,177	2.4	12,177
HP Computer Systems	11,567	2.2	11,567

Twenty Largest Investments as at 29 February 2016

Shares, derivative instruments and fixed-interest securities	Gross Asset Exposure		Fair value
	£'000	% ¹	£'000
Ladbroke's			
Travel & Leisure	11,398	2.2	11,398
UDG Healthcare (long CFD)			
Food & Drug Retailers	11,298	2.2	4,795
Hewlett-Packard Enterprises			
Information Technology Services	11,251	2.2	11,251
ICAP			
Financial Services	10,925	2.1	10,925
Countrywide			
Real Estate Investment & Services	10,552	2.1	10,552
Shire (long CFD)			
Pharmaceuticals & Biotechnology	10,368	2.0	(415)
Twenty largest long exposures	329,588	63.8	214,552
Other long exposures – 97 Holdings	326,331	63.2	279,870
Total long exposures before hedges	655,919	127.0	494,422
Less: Hedging exposure			
FTSE 250 Index Future	(41,185)	(8.0)	853
Total long exposures after the netting of hedges	614,734	119.0	495,275
Short exposures			
Total short exposures – 11 short CFD holdings	24,042	4.7	2,505
Total Gross Asset Exposure after the netting of hedges	638,776	123.7	
Total Portfolio Fair Value²			497,780
Net current other assets			18,597
Shareholders' Funds			516,377

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

² Total Portfolio Fair Value comprises £489,821,000 of Investments plus £16,940,000 of derivative assets and less £8,981,000 of derivative liabilities, as shown on the Balance Sheet on page 14

Interim Management Report

The Company is required to make the following disclosures in its Half-Yearly Report:

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the risk management and internal control process, identifies the key risks that the Company faces.

The Board believes that the principal risks and uncertainties faced by the Company continue to fall into two broad categories. The first, external risks comprising of market risk, share price risk and discount control risk and the second, internal risks comprising investment management risk and governance, operational, financial, compliance, administration etc risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 August 2015.

RELATED PARTY TRANSACTIONS

There have been no related party transactions during the six months to 29 February 2016 that have materially affected the financial position or the performance of the Company.

GOING CONCERN

The Board receives regular reports from the Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements as outlined in the Directors' Report section of the Annual Report for the year ended 31 August 2015.

Continuation votes are held every three years and the next continuation vote will be put to Shareholders at this year's Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Financial Report has been prepared in accordance with the UK Accounting Standards Board's Statement 'Half-Yearly Financial Reports' and gives a true and fair view of the assets, liabilities, financial position and net return of the Company as required by the UK Listing Authority Disclosure and Transparency Rules ("DTR") 4.2.4R; and
- b) the Interim Management Report (which incorporates the Chairman's Statement and the Portfolio Manager's Half-Yearly Review on pages 2 to 5) includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

The Half-Yearly Financial Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Financial Report was approved by the Board on 26 April 2016 and the above responsibility statement was signed on its behalf by Lynn Ruddick, Chairman.

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Condensed Income Statement

Notes	six months ended 29 February 2016		
	revenue £'000	capital £'000	total £'000
		unaudited	
(Losses)/gains on investments	-	(16,831)	(16,831)
(Losses)/gains on long CFDs	-	(3,510)	(3,510)
Gains/(losses) on short CFDs, futures and warrants	-	3,676	3,676
3 Net income	5,955	-	5,955
3 Other interest	52	-	52
Investment management fee	(2,561)	-	(2,561)
Other expenses	(367)	-	(367)
Exchange gains/(losses) on other net assets	11	(94)	(83)
Net return/(loss) before finance costs and taxation	3,090	(16,759)	(13,669)
Finance costs	(470)		(470)
Net return/(loss) on ordinary activities before taxation	2,620	(16,759)	(14,139)
4 Taxation on return/(loss) on ordinary activities	(90)	-	(90)
Net return/(loss) on ordinary activities after taxation for the period	2,530	(16,759)	(14,229)
5 Return/(loss) per Ordinary Share*	0.95p	(6.29p)	(5.34p)

* The return per Ordinary Share figures for the six months to 28 February 2015 are restated to reflect the five for one Ordinary Share sub-division that took place on 29 June 2015

