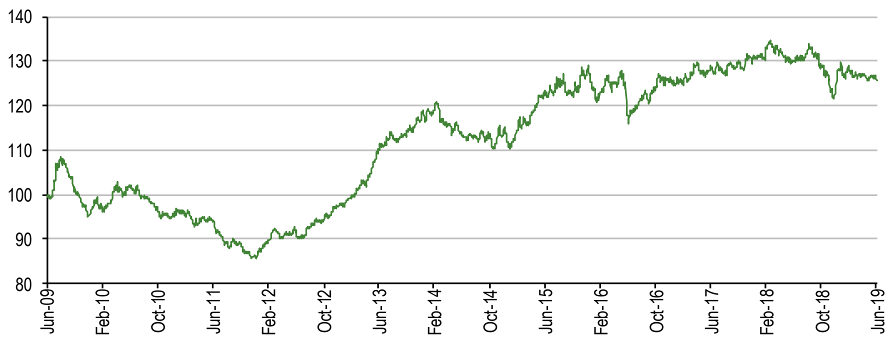
Fidelity Special Values

Outperforming despite a stylistic headwind

Investment trusts
UK equities

Fidelity Special Values (FSV) has been managed by Alex Wright since September 2012. He aims to generate long-term capital growth from a diversified portfolio of primarily UK-listed companies (up to 20% of the fund may be held in companies listed overseas, and two of its top three holdings are ex-UK). The manager has a value, contrarian approach and is currently finding a broad spread of attractively valued investment opportunities across the UK market: in companies with both domestic and international businesses; in cyclical and more defensive areas; and across the market cap spectrum. Given the strength of the UK market so far this year, in spite of a deteriorating macro backdrop, Wright is more cautious on the near-term outlook for UK equities in general, but remains very positive on the opportunity set for a contrarian investor.

Long-term record of NAV outperformance versus the FTSE All-Share index



Source: Refinitiv, Edison Investment Research

The market opportunity

UK shares are currently underappreciated by both global and domestic investors. As a result, the UK market looks meaningfully undervalued versus the global and other regional markets. Increased clarity on the UK's exit from the European Union (EU) could lead to a material re-rating of UK-listed companies.

Why consider investing in Fidelity Special Values?

- Mid- and long-term outperformance versus the FTSE All-Share index.
- Consistent and well-defined contrarian investment approach.
- Fundamental research supported by Fidelity's well-resourced analyst team.
- Reduced, tiered fee structure with no performance fee.
- FSV's shares consistently trade close to NAV.

Active share issuance

The board seeks to ensure that FSV's shares trade close to NAV. Since mid-2018, the trust has regularly traded at a premium and the board has been actively issuing shares. FSV's current 0.8% discount to cum-income NAV compares with the 1.1% average premium over the last year and the 2.7% to 6.5% range of average discounts over the last three, five and 10 years. Since 2015, FSV has paid semi-annual dividends in June and January and the current yield is 2.0%.

23 July 2019

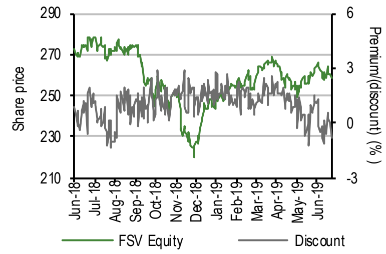
Price	**258.5p**
Market cap	**£714m**
AUM	**£725m**

NAV*	260.5p
Discount to NAV	0.8%

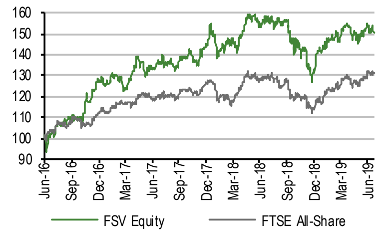
*Including income. As at 19 July 2019.

Yield	2.0%
Ordinary shares in issue	276.0m
Code	FSV
Primary exchange	LSE
AIC sector	UK All Companies
Benchmark	FTSE All-Share

Share price/discount performance



Three-year performance vs index



52-week high/low	278.0p	220.0p
NAV** high/low	275.9p	219.2p

**Including income.

Gearing

Gross market gearing*	1.5%
Net market gearing*	1.0%

*As at 30 June 2019.

