PROFIT *hunters*

ARTEMIS Monthly Distribution *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 Monthly Distribution Fund was constituted by a Trust Deed dated 10 February 2012 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 fund aims to achieve an income in addition to capital growth.

Investment policy

The fund aims to achieve its objective by investing in a globally diversified portfolio of assets. Exposure will normally be to global equities, bonds and cash. The proportion of the fund allocated to each asset class as well as the underlying stock selection will be actively managed.

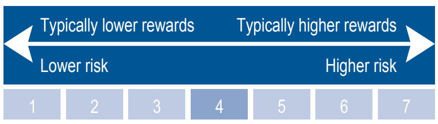
The fund will actively allocate between gilts, corporate bonds and high yield bonds, and within equities between sector and geographies.

The fund may, in addition to its other investment powers, use cash and near cash (which includes money market instruments and deposits) and exchange traded and over the counter derivatives and forward currency contracts for hedging and investment purposes.

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.
- A portion of the fund's assets may be invested in new, emerging markets. Investment in emerging markets can involve greater risk than that usually associated with more established markets. This means that above-average rises and falls in unit prices can be expected.
- 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.
- The fund can invest in higher-yielding bonds, which may increase the risk to your capital due to a higher likelihood of the company issuing the bonds failing to pay returns on investments. Changes to market conditions and interest rates can have a larger effect on the values of higher-yielding bonds than other bonds.

Prospectus

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

The first full financial year for Artemis Fund Managers Limited under the

General information (continued)

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 & 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 to the unitholders of the Artemis Monthly Distribution 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 Monthly Distribution 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 Monthly Distribution Fund

We have audited the financial statements of Artemis Monthly Distribution 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 20 and the distribution tables. 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 gains 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

■ The fund has added to its strong relative and absolute performance since launch.

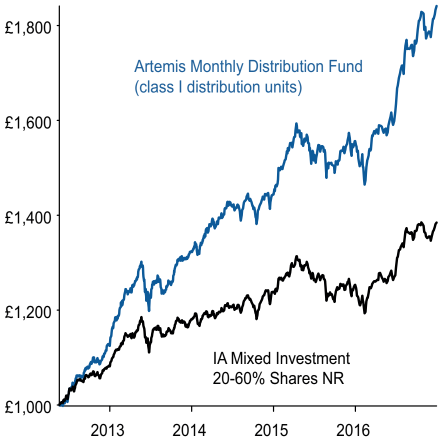
■ A return of 17.9%* for the year compares well to a 10.6%* rise in its peer group.

■ Faster growth and more inflation mean more exposure to cyclical equities and high-yield bonds.

Performance – Risk meets its reward ...

The fund generated a strong return over the year, returning 17.9% versus an average return of 10.6% from its peer group. Moreover, the fund's longer term performance remains very satisfying. Since its launch in May 2012, it has generated a return of 83.5%*, more than double the average return from its peer group (up 38.6%*), making it the best performing fund in its sector over the period.

Value of £1,000 invested at launch to 30 December 2016



Source: Lipper Limited.

In addition to the risk warnings our regulator obliges us to make, we have volunteered several health warnings in the past. We repeat those here. Our aim is to generate a good level of income. To do this, we must find a fine balance: if we aim for too high a yield, we would endanger capital (and income). Chasing a high yield often implies buying assets with problems or buying a dividend that is unsustainable. On the other hand, if we accept a yield that is too low, we would fall short of your needs.

Since the fund's launch, interest rates worldwide have generally been falling. As a result, our focus on bonds and income-generating equities has been in favour and the fund's performance has reflected that: prices of the types of assets we invest in have tended to move higher. Conditions, however, are changing – and so is the portfolio. Over the past year, the balance in the equity portfolio has shifted away from some of the most bond-like equities and into stocks more responsive to stronger economic growth. Meanwhile, the percentage of the fund that is invested in high-yield bonds (those rated below 'BBB') has increased. So in one sense we are taking a higher level of risk – particularly if the economy were to slow down or fall into recession. At the same time, however, we believe the greatest risk that faces investors at the moment actually comes from the potential for inflation and interest rates to move higher and these changes should help to protect the fund. Nonetheless, we reiterate that the overall level of risk in the portfolio is higher than when we launched the fund, reflecting our view of current economic and market conditions. We believe we are being well compensated for taking more risk.

