A copy of this document, which comprises a prospectus relating to FSV prepared in accordance with the Listing Rules of the UK Listing Authority made under section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with section 83 of that Act.

The Directors, whose names appear in Part I, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FIDELITY SPECIAL VALUES PLC

(Incorporated in England and Wales, Registered No. 2972628)

Prospectus

Prospective investors' attention is drawn to the risk factors set out in Part I on page 9 of this prospectus.

Applications have been made to the UK Listing Authority for the New FSV Ordinary Shares to be issued under the Scheme to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading. If the Scheme becomes effective, it is expected that the New FSV Ordinary Shares will be admitted to the Official List on 22 December 2003, and that the first day of dealings in such shares on the London Stock Exchange will be 22 December 2003.

UBS is acting for FSV in connection with the Scheme and the Issue and no-one else and will not be responsible to anyone other than FSV for providing the protections afforded to clients of UBS nor for providing advice in relation to the Scheme and the Issue or any other matter referred to herein.

17 November 2003

Contents

Words and phrases defined in Appendix I to this document shall, unless the context otherwise requires, bear the same meaning throughout this document.

Key information

The key information is derived from, and should be read in conjunction with, the full text of this document. Prospective investors' attention is drawn to the risk factors set out in Part I.

THE COMPANY

The Company is an existing investment trust. The aim of the Manager is to achieve a total return on the Company's assets over the long-term in excess of that on the FTSE All Share Index. Its aim is to achieve long-term capital growth from a portfolio of "special situation" investments, consisting primarily of securities listed or traded on the London Stock Exchange. As at 13 November 2003, the Company's market capitalisation was £143.4 million. The Company has bank loans totalling £25 million.

THE COMPANY'S MANAGER

The Company is managed by a top performing team at Fidelity (authorised and regulated by the Financial Services Authority) under a contract terminable by one year's notice. Fidelity is paid a fee at the rate of 0.95 per cent. per annum (plus VAT) of the value of the total assets under management. Fidelity is part of the Fidelity Organisation, which, as at 30 September 2003, had total assets under management exceeding £624 billion. The performance record of the Company for the period ending on 13 November 2003 (being the latest practicable date prior to publication of this document) is shown in the following table:

	6 months	1 year	3 years	5 years
The Company's share price total return	31.92%	39.21%	41.36 %	174.68 %
FTSE All Share Index total return	13.61%	15.80%	(21.40)%	(1.48)%

Source: Datastream

DIVIDENDS

The Company paid a dividend of 1.40p per FSV Ordinary Share, for the year ended on 31 August 2002. For the year ended on 31 August 2003, the Board is recommending to FSV Shareholders a final dividend of 1.00p per FSV Ordinary Share which was announced on 24 October 2003, which if approved is expected to be paid on 16 December 2003 by reference to the record date 7 November 2003. The FSV Ordinary Shares began trading ex-dividend on 5 November 2003. New FSV Ordinary Shares issued as part of the Scheme will not carry the right to this final dividend.

AWARDS

FSV has won the following awards for its performance:

- Standard & Poor's Investment Funds Performance Awards 2003: first place in UK investment trusts UK growth sector over 3 years
- Standard & Poor's Investment Funds Performance Awards 2003: first place in UK investment trusts UK growth sector over 5 years
- Bloomberg Money Magazine Awards 2002: best UK investment trust
- Money Observer Awards: best UK mainstream investment trust for 2002

THE SCHEME

This prospectus relates to the proposed issue of New FSV Ordinary Shares in connection with the recommended reconstruction and winding up of GST. FSV Ordinary Shares have been selected as the principal roll-over investment in the recommended proposals for the reconstruction of GST.

The Scheme has the following advantages for FSV Shareholders and Warrantholders:

- The issue of New FSV Ordinary Shares is expected to result in an uplift to FSV's fully diluted net asset value.

- The gross assets of FSV will be increased by the sums subscribed by GST Shareholders, so reducing FSV's total expense ratio.

BUY-BACK AUTHORITY

The Company has power to buy-back up to 6,300,000 FSV Ordinary Shares by way of market purchases at prices not exceeding 105 per cent. of the average of the middle market quotations as derived from the Daily Official List for the five business days immediately preceding the date of purchase and otherwise in accordance with the Listing Rules. The Company is proposing to extend this authority to 14.99 per cent. of the FSV Ordinary Shares in issue following implementation of the Scheme.

ISAS AND PEPS

The FSV Ordinary Shares are eligible to be held within the stocks and shares component of an ISA subject to applicable subscription limits and provided the ISA manager has acquired the FSV Ordinary Shares by purchase in the market or pursuant to the Scheme.

Although no new PEPs may be opened and no further subscriptions made to existing PEPs, the FSV Ordinary Shares are qualifying investments for existing PEPs provided that the PEP manager has acquired the FSV Ordinary Shares by purchase in the market or pursuant to the Scheme.

EXPECTED TIMETABLE

	2003
Latest time for receipt of proxy cards for use in relation to Extraordinary General Meeting	12.15 pm 9 December
Extraordinary General Meeting	12.15 pm (or as soon thereafter as the Company's annual general meeting convened for the same date has been concluded) 11 December
Calculation Date for the Scheme	19 December
Date on which assets transferred to FSV and New FSV Ordinary Shares issue in accordance with Scheme	22 December
Date on which New FSV Ordinary Shares admitted to the Official List.	22 December
Dealings on London Stock Exchange commence in New FSV Ordinary Shares	22 December
New FSV Ordinary Shares issued in uncertificated form credited to stock accounts in CREST of GST Shareholders entitled thereto	22 December

Part I – Information on the Company

INTRODUCTION

This document is being published in connection with the proposed issue of New FSV Ordinary Shares by the Company under the scheme of reconstruction pursuant to section 110 of the Insolvency Act 1986 of GST, an investment trust managed by Govett. Under the Scheme, GST will be placed into members' voluntary liquidation and GST Shareholders will be offered the opportunity, *inter alia*, to roll-over their investment in GST in a low cost and tax-efficient manner into the Company. Details of the Scheme are set out in Part II.

HISTORY

The Company was launched in 1994 as an investment trust. The Company is managed by Fidelity (authorised and regulated by the Financial Services Authority). Fidelity is part of the Fidelity Organisation, which, as at 30 September 2003, had total assets under management exceeding £624 billion.

As at 13 November 2003 (being the latest practicable date prior to publication of this document), the Company had an issued share capital of 45,763,949 FSV Ordinary Shares and 3,039,360 Warrants which are convertible into one Ordinary Share each, on payment of 100p per Warrant on 1 January 2004. As at 13 November 2003, 35.04 per cent. of FSV Ordinary Shares were held by Fidelity ISA and PEP investors. As at 13 November 2003, the Company's unaudited shareholders' funds were £145.4 million equivalent to 317.77 pence per FSV Ordinary Share (303.08 pence on a fully diluted basis).

INVESTMENT OBJECTIVE, POLICY AND APPROACH

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio of "special situation" investments consisting primarily of securities listed or traded on the London Stock Exchange.

The Company concentrates on the selection of shares in individual companies, which fall within the Manager's definition of "special situations" (as described in the section headed "Special situations"). FSV is a stock-picking fund. The portfolio consists predominantly of securities of UK listed companies although the Manager has the flexibility to invest up to 20 per cent. of the Company's assets in Continental European and other overseas stockmarkets. Sector weightings are mainly the result of stock selection and normally vary from the benchmark FTSE All Share Index.

Bottom-up research is done by Fidelity's team of equity analysts in Europe, organised on a pan-European sector basis. The portfolio has a bias towards medium-sized and smaller companies. The portfolio manager believes that it is easier to identify value among smaller companies, which are often under-researched by the wider investment community.

The Company invests mainly in shares but may also invest in equity-related instruments (such as convertible bonds or warrants) and in debt instruments. The Company may invest up to 5 per cent. of its assets in unquoted securities, but it is unlikely that the Manager will make such investments except where it is expected that the securities will shortly be listed.

The Company has borrowed a total of £25 million under the facilities described in paragraph 7 of Part IV. The Board keeps the level of borrowings under review and will seek to increase and/or to decrease borrowings when the Board considers this is likely, taking into account, amongst other matters, the terms on which borrowings are available or can be repaid, to benefit the Company and its shareholders. The Company has power to borrow up to a sum equal to adjusted capital and reserves (as defined in the Articles of Association) but the Board has resolved not to borrow if as a result the aggregate of all borrowings would exceed 25 per cent. of net assets. The Board expects to make further borrowings to take advantage of market opportunities.

By way of clarification following recent changes to the Listing Rules, the Board confirms that the Company has not invested and does not intend to invest more than 15 per cent. of its gross assets in the shares of other UK listed investment companies including investment trusts.

The Board has noted the introduction of treasury shares scheduled for 1 December 2003 and will keep the position under review.

Any material change to the investment policies or borrowing limit described above may only be made with FSV Shareholder approval.

SPECIAL SITUATIONS

The portfolio manager is a "value" investor who is willing to take a contrarian approach, often preferring to go against the main trend. The portfolio manager looks for "special situations" – misvalued companies that have fallen out of favour with investors. Although the following is not an exclusive list, the stocks he picks fall under one or more of the following five "key areas of interest":

Industry anomalies – One of two different situations: either a stock in one market that is cheap against similar stocks in the same industry in other markets, or industries that are developing at different speeds in different markets. It is possible to use the experience from more mature markets to make predictions about the developments in less mature markets.

Turnarounds or recovery situations – These are companies that historically have performed poorly where there are early signs of improvement. They often involve a restructuring or sale.

Unrecognised growth – Growth companies selling on relatively low valuations in the stockmarket because their growth characteristics have not yet been recognized. They may be unusual or complex, not widely followed, or the growth division is hidden in a more widely based business.

Attractive assets – Companies are sought which sell at a large discount to their underlying assets. These could be listed investments, property or other easily realisable assets.

Corporate potential – Companies that have an above average chance of being taken over in the medium term, where this factor is not reflected in the valuation of the shares.

Generally, the portfolio manager tends to find most of his ideas outside the market leaders, and among the medium-sized and smaller companies, because most misvalued or misunderstood companies tend to be those that are least researched by the investment community. The relative size of the holdings in the portfolio is dictated by the level of conviction that the portfolio manager has in the company.

PERFORMANCE

The performance record of the Company for the period ending on 13 November 2003 (being the latest practicable date prior to publication of this document) is shown in the following table:

	6 months	1 year	3 years	5 years
The Company's share price total return	31.92%	39.21%	41.36 %	174.68 %
FTSE All Share Index total return	13.61%	15.80%	(21.40)%	(1.48)%

Source: Datastream

INVESTMENT OUTLOOK AND PROSPECTS

The UK market has made good progress in recent months regaining the lost ground from the first quarter. Going forward, government expenditure is expected to be a strong linchpin for the economy, growing faster than GDP. The Bank of England has lowered its inflation forecast for 2004 for the first time since November 2001. The Bank has predicted that inflation will peak at 3 per cent. in April 2004, but will then drop below the government's target of 2.5 per cent.. The housing market may continue to soften, although economists are anticipating a moderation of house prices rather than a sudden drop. The number of new mortgage approvals has dropped recently, which normally precipitates a fall in transactions. A slightly higher rate of unemployment may cause some weakening of retail volumes. However, although consumer spending could be weaker than in the recent past, it seems unlikely to collapse. Despite net debt being at high levels, the low interest rate environment means that interest repayments are at the lowest levels since the 1980s. Re-mortgaging could also continue to help finance consumer spending. Hopes of a recovery in UK exports have been set back by weakening conditions in the eurozone, which accounts for around half of all sales abroad. Much will depend on whether economic growth on the Continent picks up. Sterling, however, has fallen against the euro and this should help UK competitiveness. According to a survey by the Confederation of British Industry, manufacturers believe output will decline modestly over the next few months. Firms are also struggling to gain pricing power and this is expected to deteriorate in the near term. Although equity valuations look reasonable, a sustained recovery will probably need signs of renewed earnings growth. In this environment, in-depth company analysis is paramount, and Fidelity's historical emphasis on detailed company research means that the Board believes that FSV are well positioned. In addition, the recent breadth in the market has been beneficial for fund managers with a stock-picking approach.

Thus, while the prospects for the Company, both before and after implementation of the scheme, must reflect to a considerable extent the prospects for the UK market as a whole, there are potentially positive trends for the Company, given the recent beneficial trends for a stock-picking approach. However the investment objective and policy does mean that, while the Company aims to achieve a total return in excess of the benchmark FTSE All Share Index over the long-term, the performance could be different, and in particular more volatile, over the short-term, including over the remainder of the current financial year (to 31 August 2004).

Any investment in the Company should be regarded as long-term in nature. Any increase in the gross assets of FSV as a result of subscriptions for, and the issue of, New FSV Ordinary Shares pursuant to the Scheme is not expected to have any material impact on the investment performance or prospects of the Company.

BENEFITS OF THE SCHEME FOR THE COMPANY

The Board believes that the Scheme has the following advantages for FSV Shareholders and Warrantholders:

- The issue of New FSV Ordinary Shares is expected to result in an uplift to FSV's fully diluted net asset value.
- The gross assets of FSV will be increased by the sums subscribed by GST Shareholders, so reducing FSV's total expense ratio.

CAPITAL STRUCTURE

As at 13 November 2003 (being the latest practicable date prior to publication of this document), the Company had an issued share capital of 45,763,949 FSV Ordinary Shares and 3,309,360 Warrants which are convertible into one FSV Ordinary Share each, on payment of 100p per Warrant on 1 January 2004. As at 13 November 2003 the Company's unaudited shareholders' funds were £145.4 million equivalent to 317.77 pence per FSV Ordinary Share. The FSV Ordinary Shares and Warrants are traded separately on the London Stock Exchange. The Warrants expire on 1 January 2004.

Following the Issue, and depending on elections under the Scheme, the Company will issue New FSV Ordinary Shares, which will be traded on the London Stock Exchange.

