Disclosure - Non-Independent Marketing Communication This is a non-independent marketing communication commissioned by Fidelity Special Values (FSV) . The report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on the dealing ahead of the dissemination of investment research.

Fidelity Special Values (FSV)

FSV offers exposure to out-of-favour UK companies with scope for recovery.

Jean-Baptiste Andrieux Jean-Baptiste@keplerpartners.com

Overview

Investment objective

To achieve long-term capital growth primarily through investment in equities of UK companies.

Source: Morningstar

As at:	17/11/2026
Trust Name	Fidelity Special Values
Ticker	FSV
Management Company	Fidelity Management & Research Company LLC
Manager Name	Alexander B. Wright; Jonathan Winton;
Association of Investment Companies (AIC) Sector	UK All Companies
Dividend Yield	2.2%
Dividend Distribution Frequency	Semi-Annually
Latest Market Capitalisation	£1,523,757,179
Latest Net Gearing (Cum Fair)	5.2%
Latest Ongoing Charge Ex Perf Fee	0.68%
Shares Outstanding	324,548,920
(Discount)/ Premium (Cum Fair)	-1.8%
Daily Closing Price	469.5p

Fidelity Special Values (FSV) offers exposure to UK companies that have fallen out of favour but have the potential to recover. As such, managers Alex Wright and Jonathan Winton look for stocks trading at attractive valuations, where they believe downside risk is limited, and identifiable catalysts can help drive a recovery. This approach has delivered strong returns over both the long and short term, with FSV having notably outperformed both the FTSE All-Share index and global equities over the past five years (to 17/11/2026).

Over the past year, Alex and Jonathan have added to their exposure to economically sensitive industries that have experienced prolonged downturns, including staffing companies such as Hays and PageGroup. These businesses have been impacted by weak hiring activity and concerns that artificial intelligence (AI) may disrupt their business models. However, the managers believe these challenges are likely to be cyclical rather than structural. Alex and Jonathan have also built positions in defensive companies that have struggled but where they see scope for a recovery, such as Bunzl, a distribution company operating globally. They have also increased their position in mining company Glencore, whose exposure to coal they see as a hedge against higher gas prices, while its commodity trading operations typically thrive during periods of heightened market volatility. In addition, they have allocated more capital to domestic banks such as NatWest and Lloyds, highlighting that these continue to trade at attractive valuations, suggesting that the market has yet to fully recognise the strength of their fundamentals.

FSV is part of the AIC's next generation of **Dividend** Heroes, having increased its dividend for 16 consecutive years, and currently offers a 2.2% historic yield. Meanwhile, the trust is trading at a 1.8% **Discount**.

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Analyst's View

In our view, FSV offers many compelling features for investors seeking exposure to UK equities. For one, Alex and Jonathan can invest across the full market capitalisation spectrum, ensuring broad coverage of the domestic equity market and enabling them to focus on the areas where they see the most attractive opportunities. Moreover, their contrarian-value investment approach distinguishes the trust from many other UK equity strategies, giving exposure to a different opportunity set while also having delivered strong Performance over both the long and short term.

As such, we think FSV's contrarian approach could be particularly well suited to gaining exposure to the domestic equity market at this juncture. This is because UK equities have been out of favour for many years, leaving pockets of value across the market for Alex and Jonathan to exploit. In fact, they trade at a discount to their long-term averages, as well as to their international peers, offering scope for a re-rating, which could be supported by several trends. These include record share buybacks from UK corporates, an attractive dividend yield, improved performance relative to global equities, and an increased pace of M&A activity.

Finally, we believe that FSV could add valuable diversification within the equity portion of an investor's portfolio. Global equity markets have become increasingly concentrated in AI-related names, while concerns surrounding this trade have grown, contributing to heightened volatility in recent months. In contrast, FSV's Portfolio has only marginal, incidental exposure to the AI theme and instead offers access to opportunities with an arguably better risk-reward profile.