Review – Episodes of panic present opportunity ...

2016 was a volatile year. It began with a sharp sell-off as markets were scared by the potential for a deflationary recession in Europe and by capital outflows from China. The US Federal Reserve was indicating that it was going to hike interest rates aggressively despite a clear slowdown in the global economy, stoking fears that they were sucking liquidity out of the financial system at precisely the wrong time. That oil prices were falling to lows not seen since 2003 intensified those fears. Defaults by bond issuers in the energy sector increased sharply and the bonds of commodity producers came under severe pressure. To us, this seemed a good opportunity to buy the debt of some of the strongest commodity-related companies at very cheap levels. Fears of defaults by energy producers also took their toll on the banks, so we took advantage of investors' panic to increase our weighting to junior bank bonds.

The European Central Bank's response to the deflationary panic, which included broadening its asset purchases to embrace corporate bonds, soon helped to restore order. This boosted bond prices sharply and the positive mood continued through to April, at which point markets took a breather ahead of the UK's referendum on its membership of the EU. The result came as an enormous shock to markets. Although sterling fell sharply, the portfolio has a 'natural' hedge thanks to its holdings in overseas equities. As the pound fell, the value of our overseas equities appreciated sharply in sterling terms.

While the Brexit vote came as a surprise in the short term, markets have not responded badly to the news. The Bank of England's response – buying corporate bonds and cutting interest rates – helped to instil confidence. We question whether this corporate bond-buying will prove entirely beneficial over the long term. In the shorter term, however, it has helped to boost confidence, although we are not inclined to chase the rally in those areas that are benefiting from the programme.

Not a year passes without at least one scare story about a bank. 2016 was no exception. This time it was Deutsche Bank's turn, as fears of a large fine from the US Department of Justice sent its shares into freefall in September. We bought its bonds when the panic was at its most extreme and took profits soon afterwards. In the end, the fine was agreed over the Christmas holidays and, as expected, appears manageable.

* Source: Lipper Limited, class I accumulation units, bid to bid basis, in sterling with dividends reinvested. Sector is IA Mixed Investment 20-60% shares, universe of funds is these reporting net of UK taxes.

Investment review (continued)

The biggest story of the year, however, was the election of Donald Trump. Markets were initially very cautious about the result. For equity markets, the initial shock faded in a matter of days, if not hours. Bond markets, however, were much more sceptical: yields rose sharply as inflationary fears emerged, spurred by promises of lower taxes and higher government expenditure. Our immediate response was to short government bonds, a policy that proved to be beneficial.

In the fund's equities, we continued to invest in a number of classic 'equity income' sectors, such as telecoms, REITs and infrastructure companies. But as the year progressed we gradually shifted away from those areas, adding instead to cyclical sectors. We increased exposure to companies that benefit from an economic recovery, higher commodity prices, a steeper yield curve or higher rates and inflation. We also added to stocks that respond to an increased appetite for risk. When bond yields were low and falling, equities with bond-like characteristics such as safe, predictable yields performed very well. By driving down 'safe' yields, the long and powerful rally in government bonds pushed investors seeking income into bond proxies (stocks with dividends that can be relied upon like the coupon on a bond). Vast amounts of capital were committed to stocks in sectors such as real estate, utilities and consumer staples. As the year progressed, we increasingly took the view that early signs of inflation and higher bond yields were calling investors' extreme positioning in favour of those sectors into question. As signs of stronger economic growth began to mount, with commodity prices rising and with inflation returning, we progressively edged the fund's equity component slightly more towards value and cyclical names.

