Profit *hunters*

Artemis UK Select *Fund*

Manager's Report
and Financial Statements
for the year ended 31 December 2016

Artemis
The Profit Hunter

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artemis.co.uk

General information

Company profile

Independent and owner-managed, Artemis opened for business in 1997. Its aim was, and still is, exemplary investment performance and client service. All Artemis' staff share these two precepts – and the same flair and enthusiasm for fund management.

The firm now manages some £24.5 billion* across a range of funds, two investment trusts, a venture capital trust and both pooled and segregated institutional portfolios.

Artemis' fund managers invest in the funds that they and their colleagues manage. This has been a key tenet of Artemis' approach to investment since the firm started. It means that we 'eat our own cooking' and means that our fund managers' interests are directly aligned with those of our investors.

* Source: Artemis as at 31 January 2017.

Fund status

Artemis UK Select Fund was constituted by a Trust Deed dated 17 March 1998 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Investment objective

The objective of the fund is to achieve long-term capital growth. The emphasis of the fund will be investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

Investment policy

The manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of choice of investments either by company size or industry.

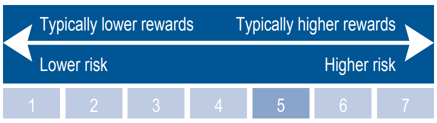
The securities of companies listed, quoted and/or traded in the UK but domiciled elsewhere and the securities of companies traded on ISDX may be included in the portfolio.

The fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash, derivatives and forward transactions and other investments to the extent that each is permitted by the regulations.

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 2 or via the website artemis.co.uk. Valuation of the fund takes place each business day at 12 noon on a forward pricing basis. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator for the fund is as above because:

- The price of units, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the fund's assets may be invested in a currency other than the fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.
- The fund may hold derivatives with the aim of profiting from falling prices. If the related assets rise in value the fund will lose money.
- Investing in small and medium-size companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying,valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.
- Investments in fixed interest securities are subject to market and credit risk and will be impacted by movements in interest rates. Interest rate movements are determined by a number of economic factors, in particular market expectations of future inflation.

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 2.

New unit class

With effect from 14 September 2016, a new I distribution class was launched. Further information on this class is contained in the prospectus which is available from the manager at the address or website shown on page 2.

Remuneration

Following an amendment to the UCITS Directive in the UK on 18 March 2016, all UCITS schemes are required to comply with the UCITS Remuneration Code. This includes a requirement to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its staff for its financial year.

General information (continued)

The first full financial year for Artemis Fund Managers Limited under the amended regulations will end on 31 December 2017, therefore as this information is not yet available the required disclosures have been omitted from the Manager's Report and Financial Statements as permitted by COLL.

Details of Artemis Fund Managers Limited's UCITS remuneration policy is disclosed on Artemis' website artemis.co.uk.

Tax information reporting

UK tax legislation requires fund managers to provide information to HM Revenue and Customs ('HMRC') on certain investors who purchase units in unit trusts. Accordingly, the fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident outwith the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Co-operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new unitholders that invest in the fund must complete a certification form as part of the application form. Existing unitholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence. Failure to provide this information may result in the account being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: gov.uk/government/publications/exchange-of-information-account-holders.

Manager

Artemis Fund Managers Limited *
Cassini House
57 St James's Street
London SW1A 1LD

Dealing information:
Artemis Fund Managers Limited
PO Box 9688
Chelmsford CM99 2AE
Telephone: 0800 092 2051
Website: artemis.co.uk

Investment adviser

Artemis Investment Management LLP *
Cassini House
57 St James's Street
London SW1A 1LD

Trustee and Depositary

National Westminster Bank Plc †
Trustee & Depositary Services
Younger Building
1st Floor, 3 Redheughs Avenue
Edinburgh EH12 9RH

Registrar

International Financial Data Services (UK) Limited *
IFDS House
St Nicholas Lane
Basildon
Essex SS15 5FS

Auditor

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

* Authorised and regulated by the FCA, 25 The North Colonnade, Canary Wharf, London E14 5HS.

† Authorised by the Prudential Regulation Authority ('PRA'), 20 Moorgate, London EC2R 6DA and regulated by the PRA and the FCA.

Statement of the trustee's responsibilities and report of the trustee to the unitholders of the Artemis UK Select Fund (the 'scheme') for the year ended 31 December 2016

The trustee must ensure that the scheme is managed in accordance with COLL, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the scheme documents') as detailed below.

The trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the scheme and its investors.

The trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the scheme in accordance with the Regulations.

The trustee must ensure that:

- the scheme's cash flows are properly monitored (this requirement on the depositary applied from 18 March 2016) and that cash of the scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the scheme's assets is remitted to the scheme within the usual time limits;
- the scheme's income is applied in accordance with the Regulations; and
- the instructions of the manager are carried out (unless they conflict with the Regulations).