The Company has made a number of small issues of shares, as further described in sub-paragraph 2.2 of Part IV, and expects to continue this practice while the market price of FSV Ordinary Shares remains in excess of net asset value.

BUY-BACK POWER

Under the authority granted by the FSV Shareholders at the annual general meeting held on 13 December 2002 the Board of FSV has the power to make market purchases of FSV Ordinary Shares up to a maximum number of 6,300,000. However, to date, no shares have been bought back under this authority.

DIRECTORS

The Directors, all of whom are non-executive, are as follows:

Alex Hammond-Chambers (Chairman) (age 61, date of appointment: 18 October 1994) a former Chairman of Ivory & Sime plc, he is also Chairman of Fidelity Japanese Values PLC, American Opportunity Trust PLC, Ivory & Sime Optimum Income Trust PLC, Aurora Investment Trust plc and a Director of International Biotechnology Trust plc, Hansa Trust plc and a number of non-UK investment companies. He is also Chairman of Dobbies Garden Centres plc. He worked at Ivory & Sime for 27 years, being responsible for the management of a number of its investment trusts, before becoming its Chairman in 1985. He retired from Ivory & Sime at the end of 1991 and has become a professional non-executive Director, specialising in investment trusts and investment companies. He has recently been appointed to serve as the Chairman of the Association of Investment Trust Companies.

Sir Richard Brooke, Bt (age 65, date of appointment: 18 October 1994) is a former partner of Rowe & Pitman, member of the International Capital Markets Advisory Committee to the Board of Directors of the New York Stock Exchange, a Vice-Chairman of the Board of Governors of the National Association of Securities Dealers, a member of the Board of Directors of SG Warburg Group and J O Hambro & Company Limited. He is currently Chairman of Templeton Emerging Markets Investment Trust PLC and a Director of Avocet Mining plc. His career has included all aspects of securities work including stockbroking, investment banking, investment management and the management and administration of businesses in the UK and worldwide.

Douglas Kinloch Anderson (age 64, date of appointment: 18 October 1994) is Chairman of Kinloch Anderson Limited and a Director of Martin Currie Portfolio Investment Trust PLC and Martin Currie Capital Return Trust PLC. He has been President of the Edinburgh Chamber of Commerce and a member of the Scottish Committee of the Institute of Directors. He was previously a Board Member of the Scottish Tourist Board, Master of the Edinburgh Merchant Company and was recently National President of the Royal Warrant Holders Association. His career has included wide experience in manufacturing, retailing and exporting, particularly to Europe, North America and the Far East.

Simon Haslam (age 46, date of appointment: 4 November 1999) is Chief Administrative Officer at Fidelity International Limited. His responsibilities include oversight of relationships between Fidelity and all of the external directors of Fidelity managed Investment Trusts. Before joining Fidelity in 1995, he was an audit and consulting partner at what is now Deloitte, where he specialised in the fund management and securities industry. He is also a non-executive Director of Fidelity Asian Values PLC, Euroclear plc and of EMX Co. His career in financial services, spanning more than twenty years, has concentrated on financial, compliance and business matters affecting stockbroking, investment banking and fund management businesses internationally.

James Laurenson (age 62, date of appointment: 18 October 1994) is a Director of Ivory & Sime UK Smaller Companies Trust plc and Hiscox Investment Management Limited. Having qualified as a Chartered Accountant in London, he trained as an Investment Analyst at Ivory & Sime in Edinburgh, where he became a partner. His career at Ivory & Sime included responsibility for the unit trusts and the UK and US pension funds managed by the firm. In 1984 he helped to found Adam & Co, the Edinburgh based private bank, becoming its first Managing Director.

The Board has noted the new Listing Rules in relation to the composition of the Board, which are to be introduced with effect from 1 April 2005, and confirm that the Company will be complying well within this timetable.

The business address of the Directors is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

MANAGEMENT OF THE COMPANY

Responsibility for management

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Company entered into a Management Agreement with Fidelity under which Fidelity is responsible for managing the Company and its portfolio of assets on a discretionary basis, but subject to the overall supervision of the Directors. The Management Agreement can be terminated by either the Company or Fidelity giving not less than 12 months' written notice.

Investment Manager

The Company is managed by Fidelity. Fidelity is part of the Fidelity Organisation, which, as at 30 September 2003, had total assets under management exceeding £624 billion. Since its foundation in 1946 in Boston, USA, the Fidelity Organisation has developed into one of the largest investment management organisations in the world. Fidelity International Limited in Bermuda and FMR Corp. in the USA are separate companies, sharing the same basic investment and management philosophy which has contributed to Fidelity's success around the world.

Fidelity has 159 investment managers and 69 analysts specialising in European equity investments. Fidelity has had an investment management business in the UK since 1979.

Fidelity is authorised and regulated by the Financial Services Authority in the conduct of its investment business.

Management and secretarial fees

Fidelity provides management, accounting, administrative and secretarial services to the Company under an agreement entered into on 19 October 1994, which is terminable by either party at any time by giving not less than 12 months' written notice. The agreement provides for a fee at the rate of 0.95 per cent. per annum (plus VAT) of the value of the total assets under management, calculated and payable quarterly in arrears, as of the last business day of March, June, September and December in each year. In computing total assets, the value of any investment in any fund which is managed by the Manager or an associate of the Manager is excluded.

REPORTS AND ACCOUNTS

Copies of the audited financial statements of the Company, which are made up to 31 August in each year are normally sent to FSV Shareholders in November in the same year. FSV Shareholders are also sent, usually in April or May of each year, copies of an unaudited interim financial statement of the Company for the six months ending on 28 February.

DIVIDEND POLICY

Having regard to the relatively low dividend yield expected to be received from the Company's portfolio, it is unlikely that any amount available for dividend will be significant, even after charging a portion of such expenses and costs to capital reserves. However, in order to qualify as an investment trust, the Company may not retain in any accounting period more than 15 per cent. of the income it derives from shares or securities.

RISK FACTORS

Investors contemplating a roll-over into New FSV Ordinary Shares should recognise that the investment value and the income derived from such shares can fluctuate. There is no guarantee that the market price of FSV Ordinary Shares will reflect fully their underlying net asset value.

The Company's policy of investing in "special situation" shares results in a significant proportion of its portfolio consisting of shares which may carry a higher risk than other shares available in the market. In addition, as noted in the section headed "Special situations", although the aim of the Manager will be to achieve a total return over the long-term in excess of that on the FTSE All Share Index, the performance of the Company is likely to diverge significantly at times from that of the index.

Investment in the Company should be regarded as long-term in nature. There can be no guarantee that the Company's objectives will be achieved and the past performance of FSV is not necessarily a guide to the future performance of the Company.

The Board has resolved that the Company will not borrow more than 25 per cent. of net assets. The use of borrowing creates special risks and may materially increase the Company's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, increases the Company's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the net asset value of the shares to increase further and more rapidly than would otherwise be the case. Conversely, where investments depreciate, the net asset value of the shares may decrease further and more rapidly than would otherwise be the case. As the dividend yield expected from the Company's portfolio is relatively low the rate of interest payable on borrowings is likely to exceed the yield on the portfolio. Interest costs also decrease gains and increase losses. The use of borrowings in making investments increases the Company's exposure to market fluctuations and creates the possibility that where the investment depreciates the Company's overall loss may be greater than the sum invested (net of borrowings).

In the event of an extreme and rapid fall in the market prices of the investments in the Company's portfolio, the financial covenants in the agreements under which the Company borrows money may be triggered, which could result in the Company being required to sell investments in a falling market to meet its obligations to its lenders, with one result being a potentially rapid fall in the net assets and the price of the FSV Ordinary Shares and Warrants. The current loan agreements, under which the Company has borrowed a total of £25 million, have financial covenants that would only be triggered if net assets fall below approximately £60 million, against net assets of £145.4 million on 13 November 2003 (being the latest practicable date prior to publication of this document). The Manager monitors the portfolio and checks adherence to the financial covenants on a daily basis.

New FSV Ordinary Shares will be issued under the Scheme at a premium of 3.25 per cent. to the fully diluted net asset value of FSV as at the Calculation Date. However, as with all investment trust shares the relationship (premium or discount) to net asset value at which the FSV Ordinary Shares trade fluctuates from day to day depending on factors such as supply and demand, market conditions and general sentiment.

TAXATION

Information concerning the tax status of the Company as an investment trust and the taxation of FSV Shareholders is contained in paragraph 10 of Part IV.

If any investors are in any doubt about the taxation consequences of acquiring, holding or disposing of FSV Ordinary Shares or Warrants, they should seek advice from their own professional adviser.

Part II – Details of the Scheme and the Issue

BACKGROUND TO THE SCHEME AND ISSUE

The GST Directors, in conjunction with their advisers have developed proposals which have been designed to satisfy the different requirements of GST Shareholders as a whole. Those proposals, which were announced by the board of GST on 19 September 2003 and full details of which are included in the circular sent to GST Shareholders by GST on 17 November 2003, envisage a scheme of reconstruction of GST under section 110 of the Insolvency Act 1986 whereby:

- GST will be placed into members' voluntary liquidation; and
- GST Shareholders will be able to elect, *inter alia*, to roll-over their entitlement to GST's net assets, after providing for all of its liabilities, into an investment in the Company without the payment of any commission, brokerage or initial charge or the crystallisation of any potential liability to UK taxation of chargeable gains.

GST Shareholders are also being given the opportunity of rolling some or all of their investment in GST into the Gartmore Govett Money Market Fund.

GST Shareholders who wish to receive cash in respect of all or part of their GST Ordinary Shares can elect to do so under the Scheme. GST Shareholders who make no election will be deemed to have elected for Gartmore Govett Money Market Fund Units unless they are a member of Govett Investment Trust ISA or Govett Investment Trust PEP, in which case they will be deemed to have elected for cash.

SUMMARY OF THE SCHEME AND ISSUE

Entitlement of GST Shareholders to New FSV Ordinary Shares

GST Shareholders electing to roll-over their investment into the Company will receive New FSV Ordinary Shares at a premium of 3.25 per cent. to the fully diluted net asset value of FSV. The consideration for the issue of the New FSV Ordinary Shares will be the transfer to the Company of a portfolio of cash and Gilts in accordance with the terms of the Scheme. The Gilts to be transferred to FSV by the liquidator of GST under the Scheme are expected to comprise a mixture of short and long dated Gilts and may include one or more of the following: Treasury 6¾% November 2004, Treasury 8½% December 2005, Treasury 5¾% December 2009, Treasury 8% September 2013 and Treasury 8% December 2015. The composition of the portfolio of Gilts and cash will be the responsibility of the directors of GST, who will also be responsible for the portfolio complying with the obligations of GST to its shareholders. The composition is not material to FSV Ordinary Shareholders as such Gilts as are transferred to FSV (if any) may be sold immediately on receipt by FSV and/or retained, as Fidelity considers most appropriate for the purposes of achieving FSV's investment objective.

Based on the respective unaudited net assets of the Company and GST at the close of business on 13 November 2003 (the latest practical date prior to publication of this document), it is estimated that, if all GST Shareholders elect to receive New FSV Ordinary Shares in respect of their entire holdings, 25,200,000 New FSV Ordinary Shares would be issued under the Scheme in exchange for GST transferring to the Company assets with a value of approximately £78.9 million. This would increase the net assets to approximately £226.8 million. The amount actually received by the Company pursuant to these arrangements will depend principally upon how many GST Shareholders elect to roll-over their investment into the Company. The number of New FSV Ordinary Shares actually issued will depend on the amount of the elections for them made under the Scheme. Since elections under the Scheme are entirely at the discretion of GST Shareholders and the GST Directors are not making any recommendation to GST Shareholders as to which option they should choose, the Directors cannot estimate or forecast how many New FSV Ordinary Shares will be issued.

There is no minimum value for the Gilts and cash to be transferred to FSV pursuant to the Scheme, while the maximum value is the net assets of GST at the commencement of its liquidation (expected to be on 22 December 2003). Furthermore such a transfer will only take place if one or more GST shareholders elects to receive New FSV Ordinary Shares pursuant to the Scheme. The details of the Scheme are not material to FSV Shareholders and full details are, in any event, included in the circular to GST Shareholders, the contents of which are the responsibility of the directors of GST and not the directors of FSV, which was sent to GST Shareholders by GST on 17 November 2003.

FSV has and will continue to have no subsidiaries and will not become part of any group of companies on implementation of the Scheme. Furthermore, and notwithstanding the implementation of the Scheme, the Company has never had, and will continue not to have, any employees.

Conditions of the Issue

The Scheme is subject to, *inter alia*, the passing of resolutions by the GST Shareholders approving the Scheme and placing GST into members' voluntary liquidation to be proposed at two extraordinary general meetings of GST to be held on 10 December 2003 and 22 December 2003 (or any adjournments of those meetings). The Issue is conditional on the Scheme becoming effective. In addition, the New FSV Ordinary Shares will only be available to GST Shareholders who elect for New FSV Ordinary Shares on or prior to 8 December 2003 pursuant to the Scheme and if the Issue is approved at the Extraordinary General Meeting, the UK Listing Authority has agreed to admit the New FSV Ordinary Shares to the Official List and the London Stock Exchange has agreed to admit the New FSV Ordinary Shares to trading (subject, in the case of each such admission, only to allotment of the relevant shares).

If the Scheme does not become effective or if the conditions of the Company's participation in the Scheme are not fulfilled, no New FSV Ordinary Shares will be issued.

Dealings and settlement

Applications have been made to the UK Listing Authority for the New FSV Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New FSV Ordinary Shares to be admitted to trading. If the Scheme becomes effective, it is expected that the New FSV Ordinary Shares will be admitted to the Official List on 22 December 2003, and that the first day of dealings in such shares on the London Stock Exchange will be 22 December 2003. The New FSV Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. The New FSV Ordinary Shares will be credited as fully paid and will rank *pari passu* in all respects with the Existing FSV Ordinary Shares except that they will not rank for any dividend in respect of the year ended 31 August 2003 including the final dividend announced on 24 October 2003.