For the first time since the fund's launch, it has exposure to mining stocks. Even modest increases in raw material prices can have a significant effect on the bottom lines of commodity producers such as BHP Billiton. Not only does that shift towards value and cyclicality give the fund a way to profit from stronger economic growth, it also enhances the diversification it offers, protecting it against rising interest rates in a way that an equity component solely comprised of 'bond proxies' would not. That shift proved helpful. In the wake of Donald Trump's unexpected victory in early November, bond yields spiked higher and inflation expectations increased. To the fund's great benefit, the outperformance of cyclical value stocks that had begun during the summer intensified.

In fixed income, we took the view that bank and insurance bonds would also be beneficiaries of higher bond yields and added to positions in these sectors throughout the year. Clearly, banks still have their problems. As bondholders, however, our priority is the health of their balance sheets rather than their generosity (or lack of it) to shareholders. In a clear sign of confidence, the regulators are even allowing some banks to resume paying dividends. There will, of course, be more disasters to come from individual lenders. At the end of the year, for example, Monte de Paschi sought a bailout from the Italian government. This, however, came as no great surprise to anyone familiar with the traumas faced by the Italian economy, which remains smaller today than it was back in 2007.

Outlook – Ready for the shift …

Our concerns surround the economic impact of the new breed of populist politicians, whose promises seem likely to have inflationary consequences. We envisage that President Trump will cut taxes and raise government expenditure. This comes at a time when the US economy has been growing for some years, albeit at a modest rate. Interest rates have already increased marginally and the US Federal Reserve is likely to go further in 2017. Furthermore, if President Trump's more extreme proposals come to pass and there is a significant fall in immigration, it will lead to higher wage inflation. There is even a chance that he will interfere with the independence of the US Federal Reserve. This would trouble the market. It will be interesting to see how the Chinese respond to the imposition of tariffs. Not only is this an inflationary policy in itself but it could also provoke some retaliation through the selling of US government bonds.

In the UK, meanwhile, inflationary pressures are everywhere. The sharp fall in sterling is pushing up input prices just as oil prices are heading higher after Opec fashioned a deal at the end of the year. Although such agreements are notorious for their tendency to fall apart, the combination of higher oil prices and weaker sterling means that the oil price has doubled in sterling terms over the last year. Admittedly, the duty imposed on petrol prices disguises the impact on the consumer but all commodities cost more than they did a year ago. Weaker sterling only exacerbates that.

Brexit is a complicating factor. It could eventually lead to higher tariffs on imports and less immigration, increasing wage inflation. In the short term, however, the economy is enjoying a bounce as weaker sterling boosts exports into a strengthening global economy. History suggests the gains will prove temporary. Inflation will rise, squeezing the consumer. After the financial crash of 2008, headline inflation rose very sharply, with retail price inflation exceeding 5%. We would expect a similar level this time. Retailers in the UK are already commenting on the need to raise prices.

Globally, economic growth has generally been better than expected. The forward-looking indicators are also heartening. So despite plenty of gloom, especially after the Brexit vote in the UK and Trump's victory in the US, the global economy has performed surprisingly well. As ever, the exception has been Europe, parts of which remained in the doldrums for much of the year. More recently, growth has been better than expected but at just over 1% it is still fairly miserable.

All this implies that government bonds remain very unattractive. In the UK, 10-year gilt yields were only around 1.25% at the end of the year. At 2.4%, 10-year US Treasuries seem to be factoring in some of the rate increases, but we would suggest that this is far too low given the risks of Trump's policies.

Our portfolio is therefore biased away from longer-dated bonds and we have even shorted some government bonds. Furthermore, our weightings to equities have been at the very top end of our range. Partly this is because equities have risen more rapidly than bonds, but we have been deliberately slow in rebalancing the fund's weightings in favour of bonds.

In fixed income, we are biased towards higher yielding bonds. These are naturally more risky from the point of view of potential default. But because economic growth has surprised on the upside, they seem a more sensible place to invest. Happily, they also provide a higher income.