Bull

- Offers a differentiated approach to UK equities
- UK equities remain cheap relative to history and peers and could benefit from supportive trends
- Long- and short-term track record of outperformance

Bear

- Large exposure to cyclical sectors could be a headwind in a weak economic environment
- Bias towards small- and mid-caps could increase volatility
- Narrow discount offers limited share re-rating potential

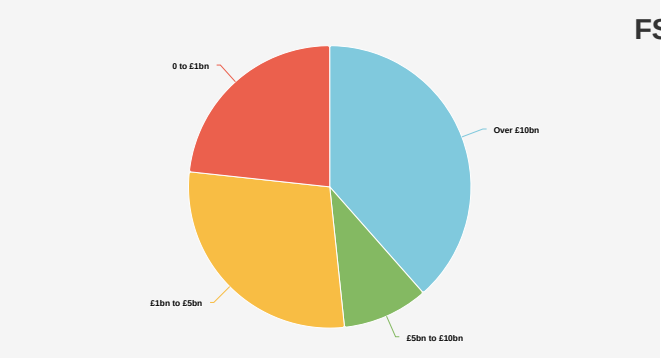
Portfolio

Fidelity Special Values (FSV) offers a differentiated approach to UK equities, focusing on companies that have fallen out of favour with the market, but where managers Alex Wright and Jonathan Winton have identified catalysts that could drive positive changes. As part of their process, the managers place great emphasis on downside analysis, carefully assessing earnings, financial, and valuation risks, which can help limit potential losses should their investment theses fail to materialise. In addition, they invest in a large number of companies (108 company holdings as at 30/09/2026), helping to spread risk and limit the impact of poor performance from any single stock. Finally, individual positions are typically sized according to the managers' conviction, the potential scale of the recovery, the risk-reward profile, the strength of the franchise and balance sheet, and liquidity of the shares.

Alex and Jonathan invest across the full UK market capitalisation spectrum, enabling them to allocate capital to the areas where they identify the best opportunities. For instance, FSV is currently overweight small- and mid-cap names. As these have lagged their FTSE 100 counterparts since late 2021, the managers have found more attractive pockets of value among these companies. We note that both Alex and Jonathan have considerable experience investing in UK smaller companies, with Alex having managed the Fidelity UK Smaller Companies fund between 2008 and 2019 and Jonathan being the current manager of this same fund. In addition, the managers have the flexibility to invest up to 20% of the portfolio in companies listed outside the UK. They typically do so when they identify opportunities that are not available in the UK equity market or when overseas equivalents offer more attractive valuations and more tangible

catalysts. For example, Alex and Jonathan currently favour Irish housebuilders over their UK peers, given the more dynamic housebuilding market and more supportive mortgage rates in Ireland.

MARKET-CAP EXPOSURE



Source: Fidelity International

Past performance is not a reliable indicator of future results.

When investing in a company, Alex and Jonathan do not intend to hold it indefinitely, but rather to sell it gradually as the recovery unfolds. As such, annual turnover typically ranges between 20% and 50%, with an average holding period between three to five years. Over their lifetime in the portfolio, holdings typically progress through three stages. The first is when signs of improvement at a company begin to emerge. As the market starts to recognise the positive changes taking place, a holding then moves to the second stage. Once these changes are fully priced in by the market, the holding reaches the third stage. At this point, Alex and Jonathan typically trim or fully exit the position, recycling the capital into stage-one opportunities. An example of a stock that has recently progressed through all three stages is defence contractor Babcock. The position was initiated in 2020, when defence companies were out of favour with investors, but the managers saw significant potential for operational improvement. The company subsequently completed a successful organic turnaround, improving contract execution and profit margins. Moreover, this recovery was further supported by heightened geopolitical tensions prompting countries to increase defence spending and rebuild their military capabilities. Having assessed that the recovery had run its course, Alex and Jonathan sold their position in Q2 2026.