Those GST Shareholders who have elected for New FSV Ordinary Shares and who hold their GST Ordinary Shares in certificated form on 22 December 2003 will receive their New FSV Ordinary Shares in certificated form. It is expected that certificates in respect of such New FSV Ordinary Shares will be despatched to the GST Shareholders entitled thereto by 30 December 2003. No temporary documents of title will be despatched in respect of New FSV Ordinary Shares issued in certificated form and, pending the despatch of definitive share certificates, transfers will be certified against the register.

GST Shareholders who have elected for New FSV Ordinary Shares and who hold their GST Shares in uncertificated form on 22 December 2003 will receive their New FSV Ordinary Shares in uncertificated form. Notwithstanding the foregoing, however, the Company reserves the right to issue such shares in certificated form (which, in normal circumstances, is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Company's registrar in connection with CREST). The Company will procure that CRESTCo is instructed, on the date on which the admission of the New FSV Ordinary Shares to the Official List becomes effective, to credit the appropriate accounts in CREST with the respective entitlements to New FSV Ordinary Shares in uncertificated form.

General

The Issue has not been underwritten.

The New FSV Ordinary Shares are not being offered to the holders of Existing FSV Ordinary Shares or to the public but to the extent not issued to GST Shareholders will be available for issue at the discretion of the Directors. Details of recent issues of FSV Ordinary Shares are set out in paragraph 2.2 of Part IV on page 32 of this document.

It should be noted that no action has been taken to permit a public offering of New FSV Ordinary Shares in any jurisdiction, other than the United Kingdom, where action for that purpose would be required. This prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, Restricted Holders are not being offered the opportunity to roll-over their investment in GST into the Company. Restricted Holders will be given (and deemed to have elected for) cash directly from GST in respect of their entire holding unless they have satisfied the GST Directors that it is lawful for FSV or the Gartmore Govett Money Market Fund to issue securities to them under the relevant overseas laws and regulations.

New FSV Ordinary Shares will be eligible to be held in both PEPs and ISAs. Members of the Govett Investment Trust PEP and/or Govett Investment Trust ISA who elect to roll-over directly into New FSV Ordinary Shares will have to transfer their PEP and/or ISA to Fidelity.

Full details of the Scheme are set out in the circular to GST Shareholders dated 17 November 2003, a copy of which is available for inspection as stated in paragraph 12 of Part IV.

Part III – Financial information

1. NATURE OF FINANCIAL INFORMATION

The information set out in paragraphs 2 to 6 (inclusive) has been extracted without material adjustment from the statutory accounts of the Company for the three financial years ended 31 August 2003. The financial information contained in this Part III does not constitute statutory accounts within the meaning of section 240 of the Companies Act. Statutory accounts of the Company for the two financial years ended 31 August 2002, in respect of which the Company's auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, of Southwark Towers, 32 London Bridge, London, SE1 9SY, made unqualified reports under section 235 of the Companies Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 237 (2) or (3) of the Companies Act.

The statutory accounts for the financial year ended 31 August 2003 have been sent to FSV Shareholders and will be delivered to the Registrar of Companies if adopted at the annual general meeting convened for 11 December 2003. They contain an unqualified report from PricewaterhouseCoopers LLP under section 235 of the Companies Act, with no statements under section 237 (2) or (3) of the Companies Act.

2. STATEMENTS OF TOTAL RETURN

		Year Ended 31 August 2001		
		Revenue	**Capital**	**Total**
	notes	£'000	£'000	£'000
Gains on investments		—	12,330	12,330
Income	6.1	3,925	—	3,925
Investment management fee	6.2	(1,313)	—	(1,313)
Other expenses	6.3	(330)	—	(330)
Exchange gains		—	19	19
Net return before finance costs and taxation		**2,282**	**12,349**	**14,631**
Interest payable	6.5	(1,186)	—	(1,186)
Return on ordinary activities before tax		**1,096**	**12,349**	**13,445**
Tax on ordinary activities	6.6	—	—	—
Return on ordinary activities after tax for the year attributable to equity shareholders		**1,096**	**12,349**	**13,445**
Dividend	6.7	(939)	—	(939)
Transfer to reserves		**157**	**12,349**	**12,506**
Return per ordinary share	6.8			
Basic		3.04p	34.27p	37.31p
Fully-diluted		2.71p	30.53p	33.24p

		Year Ended 31 August 2002		
	notes	**Revenue** £'000	**Capital** £'000	**Total** £'000
Losses on investments		—	(14,511)	(14,511)
Income	6.1	3,759	—	3,759
Investment management fee	6.2	(1,404)	—	(1,404)
Other expenses	6.3	(388)	—	(388)
Exchange losses		—	(163)	(163)
Net return/(loss) before finance costs and taxation		**1,967**	**(14,674)**	**(12,707)**
Interest payable	6.5	(1,409)	—	(1,409)
Return/(loss) on ordinary activities before tax		**558**	**(14,674)**	**(14,116)**
Tax on ordinary activities	6.6	(9)	—	(9)
Return/(loss) on ordinary activities after tax for the period attributable to equity shareholders		**549**	**(14,674)**	**(14,125)**
Dividend	6.7	(600)	—	(600)
Transfer (from) reserves		**(51)**	**(14,674)**	**(14,725)**
Return per ordinary share	6.8			
Basic		1.39p	(37.08p)	(35.69p)
Fully-diluted		1.35p	(36.16p)	(34.81p)

		Year Ended 31 August 2003		
	notes	**Revenue** £'000	**Capital** £'000	**Total** £'000
Gains on investments		—	23,027	23,027
Income	6.1	3,856	—	3,856
Investment management fee	6.2	(1,458)	—	(1,458)
Other expenses	6.3	(408)	—	(408)
Exchange gains		—	48	48
Net return before finance costs and taxation		**1,990**	**23,075**	**25,065**
Interest payable	6.5	(1,560)	—	(1,560)
Return on ordinary activities before tax		**430**	**23,075**	**23,505**
Tax on ordinary activities	6.6	(31)	—	(31)
Return on ordinary activities after tax for the year attributable to equity shareholders		**399**	**23,075**	**23,474**
Dividend	6.7	(466)	—	(466)
Transfer to/(from) reserves		**(67)**	**23,075**	**23,008**
Return per ordinary share	6.8			
Basic		0.91p	52.64p	53.55p
Fully-diluted		0.85p	48.79p	49.64p

3. BALANCE SHEET

	notes	2001 £'000	2002 £'000	2003 £'000
Fixed assets				
Investments	6.9	**119,769**	**125,652**	**160,678**
Current assets				
Debtors – amounts falling due within one year	6.11	2,230	446	2,060
Cash at bank		9,416	1,917	1,677
		11,646	**2,363**	**3,737**
Creditors – amounts falling due within one year				
Fixed rate unsecured loans	6.13	(10,000)	—	—
Other creditors	6.12	(2,382)	(2,640)	(3,191)
		(12,382)	**(2,640)**	**(3,191)**
Net current assets/(liabilities)		**(736)**	**(277)**	**546**
Total assets less current liabilities		**119,033**	**125,375**	**161,224**
Creditors – amounts falling due after more than one year				
Fixed rate unsecured loans	6.14	(10,000)	(20,000)	(25,000)
Total net assets		**109,033**	**105,375**	**136,224**
Capital and reserves				
Called up share capital	6.15	9,393	10,526	11,373
Share premium account	6.16	28,409	37,731	44,611
Capital redemption reserve	6.16	404	404	404
Other reserves				
Warrant exercise reserve	6.16	744	1,586	1,742
Warrant reserve	6.16	1,200	970	928
Capital reserve – realised	6.16	60,732	69,265	62,519
Capital reserve – unrealised	6.16	6,819	(16,388)	13,433
Revenue reserve	6.16	1,332	1,281	1,214
Total equity shareholders' funds	6.18	**109,033**	**105,375**	**136,224**
Net asset value per ordinary share:	6.17			
Basic		290.20p	250.28p	299.46p
Fully-diluted		270.76p	238.87p	285.93p

4. CASH FLOW STATEMENT

	notes	2001 £'000	2002 £'000	2003 £'000
Operating activities				
Investment income received		2,647	2,424	2,387
Underwriting commission received		—	15	9
Deposit interest received		227	117	57
Investment management fee paid		(1,269)	(1,412)	(1,382)
Directors' fees paid		(54)	(59)	(61)
Other cash payments		(208)	(334)	(256)
Net cash inflow from operating activities	6.21	**1,343**	**751**	**754**
Returns on investments and servicing of finance				
Interest paid		(1,191)	(1,376)	(1,544)
Net cash outflow from servicing of finance		**(1,191)**	**(1,376)**	**(1,544)**
Taxation				
UK income tax recovered		**14**	**9**	**—**
Tax recovered/(paid)		**14**	**9**	**—**
Financial Investment				
Purchase of investments		(60,503)	(78,730)	(90,221)
Realised currency (losses)/gains		19	(163)	48
Disposals of investments		57,410	61,925	78,514
Net cash outflow from financial investment		**(3,074)**	**(16,968)**	**(11,659)**
Equity Dividend paid		**(813)**	**(950)**	**(600)**
Net cash outflow before financing		**(3,721)**	**(18,534)**	**(13,049)**
Financing				
Exercise of warrants		447	816	151
Fixed rate 5.65% unsecured loan drawn down		4,000	—	—
Fixed rate 5.9704% unsecured loan drawn down		6,000	—	—
Fixed rate 6.42% unsecured loan drawn down		—	10,000	—
Fixed rate 7.095% unsecured loan drawn down		(3,500)	—	—
Repayment of fixed rate 7.04094% unsecured loan		(2,500)	—	—
Repayment of fixed rate 5.65% unsecured loan		—	(4,000)	—
Repayment of fixed rate 5.9704% unsecured loan		—	(6,000)	—
Fixed rate 4.91% unsecured loan drawn down		—	—	5,000
Issue of ordinary shares		5,037	10,222	7,658
Net cash inflow from financing		**9,484**	**11,038**	**12,809**
(Decrease)/increase in cash	6.19	**5,763**	**(7,496)**	**(240)**

5. ACCOUNTING POLICIES

A summary of the accounting policies used is set out below. The Company has adopted the AITC Statement of Recommended Practice for investment trusts dated December 1995. In respect of the accounts for the years ended 31 August 2001 and 31 August 2002 and the AITC Statement of Recommended Practice dated January 2003 in respect of the year ended 31 August 2003.

(a) The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust will be granted.

(b) In accordance with FRS 4, a warrant reserve has been established.

(c) Income from equity investments is credited to the revenue account on the date on which it is ex-dividend. Interest receivable on fixed interest securities is accounted for on an accruals basis. Franked dividends are accounted for net of any tax credit. Unfranked investment income includes tax deducted at source. Interest receivable on short-term loans and deposits, interest payable and expenses of management are dealt with on an accruals basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

(d) Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Realised and unrealised capital gains and losses, including exchange differences on the translation of foreign currency assets and liabilities, are dealt with in capital reserves realised and unrealised.

(e) Listed investments are valued at middle market prices. Unlisted investments are valued at market prices ruling where an organised market in such investments exists, other unquoted investments are included at Directors' valuation. Where a price is not readily available the holding would be valued at cost unless circumstances indicate a different valuation is warranted. In general, valuations are increased where a substantial arms length transaction has occurred subsequent to acquisition, at a price higher than cost. Valuations are decreased where subsequent transactions have taken place at a price lower than cost or where Fidelity's Fair Value Committee is aware that the company is experiencing operating difficulties.

(f) All expenses are accounted for on an accruals basis and are charged in full to the revenue account within the Statement of Total Return. Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS 4 "Capital Instruments".

(g) Gains and losses on the realisation of investments and realised exchange differences of a capital nature are accounted for in the capital reserve – realised.

Increases and decreases in the valuation of investments held at the year end and unrealised exchange differences of a capital nature are accounted for in the capital reserve – unrealised.

(h) Deferred taxation is recognised in respect of all timing differences which have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred. A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable.

Deferred tax is measured on a non-discounted basis at the rate of Corporation Tax that is expected to apply when the timing differences are expected to reverse.

6. NOTES TO THE ACCOUNTS

6.1 Income

	2001 £'000	2002 £'000	2003 £'000
Income from Investments			
Franked investment income	2,362	2,219	2,123
UK unfranked investment income	22	31	20
Overseas dividends	193	302	338
Overseas scrip dividends	105	7	16
UK scrip dividends	1,016	1,067	1,289
	3,698	**3,626**	**3,786**
Other income			
Deposit interest	227	118	61
Underwriting commission	—	15	9
Total income	**3,925**	**3,759**	**3,856**
Total income comprises			
Dividends	3,676	3,595	3,766
Interest from securities	22	31	81
Other income	227	133	9
	3,925	**3,759**	**3,856**
Income from investments			
Listed UK	3,400	3,317	3,432
Listed overseas	298	309	354
	3,698	**3,626**	**3,786**

6.2 Investment management fee

	2001 £'000	2002 £'000	2003 £'000
Investment management fee	1,118	1,195	1,241
Irrecoverable VAT thereon	195	209	217
	1,313	**1,404**	**1,458**

6.3 Other expenses

	2001 £'000	2002 £'000	2003 £'000
Directors' fees (including National Insurance contributions and irrecoverable VAT)	58	59	62
Other	278	331	331
Expense reduction*	(20)	(16)	—
Auditors' remuneration			
Audit	14	14	15
	330	**388**	**408**

* The Manager has an arrangement with selected brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce expenses. For the year ended 31st August 2003 this amount is now reflected through realised capital reserves.