The trustee also has a duty to take reasonable care to ensure that the scheme is managed in accordance with the Regulations and the scheme documents in relation to the investment and borrowing powers applicable to the scheme.

Report of the trustee

Having carried out such procedures as we consider necessary to discharge our responsibilities as trustee of the scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the scheme, acting through the manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Regulations and the scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme.

National Westminster Bank Plc
Trustee & Depositary Services

Edinburgh
22 February 2017

Statement of the manager's responsibilities

COLL requires the manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of its revenue and expenditure for the year. In preparing the financial statements the manager is required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 ('SORP');

(iii) follow applicable accounting standards;

(iv) keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;

(v) make judgements and estimates that are reasonable and prudent; and

(vi) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation.

The manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and COLL.

The manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis UK Select Fund for the year ended 31 December 2016 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray, Director
R J Turpin, Director
Artemis Fund Managers Limited

London
22 February 2017

The maintenance and integrity of the Artemis Fund Managers Limited web site is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

General information (continued)

Independent auditor's report to the unitholders of the Artemis UK Select Fund

We have audited the financial statements of Artemis UK Select Fund (the 'fund') for the year ended 31 December 2016 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes 1 to 19 and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard ('FRS') 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the unitholders of the fund, as a body, pursuant to paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders those matters we are required to state to them in an independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the manager and auditor

As explained more fully in the manager's responsibilities statement set out on page 3, the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the manager's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund as at 31 December 2016 and of the net revenue and the net losses on the scheme property of the fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Ernst & Young LLP
Statutory Auditor

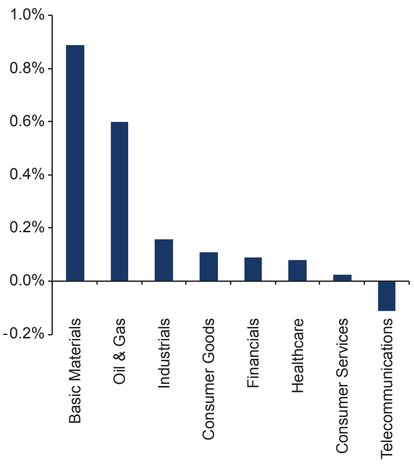
Edinburgh
22 February 2017

Performance – A disappointing year ...

Top-down macro themes largely determined performance on a stock, sector and market level in 2016. Changes in commodity prices, exchange rates and expectations over the direction of future monetary policy dominated investors' thinking. Those macro factors largely swamped investment insights derived from the bottom up.

The effect that these big-picture changes had on the FTSE All-Share Index was magnified both by the UK market's above-average weighting to resources and financials and by the sharp move in sterling after the vote for Brexit. The result was a significant dispersion in stock and sector returns (see chart below). Against this macro-driven backdrop, 2016 was a disappointing year for the fund with a return of 1.8%* versus a gain of 16.8%* for the benchmark.

Extreme dispersion in returns between sectors



Source: Thomson Reuters Datastream.

Review – Domestic earners are punished before – and after – the referendum ...

The year can be split into two roughly equal periods: before and after the vote for Brexit. The first part of the year saw a sharp de-rating of many of the domestically focused stocks in the portfolio that we had inherited from the fund's previous manager. As we were attempting to sell these positions, they began losing ground and we therefore paused in restructuring the portfolio. At this time, we hoped that a 'Remain' vote in the referendum would see an equally sharp re-rating, allowing us to complete the exit from these positions at more favourable levels. In the event, however, this proved a costly mistake. The majority of the ground the fund lost relative to the Index over the year came in the week after the EU referendum, as our domestic names fell sharply while overseas earners, rallied strongly.

In the weeks that followed, we adjusted our top-down outlook to the new political reality while sticking to our investment philosophy. We focused on increasing the fund's exposure to shares we felt had been caught up in the indiscriminate selling. We found these opportunities among both domestic and overseas earners and funded their purchase by completing the restructuring of the portfolio. For example, at this point we almost doubled our exposure to UK housebuilders and sold our small remaining holdings in real estate investment trusts ('REITs'). We moved the fund's exposure to financials out of Lloyds Banking Group and increased our holdings in Barclays and Prudential, which had fallen by similar amounts despite having materially less exposure to the UK economy. In media, we started a new holding in WPP and sold our residual holding in ITV. The result was much stronger performance in the second half of the year. The improvement was aided by the surprising outcome of the US election, which encouraged a broad rotation into financials and value stocks, two areas in which the fund is currently overweight. While we fully accept the fund's stronger performance in the second half of the year has not made up for the relative losses endured in the first half of the year, it does reassure us that the portfolio is now working as intended.

Outlook – A portfolio well-placed to prosper ...