There are no gains and losses other than those reported in this Condensed Income Statement. The total column of the above statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

year ended 31 August 2015 audited			six months ended 28 February 2015 unaudited		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
-	18,355	18,355	-	18,458	18,458
-	21,843	21,843	-	15,594	15,594
-	(13,239)	(13,239)	-	(11,147)	(11,147)
16,044	-	16,044	4,842	-	4,842
155	-	155	61	-	61
(5,128)	-	(5,128)	(2,469)	-	(2,469)
(788)	-	(788)	(331)	-	(331)
(5)	(490)	(495)	(3)	(186)	(189)
<u>10,278</u>	<u>26,469</u>	<u>36,747</u>	<u>2,100</u>	<u>22,719</u>	<u>24,819</u>
<u>(1,063)</u>	<u>-</u>	<u>(1,063)</u>	<u>(455)</u>	<u>-</u>	<u>(455)</u>
9,215	26,469	35,684	1,645	22,719	24,364
(149)	-	(149)	(69)	-	(69)
<u>9,066</u>	<u>26,469</u>	<u>35,535</u>	<u>1,576</u>	<u>22,719</u>	<u>24,295</u>
<u>3.39p</u>	<u>9.90p</u>	<u>13.29p</u>	<u>0.59p</u>	<u>8.47p</u>	<u>9.06p</u>

Condensed Statement of Changes in Equity

Note		share capital £'000
	Six months ended 29 February 2016 (unaudited)	
	Balance at 1 September 2015	13,532
	Repurchase of Ordinary Shares	-
	Net return on ordinary activities after taxation for the period	-
6	Dividend paid to shareholders	-
	Balance at 29 February 2016	<u>13,532</u>
	Year ended 31 August 2015 (audited)	
	Balance at 1 September 2014	13,532
	Issue of Ordinary Shares	-
	Repurchase of Ordinary Shares	-
	Net return on ordinary activities after taxation for the year	-
6	Dividend paid to shareholders	-
	Balance at 31 August 2015	<u>13,532</u>
	Six months ended 28 February 2015 (unaudited)	
	Balance at 1 September 2014	13,532
	Repurchase of Ordinary Shares	-
	Net return on ordinary activities after taxation for the period	-
6	Dividend paid to shareholders	-
	Balance at 28 February 2015	<u>13,532</u>

share premium account £'000	capital redemption reserve £'000	other non- distributable reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
95,896	3,256	5,152	411,356	8,144	537,336
-	-	-	(468)	-	(468)
-	-	-	(16,759)	2,530	(14,229)
-	-	-	-	(6,262)	(6,262)
<u>95,896</u>	<u>3,256</u>	<u>5,152</u>	<u>394,129</u>	<u>4,412</u>	<u>516,377</u>
95,767	3,256	5,152	390,883	10,629	519,219
129	-	-	603	-	732
-	-	-	(6,599)	-	(6,599)
-	-	-	26,469	9,066	35,535
-	-	-	-	(11,551)	(11,551)
<u>95,896</u>	<u>3,256</u>	<u>5,152</u>	<u>411,356</u>	<u>8,144</u>	<u>537,336</u>
95,767	3,256	5,152	390,883	10,629	519,219
-	-	-	(5,620)	-	(5,620)
-	-	-	22,719	1,576	24,295
-	-	-	-	(8,886)	(8,886)
<u>95,767</u>	<u>3,256</u>	<u>5,152</u>	<u>407,982</u>	<u>3,319</u>	<u>529,008</u>

Condensed Balance Sheet

Company number 2972628

Notes	29.02.16 unaudited £'000	31.08.15 audited £'000	28.02.15 unaudited £'000
Fixed assets			
7 Investments	489,821	510,256	496,329
Current assets			
7 Derivative assets	16,940	28,496	36,764
Debtors	3,336	3,172	701
Amounts held at futures clearing houses and brokers	1,088	47	8,394
Fidelity Institutional Liquidity Fund	14,253	500	6,603
Cash at bank	1,689	4,682	2,000
	37,306	36,897	54,462
Creditors			
7 Derivative liabilities	(8,981)	(8,204)	(15,557)
Other creditors	(1,769)	(1,613)	(6,226)
	(10,750)	(9,817)	(21,783)
Net current assets	26,556	27,080	32,679
Net assets	516,377	537,336	529,008
Capital and reserves			
8 Share capital	13,532	13,532	13,532
Share premium account	95,896	95,896	95,767
Capital redemption reserve	3,256	3,256	3,256
Other non-distributable reserve	5,152	5,152	5,152
Capital reserve	394,129	411,356	407,982
Revenue reserve	4,412	8,144	3,319
Total equity Shareholders' funds	516,377	537,336	529,008
9 Net asset value per Ordinary Share*	193.93p	201.61p	198.35p

* The net asset value per Ordinary Share figure for 28 February 2015 is restated to reflect the five for one Ordinary Share sub-division that took place on 29 June 2015

Notes to the Condensed Financial Statements

1 RESULTS

The Condensed Financial Statements in this Half-Yearly Financial Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act").