6.4 Directors' fees

	2001 £'000	2002 £'000	2003 £'000
Directors' fees	**50**	**52**	**62**

During the year ended 31 August 2003 the Chairman, Alex Hammond-Chambers, received fees of £17,750 (2002: £16,833) (2001: £16,333). Sir Richard Brooke, Bt, Douglas Kinloch Anderson and James Laurenson received fees of £12,000 (2002: £11,434) (2001: £11,200). Simon Haslam waived his fees of £12,000 (2002: £11,434) (2001: £11,200). The maximum aggregate fee payable under the Company's Articles of Association is £75,000.

6.5 Interest payable

	2001 £'000	2002 £'000	2003 £'000
Repayable within 5 years			
Bank overdraft	—	4	1
Fixed rate unsecured loan	1,186	1,405	1,559
	1,186	**1,409**	**1,560**

6.6 Tax on ordinary activities

a) Analysis of charge in period

	2001 £'000	2002 £'000	2003 £'000
Overseas taxation	11	16	33
Avoir fiscal	—	(7)	(1)
Prior year adjustment	(11)	—	(1)
	—	**9**	**31**

b) Factors affecting the tax charge for the period

	2001 £'000	2002 £'000	2003 £'000
Net income before taxation	1,096	558	430
Corporation tax of 30% (2002 and 2001: 30%)	329	168	129
Effects of:			
Income not included for tax purposes	(1,018)	(991)	(1,024)
Adjustments in respect of prior periods	(12)	—	—
Increase in management expenses	693	828	894
Overseas taxation	11	15	33
Overseas tax expensed	(3)	(7)	—
Avoir fiscal	—	(7)	(1)
Avoir fiscal tax credit	—	3	—
	(329)	(159)	(98)
Current corporation tax charge (note 6.6a)	**—**	**9**	**31**

6.7 Dividends

	2001 £'000	2002 £'000	2003 £'000
Final proposed dividend of 1.00 pence per share (2002: 1.40 pence) (2001: 2.50 pence)	**939**	**600**	**466**

6.8 Return per ordinary share

		2001	
	revenue	capital	total
Basic	3.04p	34.27p	37.31p
Fully-diluted	2.71p	30.53p	33.24p

		2002	
	revenue	capital	total
Basic	1.39p	(37.08p)	(35.69p)
Fully-diluted	1.35p	(36.16p)	(34.81p)

		2003	
	revenue	capital	total
Basic	0.91p	52.64p	53.55p
Fully-diluted	0.85p	48.79p	49.64p

For the year ended 31 August 2003, returns per ordinary share are based on the net revenue return on ordinary activities after taxation of £399,000 (2002: £549,000) (2001: £1,096,000), and the capital appreciation in the year ended 31 August 2003 of £23,075,000 (2002: depreciation of £14,674,000) (2001: appreciation of £12,349,000) and on 43,833,901 ordinary shares (2002: 39,570,277) (2001: 36,035,959), being the weighted average number of ordinary shares in issue during the year.

According to the provisions of FRS 14, the fully-diluted returns have been calculated on the assumptions that the warrants in issue were converted on the first day of the financial period on a weighted average basis for the period over which they were outstanding, and that the proceeds from conversion have been used by the Company to purchase its own shares at a fair market price.

2001	Revenue £'000	Capital £'000	Weighted average no. of shares 000s	Revenue earnings per share pence	Capital earnings per share pence
Basic return per share					
Return on ordinary activities after tax attributable to ordinary shareholders	1,096	12,349	36,036	3.04	34.27
Effect of dilutive warrants	—	—	4,411	(0.33)	(3.74)
Fully-diluted return per share					
Return on ordinary activities after tax attributable to ordinary shareholders after assumed exercise of warrants	1,096	12,349	40,447	2.71	30.53

2002	Revenue £'000	Capital £'000	Weighted average no. of shares 000s	Revenue earnings per share pence	Capital earnings per share pence
Basic return per share					
Return on ordinary activities after tax attributable to ordinary shareholders	549	(14,674)	39,570	1.39	(37.08)
Effect of dilutive warrants	—	—	1,007	(0.04)	0.92
Fully-diluted return per share					
Return on ordinary activities after tax attributable to ordinary shareholders after assumed exercise of warrants	549	(14,674)	40,577	1.35	(36.16)

2003	Revenue £'000	Capital £'000	Weighted average no. of shares 000s	Revenue earnings per share pence	Capital earnings per share pence
Basic return per share					
Return on ordinary activities after tax attributable to ordinary shareholders	399	23,075	43,834	0.91	52.64
Effect of dilutive warrants	—	—	3,462	(0.06)	(3.85)
Fully-diluted return per share					
Return on ordinary activities after tax attributable to ordinary shareholders after assumed exercise of warrants	399	23,075	47,296	0.85	48.79

6.9 Investments

	2001 £'000	2002 £'000	2003 £'000
Listed UK	107,179	108,044	133,404
Listed overseas	9,761	14,040	24,338
Total listed investments	**116,940**	**122,084**	**157,742**
Unlisted investments – Directors' valuation	273	373	425
AIM listed investments	2,556	3,195	2,511
	119,769	**125,652**	**160,678**

2001	**Listed UK** £'000	**Listed overseas** £'000	**Unlisted*** £'000	**Total** £'000
Opening book cost	88,476	5,885	4,033	98,394
Opening unrealised appreciation	5,571	475	82	6,128
Opening valuation	**94,047**	**6,360**	**4,115**	**104,522**
Movements in the year				
Purchases at cost	55,111	6,201	930	62,242
Sales – proceeds	(54,493)	(3,131)	(1,701)	(59,325)
Sales – realised gains on sales	11,161	412	66	11,639
Transfer on listing/delisting – cost	(794)	—	794	—
Transfer on listing/delisting – unrealised appreciation	770	—	(770)	—
Increase/(decrease) in unrealised appreciation	1,377	(81)	(605)	691
Closing valuation	**107,179**	**9,761**	**2,829**	**119,769**
Closing book cost	99,461	9,367	4,122	112,950
Closing unrealised appreciation/(depreciation)	7,718	394	(1,293)	6,819
	107,179	**9,761**	**2,829**	**119,769**

2002	**Listed UK** £'000	**Listed overseas** £'000	**Unlisted*** £'000	**Total** £'000
Opening book cost	99,461	9,367	4,122	112,950
Opening unrealised appreciation/(depreciation)	7,718	394	(1,293)	6,819
Opening valuation	**107,179**	**9,761**	**2,829**	**119,769**
Movements in the year				
Purchases at cost	67,673	10,907	1,818	80,398
Sales – proceeds	(51,206)	(8,548)	(250)	(60,004)
Sales – realised gains/(losses) on sales	6,878	2,131	(313)	8,696
Transfer on listing/delisting – cost	(858)	—	858	—
Transfer on listing/delisting – unrealised appreciation	493	—	(493)	—
Decrease in unrealised appreciation	(22,115)	(211)	(881)	(23,207)
Closing valuation	**108,044**	**14,040**	**3,568**	**125,652**
Closing book cost	121,948	13,857	6,235	142,040
Closing unrealised appreciation/(depreciation)	(13,904)	183	(2,667)	(16,388)
	108,044	**14,040**	**3,568**	**125,652**

2003	Listed UK £'000	Listed overseas £'000	Unlisted* £'000	Total £'000
Opening book cost	121,948	13,857	6,235	142,040
Opening unrealised appreciation/(depreciation)	(13,904)	183	(2,667)	(16,388)
Opening valuation	**108,044**	**14,040**	**3,568**	**125,652**
Movements in the year				
Purchases at cost	68,927	22,850	251	92,028
Sales – proceeds	(62,558)	(17,028)	(443)	(80,029)
Sales – realised gains/(losses) on sales	(6,471)	2,022	(2,345)	(6,794)
Transfer on listing/delisting – cost	—	—	—	—
Transfer on listing/delisting – unrealised appreciation	—	—	—	—
Decrease in unrealised appreciation	25,462	2,454	1,905	29,821
Closing valuation	**133,404**	**24,338**	**2,936**	**160,678**
Closing book cost	121,846	21,701	3,698	147,245
Closing unrealised appreciation/(depreciation)	11,558	2,637	(762)	13,433
	133,404	**24,338**	**2,936**	**160,678**

* including stocks quoted on AIM of £2,511,000 (2002: £3,195,000) (2001: £2,556,000)

	2001 £'000	2002 £'000	2003 £'000
Realised gains on sales	11,639	8,696	(6,794)
(Decrease)/increase in unrealised appreciation	691	(23,207)	29,821
Gains on investments	**12,330**	**(14,511)**	**23,027**

The annualised portfolio turnover rate for the year ended 31 August 2003 was 71% (2002: 61%) (2001: 55%)

6.10 FRS 13 Financial Instruments

The investment objective of the Company is detailed in Part I: Information on the Company. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

The Company's financial instruments comprise:

- Equity shares held in accordance with the Company's investment objective and policies
- Cash, liquid resources and short-term debtors and creditors that arise from its operations
- UK sterling borrowings to finance operations

The risks arising from the Company's financial instruments are market price risks, which comprises interest rate risk and foreign currency exposure, liquidity risk and counterparty credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period.

Market price risk

Market 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 and changes in exchange rates. 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 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.

Fair value of financial assets and liabilities are stated in the balance sheet at values which are not materially different to their fair values, with the exception of the long term fixed rate unsecured loan, whose fair value as at 31 August 2003 (2002, 2001) given below has been calculated by discounting future cash flows at current UK sterling interest rates.

	2001		2002		2003	
	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000
Fixed rate unsecured loan @ 7.82% per annum........	10,854	10,000	11,101	10,000	10,766	10,000
Fixed rate unsecured loan @ 6.42% per annum........	—	—	10,736	10,000	10,492	10,000
Fixed rate unsecured loan @ 4.91% per annum........	—	—	—	—	5,532	5,000

Interest rate risk

The Company finances its operations through share capital raised. In addition, financing has been obtained through a UK sterling-denominated fixed rate unsecured bank loan, which falls due for repayment in January 2005. The Company is therefore not exposed to a financial risk arising as a result of any increase in UK sterling interest rates on this loan. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

The Company's financial assets are mainly invested in equity shares and other investments which neither pay interest nor have a maturity date. The Company also has substantial cash balances of £1,571,000 (2002: £1,917,000) (2001: £9,416,000). The rate of interest on the cash balances is currently 3.75% (2002: 3.31%) (2001: 4.50%) consequently the risk of a decrease in cash interest earned is low.

The interest profile of the Company's financial liabilities excluding short-term creditors, as at 31 August 2001, 2002 and 2003 was as follows:

Currency	2001 Fixed rate financial liabilities £'000	2002 Fixed rate financial liabilities £'000	2003 Fixed rate financial liabilities £'000
UK Sterling	10,000	20,000	25,000

Currency	2003 Weighted average interest rate	2003 Fixed rate financial liabilities: weighted average period for which rate is fixed
UK Sterling	6.38%	22 months

Currency	2002 Weighted average interest rate	2002 Fixed rate financial liabilities: weighted average period for which rate is fixed
UK Sterling	7.12%	28 months

Currency	2001 Weighted average interest rate	2001 Fixed rate financial liabilities: weighted average period for which rate is fixed
UK Sterling	nil	nil

Foreign currency risk

The Company's total return and balance sheet can be affected by foreign exchange movements because the Company has assets and income which are denominated in currencies other than the Company's base currency (sterling).

The Board has identified three principal areas where foreign currency risk could impact the Company:

- Movements in rates affecting the value of investments
- Movements in rates affecting short-term timing differences
- Movements in rates affecting the income received

The Company does not hedge the sterling value of investments or other net assets priced in other currencies by the use of derivatives.

The Company might also be subject to short-term exposure from exchange rate movements, for example between the date when an investment is bought or sold and the date when settlement of the transaction occurs. Income denominated in foreign currencies is converted to sterling on receipt.

The following is an analysis of the Company's foreign currency exposure as at 31 August 2001, 2002 and 2003:

Currency	Foreign currency monetary assets £'000	2001 Foreign currency monetary liabilities £'000	Foreign currency monetary assets £'000
Australian dollar	1,016	—	1,016
Canadian dollar	—	—	—
Euro	4,637	—	4,637
Hong Kong dollar	—	—	—
Norwegian Krone	1,167	—	1,167
South African rand	578	—	578
US dollar	2,123	(5)	2,118
Total	**9,521**	**(5)**	**9,516**
UK Sterling	121,894	(22,377)	99,517
Balance sheet total	**131,415**	**(22,382)**	**109,033**

Currency	Foreign currency monetary assets £'000	2002 Foreign currency monetary liabilities £'000	Foreign currency monetary assets £'000
Australian dollar	—	—	—
Canadian dollar	—	—	—
Euro	40	—	40
Hong Kong dollar	435	—	435
Norwegian Krone	2,348	—	2,348
South African rand	2,115	—	2,115
US dollar	1,667	—	1,667
Total	**6,605**	**—**	**6,605**
UK Sterling	121,410	(22,640)	98,770
Balance sheet total	**128,015**	**(22,640)**	**105,375**

Currency	2003 Foreign currency monetary assets £'000	Foreign currency monetary liabilities £'000	Foreign currency monetary assets £'000
Hong Kong dollar	508	—	508
Danish Kroner	1,862	(260)	1,602
Swiss Francs	1,951	—	1,951
Euro	7,038	(17)	7,021
Norwegian Krone	8,263	—	8,263
South African rand	1,657	(316)	1,341
US dollar	3,065	(119)	2,946
Total	**24,344**	**(712)**	**23,632**
UK Sterling	140,071	(27,479)	112,592
Balance sheet total	**164,415**	**(28,191)**	**136,224**

Liquidity risk

The Company's assets mainly comprise readily realisable securities, which can be easily sold to meet funding commitments if necessary. Short-term flexibility is achieved by the use of overdraft facilities as required. Details of the Company's borrowing commitments are explained in notes 6.12 to 6.14 to the accounts.