Looking ahead, we believe that government and monetary policy are likely to continue to dominate the top-down story. Consensus forecasts currently expect growth in the global economy to accelerate from 2.3% in 2016 to 2.7% in 2017 as fiscal headwinds fade and as the benefits of ultra-loose monetary policy feed through to faster credit growth. For the first time in three years, economic data has been materially surprising to the upside, providing encouragement that momentum is building.

At present, we are watching the results of traditionally early-cycle companies such as airlines, recruitment companies and shipping lines closely. We are looking for confirmation that the improving economic data is starting to feed through into the 'real' economy. Trading updates in early January have been supportive of this thesis so far.

Against a backdrop of improving economic growth and rising inflation we expect the US Federal Reserve to move more decisively in raising interest rates: it seems probable that it will deliver the three 25-basis-point increases to rates that its forecasts project. Stronger economic growth combined with a steepening yield curve has traditionally been accompanied by a rotation into cyclical and financial sectors and 'value' (stocks on below average p/e ratios with higher yields) – and out of defensive sectors and growth stocks. These rotations benefited the fund over the last quarter of 2016 and we expect them to continue to do so through the first half of 2017.

The triggering of Article 50 and the start of the negotiations ahead of the UK's departure from the EU will provoke many headlines in the year ahead. But the outlines of the divorce agreement, if one can be reached, are unlikely to be known until the end of the negotiating period in 2019. In the meantime, the UK economy continues

* Source: Lipper Limited, class I accumulation units, bid to bid basis, in sterling with dividends reinvested. Benchmark is the FTSE All-Share Index.

Investment review (continued)

to perform better than feared and low unemployment, rising wage growth and an accelerating expansion in consumer borrowing should all support UK consumer spending through 2017. While this will not result in the hoped for re-balancing of the UK economy it will, we believe, see the UK economy grow by closer to 2% than the 1.2% currently anticipated by consensus for 2017.

From an investment perspective, the uncertainty surrounding the shape of the eventual Brexit deal is likely to limit the scope for the multiples of stocks focused on the domestic economy to rise, leaving them reliant on increasing their earnings and/or providing a dividend income to generate their returns. One industry we believe can do both is the UK housebuilding sector. A combination of a structural undersupply of new homes combined with low mortgage rates should mean that current returns on capital across the sector prove more sustainable than share prices currently imply. We therefore remain significantly overweight in the sub-sector. Elsewhere, our exposure to the domestic UK economy primarily comes through financials, where we have a significant weighting in life assurance and also in banks through our holding in Barclays. These two sectors should benefit from stable asset prices and a steepening yield curve as well as a more predictable regulatory environment.

The election of Donald Trump was the other significant political change of 2016. Looking at his initial appointments, it appears he intends to run the US like a corporation. Watching a team largely drawn from the corporate world confronting the reality of politics in Washington will be intriguing. We suspect the pace and scope of changes to policy may fall short of some elevated expectations. We do, however, think it fair to say the US has never had a more business-oriented or market friendly administration. Our view is that the US will benefit from a shake-up of taxation (although we're mindful there will be losers from this) and, to a lesser extent, from additional spending on infrastructure. Faster economic growth and higher interest rates are likely to see the dollar continuing to strengthen. For these reasons, we retain a significant exposure to the US economy and regard our holdings in the media and industrial sectors as being particularly well placed to benefit from improving corporate spending.

In Europe, the timetable for elections places a number of potential political surprises ahead of us. Given the events of 2016, we will refrain from predicting the outcomes of any of these votes. But because the risks ahead are so well known, we see potential for the discount applied due to political risk to shrink with each election that passes. From an economic perspective, stronger growth in the global economy combined with a weak euro should prove beneficial to an economy that remains heavily reliant on exports.

Further afield we continue to harbour medium-term concerns about China. At the start of 2016, rapidly rising debt levels, slowing growth, a falling currency and capital outflows were seen as a potentially toxic combination by investors and global policymakers. These fears subsided as the government pulled the fiscal stimulus and credit levers again and China's growth surprised positively last year. While this temporarily solved their growth problem, debt ratios continued to rise, the renminbi declined and capital outflows reaccelerated. China may be able to repeat its growth trick again this year, but at some stage the imbalances in the economy will need to be resolved and slower growth seems an inevitable consequence. Perhaps President Trump's more protectionist policies on trade will prompt investors to refocus on some of these issues? Given this threat, the fund remains underweight in stocks exposed to Asia – and to commodities more generally.