To help analyse where they are taking exposure, Alex and Jonathan divide their holdings into four supersectors: financials, defensive, resources, and other GDP-sensitive. Currently, other GDP-sensitive is the largest supersector overweight, with Alex and Jonathan highlighting that many economically sensitive industries have experienced prolonged downturns, offering a fertile environment for new investment opportunities. This includes staffing companies such as Hays, PageGroup, and SThree, which have been impacted by weak recruitment activity and concerns about how AI may disrupt their business models. As a result, Alex and Jonathan have added to their positions in these companies over the past 12 months. They believe these challenges are likely to be cyclical rather than structural and argue that these companies offer downside protection thanks to their people-based cost structures and net-cash balance sheets, allowing them to adjust their costs in line with activity levels while maintaining strong financial positions. Over the summer, FSV's staffing companies experienced a recovery, reporting gross profits ahead of consensus expectations, while signs of stabilisation in recruitment markets around the world began to emerge. Crucially, Alex and Jonathan were reassured to see that this stabilisation was also evident in the US and Asia Pacific, two regions where AI adoption is most advanced.

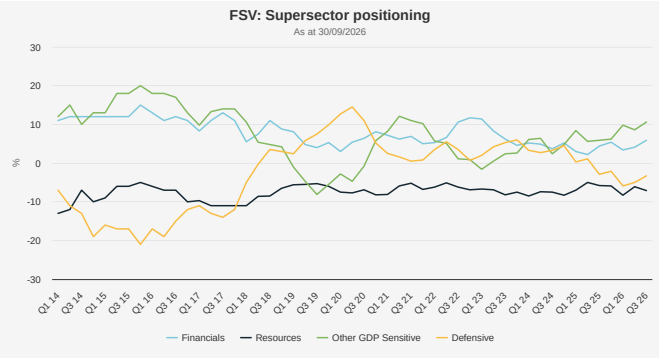
Financials is currently the second-largest supersector overweight. Alex and Jonathan remain particularly constructive on banks, an industry to which they started increasing their exposure at the end of 2021 and which has performed strongly since then. They believe that the higher interest rate environment should enable banks to continue earning attractive margins on deposits and generate stronger returns on capital. While FSV holds banks operating across different geographies and with different business models, they have increased their exposure to domestic banks such as NatWest and Lloyds this year. They highlight that domestic banks continue to trade on forward P/E multiples below 10x and argue that these valuations do not yet fully reflect the strength of their fundamentals.

FSV's underweight position in the defensive supersector has been reduced over the last couple of quarters. They notably added to new holdings, such as Bunzl, a distribution company supplying everyday products such as food packaging and cleaning products. Bunzl historically commanded a premium valuation, but its shares have de-rated significantly due to problems within its North American foodservice division. These stemmed from a shift to a centralised operating model

that created execution challenges, alongside a move towards higher-margin own-brand products, which damaged customer relationships and led to market share losses. However, Alex and Jonathan argue that these issues are specific to this division and believe they can be resolved, highlighting that remedial steps have already been taken, including the reversal of some changes and the replacement of divisional leadership. In fact, they note that the turnaround has progressed more quickly than expected, with the stock having performed strongly since the start of 2026. Elsewhere in the defensive supersector, Alex and Jonathan continue to see strengths in AstraZeneca's underlying business, including its diversified product portfolio and broad research pipeline, which provide multiple potential drivers of future growth. They have also added to British American Tobacco and Imperial Brands following a period of underperformance, as they still see potential for resilient growth in combustibles alongside stronger growth opportunities across next-generation products.