The figures and financial information for the year ended 31 August 2015 are extracted from the latest published Financial Statements of the Company and do not constitute the statutory accounts for that year. Those Financial Statements have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

2 ACCOUNTING POLICIES

The Condensed Financial Statements have been prepared on a going concern basis and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP"), issued by the Association of Investment Companies in November 2014. The current financial year, ending 31 August 2016, is the first in which the Company has applied FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Company has early adopted the amendments to FRS 102: Fair value hierarchy disclosures, issued by the Financial Reporting Council ("FRC") in March 2016. These Condensed Financial Statements are the first which have been prepared in accordance with FRS 104: Interim Financial Reporting, issued by the FRC in March 2015.

As a result of the adoption of the revised UK GAAP and SORP, presentation formats have been amended where appropriate. The Reconciliation of Movements in Shareholders' Funds has been renamed the Statement of Changes in Equity and a Cash Flow Statement has not been presented. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investments are highly liquid and are carried at market value. The net return/(loss) on ordinary activities after taxation for the period and total equity shareholders' funds remain unchanged from what would have been reported under the former UK GAAP. Prior period figures have not required restatement and the accounting policies applied to these Financial Statements are consistent with those disclosed in the Financial Statements for the year ended 31 August 2015.

Notes to the Condensed Financial Statements

	six months ended 29.02.16 unaudited £'000	year ended 31.08.15 audited £'000	six months ended 28.02.15 unaudited £'000
3 INCOME			
Income from investments			
UK dividends	3,442	9,146	3,555
UK scrip dividends	-	716	-
Overseas dividends	1,184	3,331	1,260
Overseas scrip dividends	292	281	-
Fixed-interest security interest	131	133	-
	<u>5,049</u>	<u>13,607</u>	<u>4,815</u>
Income/(expenses) from derivative instruments			
Dividends received on long CFDs	1,291	3,366	491
Dividends paid on short CFDs	(385)	(929)	(464)
	<u>906</u>	<u>2,437</u>	<u>27</u>
Net income	<u>5,955</u>	<u>16,044</u>	<u>4,842</u>
Other interest			
Interest received on short CFDs	27	98	24
Interest received on deposits and money market funds	25	57	37
	<u>52</u>	<u>155</u>	<u>61</u>
Total net income and other interest	<u>6,007</u>	<u>16,199</u>	<u>4,903</u>

Notes to the Condensed Financial Statements

six months ended 29.02.16 unaudited £'000	year ended 31.08.15 audited £'000	six months ended 28.02.15 unaudited £'000
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4 TAXATION ON RETURN ON ORDINARY ACTIVITIES

Analysis of the taxation charge/(credit) for the period

Overseas taxation recovered	(17)	(62)	(51)
Overseas taxation suffered	107	211	120
	<u>90</u>	<u>149</u>	<u>69</u>

six months ended 29.02.16 unaudited pence	year ended 31.08.15 audited pence	six months ended 28.02.15 unaudited pence*
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5 RETURN/(LOSS) PER ORDINARY SHARE

Revenue return per Ordinary Share	0.95p	3.39p	0.59p
Capital (loss)/return per Ordinary Share	<u>(6.29p)</u>	<u>9.90p</u>	<u>8.47p</u>
Total (loss)/return per Ordinary Share	<u>(5.34p)</u>	<u>13.29p</u>	<u>9.06p</u>

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

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	2,530	9,066	1,576
Net capital return on ordinary activities after taxation	<u>(16,759)</u>	<u>26,469</u>	<u>22,719</u>
Net total return on ordinary activities after taxation	<u>(14,229)</u>	<u>35,535</u>	<u>24,295</u>
	number	number	number*
Weighted average number of Ordinary Shares in issue held outside Treasury	<u>266,463,491</u>	<u>267,389,412</u>	<u>268,334,285</u>

* The weighted average number of Ordinary Shares in issue held outside Treasury for the six months ended 28 February 2015 is restated to reflect the five for one Ordinary Share sub-division that took place on 29 June 2015, as disclosed in Note 8 below. On the original basis the net returns per Ordinary Share were revenue return 2.94 pence, capital return 42.33 pence and total return 45.27 pence, based on the weighted average number of Ordinary Shares of 25 pence each held outside Treasury in issue of 53,666,857.