From a bottom-up perspective, 2016 marked a return to earnings growth for the UK equity market. It seems likely that aggregate earnings in sterling terms were just over 10% higher than they were in 2015. This marked a welcome return to growth after three consecutive years of decline. The majority of the increase in earnings can be accounted for by the fall in sterling and higher commodity prices. As we look into 2017, annualising these benefits helps to underpin the near 15% growth in earnings that analysts are expecting for the UK market in 2017. This leaves the FTSE All-Share Index trading on 14.5x forecast 2017 earnings compared to just over 16x forward earnings a year ago. Given that this lower valuation is combined with accelerating GDP growth (rather than decelerating GDP growth we saw at this time last year) we are more optimistic about the prospects for the market heading into 2017.

Turning to the portfolio, the restructuring of positions inherited from the previous manager is now complete. We continue to believe we have a diversified portfolio of companies that are well placed to deliver strong growth in earnings and dividends in the year ahead. On just 11x forecast 2017 earnings, the aggregate valuation of the portfolio remains attractive. We believe that, as our holdings deliver on their forecast earnings, the valuation gap to the rest of the UK market will close and, in so doing, enable the fund to continue to recover the relative losses it suffered in the first half of 2016.

Ed Legget
Fund manager

Five largest purchases and sales for the year ended 31 December 2016

Purchases	Cost £'000	Sales	Proceeds £'000
Aviva	22,416	Royal Dutch Shell B shares	47,618
Shire	22,326	Ashtead Group	30,253
3i Group	18,157	Imperial Brands	27,328
Legal & General Group	17,586	Howden Joinery Group	21,458
Redrow	15,239	Lloyds Banking Group	20,152

Portfolio statement as at 31 December 2016

Investment	Holding	Valuation £'000	% of net assets
Equities 100.01% (92.69%)			
Basic Materials 3.28% (0.66%)			
Anglo American	1,003,904	11,404	2.15
Vedanta Resources	675,145	5,948	1.13
		17,352	**3.28**
Consumer Goods 23.06% (18.37%)			
Bellway	225,000	5,535	1.05
British American Tobacco	422,544	19,439	3.67
Crest Nicholson Holdings	3,262,974	14,827	2.80
Galliford Try	1,000,794	12,940	2.44
Photo-Me International	13,766,699	22,887	4.32
Redrow	3,620,208	15,571	2.94
SuperGroup	1,882,706	31,008	5.85
		122,207	**23.07**
Consumer Services 12.01% (18.86%)			
Card Factory	1,057,904	2,660	0.50
Elegant Hotels Group #	4,000,367	3,200	0.60
Enterprise Inns	7,430,481	8,972	1.69
International Consolidated Airlines Group	3,880,119	17,073	3.22
Just Eat	850,000	4,955	0.94
Pendragon	29,545,614	9,159	1.73
Playtech	825,000	6,782	1.28
WPP	600,000	10,836	2.05
		63,637	**12.01**
Financials 21.90% (20.97%)			
3i Group	3,224,983	22,527	4.25
Arrow Global Group	1,975,843	5,893	1.11
Aviva	1,673,329	8,081	1.53
Barclays	12,348,745	27,297	5.15
Intermediate Capital Group	924,613	6,468	1.22
International Personal Finance	1,187,330	2,062	0.39
Legal & General Group	2,400,000	5,882	1.11
Prudential	1,571,991	25,340	4.78
St James's Place	1,250,000	12,500	2.36
		116,050	**21.90**
Healthcare 5.41% (1.54%)			
Shire	500,000	23,250	4.39
Smith & Nephew	447,672	5,439	1.02
		28,689	**5.41**

Investment review (continued)

Investment	Holding	Global Exposure * £'000	Valuation £'000	% of net assets
Industrials 30.36% (18.66%)				
BBA Aviation	7,650,000		21,642	4.08
Biffa	2,450,000		4,373	0.83
Bodycote	2,502,974		16,082	3.04
Digital Barriers #	6,505,491		2,277	0.43
DS Smith	3,400,000		13,845	2.61
Fenner	7,912,013		18,593	3.51
Hays	3,773,021		5,622	1.06
Howden Joinery Group	2,550,000		9,787	1.85
Interserve	1,096,269		3,755	0.71
IWG	1,650,000		4,034	0.76
Keller Group	1,285,469		10,824	2.04
Melrose Industries	5,000,000		9,887	1.87
Renishaw	277,054		6,982	1.32
RPC Group	1,250,000		13,250	2.50
Shanks Group	3,596,622		3,300	0.62
St Ives	4,978,292		6,273	1.18
SThree	2,067,891		6,410	1.21
Tyman	1,438,582		3,927	0.74
			160,863	**30.36**
Oil & Gas 3.22% (7.63%)				
BP	3,377,513		17,084	3.22
			17,084	**3.22**
Telecommunications 0.77% (6.00%)				
BT Group	1,115,141		4,076	0.77
			4,076	**0.77**
Equities total			**529,958**	**100.02**
Contracts for difference 0.01% (0.07%)				
Consumer Goods 0.00% (0.01%)				
Burberry Group	(180,000)	(2,682)	(9)	-
		(2,682)	**(9)**	**-**
Consumer Services (0.01)% (0.02%)				
AO World	(2,440,584)	(4,613)	(42)	(0.01)
		(4,613)	**(42)**	**(0.01)**
Industrials 0.02% (0.04%)				
IMI	(139,740)	(1,445)	6	-
Mitie Group	(1,769,318)	(3,947)	104	0.02
		(5,392)	**110**	**0.02**
Contracts for difference total		**(12,687)**	**59**	**0.01**
Investment assets (including investment liabilities)			530,017	100.03
Net other liabilities			(181)	(0.03)
Net assets attributable to unitholders			529,836	100.00