It seems inevitable that political changes will create more volatility in the year ahead. Clearly the political situation in Europe remains delicate, with contentious Brexit negotiations and important elections in France and Germany still to come. But that is well-known and valuations of European equities already seem to reflect a bleak outcome. European equities are significantly cheaper than their US peers. As income managers, that helps us – Europe is one of the few equity markets where there is real value and dividend yields are, in places, very attractive. The fund has holdings in assets with good, reliable yields such as Eurotunnel and Italian telecoms towers companies EI Towers, RAI Way and Infrastutture Wireless Italiane. For now, those holdings are cheap and pay us good yields. And should pessimism towards Europe ease even slightly, their valuations have plenty of scope to move higher.

We will be active in managing politically inspired volatility in the year ahead, retaining cash in short-dated government bonds to reinvest elsewhere when markets weaken. Although we expect further dramas over the year to come, we feel the portfolio is well positioned to reflect the shift from an environment in which interest rates are low (and seemingly ever falling) to a period in which they start increasing again. We hope to continue to generate cheering outperformance relative to our peer group over the months and years ahead.

James Foster &
Jacob de Tusch-Lec
Fund managers

Investment information

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

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury 1.25% 22/07/2018	19,369	UK Treasury 2.00% 07/09/2025	11,052
UK Treasury 2.00% 07/09/2025	10,246	Altria Group	5,154
BHP Billiton	7,829	Franco-Nevada	4,560
Moneta Money Bank	7,246	Molson Coors Brewing	4,472
Sanford	6,277	Johnson & Johnson	4,079

Portfolio statement as at 31 December 2016

Investment	Holding	Valuation £'000	% of net assets
Equities 45.96% (44.71%)			
Australia 1.82% (1.21%)			
BHP Billiton	485,466	6,265	1.82
		6,265	**1.82**
Brazil 0.89% (0.00%)			
Banco do Brasil	251,323	1,759	0.51
Cia Energetica de Minas Gerais Preference	676,506	1,302	0.38
		3,061	**0.89**
Canada 0.23% (0.73%)			
Lundin Mining	205,348	807	0.23
		807	**0.23**
China 0.74% (2.12%)			
Anhui Conch Cement H shares	185,000	408	0.12
Beijing Capital International Airport H shares	546,000	447	0.13
China Petroleum & Chemical H shares	2,438,000	1,403	0.41
Shenzhen Expressway H shares	408,000	284	0.08
		2,542	**0.74**
Czech Republic 1.83% (0.00%)			
Moneta Money Bank	2,398,352	6,282	1.83
		6,282	**1.83**
Denmark 0.49% (0.62%)			
AP Moeller - Maersk B shares	1,278	1,670	0.49
		1,670	**0.49**
Finland 0.00% (0.26%)			
France 2.79% (1.38%)			
Amundi	27,773	1,188	0.35
Atos	19,259	1,660	0.48
AXA	110,637	2,261	0.66
BNP Paribas	19,061	981	0.28
Groupe Eurotunnel	237,003	1,837	0.53
Natixis	366,539	1,672	0.49
		9,599	**2.79**
Georgia 0.16% (0.00%)			
BGEO Group	17,912	533	0.16
		533	**0.16**
Germany 2.30% (3.62%)			
Bayer	20,567	1,739	0.51