Finally, resources is the largest underweight supersector, a long-standing feature of the trust, reflecting the significant weight of energy and mining companies in the FTSE All-Share index, as well as the managers' focus on stock-specific opportunities. An example of a holding in this supersector is Glencore, a diversified mining and commodity marketing business, in which Alex and Jonathan increased their position during the first quarter of 2026. While the stock has performed strongly since the position was initiated in March 2025, notably as the market has been attracted by the company's meaningful exposure to copper against a backdrop of structural supply constraints and a supportive long-term outlook for this metal, the managers see further upside. For instance, Alex and Jonathan note that Glencore's coal exposure provides a natural hedge against higher gas prices, whereas many other mining companies typically see their profitability squeezed by higher energy costs. Furthermore, they highlight that Glencore's global commodity trading operations often thrive during periods of heightened market volatility. Alex and Jonathan also built a position in BP in the second quarter of 2026, although they continue to favour TotalEnergies among the oil majors, citing its more consistent track record of execution and the growth potential offered by its exposure to a range of renewable energy sources.

SUPERSECTOR POSITIONING



Source: Fidelity International

Past performance is not a reliable indicator of future results.

The table below shows how FSV currently compares with the FTSE All-Share index in terms of valuation, growth, returns, and leverage metrics. FSV's portfolio trades on lower forward price-to-earnings and price-to-book multiples, reflecting Alex and Jonathan's emphasis on companies trading on attractive valuations. It is also expected to deliver faster growth in 2027 and 2028, as measured by sales and operating profit growth, while carrying a similar level of leverage and offering slightly lower-quality characteristics than the benchmark.

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PORTFOLIO METRICS

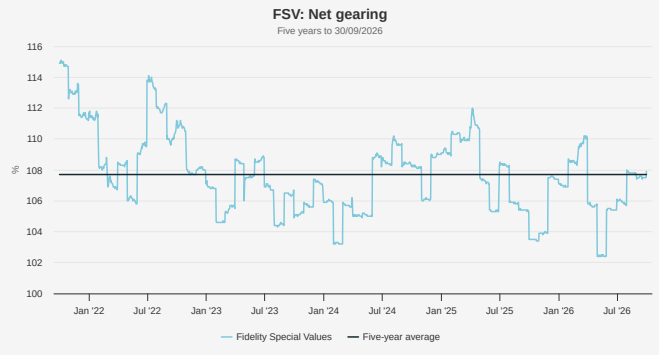
	FSV			FTSE ALL-SHARE		
	2026	2027	2028	2026	2027	2028
Valuation						
P/E Underlying (x)	11.4	10.2	9.4	12.6	12.4	11.6
Price/Book (x)	1.6	1.6	1.6	2.2	2.1	2
Growth						
Sales growth (%)	5.9	2.3	4.3	11.8	-1.5	1.5
Operating Profit growth (%)	11.7	7.5	9.1	17.6	-2.6	3.7
Returns						
Return on equity (%)	14.2	15.6	17.3	18.1	17.6	17.9
Return on invested capital (%)	12.1	12.7	13.6	13.6	13	13.4
Leverage						
Net Debt/EBITDA (x)	1.5	1.5	1.3	1.5	1.5	1.5

Source: *Fidelity International, as at 10/10/2026*

Gearing

The board believes that long-term returns for shareholders can be enhanced through the careful use of gearing. Over the past five years, the trust's gearing level has averaged 7.7%. As at the end of September 2026, gearing stood at 5.2%, although the effective level was lower when accounting for portfolio holdings subject to recommended takeover offers, which can be treated as cash proxies.

GEARING



Source: Morningstar

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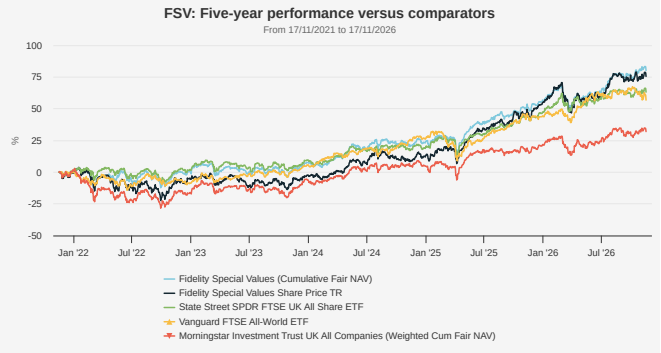
Rather than using traditional borrowing facilities, FSV uses derivative instruments, such as contracts for differences (CFDs), to gear the portfolio. This enables Alex and Jonathan to gear specific positions rather than the portfolio as a whole on a pro-rata basis.