The comparative percentage figures in brackets are as at 31 December 2015.
Security listed the Alternative Investment Market ('AIM').
* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

Statement of total return for the year ended 31 December 2016

	Note	31 December 2016 £'000	31 December 2016 £'000	31 December 2015 £'000	31 December 2015 £'000
Income					
Net capital (losses)/gains	3		(18,634)		68,488
Revenue	5	20,506		21,718	
Expenses	6	(6,373)		(8,540)	
Interest payable and similar charges	7	(856)		(1,315)	
Net revenue before taxation		13,277		11,863	
Taxation	8	(170)		(112)	
Net revenue after taxation			13,107		11,751
Total return before distributions			**(5,527)**		**80,239**
Distributions	9		(13,172)		(12,238)
Change in net assets attributable to unitholders from investment activities			(18,699)		68,001

Statement of change in net assets attributable to unitholders for the year ended 31 December 2016

	31 December 2016 £'000	31 December 2016 £'000	31 December 2015 £'000	31 December 2015 £'000
Opening net assets attributable to unitholders		687,500		722,931
Amounts receivable on issue of units	29,088		39,590	
Amounts payable on cancellation of units	(180,069)		(154,520)	
		(150,981)		(114,930)
Change in net assets attributable to unitholders from investment activities		(18,699)		68,001
Retained distribution on accumulation units		12,016		11,498
Closing net assets attributable to unitholders		529,836		687,500

Balance sheet as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Fixed assets			
Investments	10	530,068	637,729
Current assets			
Debtors	11	2,035	2,012
Cash and bank balances	12	2,349	49,922
Total current assets		**4,384**	**51,934**
Total assets		**534,452**	**689,663**
Liabilities			
Investment liabilities	10	51	2
Creditors			
Bank overdraft		3,519	-
Other creditors	13	1,046	2,161
Total creditors		**4,565**	**2,161**
Total liabilities		**4,616**	**2,163**
Net assets attributable to unitholders		529,836	687,500

Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with SORP.

In March 2016 an amendment was made to the SORP for the fair value hierarchy requirements of FRS 102, which became effective for accounting periods beginning on or after 1 January 2017. As a result, our prior year fair value disclosures have been restated to show our assets under three levels instead of the four which was required under the original SORP. The change has been adopted early, as permitted, for the financial statements for the year ended 31 December 2016.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the investment manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/ losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/ stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis. Underwriting commission is recognised when the issue underwritten takes place.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. The manager and trustee have agreed, for the Distribution class only, that 100% of the annual management charge is to be transferred to capital for the purpose of calculating its distribution, as permitted by COLL. The distribution currently payable reflects this treatment. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund.

3. Net capital (losses)/gains

	31 December 2016 £'000	31 December 2015 £'000
Capital transaction charges	(6)	(3)
Currency losses	(21)	(9)
Derivative contracts	(6,499)	10,502
Non-derivative securities	(12,108)	57,998
Net capital (losses)/gains	(18,634)	68,488

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the fund on each transaction and are summarised below.

	Year ended 31 December 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	442,861	382	1,823	445,066	0.09	0.41
Sales						
Equities	540,763	509	1	540,253	0.09	-
Derivative purchases and sales		60	-			
Total		951	1,824			
Percentage of fund average net assets		0.18%	0.34%			

	Year ended 31 December 2015					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	292,029	289	1,113	293,431	0.10	0.38
Sales						
Equities	396,623	453	-	396,170	0.11	-
Derivative purchases and sales		106	-			
Total		848	1,113			
Percentage of fund average net assets		0.12%	0.16%			

During the year the fund incurred £6,000 (2015: £3,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.27% (2015: 0.34%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

5. Revenue

	31 December 2016 £'000	31 December 2015 £'000
UK dividends	19,302	20,924
Overseas dividends	1,054	271
Bank interest	74	77
Revenue from UK REITs	65	296
Underwriting commission	11	-
UK stock dividends	-	150
Total revenue	20,506	21,718

Notes to the financial statements (continued)

6. Expenses

	31 December 2016 £'000	31 December 2015 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	5,966	8,083
Other expenses:		
Registration fees	141	166
Administration fees	121	133
Trustee fees	64	85
Operational fees	36	29
Capital derivative fees	21	16
Safe custody fees	13	17
Auditor's remuneration: audit fees *	9	9
Printing and postage fees	1	2
Price publication fees	1	-
Total expenses	6,373	8,540

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the period was £7,500 (2015: £7,500).