Investment	Holding	Valuation £'000	% of net assets
Deutsche Pfandbriefbank	174,279	1,361	0.39
Drillisch	29,422	1,032	0.30
Siemens	37,976	3,771	1.10
		7,903	**2.30**
Hong Kong 0.00% (0.83%)			
Ireland 0.00% (0.51%)			
Israel 2.36% (2.43%)			
Bezeq The Israeli Telecommunication Corporation	3,309,957	5,127	1.49
Israel Chemicals	206,281	690	0.20
Shikun & Binui	1,470,567	2,294	0.67
		8,111	**2.36**
Italy 3.65% (3.90%)			
Assicurazioni Generali	123,452	1,506	0.44
EI Towers	82,125	3,574	1.04
Enav	729,940	2,063	0.60
Infrastrutture Wireless Italiane	865,325	3,259	0.95
RAI Way	537,004	1,629	0.47
UnipolSai	287,077	502	0.15
		12,533	**3.65**
Japan 3.08% (1.10%)			
Fuji Heavy Industries	73,000	2,416	0.70
ITOCHU	197,100	2,123	0.62
Mebuki Financial Group	212,000	635	0.18
Mitsubishi UFJ Financial Group, ADR	323,724	1,602	0.47
Mitsubishi UFJ Financial Group	314,300	1,570	0.46
Mitsui	28,400	317	0.09
Sekisui House	60,300	815	0.24
Toyo Tire & Rubber	109,200	1,104	0.32
		10,582	**3.08**
Jersey 0.00% (0.17%)			
Luxembourg 0.41% (0.39%)			
Tenaris	95,193	1,392	0.41
		1,392	**0.41**
New Zealand 2.65% (2.32%)			
Sanford	1,832,380	6,949	2.02
SKYCITY Entertainment Group	978,438	2,165	0.63
		9,114	**2.65**
Norway 2.41% (2.12%)			
BW LPG	400,293	1,381	0.40
Ocean Yield	530,020	3,204	0.94
Storebrand	850,858	3,685	1.07
		8,270	**2.41**
Portugal 0.26% (1.06%)			
Galp Energia SGPS	73,464	888	0.26
		888	**0.26**

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Russia 0.71% (0.14%)			
MMC Norilsk Nickel, ADR	114,743	1,558	0.45
Moscow Exchange MICEX-RTS	538,728	884	0.26
		2,442	**0.71**
Singapore 0.00% (1.00%)			
South Africa 0.29% (0.00%)			
Kumba Iron Ore	107,075	1,008	0.29
		1,008	**0.29**
Spain 0.93% (2.83%)			
Euskaltel	442,373	3,194	0.93
		3,194	**0.93**
Sweden 1.76% (1.88%)			
Nobina AB	1,344,113	6,060	1.76
		6,060	**1.76**
Switzerland 0.29% (1.75%)			
Cembra Money Bank	16,948	1,003	0.29
		1,003	**0.29**
United Kingdom 2.62% (4.32%)			
3i Group	108,259	756	0.22
Amec Foster Wheeler	219,237	1,031	0.30
Doric Nimrod Air Three Preference	40,000	40	0.01
Imperial Brands	127,634	4,512	1.31
Phoenix Group Holdings	194,105	1,422	0.41
Prudential	77,908	1,256	0.37
		9,017	**2.62**
United States of America 13.28% (8.02%)			
AbbVie	32,160	1,640	0.48
Adient	17,283	813	0.24
Apple	8,860	840	0.25
Bank of America	55,942	1,000	0.29
Blackstone Group	43,059	950	0.28
Carlyle Group	61,647	754	0.22
Chimera Investment, REIT	49,002	684	0.20
Citigroup	45,706	2,206	0.64
Corning	103,450	2,055	0.60
Dover	26,968	1,648	0.48
General Motors	122,021	3,485	1.01
GEO Group, REIT	93,764	2,713	0.79
Hess	35,167	1,798	0.52
Intel	34,641	1,032	0.30
International Game Technology	76,753	1,580	0.46
Johnson Controls International	43,972	1,490	0.43
KKR	67,737	852	0.25
Las Vegas Sands	25,230	1,109	0.32
Lazard A shares	15,807	526	0.15
MetLife	69,220	3,026	0.88