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Edison profile page

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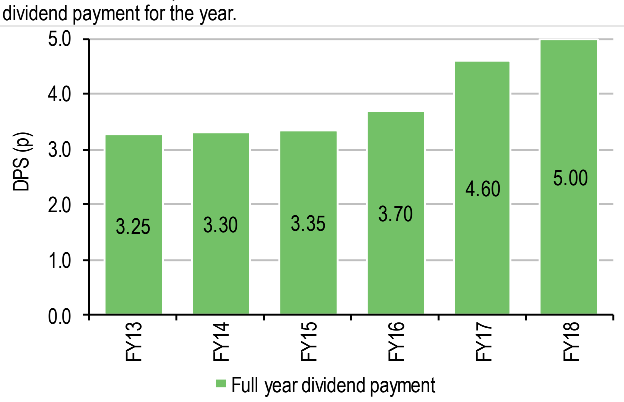
EDISON

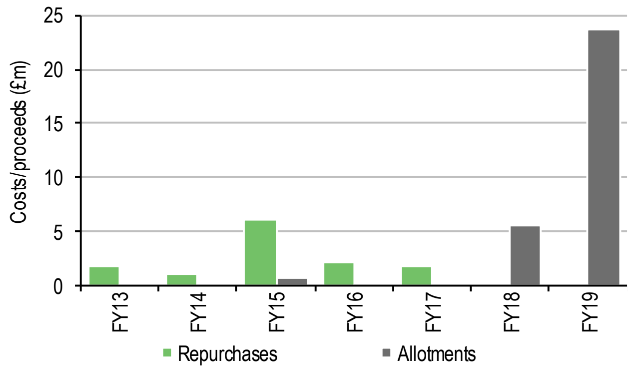
Exhibit 1: Trust at a glance

Investment objective and fund background	Recent developments
Fidelity Special Values' investment objective is to achieve long-term capital growth, primarily through investment in the equities (and their related financial instruments) of UK companies that the manager believes to be undervalued or where potential has not been recognised by the market. Investments are only made in companies where the potential downside risk is understood, to limit the possibility of losses.	■ 24 June 2019: Appointment of two independent non-executive directors – Claire Boyle (with immediate effect) and Alison McGregor (effective 1 January 2020). ■ 1 May 2019: Interim results to 28 February 2019. NAV TR -6.1% versus benchmark TR -3.7%. Share price TR -6.7%. Proposed interim dividend of 2.10p (+13.5% year-on-year).

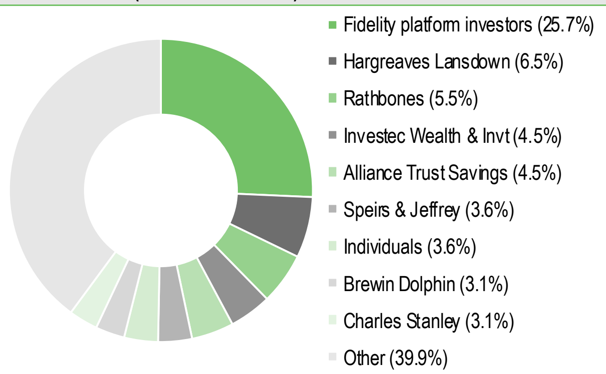
Forthcoming		Capital structure		Fund details	
AGM	December 2019	Ongoing charges	0.92%	Group	FIL Investments International
Final results	November 2019	Net market gearing	1.0%	Manager	Alex Wright
Year end	31 August	Annual mgmt fee	Tiered: 0.85% up to £700m net assets, 0.75% thereafter	Address	Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP
Dividend paid	June, January	Performance fee	None		
Launch date	17 November 1994	Trust life	Indefinite (subject to vote)	Phone	01732 361144
Continuation vote	Three-yearly (next 2019)	Loan facilities	None – CFDs used (see page 3)	Website	www.fidelity.co.uk/specialvalues

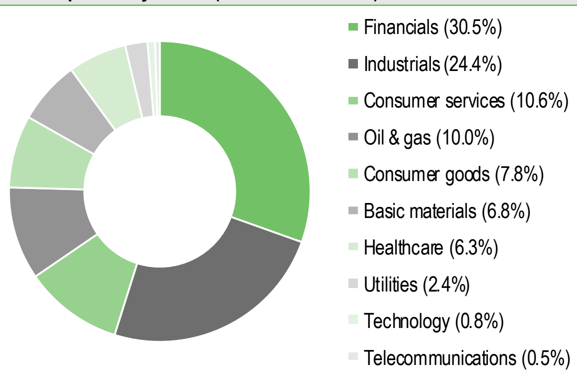
Dividend policy and history (financial years)	Share buyback policy and history (financial years)
Since 2015, FSV has paid interim and final dividends, in order to smooth the dividend payment for the year.	FSV has annually renewed authority to purchase up to 14.99% and allot up to 10% of its issued share capital.