7. Interest payable and similar charges

	31 December 2016 £'000	31 December 2015 £'000
Dividends payable on short positions	483	1,126
Interest payable	373	189
Total interest payable and similar charges	856	1,315

8. Taxation

	31 December 2016 £'000	31 December 2015 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	170	112
Total taxation (note 8b)	170	112
b) Factors affecting the tax charge for the year		
Net revenue before taxation	13,277	11,863
Corporation tax at 20% (2015: 20%)	2,655	2,373
Effects of:		
Unutilised management expenses	1,260	1,648
Irrecoverable overseas tax	170	112
Utilisation of non-trade deficit carried forward	118	148
Non-taxable stock dividends	-	(30)
Non-taxable overseas dividends	(211)	(54)
Non-taxable UK dividends	(3,822)	(4,085)
Tax charge for the year (note 8a)	170	112

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £19,897,000 (2015: £18,519,000) arising as a result of having unutilised management expenses of £93,684,000 (2015: £87,384,000) and non-trade loan relationship deficits of £5,802,000 (2015: £5,212,000). It is unlikely that the fund will obtain relief for these in the future and so no deferred tax asset has been recognised.

9. Distributions

	31 December 2016 £'000	31 December 2015 £'000
Final dividend distribution	12,016	11,498
Add: amounts deducted on cancellation of units	1,538	1,234
Deduct: amounts added on issue of units	(382)	(494)
Distributions	13,172	12,238
Movement between net revenue and distributions		
Net revenue after taxation	13,107	11,751
Add: revenue received on conversion of units	44	471
Expenses paid from capital	21	16
	13,172	12,238

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution table on page 18.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 December 2016		31 December 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	530,068	(51)	637,729	(2)
Total	530,068	(51)	637,729	(2)

11. Debtors

	31 December 2016 £'000	31 December 2015 £'000
Sales awaiting settlement	1,042	960
Accrued revenue	675	589
Amounts receivable for issue of units	252	364
Overseas withholding tax recoverable	66	98
Prepaid expenses	-	1
Total debtors	2,035	2,012

Notes to the financial statements (continued)

12. Cash and bank balances

	31 December 2016 £'000	31 December 2015 £'000
Amounts held at futures clearing houses and brokers	2,348	9,766
Cash and bank balances	1	-
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	-	40,156
Total cash and bank balances	2,349	49,922

13. Other creditors

	31 December 2016 £'000	31 December 2015 £'000
Accrued annual management charge	457	614
Amounts payable for cancellation of units	358	152
Accrued other expenses	118	151
Purchases awaiting settlement	33	1,244
Derivative income payable	80	-
Total other creditors	1,046	2,161

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of unit movements

Class	Units in issue at 31 December 2015	Units issued	Units cancelled	Units converted	Units in issue at 31 December 2016
I distribution *	-	2,192	-	-	2,192
I accumulation	77,478,183	14,982,362	(40,232,926)	5,287,082	57,514,701
R accumulation	67,869,117	791,693	(10,124,023)	(5,507,279)	53,029,508

* Launched on 14 September 2016.

16. Risk disclosures

The fund's financial instruments comprise equities, derivatives, cash balances and liquid resources which include debtors and creditors. The fund holds such financial assets in accordance with its investment objective and policy which is provided on page 1. The fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL, the Trust Deed and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The manager's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the fund disclosed in the balance sheet. The manager uses a value-at-risk approach to measure the fund's exposure to market risk.

(i) Value at Risk ('VaR')

The manager is currently empowered to enter into derivative transactions on behalf of the fund. The use of these strategies is subject to a risk management process and the manager analyses the overall risk position of the fund on a daily basis, which is then used by the manager to evaluate the exposures and risks in the portfolio. As part of the process, the VaR is produced on a daily basis to calculate the market price risk on the fund. The manager calculates VaR on both an absolute and relative basis.

The absolute VaR expresses the maximum expected loss by the fund in a defined period within a defined confidence level. The model used for the fund has a confidence level of 99%, uses one year risk factor data over a 20 business day period (i.e. it predicts the maximum loss that could arise over a 20 business day period) and is based on the portfolio at the point of the calculation.

The relative VaR illustrates how the absolute VaR of the fund compares to the VaR of its reference portfolio (FTSE All-Share Index). The manager has defined the relative VaR limit as 200% of the VaR of the reference portfolio.