Performance

FSV has comfortably outperformed the FTSE All-Share over the past five years (to 17/11/2026), generating NAV and share price total returns (TRs) of 80.1% and 75.5%, respectively, compared with a benchmark return of 65.2%. Over this period, the trust's annualised alpha was 1.7% and its beta 1.0, indicating that outperformance was achieved without taking on a higher level of market risk. FSV also outperformed global equities, as represented by the FTSE All-World, which returned 57.5%. In our view, this demonstrates the potential of FSV's contrarian approach and the opportunities presented by UK equities despite prevailing negative sentiment.

Furthermore, FSV was also the best-performing constituent of the AIC UK All Companies sector, which delivered a simple average return of 31.5%. We note that FSV benefited from several tailwinds, including the dominance of the value factor in the UK equity market over the period under review. In contrast, many of its sector peers are tilted towards the growth factor or follow a style-neutral approach. In addition, many constituents of the AIC UK All Companies sector invest exclusively in small- and mid-cap stocks, which have underperformed their larger counterparts over the past five years. By contrast, FSV invests across the full market-cap spectrum, giving it greater exposure to large-cap companies.

FIVE-YEAR PERFORMANCE



Source: Morningstar

Past performance is not a reliable indicator of future results

So far in 2026, FSV has also outperformed both the UK and global equity markets, generating NAV and share price TRs of 15.0% and 13.3% respectively, which compare with returns of 10.9% for the FTSE All-Share and 9.5% for the FTSE All-World.

The largest contributor to returns was DCC Energy, a multi-energy sales and distribution business. The company's share price rose in response to takeover interest from private equity firms, with DCC subsequently agreeing to a takeover by a consortium comprising KKR and Energy Capital Partners. We note that M&A activity has been a recurrent source of returns for FSV, with several of the trust's holdings receiving takeover bids this year. However, it is worth noting that Alex and Jonathan do not build positions in companies on the expectation that they will become takeover targets.

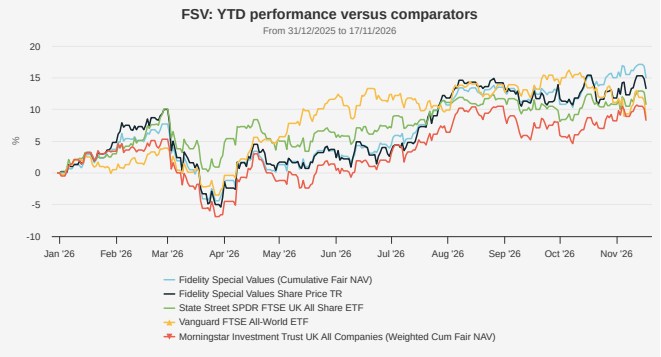
Other significant contributors to returns included geotechnical engineering company Keller and oil major TotalEnergies. Keller benefited from strong demand for data centres and other AI-related infrastructure projects in the US, while TotalEnergies performed well on the back of higher energy prices and an upbeat production and dividend outlook. FSV's performance was also supported by its position in banks, notably Standard Chartered, which has delivered robust growth in its global banking and wealth management divisions. In addition, underweight exposure to several large-cap 'quality' names, including RELX and Unilever, contributed positively to relative performance. Alex and Jonathan considered these stocks to be trading on stretched valuations, a view that was subsequently vindicated as they experienced sharp de-ratings.