Shareholder base (as at 30 June 2019)	Portfolio exposure by sector (as at 30 June 2019)





Top 10 holdings (as at 30 June 2019)

			Portfolio weight %		Benchmark weight %	Active weight %
Company	**Country**	**Sector**	**30 June 2019**	**30 June 2018***	**30 June 2019**	**30 June 2018***
Royal Dutch Shell	UK	Oil & gas	5.6	6.1	9.1	(3.5)
CRH	Ireland	Industrials	4.8	4.5	0.9	3.9
Roche	Switzerland	Healthcare	4.5	N/A	0.0	4.5
Pearson	UK	Consumer services	4.2	3.5	0.3	3.9
John Laing Group	UK	Financials	4.2	N/A	0.1	4.1
Citigroup	US	Financials	3.9	4.9	0.0	3.9
Phoenix Group	UK	Financials	3.5	N/A	0.2	3.3
BP	UK	Oil & gas	3.4	2.7	4.7	(1.3)
Royal Bank of Scotland	UK	Financials	3.2	N/A	0.4	2.8
Meggitt	UK	Industrials	3.1	N/A	0.2	2.9
Top 10 (% of holdings)			**40.4**	**36.3**		

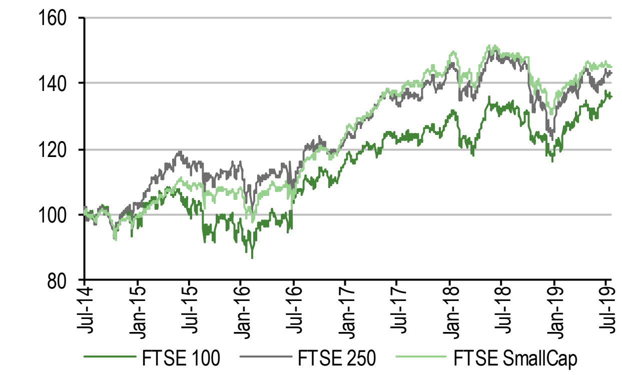
Source: Fidelity Special Values, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in end-June 2018 top 10.

Market outlook: Valuations relatively attractive

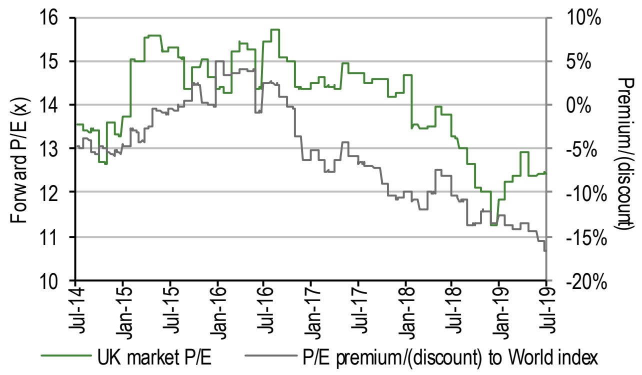
UK equities are particularly unloved, with market commentators reporting historically low exposures from global allocators of capital. Uncertainty surrounding Brexit and the high concentration of the FTSE All-Share Index in the top 10 (mainly low-growth) companies (more than 35%) have led investors to look elsewhere for opportunities. Exhibit 2 (RHS) shows that UK equities, as measured by the UK Datastream Index, are trading on a forward P/E multiple of 12.4x, which is a 16.7% discount to the world market; this is significantly wider than the 5.5% five-year average. This valuation backdrop may prove an opportunity for long-term investors seeking UK equity exposure.

Exhibit 2: Market performance and valuation

Performance of UK indices (rebased to 100)



Datastream UK market forward P/E multiple vs Datastream World market



Source: Refinitiv, Edison Investment Research. Note: Valuation data as at 22 July 2019.

Fund profile: Contrarian investment approach

FSV was launched in November 1994; it is listed on the Main Market of the London Stock Exchange and is a member of the FTSE 250 Index. Since September 2012, the trust has been managed by Alex Wright, who has a contrarian investment approach, seeking undervalued companies offering the potential for positive change. The portfolio contains 80–120 companies across the market cap spectrum, of which up to 20% may be listed overseas. No single holding will make up more than 10% of the portfolio, while up to 5% of gross assets may be held in unquoted securities. Performance is benchmarked against the FTSE All-Share Index. The board believes that long-term returns can be enhanced by the prudent use of gearing; gross gearing up to 40% is allowed, but the manager employs a working range of zero to 20% net gearing. Contracts for difference (CFDs) are used to gear long exposure and to take short positions and the manager has a partial portfolio hedge (c 5%) via a FTSE 250 Index future.