It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	Absolute VaR 2016 %	Relative VaR 2016 %	Absolute VaR 2015 %	Relative VaR 2015 %
At 31 December	24.17	162.28	8.49	73.55
Average during the year	19.13	131.29	9.16	94.90
Highest during the year	26.55	168.74	9.71	108.66
Lowest during the year	8.92	74.52	8.32	72.84

(ii) Leverage risk

Leverage is defined as any method by which the fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The manager is required to calculate and monitor the level of leverage of a fund, expressed as a percentage of the exposure of the fund and its net asset value under the commitment method.

The fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage.

The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 31 December 2016 the commitment ratio for the fund was 103% (2015: 105%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the fund, resulting in a financial loss. From time to time, the fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with J.P. Morgan Chase N.A. ('JP Morgan'), the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JP Morgan may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The trustee receives and reviews a semi-annual report on the internal controls in place at JP Morgan. The fund is also exposed to counterparty risk through holding specific financial instruments.

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the creditworthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirement stipulated in COLL and the Prospectus. The derivatives are disclosed in the portfolio statement and UBS AG ('UBS') is the counterparty for the CFDs. Aside from

Notes to the financial statements (continued)

the custodian, the derivative counterparty and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 December 2016 or 31 December 2015.

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were CFDs. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty and the collateral pledged, at the balance sheet date, were as follows:

Gross exposure	Contracts for difference £'000	Total net exposure £'000	Net collateral pledged £'000
31 December 2016			
UBS	(12,687)	(15,035)	2,348
31 December 2015			
UBS	(35,868)	(45,634)	9,766

Only cash collateral is pledged or held by the fund.

(c) Liquidity risk

Some of the fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the fund that is realisable within a redemption cycle measured against the largest unitholder.

17. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 9 and notes 6, 9, 11 and 13 on pages 12 to 14 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 31 December 2016 in respect of these transactions was £563,000 (2015: £402,000).

18. Unit classes

The annual management charge is:

I distribution: 0.75%
I accumulation: 0.75%
R accumulation: 1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 19. The distributions per unit class are given in the distribution tables on page 18. All classes have the same rights.

19. Post balance sheet event

Since 31 December 2016, the net asset value per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		
	20 February 2017	31 December 2016	Movement
I distribution	498.72	476.29	4.7%
I accumulation	513.13	490.11	4.7%
R accumulation	488.98	467.55	4.6%

Distribution tables

Final dividend distribution for the year ended 31 December 2016 (payable on 28 February 2017) in pence per unit.

Group 1 - Units purchased prior to 1 January 2016.
Group 2 - Units purchased from 1 January 2016 to 31 December 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 28 February 2017	Distribution per unit (p) 26 February 2016
I accumulation				
Group 1	12.6933	-	12.6933	9.6612
Group 2	6.5123	6.1810	12.6933	9.6612
R accumulation				
Group 1	8.8921	-	8.8921	5.9117
Group 2	4.8584	4.0337	8.8921	5.9117

Corporate unitholders should note that:

1. 100.00% of the revenue distribution together with the tax credit is received as franked investment income.

2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Final dividend distribution for the period ended 31 December 2016 (payable 28 February 2017) in pence per unit.

Group 1 - Units purchased prior to 14 September 2016.
Group 2 - Units purchased from 14 September 2016 to 31 December 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 28 February 2017
I distribution			
Group 2	5.2477	8.4496	13.6973

There are no Group 1 unitholders.

1. 100.00% of the revenue distribution together with the tax credit is received as franked investment income.

2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Comparative tables

	I distribution **	I accumulation		
	2016	2016	2015	2014
Change in net assets per unit (p)				
Opening net asset value per unit	**452.17**	**481.75**	**429.38**	**427.16**
Return before operating charges *	39.21	12.09	56.18	5.72
Operating charges	(1.33)	(3.73)	(3.81)	(3.50)
Return after operating charges	37.88	8.36	52.37	2.22
Distributions	(13.76)	(12.69)	(9.66)	(5.55)
Retained distributions on accumulation units	-	12.69	9.66	5.55
Closing net asset value per unit	**476.29**	**490.11**	**481.75**	**429.38**
* after direct transaction costs of	(2.10)	(2.03)	(0.98)	(1.37)
Performance				
Return after charges	8.38%	1.74%	12.20%	0.52%
Other information				
Closing net asset value (£'000)	10	281,888	373,251	311,303
Closing number of units	2,192	57,514,701	77,478,183	72,499,880
Operating charges	0.24%	0.83%	0.82%	0.82%
Direct transaction costs	0.46%	0.46%	0.21%	0.32%
Prices				
Highest offer unit price (p)	503.86	498.83	499.86	463.16
Lowest bid unit price (p)	392.36	391.73	422.59	390.83