Notes to the Condensed Financial Statements

	six months ended 29.02.16 unaudited pence	year ended 31.08.15 audited pence	six months ended 28.02.15 unaudited pence
6 DIVIDENDS			
Final dividend of 2.35 pence per Ordinary Share paid for the year ended 31 August 2015	6,262	-	-
Interim dividend of 1.00 pence per Ordinary Share paid for the year ended 31 August 2015*	-	2,665	-
Dividend of 3.30 pence per Ordinary Share paid for the year ended 31 August 2014*	-	8,886	8,886
	<u>6,262</u>	<u>11,551</u>	<u>8,886</u>

* These dividend rates are restated to reflect the five for one Ordinary Share sub-division that took place on 29 June 2015, as disclosed in Note 8 below. The actual dividend rates paid per Ordinary Share of 25 pence each held outside Treasury were; interim dividend for the year ended 31 August 2015: 5.00 pence; and dividend for the year ended 31 August 2014: 16.50 pence.

The Company has declared an interim dividend for the six month period to 29 February 2016 of 1.00 pence per Ordinary Share to be paid on 25 May 2016 to shareholders on the register at 13 May 2016 (ex-dividend date 12 May 2016). The total cost of this interim dividend, which has not been included as a liability in these financial statements, is £2,660,000. This amount is based on the number of Ordinary Shares in issue held outside Treasury at the date of this Report.

7 FAIR VALUE HIERARCHY

The Financial Reporting Council defines a fair value hierarchy that classifies financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to measure their fair value.

Classification

Level 1

Valued by reference to

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Notes to the Condensed Financial Statements

7 FAIR VALUE HIERARCHY (continued)

The table below sets out the fair value hierarchy of the Company's financial instruments held at fair value on the Balance Sheet:

	29 February 2016 unaudited			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial instruments held at fair value				
Investments – shares and fixed-interest securities	489,561	–	260	489,821
Derivative assets	–	16,940	–	16,940
Derivative liabilities	–	(8,981)	–	(8,981)
	<u>489,561</u>	<u>7,959</u>	<u>260</u>	<u>497,780</u>

	31 August 2015 audited			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial instruments held at fair value				
Investments – shares and fixed-interest securities	508,550	–	1,706	510,256
Derivative assets	–	28,496	–	28,496
Derivative liabilities	–	(8,204)	–	(8,204)
	<u>508,550</u>	<u>20,292</u>	<u>1,706</u>	<u>530,548</u>

	28 February 2015 unaudited			Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial instruments held at fair value				
Investments – shares and fixed-interest securities	491,437	–	4,892	496,329
Derivative assets	–	36,764	–	36,764
Derivative liabilities	–	(15,557)	–	(15,557)
	<u>491,437</u>	<u>21,207</u>	<u>4,892</u>	<u>517,536</u>

Notes to the Condensed Financial Statements

8 SHARE CAPITAL

On 29 June 2015 the Ordinary Shares of 25 pence each were sub-divided. Five Ordinary Shares of 5 pence each were issued for each Ordinary Share of 25 pence each. The Ordinary Shares of 5 pence each rank pari passu with each other and are subject to the same rights and restrictions as the shares they replaced. A holding of Ordinary Shares of 5 pence each following the sub-division represented the same proportion of the issued share capital of the Company as the corresponding holding in the Ordinary Shares of 25 pence each.

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 tables below show the share capital of the Company before and after the sub-division of shares, including shares held in Treasury.

	29.02.16 unaudited number of shares	31.08.15 audited number of shares	28.02.15 unaudited number of shares
Ordinary Shares of 5 pence each held outside Treasury			
Beginning of the period	266,524,480	-	-
Shares issued on the sub-division	-	266,249,480	-
Shares issued from Treasury	-	350,000	-
Shares repurchased into Treasury	(250,000)	(75,000)	-
End of the period	<u>266,274,480</u>	<u>266,524,480</u>	<u>-</u>
Ordinary Shares of 5 pence each held in Treasury			
Beginning of the period	4,120,000	-	-
Shares issued on the sub-division	-	4,395,000	-
Shares issued from Treasury	-	(350,000)	-
Shares repurchased into Treasury	250,000	75,000	-
End of the period	<u>4,370,000</u>	<u>4,120,000</u>	<u>-</u>
Ordinary Shares of 25 pence each held outside Treasury			
Beginning of the period	-	54,004,896	54,004,896
Shares repurchased into Treasury	-	(755,000)	(665,000)
Shares cancelled on the sub-division	-	(53,249,896)	-
End of the period	<u>-</u>	<u>-</u>	<u>53,339,896</u>
Ordinary Shares of 25 pence each held in Treasury			
Beginning of the period	-	124,000	124,000
Shares repurchased into Treasury	-	755,000	665,000
Shares cancelled on the sub-division	-	(879,000)	-
End of the period	<u>-</u>	<u>-</u>	<u>789,000</u>