Conversely, not holding HSBC, another UK-listed bank with a global revenue base, detracted from relative performance. Alex and Jonathan prefer Standard Chartered to HSBC, as they believe the former offers greater growth potential, with its relatively smaller wealth management business providing greater scope for expansion. Similarly, not holding BP and Shell impacted relative performance, as the managers favour

TotalEnergies over its UK-listed rivals, although BP was added to the portfolio in Q2 2026. Among the stocks held, the largest detractor was Smith & Nephew, a medical equipment manufacturer. Its share price was particularly affected by downgraded guidance for its orthopaedics business, following slower-than-expected sales, as well as the failure of merger talks with US healthcare company Johnson & Johnson. Nevertheless, the managers believe the company is well supported by its other two divisions, Sports Medicine and Wound Management.

Alex and Jonathan are constructive on the outlook for UK equities, noting that valuations remain attractive relative to both other developed markets and their own long-term averages. They also identify several supportive trends for returns, including record levels of share buybacks, attractive dividend yields, and a pick-up in M&A activity. Finally, they highlight that their portfolio offers not only more attractive forward valuations than the broader market but also stronger growth prospects over the next two years, while maintaining a comparable level of leverage.

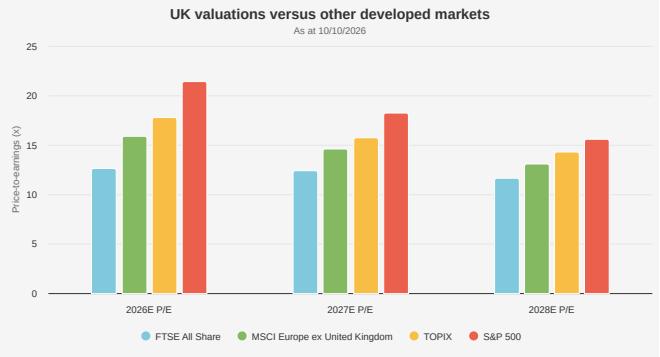
YTD PERFORMANCE



Source: Morningstar

Past performance is not a reliable indicator of future results

FORWARD VALUATIONS



Source: Fidelity International

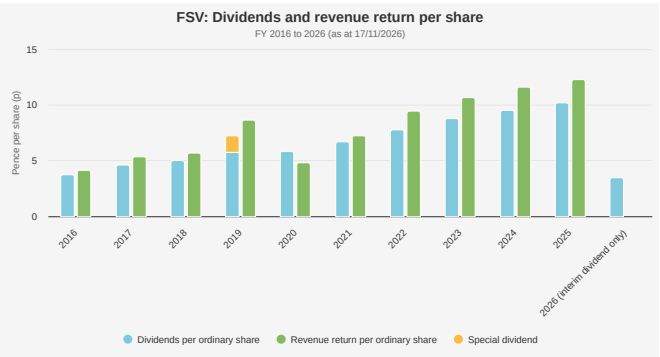
Past performance is not a reliable indicator of future results.

Dividend

The board recognises the importance of dividends to total returns. As such, while capital growth remains the priority, the trust also pays a dividend. In fact, the trust has increased its dividend for 16 consecutive years, making FSV one of the AIC's next generation of Dividend Heroes, a group of investment trusts that have increased their dividends for at least ten consecutive years but fewer than 20.

The trust distributes its dividend in two instalments each financial year: an interim dividend, usually paid in June, and a larger final dividend, typically paid in January. The interim dividend for FY 2026 has been paid and amounted to 3.49p per share, representing a 3.9% year-on-year increase, while the final dividend has yet to be declared. As a result, the trust's historic yield stands at 2.2%.

DPS & RPS



Source: Fidelity

Past performance is not a reliable indicator of future results

FSV's latest half-year report states revenue reserves of £40.3m, which was enough to cover 1.2x the dividends paid over the previous 12 months. This gives the board scope to continue increasing dividends in the event of a revenue shortfall.