The maturity profile of the Company's financial liabilities at 31 August 2001, 2002 and 2003 is as follows:

	2001 £'000	2002 £'000	2003 £'000
Within one year, or on demand	10,000	—	20,000
After more than two years but less than five years	10,000	20,000	5,000
	20,000	**20,000**	**25,000**

Short-term debtors and other short-term creditors are excluded from the above analysis.

Counterparty risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver either the shares (on a purchase) or the cash (on a sale) after the Company has fulfilled its responsibilities.

The Company buys and sells investments on a delivery versus payment basis to manage risk.

The Company only buys and sells investments through brokers which have been approved by the Manager as acceptable counterparties. Additionally, limits are set as to the maximum exposure to any broker at any time, the limits being reviewed on a regular basis.

6.11 Debtors

	2001 £'000	2002 £'000	2003 £'000
Securities sold for future settlement	1,939	18	1,533
Income tax recoverable	9	3	4
Overseas tax recoverable	15	41	27
Amounts receivable for issue of shares	—	29	61
Other debtors	267	355	435
	2,230	**446**	**2,060**

6.12 Creditors – amounts falling due within one year

	2001 £'000	2002 £'000	2003 £'000
Securities purchased for future settlement	899	1,491	1,994
Proposed dividends	939	590	455
Accruals	440	425	592
Loan interest payable	101	134	150
Overdraft	3	—	—
	2,382	**2,640**	**3,191**

6.13 Creditors – fixed rate loans

	2001 £'000	2002 £'000	2003 £'000
Fixed rate unsecured loan @ 5.65% per annum	4,000	—	—
Fixed rate unsecured loan @ 5.9704% per annum	6,000	—	—
	10,000	—	—

6.14 Creditors – amounts falling due after one year

	2001 £'000	2002 £'000	2003 £'000
Fixed rate unsecured loan @ 7.82% per annum	10,000	10,000	10,000
Fixed rate unsecured loan @ 6.42% per annum	—	10,000	10,000
Fixed rate unsecured loan @ 4.91% per annum	—	—	5,000
	10,000	**20,000**	**25,000**

The first fixed rate loan from JPMorgan Chase Bank of £10,000,000 was drawn down on 28 January 2000 with a maturity date of 26 January 2005 at an interest rate of 7.82% per annum.

The second fixed rate loan from JPMorgan Chase Bank of £10,000,000 was drawn down on 31 January 2002 with a maturity date of 26 January 2005 at an interest rate of 6.42% per annum.

The fixed rate loan from the Royal Bank of Scotland of £5,000,000 was drawn down at 7 February 2003 with a maturity date of 7 February 2008 at an interest rate of 4.91% per annum.

Additional costs may be payable in the event of the Directors electing to prepay unsecured loans before the stated maturity date.

6.15 Called-up share capital

	2001 £'000	2002 £'000	2003 £'000
Authorised:			
160,000,000 (2002 and 2001: 160,000,000) ordinary shares of 25 pence each	**40,000**	**40,000**	**40,000**
Issued, allotted and fully paid:			
Beginning of year			
42,103,004 (2002: 37,572,095) (2001: 35,357,755) ordinary shares of 25 pence each	8,839	9,393	10,526
2 January 2001: exercise of 446,751 warrants	112		
3 April 2001 to 3 August 2001: issue of 767,589 ordinary shares	442		
1 January 2002: exercise of 816,727		204	
21 September 2001 to 29 August 2002: issue of 3,714,182 ordinary shares		929	
1 January 2003: exercise of 151,287 warrants			37
1 September 2002 to 31 August 2003: issue of 3,235,398 ordinary shares			810
End of year			
45,489,689 (2002: 42,103,004) (2001: 37,572,095) ordinary shares of 25 pence each	**9,393**	**10,526**	**11,373**

At 31 August 2003 there were 3,309,360 (2002: 3,460,647) (2001: 4,277,374) warrants outstanding. On 1 January 2002, 816,727 warrants were exercised at 100p per ordinary share. Holders have the right to subscribe for ordinary shares at 100p on 1 January 2004.

6.16 Reserves

2001	share premium account £'000	capital redemption reserve £'000	warrant reserve £'000	capital reserve-realised £'000	capital reserve-unrealised £'000	revenue reserve £'000
Beginning of year	24,098	404	1,325	49,074	6,128	1,175
Exchange difference	—	—	—	19	—	—
Net gain on realisation of investments	—	—	—	11,639	—	—
Increase in unrealised appreciation	—	—	—	—	691	—
Retained net revenue for the year	—	—	—	—	—	157
Issue of ordinary shares	4,595	—	—	—	—	—
Exercise of warrants	460	—	(125)	—	—	—
End of year	**29,153***	**404**	**1,200**	**60,732**	**6,819**	**1,332**

* incorporating warrant exercise reserve £744,000.

2002	share premium account £'000	capital redemption reserve £'000	warrant exercise reserve £'000	warrant reserve £'000	capital reserve-realised £'000	capital reserve-unrealised £'000	revenue reserve £'000
Beginning of year	28,409	404	744	1,200	60,732	6,819	1,332
Exchange gains on other net assets	—	—	—	—	(163)	—	—
Net gain on realisation of investments	—	—	—	—	8,696	—	—
Increase in unrealised appreciation	—	—	—	—	—	(23,207)	—
Retained net revenue for year	—	—	—	—	—	—	(51)
Issue of ordinary shares	9,322	—	—	—	—	—	—
Exercise of warrants	—	—	842	(230)	—	—	—
End of year	**37,731**	**404**	**1,586**	**970**	**69,265**	**(16,388)**	**1,281**

2003	share premium account £'000	capital redemption reserve £'000	warrant exercise reserve £'000	warrant reserve £'000	capital reserve realised £'000	capital reserve-unrealised £'000	revenue reserve £'000
Beginning of year	37,731	404	1,586	970	69,265	(16,388)	1,281
Exchange gains on other net assets	—	—	—	—	48	—	—
Net loss on realisation of investments	—	—	—	—	(4,024)	—	—
Net (depreciation)/appreciation therein already recognised in prior periods	—	—	—	—	(2,770)	2,770	—
Increase in unrealised appreciation	—	—	—	—	—	27,051	—
Retained net revenue for year	—	—	—	—	—	—	(67)
Issue of ordinary shares	6,880	—	—	—	—	—	—
Exercise of warrants	—	—	156	(42)	—	—	—
End of year	**44,611**	**404**	**1,742**	**928**	**62,519**	**13,433**	**1,214**

6.17 Net asset value per share

The basic net asset value per ordinary share is based on net assets of £136,224,000 (2002: £105,375,000) (2001: £109,033,000) and on 45,489,689 (2002: 42,103,004) (2001: 37,572,095) ordinary shares, being the number of ordinary shares in issue at the year end.

The fully-diluted net asset value per ordinary share has been calculated on the assumption that the outstanding warrants of 3,309,360 at 31 August 2003 (2002: 3,460,647) (2001: 4,277,374) were exercised on that date. This basis of the calculation is considered to be more appropriate than the basis given in FRS 14 as it is consistent with the calculation of fully-diluted net asset value which is prepared in accordance with guidelines laid down by the AITC and is provided to the London Stock Exchange on an ongoing basis.

6.18 Reconciliation of movement in shareholders' funds

	2001 £'000	2002 £'000	2003 £'000
Opening shareholders' funds	**91,043**	**109,033**	**105,375**
Exercise of warrants	447	816	151
Issue of shares	5,037	10,251	7,690
Total recognised (losses)/gains before dividends	13,445	(14,125)	23,474
Dividend payable	(939)	(600)	(466)
Closing Shareholders' funds	**109,033**	**105,375**	**136,224**

6.19 Reconciliation of net cash movements to movement in net debt

	2001 £'000	2002 £'000	2003 £'000
Beginning of year	(12,350)	(10,587)	(18,083)
Net cash (outflow)/inflow	5,763	(7,496)	(240)
Fixed rate 5.65% unsecured loan drawn down	(4,000)	—	—
Fixed rate 5.9704% unsecured loan drawn down	(6,000)	—	—
Fixed rate 6.24% unsecured loan drawn down	—	(10,000)	(5,000)
Repayment of fixed rate 7.095% unsecured loan	3,500	—	—
Repayment of fixed rate 7.04094% unsecured loan	2,500	—	—
Repayment of fixed rate 5.65% unsecured loan	—	4,000	—
Repayment of fixed rate 5.9704% unsecured loan	—	6,000	—
Change in net debt	**1,763**	**(7,496)**	**(5,240)**
End of year	**(10,587)**	**(18,083)**	**(23,323)**

	2000 £'000	change in the year £'000	2001 £'000	change in the year £'000	2002 £'000	change in the year £'000	2003 £'000
Analysis of balances							
Cash at bank	3,650	5,766	9,416	(7,499)	1,917	(240)	1,677
Fixed rate unsecured loans	(16,000)	(4,000)	(20,000)	—	(20,000)	(5,000)	(25,000)
Overdraft	—	(3)	(3)	3	—	—	—
End of year	**(12,350)**	**1,763**	**(10,587)**	**(7,496)**	**(18,083)**	**(5,240)**	**(23,323)**

6.20 Analysis of changes in financing during the year

2001	share capital £'000	loans £'000	total £'000
Beginning of year	34,666	16,000	50,666
Cash inflow from exercise of warrants	447	—	447
Fixed rate 5.65% unsecured loan drawn down	—	4,000	4,000
Fixed rate 5.9704% unsecured loan drawn down	—	6,000	6,000
Repayment of fixed rate 7.095% unsecured loan	—	(3,500)	(3,500)
Repayment of fixed rate 7.04094% unsecured loan	—	(2,500)	(2,500)
Issue of shares	5,037	—	5,037
End of year	**40,150**	**20,000**	**60,150**

2002	share capital £'000	loans £'000	total £'000
Beginning of year	40,150	20,000	60,150
Cash inflow from exercise of warrants	816	—	816
Issue of shares	10,251	—	10,251
End of year	**51,217**	**20,000**	**71,217**

2003	share capital £'000	loans £'000	Total £'000
Beginning of year	51,217	20,000	71,217
Cash inflow from exercise of warrants	151	—	151
Issue of ordinary shares	7,690	—	7,690
Fixed rate unsecured loan drawn down	—	5,000	5,000
End of year	**59,058**	**25,000**	**84,058**

6.21 Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities

	2001 £'000	2002 £'000	2003 £'000
Net return before finance costs and taxation	2,282	1,967	1,990
Scrip dividends	(1,121)	(1,074)	(1,305)
(Decrease)/increase in other creditors	113	(15)	167
(Increase)/decrease in other debtors	100	(88)	(79)
Tax on investment income	(31)	(39)	(19)
Net cash inflow from operating activities	**1,343**	**751**	**754**

6.22 Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 31 August 2003 (2002: nil, 2001: nil).

6.23 Related party disclosures

The Directors have complied with the provisions of FRS 8 which require disclosure of related party transactions and balances.

Part IV – General information

1. INCORPORATION AND REGISTRATION

The Company was incorporated and registered in England and Wales on 27 September 1994 as a public company limited by shares under the Companies Act with registered number 2972628. The Company operates under the Companies Act and the regulations made thereunder.

2. SHARE AND LOAN CAPITAL

2.1 As at the date of this document, the authorised share capital of the Company was £40,000,000 divided into 160,000,000 FSV Ordinary Shares of 25p each, of which 45,763,949 FSV Ordinary Shares were issued fully paid. During the three years preceding the date of this document, the Company issued 10,406,194 FSV Ordinary Shares of which 1,414,765 FSV Ordinary Shares were issued on the exercise of Warrants. The FSV Ordinary Shares are listed in the Official List and traded on the London Stock Exchange. There are also 3,309,360 Warrants outstanding, each entitling the holder to subscribe for one FSV Ordinary Share at a price of 100p on 1 January 2004 and on the terms set out in Part II of the prospectus of the Company dated 19 October 1994.

2.2 Under authorities granted by FSV Shareholders there were 851 separate issues of shares during the three years prior to 13 November 2003 (being the latest practicable date prior to publication of this document) at prices representing a premium in excess of 2 per cent. to the diluted net asset value, as follows:

	Number of issues	Total number of FSV Ordinary Shares issued	Price range
Fidelity Share Plan	401	2,424,681	201 – 338p
Fidelity ISA	438	3,941,654	201 – 338p
Apollo Nominees Ltd (UBS)	11	2,525,094	212 – 270p
Cazenove & Co Limited	1	100,000	255p

On 31 July, 2002 the Board announced that it was extending its policy of issuing shares, when requested, to persons authorised and regulated by the Financial Services Authority in addition to the Fidelity Share Plan and the Fidelity ISA at a price based on market price provided that the price represents a premium to the fully diluted net asset value in excess of 2 per cent. FSV Ordinary Shares may therefore be issued to other persons authorised by the Financial Services Authority to carry on regulated activities, including market makers, retail brokers and other ISA and share plan managers. FSV Ordinary Shares will be issued at the discretion of the Board and will be subject to a maximum of 250,000 per applicant on any day. Furthermore no more than 500,000 FSV Ordinary Shares will be issued on any day. The issue price will be calculated by reference to the market price.