The fund manager: Alex Wright

The manager's view: Broad array of investment opportunities

Wright notes that the aggregate forward P/E of FSV's portfolio is towards the low end of its 10-year historical range, in keeping with the overall UK market. He says that UK equities as an asset class are out of favour with both global and domestic investors, and while there is a debate about the relative valuations of companies with domestic rather than international operations, he is finding value opportunities in both camps, across both cyclical and defensive sectors. Wright believes that while many domestic businesses are trading on very modest valuations, it is very important to remain selective. FSV traditionally has an overweight exposure to this segment of the market due to the availability of smaller- and mid-cap opportunities that tend to be less well researched and can often be mispriced. The manager seeks companies with a balance sheet that is strong enough to withstand a period of earnings volatility, noting that many businesses have taken the opportunity of low interest rates to take on additional debt. Wright focuses on firms operating in structurally sound markets; while retailers have been a focus for some contrarian investors, he remains wary, believing the industry has real long-term issues and is in structural decline. The manager also seeks companies with a self-help story, where a turnaround can be achieved independently of the UK macro environment. He is cautious about the outlook for UK housebuilders, which are generating peak margins, helped by the government's Right to Buy scheme and instead favours Irish companies Cairn and Glenveagh Properties. The Irish firms are enjoying better industry fundamentals and improving margins, as well as being reasonably valued; in addition, Fidelity's analysts believe that Brexit fears for the Irish housebuilders are overblown.

Wright says that FSV's investment performance can be enhanced by mergers and acquisitions (M&A), although this is not a focus of his approach. Activity tends to be a function of the level of corporate confidence, which is relatively low due to Brexit concerns. The manager says that there could be an uptick in M&A activity once there is more clarity about the UK's departure from the EU, and notes that the trust held a position in Footasylum, which was bid for in March 2018 by JD Sports for a very large (c 80%) premium to its pre-bid share price. Although Footasylum was a modest-sized position for FSV, it delivered an outsized contribution to returns, validating the manager's approach of having a reasonably long tail of smaller positions.

Asset allocation

Investment process: In-depth, bottom-up research

Wright has a contrarian investment style seeking unloved companies that have the potential for positive change. He selects stocks on a bottom-up basis and is able to draw on Fidelity's well-resourced team of analysts that undertake thorough fundamental analysis, which includes meeting with company managements and their workforces, and challenging managements' narrative. The manager also has access to a wide range of third-party research.

Investment characteristics of FSV's holdings:

- unrecognised potential for positive change – once the benefits become apparent there should be potential for significant share price appreciation; and
- limited downside risk – Wright generally invests in companies with low consensus expectations, but with an attribute that will provide some support to its share price, such as an important asset or market position.

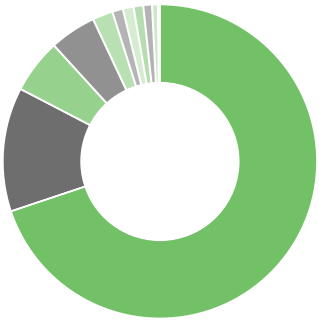
The manager can invest directly in equities, or alternatively in equity-related instruments, such as derivative contracts, warrants or convertible bonds, as well as debt instruments. FSV purchases long CFDs to achieve a cheaper gearing alternative to bank loans. Derivatives are also used to hedge equity market risks and short exposures may be taken in stocks considered to be overvalued (at end-June 2019, FSV had no short positions).

Current portfolio positioning

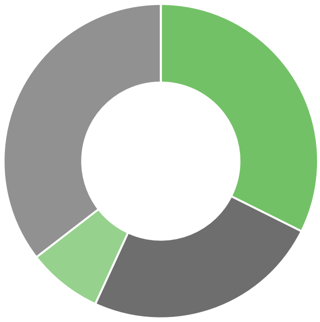
FSV's portfolio typically has 80–120 holdings; at end-June 2019, the top 10 positions made up 40.4% (Exhibit 1), which was a modest increase in concentration versus 36.3% a year earlier (five positions were common to both periods). Exhibit 3 (LHS) shows the portfolio breakdown by domicile rather than by where companies are listed (Irish domiciled companies are largely listed in the UK, such as top 10 holding building materials supplier CRH), while the right-hand chart below breaks down FSV's portfolio by market cap.

Exhibit 3: Portfolio geographic and market cap exposures at end-June 2019

Portfolio geographic exposure by company domicile



Portfolio market cap exposure – classified by FTSE index



Source: Fidelity Special Values, Edison Investment Research. Note: Figures are adjusted for gearing and index futures. Numbers subject to rounding.