Investment	Holding or nominal value	Valuation £'000	% of net assets
Occidental Petroleum	15,017	874	0.25
Outfront Media, REIT	32,059	651	0.19
Pfizer	122,742	3,241	0.94
Reliance Steel & Aluminum	13,738	902	0.26
Seagate Technology	97,443	3,011	0.88
Western Digital	70,814	3,939	1.15
Zions Bancorp	80,867	2,812	0.82
		45,631	**13.28**
Equities total		**157,907**	**45.96**
Government bonds 5.63% (0.63%)			
United Kingdom 5.63% (0.63%)			
UK Treasury 1.25% 22/07/2018	£19,000,000	19,353	5.63
		19,353	**5.63**
Government bonds total		**19,353**	**5.63**
Corporate bonds 45.73% (50.59%)			
Australia 1.01% (0.86%)			
Australia & New Zealand Banking Group, FRN 1.43% Perpetual	$3,270,000	1,701	0.50
BHP Billiton Finance, FRN 6.50% 22/10/2077	£1,600,000	1,759	0.51
		3,460	**1.01**
Belgium 0.18% (0.23%)			
Ethias 5.00% 14/01/2026	€800,000	625	0.18
		625	**0.18**
Bermuda 0.55% (0.45%)			
Fidelity International 7.13% 13/02/2024	£1,500,000	1,881	0.55
		1,881	**0.55**
Bulgaria 0.09% (0.33%)			
Bulgarian Telecommunications 6.63% 15/11/2018	€350,000	305	0.09
		305	**0.09**
Canada 0.16% (1.10%)			
Entertainment One 6.88% 15/12/2022	£500,000	538	0.16
		538	**0.16**
Cayman Islands 0.00% (0.34%)			
France 4.43% (3.15%)			
Axa, FRN 6.46% Perpetual	$1,600,000	1,291	0.38
CMA CGM 7.75% 15/01/2021	€925,000	736	0.21
Electricite de France, FRN 6.00% Perpetual	£1,500,000	1,437	0.42
Horizon Holdings 7.25% 01/08/2023	€1,400,000	1,282	0.37
Orange, FRN 5.87% Perpetual	£2,200,000	2,309	0.67
Paprec Holding 7.38% 01/04/2023	€2,100,000	1,858	0.54
SFR Group 7.38% 01/05/2026	$2,500,000	2,069	0.60
Societe Generale, FRN 7.38% Perpetual	$3,000,000	2,425	0.71
Total, FRN 3.94% Perpetual	€2,000,000	1,810	0.53
		15,217	**4.43**
Germany 2.31% (3.12%)			
Bayer, FRN 2.38% 02/04/2075	€1,500,000	1,226	0.36
Deutsche Bank Capital Finance Trust I, FRN 1.75% Perpetual	€700,000	446	0.13
EnBW Energie Baden-Wuerttemberg, FRN 5.13% 05/04/2077	$2,000,000	1,655	0.48
Kirk Beauty One 8.75% 15/07/2023	€600,000	563	0.16

Investment information (continued)