2.3 Save as disclosed in sub-paragraphs 2.1 and 2.2:

(i) during the three years preceding the date of this document, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital; and

(ii) no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.4 Pursuant to resolutions passed at the annual general meeting of the Company held on 13 December 2002:

(i) the Directors are generally and unconditionally unauthorised, in accordance with Section 80 of the Companies Act, to allot FSV Ordinary Shares up to an aggregate nominal amount of £1,062,500, such authority to expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the passing of this resolution, unless previously revoked or varied by the Company in general meeting, save that the Company may at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require FSV Ordinary Shares to be allotted after the expiry of such authority and the Directors may allot FSV Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

(ii) the Directors are empowered, in accordance with the Companies Act, to allot equity securities for cash, pursuant to the authority referred to in sub-paragraph 2.4(i) as if section 89(1) of the Companies Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer or a scrip dividend alternative in favour of FSV Ordinary Shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class and where the equity securities respectively attributable to the interests of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and

(b) the allotment (otherwise than pursuant to sub-paragraph 2.4(ii)(a)) of equity securities up to an aggregate nominal value of £1,062,500; and

(c) the allotment of equity securities at a price of not less than the fully-diluted net asset value per share;

(iii) the Company is authorised, in accordance with section 166 of the Companies Act, to make market purchases (within the meaning of section 163(3) of the Companies Act) of FSV Ordinary Shares, provided that:

(a) the maximum number of FSV Ordinary Shares authorised to be purchased shall be 6,300,000;

(b) the minimum price which may be paid for an FSV Ordinary Share shall be 25p; and

(c) the maximum price which may be paid for an FSV Ordinary Share shall be 105 per cent. of the average of the middle market quotations as derived from the Daily Official List for the five business days immediately preceding the date of purchase;

(d) the authority shall expire at the conclusion of the next annual general meeting of the Company unless such authority is renewed prior to such time; and

(e) the Company may prior to the expiry of such authority make a contract to purchase shares after the authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any contract.

2.5 If the resolutions to be proposed at the Extraordinary General Meeting are duly passed:

(i) in substitution for the authority referred to in sub-paragraph 2.4(i), the Directors will be generally and unconditionally authorised, in accordance with section 80 of the Companies Act, to allot relevant securities up to an aggregate nominal amount of £10,625,000 such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2004, unless previously revoked or varied by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired;

(ii) in substitution for the power referred to in sub-paragraph 2.4(ii), the Directors will be empowered, in accordance with section 95(1) of the Companies Act, to allot equity securities for cash, pursuant to the authority referred to in sub-paragraph 2.5(i) (the "Section 80 Authority") as if section 89(1) of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the annual general meeting of the Company to be held in 2004, (or, if earlier, on the expiry of the Section 80 Authority) unless previously revoked or varied by the Company in general meeting, provided that such power shall be limited to the allotment of equity securities,

(a) pursuant to the Scheme; and

(b) other than pursuant to sub-paragraph 2.5(ii)(a), up to an aggregate nominal amount of £700,000;

save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired; and

(iii) in substitution of the authority referred to in sub-paragraph 2.4(iii), the Company will be authorised, in accordance with section 166 of the Companies Act, to make market purchases (within the meaning of section 163(3) of the Companies Act) of FSV Ordinary Shares, provided that:

(a) the maximum number of FSV Ordinary Shares authorised to be purchased will be 14.99 per cent. of the issued share capital of the Company at the close of business on the first business day following the date on which the Scheme becomes effective (rounded down to the nearest whole number of FSV Ordinary Shares);

(b) the minimum price which may be paid for an FSV Ordinary Share will be 25p; and

(c) the maximum price (exclusive of expenses) which may be paid for an FSV Ordinary Share will be 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the FSV Ordinary Shares for the five business days immediately preceding the date of purchase;

such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2004, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, enter into a contract to purchase equity securities under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of equity securities in pursuance of any such contract.

2.6 The provisions of section 89(1) of the Companies Act (which, to the extent not disapplied by section 95 of the Companies Act, confer on FSV Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company, except to the extent that they have been disapplied pursuant to the resolution referred to in sub-paragraph 2.4(ii) or will be disapplied if the resolution referred to in sub-paragraph 2.5(ii) is passed.

2.7 Subject to any restrictions contained in the Articles of Association of the Company, the New FSV Ordinary Shares are freely transferable. However, any restrictions contained in the Articles of Association will not prevent dealings in the New FSV Ordinary Shares on an open and proper basis.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

The memorandum of association of the Company provides that the Company's principal object is to undertake and carry on the business of an investment trust company. The objects of the Company are set out in full in Clause 4 of the memorandum of association which is available for inspection at the address set out in paragraph 12.

The Articles of Association contain provisions, *inter alia*, to the following effect:

3.1 Voting rights

(i) Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles of Association, every member present in person at a general meeting shall have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote for every 25p nominal amount of share capital of which he is the holder.

(ii) No member shall, unless the Board decides otherwise, be entitled to vote at any general meeting of the Company or any separate meeting of the holders of any class of shares of the Company if any call or other sum presently payable by him in respect of those shares remains unpaid or if he has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.

3.2 Variation of rights and changes in capital

(i) Subject to the provisions of the Companies Act, all or any of the rights for the time being attached to any class of shares may (unless otherwise provided by the terms of the issue of the shares of that class) be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The quorum requirement for such a separate general meeting is a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.

(ii) The Company may by ordinary resolution:

(a) increase its authorised share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;

(b) consolidate and divide its share capital into shares of a larger amount;

(c) subject to the provisions of the Companies Act, subdivide its share capital into shares of a smaller amount; and

(d) cancel any shares which have not been taken or agreed to be taken by any person and diminish its authorised share capital by the amount of the shares so cancelled.

Subject to confirmation by the court, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

(iii) Subject to the provisions of the Companies Act, the Company may purchase shares comprising all or any of the classes of its share capital then in issue, including redeemable shares.

3.3 Dividends and other distributions

(i) The Company in general meeting may from time to time declare dividends, but no such dividends shall be payable otherwise than in accordance with the Companies Act or in excess of the amount recommended by the Board. Payment of dividends to the members shall be in accordance with their rights and interests in the profits available for distribution. Dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the financial position of the Company and the Board may also pay any dividends payable at a fixed rate at intervals settled by the Board whenever the financial position of the company, in the opinion of the Board, justifies its payment.

(ii) The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25 per cent. interest (as defined in the Articles of Association) in those shares or any class thereof if such a person has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.

(iii) Capital profits and surpluses arising from the realisation of investments will not be available for dividend or distribution.

(iv) Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

3.4 Capital reserves

All capital profits arising on the sale or realisation of investments and other capital assets in excess of the book value thereof and all other capital profits and unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets will be credited to a capital reserve to be maintained by the Company. Any loss resulting from any such dealing as aforesaid and any provisions in respect of the diminution in value or depreciation in value of capital assets will be debited to such capital reserve except in so far as the Directors otherwise decide. All sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and provided that no part of the capital reserve or any other moneys in the nature of accretion to capital may be transferred to revenue account or be regarded as or treated as profits of the Company available for distribution or be applied in paying dividends.

3.5 Transfer of shares

The FSV Ordinary Shares are in registered form and may be transferred by instrument in writing in any usual form, or in any other form which the Directors may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor is deemed to remain the holder until the transferee's name is entered in the register. The Board may in its absolute discretion and without specifying any reason refuse to register any transfer of shares which are not fully-paid. The Board may also refuse to register any transfer of shares unless the instrument of transfer is duly stamped and lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the intending transferor to make such transfer. The Board may also decline to register any transfer if the instrument of transfer is in respect of more than one class of share or, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

The Board may decline to register a transfer of the Company's shares by a person with a 0.25 per cent. interest (as defined in the Articles of Association) in those shares or any class thereof if such a person has been served with a restriction notice after a failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles of Association).

3.6 Compulsory transfer of shares

(i) If it shall come to the notice of the Directors that any share or shares:

(a) are or may be owned or held directly or beneficially by any person or persons whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstances appearing to the Directors to be relevant) might in the sole and conclusive determination of the Directors cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company or cause or be likely to cause the assets of the Company to be considered "plan assets" within the meaning of regulations adopted under the United States Employee Retirement Income Security Act of 1974; or

(b) are or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Articles of Association) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section

3(c)(1) (A) of the United States Investment Company Act of 1940) of shares or other securities of the Company is or may be more than 75; or

(c) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940

the Directors may serve a notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of the share, shares or any of the shares concerned (the "Relevant Shares") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors shall consider reasonable) to transfer (and/or procure the disposal of interests in)- the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within sub-paragraph 3.6(i)(a) or sub-paragraph 3.6(i)(c) and whose ownership or holding of such share or shares would not result in the aggregate number of United States Persons who are beneficial owners or holders of shares or other securities of the Company being 75 or more (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of this sub-paragraph (i) or sub-paragraph (ii) of this article, the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.

(ii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors shall consider reasonable) the Transfer Notice has not been complied with to due satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder or holders thereof by instructing a member of the London Stock Exchange to sell them in accordance with the best practice then obtaining to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company to execute on behalf of the holder or holders of the Relevant Shares a transfer of the Relevant Shares to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see to the application of the purchase moneys nor will his title to the Relevant Shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale of the Relevant Shares shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any moneys earned from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee or transferees as holder or holders of the Relevant Shares and issue to him or them a certificate for the same and thereupon the transferee or transferees shall become absolutely entitled thereto.

(iii) A person who becomes aware that he falls within either sub-paragraph 3.6(i)(a) or sub-paragraph 3.6(i)(c) or, being a United States Person and a beneficial owner or holder of shares, becomes aware that the aggregate number of United States Persons who are beneficial owners or holders of shares or other securities of the Company is more than 75, shall forthwith, unless he has already received a Transfer Notice pursuant to sub-paragraph 3.6(i) either transfer the Relevant Shares to an Eligible Transferee or Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with sub-paragraph 3.6(i). Every such request shall be accompanied by the certificate or certificates for the shares to which it relates.

(iv) Subject to the provisions of the Articles of Association, the Directors shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serving a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

(v) The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by sub-paragraph 3.6(i) and/or sub-paragraph 3.6(ii) and/or sub-paragraph 3.6(iv) shall not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers shall have been exercised in good faith.

3.7 Duration and winding-up

(i) The Board shall submit an ordinary resolution to the annual general meeting of the Company falling in 2004 and, if passed, at every fifth subsequent annual general meeting, proposing that the Company should continue as an investment trust for a further five year period. If any such resolution is not passed, the Board shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Implementation of the proposals will require approval of members by special resolution.

(ii) As the Company has only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings. On a winding-up the liquidator may, with the sanction of a special resolution of the Company, divide among the members in specie the whole or any part of the assets of the Company.

3.8 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles of Association) by the Company and its subsidiary undertakings (exclusive of borrowings intra-group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves (as defined in the Articles of Association) of the Company.

3.9 Directors

(i) Appointment of Directors

Directors may be appointed by the Company by ordinary resolution or by the Directors. A Director, appointed by the Directors will hold office only until the next following annual general meeting and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

(ii) Age of Directors

No person is disqualified from being a Director or is required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age, nor is it necessary to give special notice of a resolution appointing or approving the appointment of such a Director. However, where the Directors convene any general meeting at which, to the knowledge of the Directors, a Director who is over the age of 70 will be proposed for appointment or re-appointment, the Directors will give notice of his age in the documents convening the meeting.

(iii) Remuneration of Directors

Each of the Directors shall be paid a fee at such rate as may be determined by the Directors provided that the total fees paid to the Directors (excluding amounts payable under other provisions of the

Articles of Association) shall not exceed £75,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Each Director may also be paid reasonable travelling, hotel and incidental expenses of attending meetings of the Directors, of committees of the Directors or general meetings of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all expenses incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who by request goes or resides abroad for any purpose of the Company or performs services beyond the ordinary duties of a Director maybe paid such extra remuneration as the Directors may determine in addition to any other remuneration from the Company.

(iv) Executive Directors

The Directors may from time to time appoint one or more of its body to hold any employment or executive office with the Company (including that of managing director) for such period (subject to the provisions of the Companies Act) and upon such other terms as the Board may decide and may revoke or terminate any appointment so made. A Director so appointed shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may decide either in addition to or in lieu of his remuneration as a Director.

(v) Retirement of Directors by rotation

At every annual general meeting of the Company, as nearly as possible one-third of the Directors will retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot.

(vi) Restrictions on voting

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, to any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or other settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment, or the appointment of another Director to an office or place of profit with a company in which the Company is interested and the Director seeking to vote or to be counted in the quorum owns 1 per cent. or more of it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors in respect of any contract in which he has an interest which (taken with any interest of any person connected with him) is a material interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution concerning any of the following matters:

(a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving to a third party of any guarantee, indemnity or security in respect of a debt of obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;

(d) any contract in which he is interested by virtue of his interest in shares of debentures or other securities of the Company or any of its subsidiaries or by reason of any other interest in or through the Company or any of its subsidiaries;

(e) any contract concerning any other company (not being a company in which the director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;

(f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;

(g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates; or

(h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.

Subject to the provisions of the Companies Act, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract not properly authorised by reason of a contravention of such provisions.

(vii) Directors' shareholdings

There is no qualification fixed by the Articles of Association for a Director to hold any shares in the Company.

3.10 Indemnity of officers

Subject to the provisions of the Companies Act, the Company may purchase and maintain, for any Director or other officer or auditor, insurance against any liability. Every Director or other officer shall be indemnified, and if the Directors so determine an auditor may be indemnified, out of the assets of the Company against any liability incurred as a director or other officer, or as auditor, in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Companies Act in which relief is granted to him by the court.

3.11 Untraced shareholders

The Company may sell any shares in the Company after advertising its intention and waiting for 3 months and notifying the London Stock Exchange of its intention to sell if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them and have not been claimed or satisfied and, so far as any Director is aware, the Company has not received any communication during the relevant period from the holder of the shares or any person entitled to them by transmission. Upon any such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

3.12 Record date for service

Any document may be served by the Company by reference to the register as it stands at any time not more than 15 days before the date of delivery and no change in the register after that time shall invalidate that service. Where any document is served on any person in respect of a share, no person deriving any title or interest in that share shall be entitled to any further service of that document.

3.13 Members resident abroad

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the company unless they have given the Company an address within the United Kingdom at which such notices may be served.