Exhibit 4 shows FSV's exposure by sector. Over the 12 months to end-June 2019, the largest changes were a reduction in the industrials weighting (-5.6pp – although this sector remains the largest active weight, +12.9pp versus the benchmark), and higher exposures in consumer goods (+4.0pp), basic materials (+2.4pp) and healthcare (+2.0pp). The manager's unconstrained approach is illustrated by the trust's c 55% exposure to the two largest sectors compared to their c 38% weighting in the FTSE All-Share index.

Exhibit 4: Portfolio sector exposure vs benchmark index (% unless stated)

	Portfolio end-June 2019	Portfolio end-June 2018	Change (pp)	Index end-June 2019	Active weight vs index (pp)	Trust weight/ index weight (x)
Financials	30.5	32.5	(2.0)	26.0	4.5	1.2
Industrials	24.4	29.9	(5.6)	11.5	12.9	2.1
Consumer services	10.6	10.9	(0.3)	11.5	(0.9)	0.9
Oil & gas	10.0	9.4	0.6	14.3	(4.3)	0.7
Consumer goods	7.8	3.9	4.0	13.9	(6.0)	0.6
Basic materials	6.8	4.4	2.4	8.2	(1.4)	0.8
Healthcare	6.3	4.3	2.0	8.5	(2.2)	0.7
Utilities	2.4	0.9	1.4	2.6	(0.2)	0.9
Technology	0.8	3.6	(2.8)	1.2	(0.4)	0.6
Telecommunications	0.5	0.0	0.5	2.4	(1.9)	0.2
	100.0	**100.0**		**100.0**		

Source: Fidelity Special Values, Edison Investment Research. Note: Figures are adjusted for gearing and index futures. Numbers subject to rounding.

Noting that portfolio turnover remains at c 60% pa, at a recent meeting Wright highlighted some of the activity in the fund over the last few months. Within banks, former top 10 holding Lloyds Banking Group has been sold, while the position in Royal Bank of Scotland Group has been increased. The manager says that Lloyds has undergone an internal improvement programme and is now a bellwether for the UK economy, with its performance driven by the level of interest rates and the strength of its mortgage operations. Wright believes that Royal Bank of Scotland is a more attractive investment opportunity, as it is at an earlier stage of improving its efficiency, which along with excess capital on its balance sheet offers a better balance of risk and reward, in his view.

Within the financials sector, FSV's exposure to banks has declined, while the life insurance weighting has increased. The portfolio contains holdings in Aviva, Legal & General Group and Phoenix Group. All three stocks have high dividend yields, which Wright believes reflect investors' concerns about their asset quality. However, Fidelity's analysts researched this issue and concluded that the quality of each company's assets is higher than generally perceived, while their businesses have also become more diversified internationally. The manager also believes that these three companies' balance sheets are strong enough to withstand a negative Brexit outcome, and he expects dividends to be largely unaffected by any deterioration in the macro environment.

FSV has taken a new position in UK-listed Imperial Brands (the first tobacco stock that Wright has purchased for the fund). The manager says that this is an attractive stock in a defensive sector that he would have avoided in prior years on valuation grounds. However, UK tobacco companies have significantly de-rated (Imperial currently offers a c 10% dividend yield that is well covered by free cash flow). While acknowledging ongoing volume pressures for traditional cigarette manufacturers, he favours Imperial's strong balance sheet and believes investors are not giving the company credit for its innovative new products, such as vapour brand blu. Imperial is trading on a very modest c 8x forward P/E valuation.

Performance: Above market over the mid and long term

Exhibit 5: Five-year discrete performance data

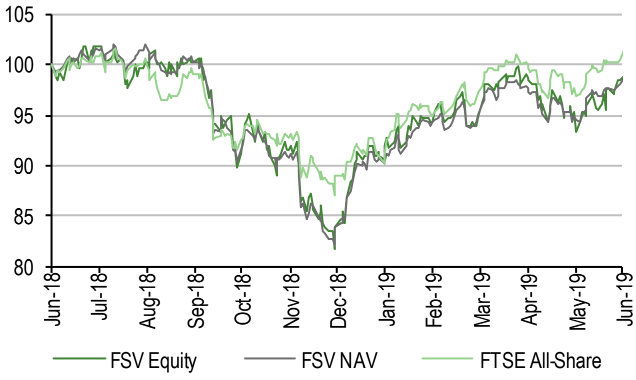
12 months ending	Share price (%)	NAV (%)	FTSE All-Share (%)	FTSE 100 (%)	FTSE 250 (%)	FTSE SmallCap (%)
30/06/15	15.7	11.2	2.6	0.2	14.5	8.0
30/06/16	(8.7)	(2.4)	2.2	3.8	(4.6)	(1.5)
30/06/17	33.2	29.2	18.1	16.9	22.2	28.5
30/06/18	16.8	9.7	9.0	8.7	10.6	8.3
30/06/19	(1.6)	(1.9)	0.6	1.6	(3.8)	(2.0)

Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

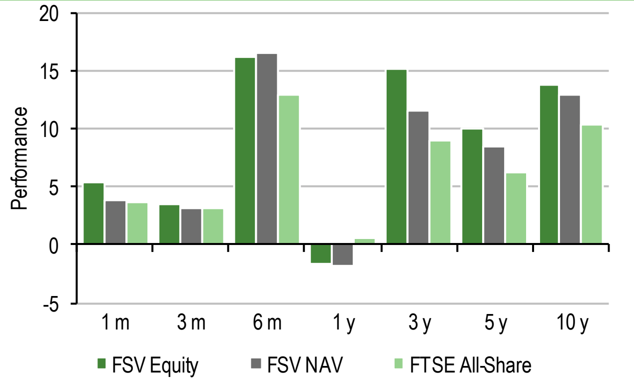
In H119 (ending 28 February) FSV's NAV and share price total returns of -6.1% and -6.7% respectively trailed the benchmark's -3.7% total return; this was primarily due to a number of stock-specific moves, particularly evident in December 2018 during the market sell-off. Positive contributions to performance included healthcare and technology stocks, along with the holding in John Laing (infrastructure), which has a robust, diversified portfolio of projects, while on the flip side, GVC Holdings (gaming) suffered from negative regulatory news and major US bank Citigroup fell on concerns about its earnings in an environment of falling bond yields.

Exhibit 6: Investment trust performance to 30 June 2019

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

While the UK stock market delivered its worst annual performance in 2018 since the global financial crisis, as shown in Exhibit 6, domestic equities – along with FSV – rallied strongly in the first half of 2019. Over this period, the trust meaningfully outperformed its benchmark by c 3pp in both NAV and share price terms, despite its pro-cyclical bias. FSV has also had strong mid- and long-term relative performance, significantly ahead of the FTSE All-Share index over three, five and 10 years.

Over the six months to end-June 2019, the greatest contributors to the trust's performance included Serco (public services) and C&C Group (beverages), while Pearson (publishing and education) detracted. Serco has worked through its operational issues, unlike its competitors that are still struggling, meaning the company can bid for contracts in an uncompetitive market. The manager says that Serco is an example of the 'last-man standing' in a troubled sector, and is now achieving higher pricing and improving returns. C&C is a cheaper and smaller peer to Diageo. It had difficulties following a US acquisition and problems in its distribution network; however, its acquisition of drinks wholesaler Matthew Clark has added significant needed distribution capacity. Pearson is one of FSV's largest positions. Wright believes the company's strategy is working and notes its share price is starting to recover. He says the transformation from print to digital is a long-term evolution, and the firm will likely hit bumps in the road leading to earnings volatility, but he believes that the underlying thesis remains sound and the company is way ahead of the competition in investing in a digital offering.

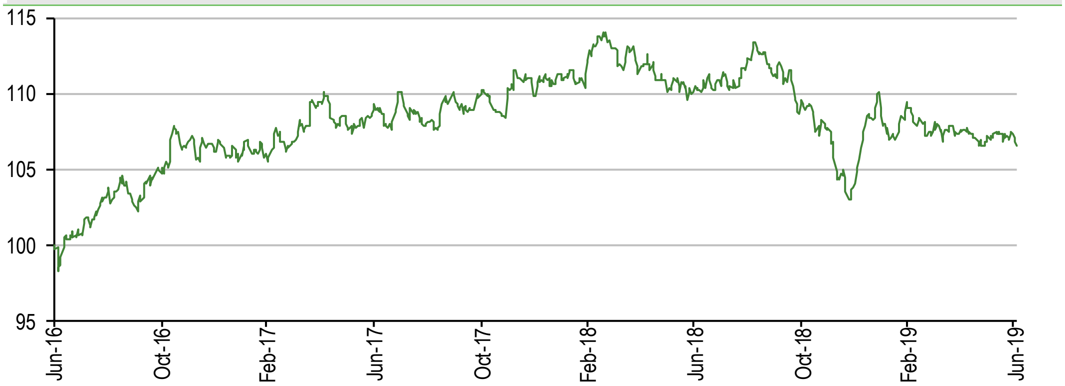
Exhibit 7: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to FTSE All-Share	1.7	0.3	2.9	(2.1)	18.3	19.2	37.2
NAV relative to FTSE All-Share	0.1	(0.1)	3.2	(2.4)	7.4	11.1	26.7
Price relative to FTSE 100	1.4	0.2	2.8	(3.1)	18.7	20.5	44.0
NAV relative to FTSE 100	(0.2)	(0.2)	3.0	(3.4)	7.7	12.4	32.9
Price relative to FTSE 250	2.5	0.6	2.9	2.3	17.9	14.1	6.2
NAV relative to FTSE 250	0.9	0.2	3.2	2.0	7.0	6.4	(1.9)
Price relative to FTSE SmallCap	4.8	0.6	6.3	0.5	12.3	11.6	11.7
NAV relative to FTSE SmallCap	3.2	0.2	6.6	0.2	2.0	4.1	3.1