Investment	Nominal value	Valuation £'000	% of net assets
RWE, FRN 7.00% Perpetual	£2,300,000	2,375	0.69
Safari Holding Verwaltungs 8.25% 15/02/2021	€500,000	450	0.13
Unitymedia Hessen 5.63% 15/04/2023	€360,000	331	0.10
Unitymedia Hessen 4.63% 15/02/2026	€1,000,000	904	0.26
		7,950	**2.31**
Ireland 1.75% (2.98%)			
Allied Irish Banks 12.50% 25/06/2035	£470,000	305	0.09
Bank of Ireland, FRN 4.25% 11/06/2024	€973,000	859	0.25
Eircom Finance DAC 4.50% 31/05/2022	€2,500,000	2,246	0.65
Lambay Capital Securities 6.25% Perpetual §	£3,250,000	41	0.01
National Asset Management 5.26% 01/03/2020	€3,000,000	2,562	0.75
		6,013	**1.75**
Italy 1.48% (0.76%)			
Enel, FRN 6.62% 15/09/2076	£1,050,000	1,101	0.32
Generali Finance, FRN 4.60% Perpetual	€1,250,000	1,046	0.30
Telecom Italia 3.63% 25/05/2026	€1,000,000	878	0.25
Wind Acquisition Finance 4.00% 15/07/2020	€500,000	436	0.13
Wind Acquisition Finance 7.38% 23/04/2021	$1,950,000	1,636	0.48
		5,097	**1.48**
Jersey 0.00% (2.03%)			
Luxembourg 1.28% (2.33%)			
Altice Luxembourg 7.75% 15/05/2022	$700,000	605	0.18
ARD Finance 6.63% 15/09/2023	€2,500,000	2,140	0.62
DEA Finance 7.50% 15/10/2022	€1,800,000	1,648	0.48
		4,393	**1.28**
Mexico 0.27% (0.51%)			
America Movil, FRN 6.37% 06/09/2073	£900,000	944	0.27
		944	**0.27**
Netherlands 2.55% (2.78%)			
Chapel, FRN, Series 2007 C 0.39% 17/07/2066	€300,000	172	0.05
Cooperatieve Rabobank 4.63% 23/05/2029	£650,000	698	0.20
ING Groep, FRN 6.87% Perpetual	$3,250,000	2,646	0.77
Koninklijke KPN, FRN 6.87% 14/03/2073	£1,400,000	1,493	0.44
Lincoln Finance 6.88% 15/04/2021	€600,000	559	0.16
NN Group, FRN 4.62% 08/04/2044	€1,800,000	1,613	0.47
Nyrstar Netherlands Holdings 8.50% 15/09/2019	€1,700,000	1,579	0.46
		8,760	**2.55**
Portugal 0.60% (0.30%)			
EDP - Energias de Portugal, FRN 5.37% 16/09/2075	€2,000,000	1,785	0.52
GNB - Cia de Seguros de Vida, FRN 3.24% Perpetual	€500,000	266	0.08
		2,051	**0.60**
Spain 2.30% (0.44%)			
Cirsa Funding Luxembourg 5.88% 15/05/2023	€1,600,000	1,455	0.42
Codere Finance 2 Luxembourg 6.75% 01/11/2021	€2,300,000	1,997	0.58
Lecta 6.50% 01/08/2023	€2,100,000	1,842	0.54
Telefonica Europe, FRN 6.75% Perpetual	£2,500,000	2,598	0.76
		7,892	**2.30**
Sweden 0.54% (0.84%)			
Vattenfall, FRN 3.00% 19/03/2077	€2,400,000	1,851	0.54
		1,851	**0.54**