Management

FSV has been managed by Alex Wright since September 2012. He has 25 years' experience of investing in UK and European equities, having originally joined Fidelity in 2001 as a research analyst. In his time at the firm, he has rotated through a variety of sectors, including leisure, emerging European and African banks, alcoholic beverages and UK small-cap stocks. He holds a first-class economics degree from the University of Warwick. Alex also manages the open-ended Fidelity Special Situations fund, which has around £4.6bn in assets, and is largely similar in approach to FSV. Alongside Alex is co-manager Jonathan Winton. They have worked closely together since 2013 in the UK equities team, before Jonathan formally became co-manager in February 2020.

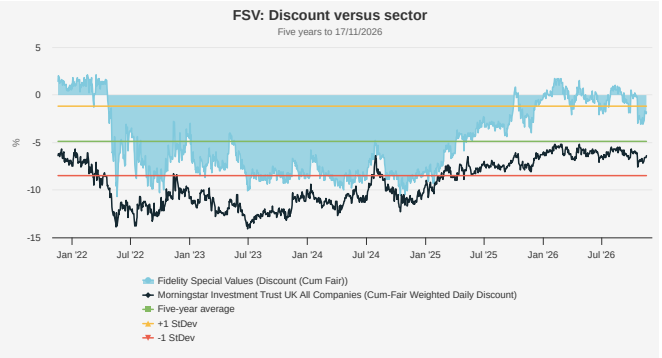
Alex and Jonathan have access to Fidelity's global equity research team, which comprises 134 equity analysts, including 36 specialising in pan-European equities. This team also have specialists in shorting and quant analysis, as well as a team of ESG specialists. Overall, Fidelity has over 360 investment professionals and research staff working within its global research platform, where collaboration is strong across regions. Fidelity has long-term incentive plans in place that reward analysts for successful stock picking.

Discount

FSV has consistently traded at small premiums or very narrow discounts since the fourth quarter of 2025, which we believe reflects its strong performance over both the long and short term. At the time of writing, FSV trades at a discount of 1.8%.

Given ongoing concerns around AI-related stocks, we think FSV could continue to see demand for its shares if investors reallocate capital to other areas of the equity market. This is because the trust has very limited, incidental exposure to the AI theme and offers exposure to a distinct set of investment opportunities. Moreover, with a market capitalisation of £1.5bn, FSV is one of the largest investment trusts, making it sufficiently large to meet the liquidity requirements of a broad range of investors seeking exposure to UK equities.

DISCOUNT



Source: Morningstar

Past performance is not a reliable indicator of future results.

The board aims to maintain the discount in single digits under normal market conditions and stands ready to issue shares when the trust's share price exceeds NAV per share. For example, as the trust has frequently traded at a premium over the past 12 months, the board issued new shares, resulting in a 0.5% increase in the number of voting rights. The board last repurchased shares in March 2025.

Charges

FSV reports an ongoing charge figure (OCF) of 0.68% in its latest annual report (for the year ended 31/08/2025). This compares with a simple average of 0.64% for the AIC UK All Companies sector. We note that the OCF is already reflected in the NAV and is not an additional cost deducted from the share price paid by investors.

The trust's OCF includes a single-tier management fee of 0.60% of net assets. There is no performance fee.

ESG

There are no formal ESG restrictions for Alex and Jonathan to consider when they are constructing their portfolio, though they remain cognisant of the risks each element may bring. For instance, they believe that the consideration of governance factors is very important and this has always been a key part of the approach. The process looks to identify companies that can execute a turnaround and part of this requires strong management teams that are capable of delivering on the recovery strategies.

For assessing the environmental and social factors of a firm, Alex and Jonathan analyse how a firm's business operations are exposed to government policy goals. Where a firm's activities are likely to conflict with these, the managers and their team will engage with their portfolio companies to find a solution that won't lead to friction, rather than using this as a way of excluding companies. Alex and Jonathan note that companies are unlikely to operate in a way that actively goes against regulation, but using this approach is a good guide for identifying potential risks.

Morningstar has rated FSV as four out of five globes on its sustainability rating, with c. 95% of the portfolio covered as of 31/08/2026.

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