Source: Refinitiv, Edison Investment Research. Note: Data to end-June 2019. Geometric calculation.

While relative performance was somewhat tricky during the volatile period for global stock markets in H218 (Exhibit 8), taking a longer-term perspective illustrates FSV's record of outperformance versus the broader UK market.

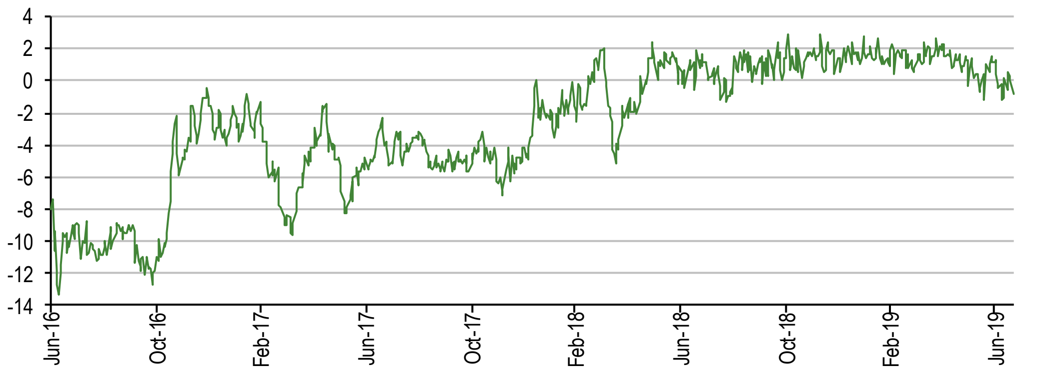
Exhibit 8: NAV total return performance relative to benchmark over three years



Source: Refinitiv, Edison Investment Research

Valuation: Regularly trading at a premium

Exhibit 9: Share price premium/discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

The board seeks to maintain FSV's share price at a single-digit discount or a small premium to NAV (in normal market conditions). Renewed annually, it has authority to purchase up to 14.99% and allot up to 10% of FSV's issued share capital. Historically, a relatively modest level of buybacks has been maintained, but allotments have been prevalent over the last two years (Exhibit 1). The board notes that issuing shares when they are trading at a premium sufficiently high enough to NAV to avoid dilution increases the size of the company, improves liquidity and spreads costs over a larger asset base. In H119, c 5.9m shares (c 2.2% of the end-FY18 share base) were issued raising c £14.9m.

Having traded at a discount of more than 10% three years ago, FSV's shares have re-rated, and are currently trading at a 0.8% discount to cum-income NAV. This compares with an average premium of 1.1% over the last 12 months and average discounts of 2.7%, 3.8% and 6.5% over the last three, five and 10 years respectively.

Capital structure and fees

FSV is a conventional investment trust with one class of share; there are currently 276.0m ordinary shares in issue. The manager employs net gearing in a range of 0% to 20% in normal market conditions (1.0% at end-June 2019) via CFDs (see page 3). Gearing was increased following the Q418 market volatility, but has been reduced in recent months. While Wright says the valuation backdrop is supportive and he has a diverse opportunity set, the UK market has rallied strongly so far in 2019, while the macro backdrop has deteriorated, so he considers it prudent for the trust to have a minimal level of debt.

Since 1 September 2018, FSV has had a tiered management fee structure; 0.85% of NAV up to £700m and 0.75% of NAV above this level (previously a flat 0.875% of NAV). In FY18, ongoing charges were 1.04%, and are estimated at 0.92% for FY19.

The trust is subject to a three-year continuation vote; the next is due at the AGM in December 2019.

Dividend policy and record

The trust aims to generate long-term capital growth rather than income, so the level of dividends will vary depending on the stocks held in the portfolio. However, annual distributions have grown every year since FY09 (the FY08 payment was boosted by a one-off VAT repayment); over the last five years, the dividend has compounded at a rate of 9.0% pa.