4. DIRECTORS AND THEIR INTERESTS

4.1 As at 13 November 2003 (being the latest practicable date prior to publication of this document), the interests of the Directors and their immediate families in the issued share capital of the Company which had been notified to the Company pursuant to section 324 or 328 of the Companies Act or which were required pursuant to section 325 of the Companies Act to be entered in the register referred to therein or which were (so far as known to, or could with reasonable diligence be ascertained by, the Directors) interests in the issued share capital of the Company of persons connected with them (which expression shall be construed in accordance with section 346 of the Companies Act) were as follows:

Director	Nature of interest	No. of Warrants	No. of FSV Ordinary Shares	% of issued FSV ordinary share capital	% of enlarged FSV ordinary share capital
Alex Hammond-Chambers	Beneficial	1,000	5,000	0.0001	0.0001
Alex Hammond-Chambers	Non-beneficial	3,000	15,000	0.0003	0.0001
Sir Richard Brooke, Bt.....................	Beneficial	2,000	10,000	0.0002	0.0001
Simon Haslam.................................	Beneficial	—	3,000	0.0001	0.0001
Douglas Kinloch Anderson	Beneficial	1,000	16,520	0.0003	0.0001
James Laurenson	Beneficial	3,000	35,000	0.0007	0.0002

The percentage of the enlarged share capital is calculated on the basis and assumptions described in the second paragraph under the heading "Summary of the Scheme and Issue" on page 10.

4.2 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company during the Company's current or immediately preceding financial year, or during an earlier financial year of the Company and remains in any respect outstanding or unperformed.

4.3 There are no service contracts in existence between the Company and any of the Directors, nor are any such contracts proposed.

4.4 The total aggregate of the remuneration paid and benefits in kind granted to the Directors by the Company in respect of the last completed financial year of the Company ended 31 August 2003 under any description whatsoever was £54,000. The total emoluments receivable by the Directors will not be varied in consequence of the Scheme or the Issue.

4.5 Details of those companies and partnerships of which the Directors have been directors or partners at any time during the five years preceding the date of this document are as follows:

(a) **Alex Hammond-Chambers** (Chairman) a former Chairman of Ivory & Sime plc, Chairman of Fidelity Japanese Values PLC, American Opportunity Trust PLC, Ivory & Sime Optimum Income Trust PLC, Aurora Investment Trust plc and a Director of International Biotechnology Trust plc, Hansa Trust plc and a number of non-UK Investment companies. He is also Chairman of Dobbies Garden Centres plc.

(b) **Sir Richard Brooke, Bt** is Chairman of Templeton Emerging Markets Investment Trust PLC and a Director of Avocet Mining plc.

(c) **Douglas Kinloch Anderson** is Chairman of Kinloch Anderson Limited and a Director of Martin Currie Portfolio Investment Trust PLC and Martin Currie Capital Return Trust PLC.

(d) **Simon Haslam** is Chief Administrative Officer at Fidelity International Limited and a non-executive Director of Fidelity Asian Values PLC, Euroclear plc and of EMX Co.

(e) **James Laurenson** is a Director of Ivory & Sime UK Smaller Companies Trust plc, Liverpool Victoria Banking Services Ltd and Hiscox Investment Management Limited.

Further details of each director's relevant experience can be found in Part I on pages 7 and 8 of this document.

Save as disclosed in this document, none of the Directors:

(i) has been a director of any company or partner of any partnership at any time during the five years preceding the date of this document;

(ii) has any unspent convictions in relation to indictable offences;

(iii) has been the subject of any bankruptcy or individual voluntary arrangement;

(iv) has been a director with an executive function of any company which has been the subject of any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of its creditors at the time of or within 12 months preceding such any such event;

(v) has been a partner of any partnership which has been the subject of any compulsory liquidation, administration or partnership voluntary arrangement at the time of or within the 12 months preceding any such event;

(vi) has any assets which have been the subject of any receivership, or has been a partner of any partnership with any assets which have been the subject of any receivership, at the time of or within the 12 months preceding any such event; and

(vii) has been the subject of any public criticism by any statutory or regulatory authority (including a designated professional body) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5. SUBSTANTIAL SHARE INTERESTS

5.1 As at the close of business on 13 November 2003 (being the latest practicable date prior to publication of this document), the Company was not aware of any person who, directly or indirectly, was interested in 3 per cent. or more of the issued FSV Ordinary Shares.

5.2 As at the close of business on 13 November 2003 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person who, directly or indirectly, jointly or severally, exercised or could exercise control over the Company.

6. INVESTMENT MANAGEMENT ARRANGEMENTS

6.1 Under the Management Agreement Fidelity has agreed to provide investment management, administrative and secretarial services to the Company for a fee of an amount equal to 0.95 per cent. per annum (plus VAT) of the Company's total asset value (as defined in the Management Agreement, which excludes investments in other funds managed by the Manager) payable quarterly in arrear and calculated as of the last business day of March, June, September and December in each year.

6.2 The Management Agreement will continue unless and until terminated by either party giving to the other not less than 12 months' notice to expire at the end of any calendar month. The Management Agreement may, however, be terminated without compensation if the Company is liquidated in 2004, or in any subsequent year thereafter, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the agreement or on the insolvency of Fidelity or the Company. In addition, the Company may terminate the agreement by two months' notice if the Manager ceases to be a subsidiary of Fidelity International Limited. The Management Agreement contains no provisions that provide for compensation in the event of termination other than as described, although a party who suffered damage as a result of the breach of contract such termination would represent would be entitled to be reasonably compensated for loss.

7. MATERIAL CONTRACTS

7.1 A loan agreement, dated 5 February 2003, was made between FSV and The Royal Bank of Scotland plc ("RBS") pursuant to which RBS agreed to provide to FSV, for a period of five years, a £5,000,000 term loan facility at a fixed interest rate of 4.91 per cent. per annum. FSV agreed to use the proceeds of the facility for investment in a manner consistent with the investment objective (described in Part I on page 5). The agreement includes covenants that total borrowings shall not exceed 45 per cent. of the undiluted net asset value (as published from time to time by the AITC) less (i) the value of investments owned by the Company which are not listed on a recognised exchange, (ii) the amount by which the value of any particular investment owned by the Company listed on a recognised stock exchange exceeds 10 per cent. of the Company's total assets, (iii) the value of any bonds rated less than BBB by Standard & Poor's or such other rating agency as the Company and RBS shall agree ("Net Asset Value"). The covenant is not breached if the Company deposits cash into an account with RBS (the "Deposit Account") within 5 business days of total borrowings first exceeding 45 per cent. of Net Asset Value, as a result of which total amounts in the Deposit Account, total amounts in any deposit account charged under the agreements set out in sub-paragraphs 7.2 and 7.3 below and total amounts provided as cash collateral to any future lenders, off-set against total borrowings which thereafter fall to 42 per cent. or less of Net Asset Value.

7.2 A loan agreement, dated 26 January 2000, made between FSV, Robert Fleming & Co. Limited ("RF&Co") as the Banks and RF&Co as Agent, was subsequently transferred to JPMorgan Chase Bank ("JPMorgan") as Agent and JPMorgan as the Banks. The loan agreement provides for a £10,000,000 term loan facility at a fixed interest rate of 7.82 per cent. per annum for a period of five years. FSV agreed to use the proceeds solely for the purpose of refinancing Equity Linked Unsecured Loan Stock 2004 issued by FSV pursuant to a trust deed dated 16 November 1994 made between FSV and Royal & Sun Alliance. The agreement includes covenants that (i) total borrowings of the Company and any subsidiary undertaking, shall not exceed 40 per cent. of Adjusted Net Asset Value at any time and (ii) that the Adjusted Net Asset Value will exceed £35,000,000. "Adjusted Net Asset Value" is the undiluted net asset value (as published from time to time by the AITC) less (i) the value of investments not listed on any recognised stock exchange, (ii) the value of any bond with a Standard & Poor's rating of less than A or that is not rated by Standard & Poor's or any other agency agreed by JPMorgan and the Company, (iii) where the value of any single equity or bond investment owned by the Company exceeds 7.5 per cent. of the market value of all equities or bonds of that issuer then in issue, the value over 7.5 per cent. (where different values of shares are held from the same issuer, the aggregate value of such shares will be taken) and (iv) where the value of an investment listed on any recognised stock exchange represents more than 7.5 per cent. of the Company's total assets, the value over 7.5 per cent. If total borrowings exceed 40 per cent. of Adjusted Net Asset Value (the "Excess") the Company shall deposit with JPMorgan an amount of cash equal to the Excess to secure its liabilities.

7.3 A loan agreement dated 26 January 2000, made between FSV and Robert Fleming & Co Limited ("RF & Co") as the Banks and RF & Co as the Agent, was subsequently transferred to JPMorgan as the Bank and JPMorgan as the Agent. The agreement was later amended on 15 August 2001 and was increased to a £10,000,000 term loan facility and, by way of a swap agreement of the same date, the interest rate was fixed at a rate of 6.42 per cent. per annum for a period of three years. The agreement contains a provision whereby any breach of the agreements described in paragraphs 7.1 and 7.2 is a breach of the agreement.

7.4 Save as disclosed in sub-paragraphs 7.1 to 7.3 of this Part IV, the Company has not:

(i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years preceding the date of this document; or

(ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

7.5 The Company intends, in connection with the Scheme, to enter into a Transfer Agreement, on or about 22 December 2003, pursuant to which a portfolio of cash and Gilts owned by GST will be transferred to the Company in consideration for the issue of New FSV Ordinary Shares to GST Shareholders. The amount of assets that will be transferred to the Company will depend on the elections made by GST Shareholders under the Scheme. Each of the parties to the Transfer Agreement (including the Company) has undertaken to enter into that agreement and to use its or his respective reasonable endeavours to implement the Scheme, provided that the conditions applicable to the Scheme have been fulfilled.

7.6 Save as disclosed in sub-paragraphs 7.7 to 7.11 of this Part IV, GST has not:

(i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years preceding the date of this document; or

(ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which GST has any obligation or entitlement that is material to GST as at the date of this document.

The Company will be acquiring a portfolio of Gilts and cash from the liquidator of GST (as further described under "Entitlement of GST Shareholders to New FSV Ordinary Shares" on page 10) and there are therefore no contracts to which GST is a party that are material to holders of FSV Ordinary Shares.

7.7 By a discretionary investment management and secretarial agreement dated 17 June 2002 (the "GST Management Agreement") between Govett and GST, Govett has agreed to act as manager and secretary to GST. The GST Management Agreement is terminable by either party without compensation on the giving of 12 months' notice. The GST Management Agreement may also be terminated at any time if either Govett or GST has gone into liquidation, administration or receivership or has committed a serious or continuing and material breach of the GST Management Agreement. It may also be terminated at any time by Govett, giving at least 12 months' notice, if GST has ceased to be an approved investment trust.

The GST Management Agreement will terminate on the Effective Date. The GST Management Agreement provides for the management fee and the performance fee to be payable down to the Effective Date. In addition, it provides for compensation to be payable for termination being made without the required 12 months' notice being given. The compensation comprises a Terminal Management Payment and a Terminal Performance Payment (as defined below).

GST has agreed that Govett's performance fee will be calculated and (if earned) payable for the period up to 10 December 2003 rather than the date of termination of the GST Management Agreement. In lieu of a performance fee for the period between 10 December 2003 and the Effective Date, GST may make a discretionary payment to Govett in an amount of up to 0.2 per cent. of the net asset value of GST at the close of business on 19 December 2003.

GST and Govett have further agreed that if the GST Management Agreement was terminated on or before 25 July 2004, compensation would be calculated as if notice of termination had been served on 25 July 2003: this has the result of reducing the compensation otherwise payable to Govett so that, instead of 12 months' compensation, approximately 7 months' compensation will be payable. The Terminal Management Payment will be calculated as approximately 7 twelfths of the management fee for the year to the Effective Date and will amount to £297,803. The Terminal Performance Payment will be nil.

7.8 By a custody agreement dated 19 July 2002 between GST and JPMorgan Chase Bank ("JPM"), JPM has agreed to act as custodian to GST. The agreement is terminable on sixty days' written notice by either party. Under the agreement, JPM will receive a custodian fee as per an agreed fee schedule (plus VAT where applicable).

7.9 By a registrar's agreement dated 17 June 2002 (the "Registrar's Agreement") between GST and Capita Registrars, Capita Registrars has agreed to act as registrar to GST. The agreement is terminable on six months' notice by either party. Under the Registrar's Agreement, Capita Registrars will receive a fee as per an agreed fee schedule (plus VAT where applicable).

7.10 By a placing and offer agreement dated 17 June 2002 between GST, Govett and Cazenove & Co. Ltd (the "Placing Agreement"), Cazenove & Co. Ltd agreed to act as sponsor and placing agent to GST in connection with the issue of GST Shares in June and July 2002. Placing fees were payable by GST to Cazenove & Co. Ltd in respect thereof. Such fees were equal to 0.25 per cent. of the gross value of moneys attributable to Govett Strategic Investment Trust PLC shareholders electing for GST Shares under its scheme of reconstruction; and a fee of £200,000, plus VAT thereon.

7.11 GST entered into a transfer agreement (the "Original Transfer Agreement") with Govett Strategic Investment Trust PLC and the liquidators of Govett Strategic Investment Trust PLC on 24 July 2002. Pursuant to the agreement, certain assets of Govett Strategic Investment PLC were transferred to GST on the basis of elections and deemed elections made by Govett Strategic Investment Trust PLC's shareholders. In consideration for the transfer of these assets, GST issued GST Ordinary Shares to the shareholders electing for GST Ordinary Shares.