	R accumulation		
	2016	2015	2014
Change in net assets per unit (p)			
Opening net asset value per unit	**463.02**	**415.81**	**417.22**
Return before operating charges *	11.33	54.27	5.13
Operating charges	(6.80)	(7.06)	(6.54)
Return after operating charges	4.53	47.21	(1.41)
Distributions	(8.89)	(5.91)	(2.25)
Retained distributions on accumulation units	8.89	5.91	2.25
Closing net asset value per unit	**467.55**	**463.02**	**415.81**
* after direct transaction costs of	(1.94)	(0.95)	(1.33)
Performance			
Return after charges	0.98%	11.35%	(0.34)%
Other information			
Closing net asset value (£'000)	247,938	314,249	411,628
Closing number of units	53,029,508	67,869,117	98,993,814
Operating charges	1.58%	1.57%	1.57%
Direct transaction costs	0.46%	0.21%	0.32%
Prices			
Highest offer unit price (p)	494.70	500.97	469.18
Lowest bid unit price (p)	375.12	409.11	379.07

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to issue of units and subtracted from the cancellation of units.
** Launched 14 September 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Comparative tables (continued)

Ongoing charges

Class	31 December 2016
I distribution	0.83%
I accumulation	0.83%
R accumulation	1.58%

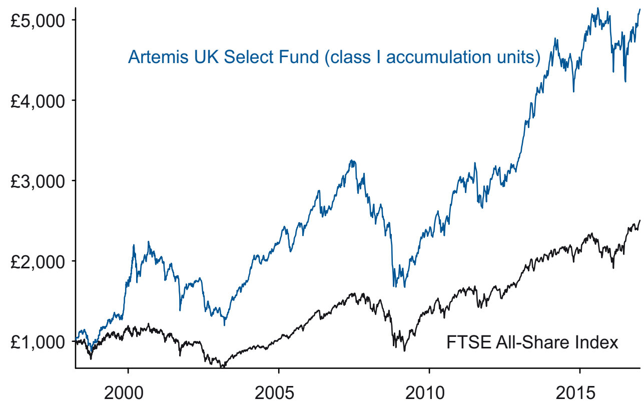
Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Class I performance

	Since launch *	5 years	3 years	1 years	6 months
Artemis UK Select Fund	414.2	76.4	14.7	1.8	20.7
FTSE All-Share Index	151.3	61.8	19.3	16.8	12.0
FTSE 100 Index	120.5	54.5	18.4	19.1	11.7
Sector average	170.4	70.5	16.9	11.1	14.3
Position in sector	7/86	89/218	166/246	240/259	22/261
Quartile	1	2	3	4	1

* Data from 3 April 1998. Source: Lipper Limited, data from 3 April 1998 to 1 September 2010 reflects class R accumulation units and from 1 September 2010 reflects class I accumulation units, bid to bid in sterling to 31 December 2016. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA UK All Companies, universe of funds is those reporting net of UK taxes.

Value of £1,000 invested at launch to 31 December 2016

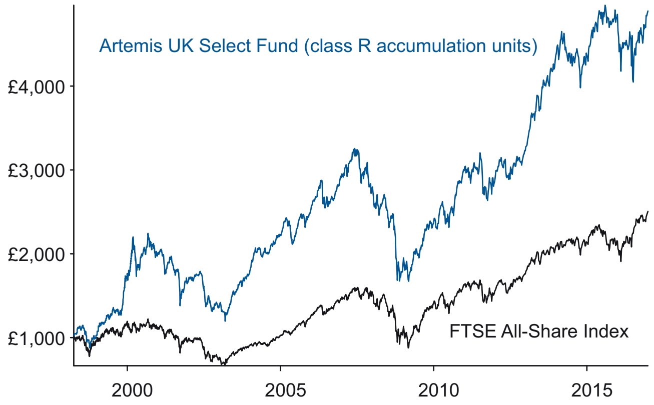


Class R performance

	Since launch *	5 years	3 years	1 years	6 months
Artemis UK Select Fund	390.6	70.0	12.2	1.0	20.2
FTSE All-Share Index	151.3	61.8	19.3	16.8	12.0
FTSE 100 Index	120.5	54.5	18.4	19.1	11.7

* Data from 3 April 1998. Source: Lipper Limited, class R accumulation units, bid to bid in sterling to 31 December 2016. All performance figures show total returns with dividends reinvested, percentage growth.

Value of £1,000 invested at launch to 31 December 2016



Changes to performance reporting

Following recent guidance from the Investment Association, changes have been made to fund performance disclosure. The majority of investors now buy 'clean class' fund units (typically those with the lowest charges), which for Artemis is the class I units. Sector performance information is therefore now shown for class I units, rather than for class R units.

Performance reporting periods for Artemis' fund class I unit classes are now shown from the launch of the fund, rather than from the launch of the unit class. Where class I units were launched at a later date than the fund, the earlier period reflects the performance of the class R units, and from the launch of the class I units, reflects the class I performance.

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