Notes to the Condensed Financial Statements

8 SHARE CAPITAL (continued)

	29.02.16 unaudited £'000	31.08.15 audited £'000	28.02.15 unaudited £'000
Ordinary Shares of 5 pence each held outside Treasury			
Beginning of the period	13,326	-	-
Shares issued on the sub-division	-	13,312	-
Shares issued from Treasury	-	18	-
Shares repurchased into Treasury	(13)	(4)	-
End of the period	<u>13,313</u>	<u>13,326</u>	<u>-</u>
Ordinary Shares of 5 pence each held in Treasury			
Beginning of the period	206	-	-
Shares issued on the sub-division	-	220	-
Shares issued from Treasury	-	(18)	-
Shares repurchased into Treasury	13	4	-
End of the period	<u>219</u>	<u>206</u>	<u>-</u>
Ordinary Shares of 25 pence each held outside Treasury			
Beginning of the period	-	13,501	13,501
Shares repurchased into Treasury	-	(189)	(166)
Shares cancelled on the sub-division	-	(13,312)	-
End of the period	<u>-</u>	<u>-</u>	<u>13,335</u>
Ordinary Shares of 25 pence each held in Treasury			
Beginning of the period	-	31	31
Shares repurchased into Treasury	-	189	166
Shares cancelled on the sub-division	-	(220)	-
End of the period	<u>-</u>	<u>-</u>	<u>197</u>
Total share capital	<u>13,532</u>	<u>13,532</u>	<u>13,532</u>

Notes to the Condensed Financial Statements

9 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is based on net assets of £516,377,000 (31 August 2015: £537,336,000 and 28 February 2015: £529,008,000) and on 266,274,480 (31 August 2015: 266,524,480 and 28 February 2015: 266,699,480) Ordinary Shares, being the number of Ordinary Shares in issue held outside Treasury at the period end. It is the Company's policy that shares held in Treasury will only be reissued at a premium to net asset value per Ordinary Share and, therefore, Ordinary Shares held in Treasury do not have a dilutive effect.

The number of Ordinary Shares held outside Treasury in issue at 28 February 2015 is restated to reflect the five for one Ordinary Share sub-division that took place on 29 June 2015, as disclosed in Note 8 above. On the original basis the net asset value per Ordinary Share was 991.77 pence, based on 53,339,896 Ordinary Shares of 25 pence each held outside Treasury in issue.

Shareholder Information

INVESTING IN FIDELITY SPECIAL VALUES PLC

As Fidelity Special Values PLC is a company listed on the London Stock Exchange you can buy its shares through a stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest can be found on Fidelity's website at www.fidelityinvestmenttrusts.com

CONTACT INFORMATION

Existing shareholders who have a specific query regarding their holding or need to provide updated information, for example a change of address, should contact the appropriate administrator. This may be Capita, the Company registrars or Fidelity, details of which are given below, or it may be another platform or administrator of your choice. Links to the websites of major platforms can be found online at www.fidelityinvestmenttrusts.com

Holders of ordinary shares on the main register

Capita Asset Services, Registrars to
Fidelity Special Values PLC, The Registry,
34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone: **0871 664 0300** (calls cost 12p per minute plus network extras. If you are outside the United Kingdom, please call **+44 371 664 0300**. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales). Email: shareholderenquiries@capita.co.uk.

Details of individual shareholdings and other information can also be obtained from the Registrars' website: www.capitaassetservices.com

Fidelity investors (ISA, SIPP or General Investment Account)

Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity International, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ. Website: www.fidelity.co.uk/fidelityits

Private Investors: call free on **0800 41 41 10**, 9am to 6pm, Monday to Saturday

Financial advisers: call free on **0800 41 41 81**, 8am to 6pm, Monday to Friday

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 24035, 12 Blenheim Palace, Edinburgh EH7 9DD. Telephone: **0345 358 1107** (calls to this number are charged at 3.95p per minute from a BT landline. Other telephone providers' costs may vary).