8. TEN LARGEST INVESTMENTS

As at 13 November 2003 (being the latest practicable date prior to publication of this document), the ten largest investments held by the Company were as follows:

Investment	Nature of business	% of capital owned	Cost (£'000)	Aggregate market value (£'000)	% of Company's net assets	Earnings per share (£)	Dividends per share (£)	Dividend cover	Net assets attributable to investment (£)
Safeway PLC	Supermarket chain	0.15	4,300	4,776	3.28	0.23	0.107	2.34	3,380,707
Land Securities Group PLC	Commercial property company	0.09	3,322	3,751	2.58	0.47	—	1.31	4,785,928
mm02 PLC	Provides mobile communications services	0.06	2,557	3,619	2.49	(0.21)	—	—	1,352,929
Prudential PLC	Insurance company	0.04	3,724	3,567	2.45	0.23	—	0.87	6,190,907
Celltech Group Plc	Biotechnology company	0.28	3,024	3,545	2.44	(0.17)	0.348	—	1,552,328
Carlton Communications PLC	UK media company	0.23	4,177	3,351	2.3	(0.28)	0.078	—	663,027
Orkla ASA CL A	Manufacturer of consumer goods and chemicals	0.12	2,561	3,256	2.24	7.70	3.400	2.26	21,503,558
Granada PLC	UK commercial television company	0.10	2,831	3,061	2.11	(0.08)	0.022	—	1,580,688
Amlin PLC Ord	Insurance underwriter	0.55	1,907	2,921	2.01	0.14	0.021	7.05	1,718,097
William Hill	Bookmaking company	0.18	1,664	2,698	1.86	0.17	0.097	1.94	439,662

Notes:

(i) The aggregate market value is based on the market prices on 13 November 2003 (being the latest practicable date prior to publication of this document).

(ii) The percentage of the Company's net assets represented by the investment is calculated on the basis of the figure in the relevant column as a percentage of the Company's unaudited net asset value on 13 November 2003 (being the latest practicable date prior to publication of this document).

(iii) Earnings per share are derived from the most recent published audited accounts of the relevant company.

(iv) Dividend per share is the dividend received by FSV in the most recent financial year (including any abnormal dividends or other payments). Dividend cover is derived from the most recent audited financial statements of the relevant company.

(v) The net assets attributable to the investment is calculated on the basis of the latest published audited balance sheet of the relevant investee company.

(vi) The audited accounts for the most recent financial year for the companies described above reveal no extraordinary items.

(vii) The financial statistics for Orkla ASA CL A are in Norwegian Krona.

9. MARKET PRICES

The market price for FSV Ordinary Shares on the first dealing day for each of the six months ending with 3 November 2003 and on 13 November 2003 (being the latest practicable date prior to publication of this document) was as follows:

Date	Market Price (p)
2 June 2003	262.25
1 July 2003	262.00
1 August 2003	282.50
1 September 2003	300.50
1 October 2003	290.50
3 November 2003	311.00
13 November 2003	313.50

10. TAXATION

The information set out below relates to UK taxation applicable to the Company and to FSV Shareholders who are resident, or ordinarily resident, in the UK for tax purposes (and who, if individuals, are domiciled in the UK) who hold FSV Ordinary Shares as an investment (and not as securities to be realised in the course of a trade) or who hold FSV Ordinary Shares otherwise than as trading stock. The information is based on existing law and Inland Revenue practice and is, therefore, subject to any subsequent changes. The information set out below does not address the tax consequences for persons who become FSV Shareholders by electing for the roll-over option under the Scheme. These are discussed in the circular for the Scheme dated 17 November 2003. The information is given by way of general summary only and does not constitute legal or tax advice to any FSV Shareholders. Any investors who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the UK should consult their professional adviser.

10.1 The Company

The Company has obtained approval as an investment trust under section 842 of ICTA for the year ended 31 August 2001 and provisional approval for the accounting period ended 31 August 2002. The Directors consider that the Company conducted its affairs in relation to the Company's subsequent financial years up to and including the years ended 31 August 2002 and 31 August 2003 to enable it to seek approval for those financial years. The Directors intend to conduct the affairs of the Company so as to enable it to continue to seek approval as an investment trust under section 842 of ICTA each year. In practice, a claim to be approved need not be submitted to the Inland Revenue provided that the Inland Revenue is satisfied that all of the conditions for approval are satisfied.

Under current legislation, the Company will be exempt from UK corporation tax on chargeable gains realised during each accounting period for which approval is obtained.

The Directors intend that the Company's income will consist wholly or mainly of "eligible investment income" as defined in section 842 of ICTA. The income of the Company will be subject to UK corporation tax to the extent that it does not consist of dividends received from UK companies.

10.2 FSV Shareholders

(a) **Capital Gains Tax**

FSV Shareholders resident or ordinarily resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, corporation tax on chargeable gains ("Capital Gains Tax") arising from the sale or other disposal (which includes disposal upon a winding-up) of their FSV Ordinary Shares for the purposes of the TCGA. On such a disposal by an individual FSV Shareholder who is resident or ordinarily resident in the UK for taxation purposes, the FSV Ordinary Shares may attract taper relief, which reduces the amount of chargeable gains according to how long the FSV Ordinary Shares have been held. FSV Shareholders who are corporations resident in the UK would benefit from an indexation allowance which, in general terms, increases the Capital Gains Tax base cost of an asset in accordance with changes in the retail prices index.

FSV Shareholders who are not resident or ordinarily resident in the UK for taxation purposes will not normally be liable to Capital Gains Tax arising from the sale or other disposal of their FSV

Ordinary Shares unless those FSV Ordinary Shares are held through a UK branch or agency although they may be subject to charges to foreign taxation depending upon their personal circumstances.

(b) **Dividends**

No tax is withheld from dividends paid by the Company and the Company assumes no responsibility for the withholding of tax at source.

Individuals resident in the UK for taxation purposes are generally liable to income tax on the aggregate amount of a dividend and a tax credit equal to one-ninth of the dividend. For example, on a dividend of £90, the tax credit would be £10, and an individual would be liable to income tax on £100. No further income tax is payable in respect of the dividend by UK resident individuals who are not liable to income tax at the higher rate. UK resident individuals who are subject to tax at the higher rate (currently 40 per cent.) have to pay additional tax on a dividend to the extent that tax at the rate applicable to dividends for such individuals (currently 32.5 per cent.) on the aggregate of the dividend and tax credit exceeds the tax credit. For example, on a dividend of £90 such a taxpayer would have to pay additional tax of £22.50. For this purpose, dividends are treated as the top slice of an individual's income.

No repayment of the tax credit in respect of dividends can be claimed by a UK resident FSV Shareholder, except where the FSV Ordinary Shares are held in an ISA or PEP. In such a case, a claim can be made for repayment in respect of dividends paid before 6 April 2004. Special rules apply to dividends received by charities before 6 April 2004.

UK resident corporate FSV Shareholders (other than dealers and certain insurance companies) are not liable to corporation tax or income tax in respect of dividends.

Non-UK resident FSV Shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK.

(c) **Stamp duty and stamp duty reserve tax**

An agreement to transfer FSV Ordinary Shares will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. or, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, at the rate of 1.5 per cent. of the value of the consideration paid, in either case rounded up to the nearest multiple of £5. If an instrument of transfer of the FSV Ordinary Shares is subsequently executed (if the FSV Ordinary Shares are not transferred through CREST) it will generally be subject to stamp duty at the rate of 0.5 per cent. or, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, at the rate of 1.5 per cent. of the value of the consideration paid, in either case rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

When FSV Ordinary Shares are transferred in CREST, there will be no charge to stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax at the rate of 0.5 per cent. of the actual consideration paid will be payable).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

(d) **ISAs and PEPs**

The FSV Ordinary Shares are eligible to be held within the stocks and shares component of an ISA subject to applicable subscription limits and provided the ISA manager has acquired the FSV Ordinary Shares by purchase in the market or pursuant to the Scheme.

Although no new PEPs may be opened and no further subscriptions made to existing PEPs, the FSV Ordinary Shares are qualifying investments for existing PEPs provided that the PEP manager has acquired the FSV Ordinary Shares by purchase in the market or pursuant to the Scheme.

11. GENERAL

11.1 FSV will bear its own costs which have been estimated at £485,000 (inclusive of VAT). Fidelity has agreed to reduce the management fee payable by FSV in respect of the quarter ending on 31 December

2003 by a sum equal to 0.75 per cent. of the aggregate sum subscribed by GST Shareholders as a contribution to these costs (which amount will not be known until the date on which assets are transferred to FSV by the liquidator of GST and will depend on the elections of GST Shareholders).

11.2 The Company intends that its income will derive wholly or mainly from shares or other securities. Not more than 15 per cent. of the gross assets of the Company will be lent to or invested in the securities of any one company or group at the time the investment or loan is made.

11.3 Since 31 August 2003 (being the end of the last financial period of the Company for which audited financial statements have been published), there has been no significant change in the financial or trading position of the Company.

11.4 Since 31 March 2003 (being the date to which the unaudited interim accounts of GST were prepared) there has been no significant change in the financial or trading position of GST.

11.5 The Company is not, and has not been, engaged in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Company and, so far as the Company is aware, no such proceedings are pending or threatened by or against the Company. Likewise, GST is not, and has not been, engaged in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of GST and so far as the Directors are aware, no such proceedings are pending or threatened against GST.

11.6 The Company has its registered office at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

11.7 The Company's registrars are Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until 30 December 2003 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY:

(a) the memorandum and Articles of Association of the Company and a draft of the Articles of Association as amended if the resolution 4 to be proposed at the Extraordinary General Meeting is passed;

(b) the audited report and accounts of the Company for the two financial years ended 31 August 2003;

(c) the material contracts referred to in paragraph 7 of this Part IV;

(d) a draft (subject to updating and amendment) of the Transfer Agreement, together with the undertakings referred to in paragraph 7 of this Part IV;

(e) the circular sent to the holders of Existing FSV Ordinary Shares dated 17 November 2003;

(f) the circular sent to GST Shareholders dated 17 November 2003 containing full details of the Scheme;

(g) the Mini-Prospectus; and

(h) this document.

Appendix I – Definitions

The following definitions apply throughout this document unless the context requires otherwise:

AIM	Alternative Investment Market
AITC	Association of Investment Trust Companies
Articles of Association	the articles of association of the Company as amended from time to time
Board or **Directors**	the directors of the Company or, where the context permits, the board of directors of the Company (or any duly authorised committee of such board)
Calculation Date	the time, to be determined by GST Directors but expected to be 5.00 pm (UK time) on 19 December 2003, at which the value of GST's assets will be calculated for the purpose of determining the entitlements of GST Shareholders to such assets under the Scheme
certificated or **in certificated form**	an FSV Ordinary Share which is not in uncertificated form
Companies Act	the Companies Act 1985 (as amended)
CREST	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
CREST Regulations	The Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
Effective Date	the date on which the Scheme becomes effective (which is expected to be 22 December 2003)
Existing FSV Ordinary Share	an existing FSV Ordinary Share of 25p in the capital of the Company in issue at the date of this document
Extraordinary General Meeting	the extraordinary general meeting of the Company to be held at 12.15 pm (or as soon thereafter as the Company's annual general meeting convened for the same date has been concluded) on 11 December 2003, or any adjournment of that meeting
Fidelity or **Manager**	Fidelity Investments International
Fidelity Organisation	the Fidelity Organisation comprising FMR Corp., USA and Fidelity International Limited, Bermuda and their respective subsidiary companies
Fidelity Share Plan	Fidelity Investment Trust Share Plan
FRS	Financial Reporting Standard
FSV or **Company**	Fidelity Special Values PLC, a company incorporated in England and Wales with registered number 2972628
FSV Ordinary Share	an ordinary share of 25p in the capital of the Company
FSV Shareholder	a holder of an FSV Ordinary Share
Gartmore	Gartmore Fund Managers Limited
Gartmore Govett Money Market Fund	an unlisted UK authorised unit trust scheme
Gartmore Govett Money Market Fund Units	units of the Gartmore Govett Money Market Fund
Gilts	UK treasury securities
Govett	Govett Investment Management Limited
Govett Investment Trust ISA	an ISA administered by Govett
Govett Investment Trust PEP	a PEP administered by Govett

GST	Govett Strategic Trust plc, a company incorporated in England and Wales with registered number 4442514
GST Directors	the directors of GST
GST Ordinary Share	ordinary share of 1p in the capital of GST
GST Shareholder	a holder of a GST Ordinary Share
ICTA	the Income and Corporation Taxes Act 1988
ISA	Individual Savings Account
Issue	the allotment and issue of New FSV Ordinary Shares under the Scheme
Liquidation Fund	the liquidation fund to be retained by the liquidators of GST of an amount which they consider sufficient to provide for all outstanding liabilities of GST and the costs incurred by, or in respect of GST, its liquidators
Listing Rules	the UK Listing Authority listing rules
London Stock Exchange	London Stock Exchange plc
Management Agreement	the management agreement between the Company and Fidelity dated 19 October 1994, details of which are set out in paragraph 6 of Part IV
Mini-Prospectus	the mini-prospectus of the Company
New FSV Ordinary Share	a new FSV Ordinary Share of 25p in the capital of the Company proposed to be issued under the Scheme
Official List	the official list of the UK Listing Authority
Overseas Holder	a GST Shareholder who is resident in, or a citizen, resident or national of, jurisdictions outside the United Kingdom, the Channel Islands or the Isle of Man
PEP	Personal Equity Plan
Restricted Holder	(unless the GST Directors otherwise determine in any particular case or class of cases) a holder of GST Ordinary Shares with a registered address outside the United Kingdom or any GST Shareholder whom GST believes to be an Overseas Holder or to be holding GST Ordinary Shares on behalf of an Overseas Holder
Scheme	the liquidation scheme of GST under section 110 of the Insolvency Act 1986 and GST's articles of association as described in the documents issued to each of the GST Shareholders on or around 17 November 2003
TCGA	the Taxation of Chargeable Gains Act 1992
Transfer Agreement	an agreement to be entered into on or about the Effective Date among, *inter alia*, GST, GST's liquidators and the Company
UBS	UBS Limited
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
uncertificated or **in uncertificated form**	recorded in the register of members or Warrantholders of the Company or GST (as appropriate) as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Warrant	a warrant to subscribe for an FSV Ordinary Share on the terms set out in Part II of the listing particulars dated 19 October 1994
Warrantholder	a holder of a Warrant

Directors, Manager and Advisers

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Robert Alexander Hammond-Chambers
Sir Richard David Christopher Brooke, Bt
Simon Mark Haslam
Douglas Kinloch Anderson
James Tait Laurenson

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