Historically, FSV paid annual dividends, but starting in 2015, dividends have been paid twice a year in June and January in order to smooth the payment stream. The total FY18 distribution of 5.0p was 8.7% higher year-on-year and was 1.14x covered. The board announced a H119 interim dividend of 2.10p per share (0.8x covered), which was 13.5% higher than the H118 1.85p per share payment. Based on its current share price, FSV offers a 2.0% dividend yield.

Peer group comparison

FSV is a member of the 13-strong AIC UK All Companies sector; with its peers following a variety of investment mandates. Its NAV total returns are above the sector average over all periods shown, ranking fifth (3.2pp higher than the mean), sixth (+7.5pp) and fourth (+16.2pp) over one, three and five years respectively. FSV ranks seventh out of 12 funds over 10 years (+11.7pp). It currently has the second lowest discount in the peer group, while it has an ongoing charge that is modestly above the mean (like the majority of its peers, no performance fee is payable), and a lower than average level of net gearing. Befitting its focus on capital growth rather than income, FSV has a dividend yield that is somewhat below average, although still at an appreciable level.

Exhibit 10: AIC UK All Companies sector as at 22 July 2019*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Fidelity Special Values	713.5	(3.2)	34.0	52.4	230.9	(1.1)	0.9	No	101	2.0
Artemis Alpha Trust	116.2	(13.0)	25.5	10.7	100.8	(19.3)	0.9	No	100	1.8
Aurora	125.3	(8.9)	34.9	8.5	63.4	(0.2)	0.4	Yes	100	2.1
Baillie Gifford UK Growth	281.5	(3.7)	21.3	26.6	181.2	(4.5)	0.5	No	100	2.4
Henderson Opportunities	76.0	(9.6)	37.1	38.8	319.9	(19.8)	0.8	Yes	113	2.2
Independent	281.2	(17.0)	59.3	99.8	315.7	(7.2)	0.2	No	100	2.0
Invesco Perp Select UK Equity	57.8	(2.4)	16.9	40.3	244.5	(2.2)	0.8	Yes	101	3.8
JPMorgan Mid Cap	252.0	(5.1)	37.3	66.4	324.3	(12.4)	0.8	No	105	2.6
Jupiter UK Growth	48.2	(11.1)	10.6	8.0	114.9	(2.8)	1.2	Yes	117	2.4
Keystone	217.0	(2.3)	10.3	24.0	177.4	(14.5)	0.5	Yes	103	3.5
Mercantile	1,604.8	(3.1)	39.8	58.5	265.5	(11.6)	0.5	No	104	3.1
Sanditon Investment Trust	40.0	(0.0)	(12.5)	(6.5)		(11.3)	1.3	Yes	100	0.6
Schroder UK Mid Cap	182.5	(4.4)	30.4	42.9	291.4	(17.5)	0.9	No	104	3.2
Average (13 funds)	**307.4**	**(6.4)**	**26.5**	**36.2**	**219.2**	**(9.6)**	**0.8**		**104**	**2.4**
Trust rank in sector	**2**	**5**	**6**	**4**	**7**	**2**	**3**		**7**	**10**

Source: Morningstar, Edison Investment Research. Note: *Performance to 19 July 2019 based on ex-par NAV. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

There are currently six non-executive directors on FSV's board, five of whom are independent of the manager. Chairman Andy Irvine was appointed as a director on 15 April 2010 and assumed his current role on 5 July 2016. The senior independent director (since 5 July 2016) and chairman of the audit committee (since 26 October 2010) is Sharon Brown, who joined the board on 15 April 2010. Nigel Foster was appointed on 1 September 2015 and Dean Buckley on 3 November the same year. Nicky McCabe joined the board on 9 December 2004; due to the length of her tenure and her previous roles at Fidelity (including as head of investment trusts) she is considered to be a non-independent director.

On 24 June 2019, the board announced the appointment of two additional independent, non-executive directors, Claire Boyle (with immediate effect) and Alison McGregor (with effect from 1 January 2020).

Boyle is a qualified chartered accountant with more than 17 years' experience working in finance and investment management roles, including at Oxburgh Partners, American Express Asset Management and Robert Fleming Investment Management, and is a non-executive director of Aberdeen Japan Investment Trust. She will become chairman of the audit committee when Brown steps down from the board at the AGM on 12 December 2019 following a nine-year tenure.

McGregor is a non-executive director of the Confederation of British Industry (CBI), ScottishPower Energy Networks, Beatson Cancer Charity, and is an advisor to the board at the Adam Smith Business School at Glasgow University and co-chair of the Scottish Apprenticeship Advisory Board.

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