General enquiries should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office:
FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.
Telephone: **01732 36 11 44**
Fax: 01737 83 68 92
Website: www.fidelityinvestmenttrusts.com

FINANCIAL CALENDAR 2016

- 29 February** – Half-Yearly period end
- 27 April** – Announcement of Half-Yearly results
- May** – Publication of Half-Yearly Report
- 25 May** – Interim dividend payment
- 31 August** – Financial year end
- November** – Publication of Annual Report
- December** – Annual General Meeting
- December** – Final dividend payment

Shareholder Information

BOARD, MANAGER AND ADVISORS

BOARD OF DIRECTORS

Lynn Ruddick (Chairman)
Andy Irvine
(Senior Independent Director)
Sharon Brown
(Chairman of the Audit Committee)
Dean Buckley
Nigel Foster
Nicky McCabe

ALTERNATIVE INVESTMENT FUND MANAGER (AIFM/MANAGER)

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Oakhill House
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TN11 9DZ

PORTFOLIO MANAGER, SECRETARY AND REGISTERED OFFICE

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EC2A 2EW

BANKER AND CUSTODIAN

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

DEPOSITARY

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

FINANCIAL ADVISER AND STOCKBROKER

Cenkos Securities plc
6,7,8 Tokenhouse Yard
London
EC2R 7AS

REGISTRAR

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Glossary of Terms

AIF

Alternative Investment Fund. The Company is an AIF.

AIFM

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

AIFMD

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

BENCHMARK INDEX

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

CONTRACT FOR DIFFERENCE (CFD)

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

DERIVATIVES

Financial instruments (such as [futures](#), [options](#) and [Contracts For Difference](#)) whose value is derived from the value of an underlying asset.

DISCOUNT

If the share price of the Company is lower than the [net asset value](#) per share, the Company is said to be trading at a [discount](#). The [discount](#) is shown as a percentage of the [net asset value](#). The opposite of a [discount](#) is a [premium](#).

FAIR VALUE

The [fair value](#) is the best estimate of the value of the investments, including [derivatives](#), at a point in time and this is measured as:

- Listed and AIM quoted investments – valued at bid prices, or last market prices, where available otherwise at published price quotations;
- Unlisted investments – valued using an appropriate valuation technique in the absence of an active market;

Glossary of Terms

FAIR VALUE (continued)

- **Futures** and **options** – valued at the quoted trade price for the contract; and
- **Contracts For Difference** – valued as the difference between the settlement price and the value of the underlying shares in the contract (unrealised gains or losses).

FUTURE OR FUTURE CONTRACT

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

GEARING

Gearing describes the level of the Company's exposure and is expressed as a percentage of **Shareholders' funds**. It reflects the amount of exposure the Company uses to invest in the market. It can be obtained through the use of bank loans, bank overdrafts and **derivatives**, in order to increase the Company's exposure to market price movements. The Company uses two key measures of **gearing**:

- **Gross gearing** is the total of: long exposures, plus short exposures and less exposures **hedging** the portfolio, expressed as a percentage of **Shareholders' funds**; and
- **Net gearing** is the total of: long exposures, less short exposures and less exposures **hedging** the portfolio, expressed as a percentage of **Shareholders' funds**.

GROSS ASSET EXPOSURE

Gross Asset Exposure measures the exposure to market price movements as a result of owning shares, **derivatives** and fixed-interest securities.

HEDGING

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

NET ASSET VALUE (NAV)

Net asset value is sometimes described as "**Shareholders' funds**", and represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per share basis.

OPTIONS

An **option** is a contract which gives the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a specific date. **Options** (call or put) are used to gain or reduce exposure to the underlying asset on a conditional basis, for example, the purchase of a call **option** provides exposure to the upside potential of an underlying stock, with the downside risk being limited to the premium paid.

PREMIUM

If the share price of the Company is higher than the [net asset value](#) per share, the Company is said to be trading at a [premium](#). The [premium](#) is shown as a percentage of the [net asset value](#). The opposite of a [premium](#) is a [discount](#).

RETURN

The return generated in a given period from the investments:

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

SHAREHOLDERS' FUNDS

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

TOTAL RETURN PERFORMANCE

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

TREASURY SHARES

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



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