Investment	Nominal value	Valuation £'000	% of net assets
Switzerland 1.27% (0.72%)			
Credit Suisse Group, FRN 6.25% Perpetual	$600,000	474	0.14
Demeter Investments, FRN 5.75% 15/08/2050	$3,000,000	2,439	0.71
UBS Group, FRN 7.00% Perpetual	$373,000	318	0.09
Willow No. 2, FRN 4.25% 01/10/2045	$1,500,000	1,147	0.33
		4,378	**1.27**
United Arab Emirates 0.39% (0.00%)			
Topaz Marine 8.63% 01/11/2018	$1,700,000	1,341	0.39
		1,341	**0.39**
United Kingdom 19.85% (22.49%)			
Aberdeen Asset Management 7.00% Perpetual	$500,000	417	0.12
Anglian Water Osprey Financing 5.00% 30/04/2023	£1,325,000	1,390	0.41
Arqiva Broadcast Finance 9.50% 31/03/2020	£200,000	212	0.06
Aviva, FRN 3.38% 04/12/2045	€1,500,000	1,264	0.37
Barclays, FRN 7.87% Perpetual	£2,000,000	1,988	0.58
BUPA Finance, FRN 6.12% Perpetual	£2,692,000	2,880	0.84
Burford Capital 6.50% 19/08/2022	£1,000,000	1,080	0.31
Centrica, FRN 5.25% 10/04/2075	£1,700,000	1,733	0.50
Co-operative Group Holdings, STEP 6.87% 08/07/2020	£1,200,000	1,353	0.39
CPUK Finance 7.00% 28/02/2042	£1,900,000	2,013	0.59
EnQuest, FRN 7.00% 15/10/2023	$1,876,104	1,113	0.32
Galaxy Bidco, FRN 5.40% 15/11/2019	£425,000	425	0.12
HBOS Sterling Finance Jersey, FRN 7.88% Perpetual	£800,000	1,045	0.30
Heathrow Finance 5.38% 01/09/2019	£1,200,000	1,304	0.38
HSBC Bank, FRN 1.19% Perpetual	$2,000,000	1,152	0.34
HSBC Holdings, FRN 6.87% Perpetual	$1,100,000	940	0.27
Iceland Bondco 6.25% 15/07/2021	£1,400,000	1,419	0.41
Infinis 7.00% 15/02/2019	£1,000,000	1,020	0.30
InterContinental Hotels Group 3.75% 14/08/2025	£800,000	878	0.26
Intermediate Capital Group 5.00% 24/03/2023	£850,000	881	0.26
Investec Bank 9.63% 17/02/2022	£1,300,000	1,572	0.46
JRP Group 9.00% 26/10/2026	£2,000,000	2,015	0.59
Kelda Finance No. 3 5.75% 17/02/2020	£700,000	768	0.22
Legal & General Group, FRN 5.37% 27/10/2045	£2,000,000	2,070	0.60
Liverpool Victoria Friendly Society, FRN 6.50% 22/05/2043	£1,000,000	973	0.28
Matalan Finance 6.88% 01/06/2019	£1,500,000	1,244	0.36
Mizzen Bondco 7.00% 01/05/2021	£2,178,100	2,280	0.66
Moto Finance 6.38% 01/09/2020	£500,000	520	0.15
Nationwide Building Society, FRN 6.87% Perpetual	£1,600,000	1,598	0.47
New Look Secured Issuer 6.50% 01/07/2022	£1,400,000	1,333	0.39
Next 3.63% 18/05/2028	£1,000,000	1,040	0.30
NGG Finance, FRN 5.62% 18/06/2073	£1,900,000	2,059	0.60
NWEN Finance 5.88% 21/06/2021	£800,000	881	0.26
Pennon Group, FRN 6.75% Perpetual	£1,522,000	1,585	0.46
Pension Insurance 6.50% 03/07/2024	£400,000	385	0.11
PGH Capital 5.75% 07/07/2021	£1,200,000	1,333	0.39
Porterbrook Rail Finance 6.50% 20/10/2020	£50,000	59	0.02
RAC Bond 4.57% 06/05/2023	£1,200,000	1,304	0.38
Rothesay Life 8.00% 30/10/2025	£1,415,000	1,465	0.43
Royal Bank of Scotland Group, FRN 7.65% Perpetual	$1,800,000	1,666	0.49

Investment information (continued)

Investment	Nominal value	Global exposure * £'000	Valuation £'000	% of net assets
RSA Insurance Group, FRN 5.13% 10/10/2045	£1,800,000		1,830	0.53
Society of Lloyd's 4.75% 30/10/2024	£2,000,000		2,134	0.62
SSE, FRN 5.63% Perpetual	$500,000		414	0.12
Standard Chartered, FRN 6.41% Perpetual	$2,400,000		1,514	0.44
Tesco 6.15% 15/11/2037	$2,800,000		2,194	0.64
Thomas Cook Group 6.25% 15/06/2022	€2,250,000		2,024	0.59
Virgin Media Secured Finance 5.13% 15/01/2025	£1,850,000		1,892	0.55
Virgin Money Holdings UK, FRN 7.87% Perpetual	£1,200,000		1,180	0.34
Voyage Care Bondco 6.50% 01/08/2018	£700,000		711	0.21
Wagamama Finance 7.88% 01/02/2020	£1,000,000		1,045	0.30
Whitbread Group 3.38% 16/10/2025	£1,000,000		1,065	0.31
William Hill 4.88% 07/09/2023	£1,550,000		1,547	0.45
			68,207	**19.85**
United States of America 4.72% (4.83%)				
Alliance Data Systems 5.25% 15/11/2023	€2,100,000		1,794	0.52
AMC Entertainment Holdings 6.38% 15/11/2024	£750,000		793	0.23
Continental Resources 4.50% 15/04/2023	$1,300,000		1,026	0.30
DFC Finance 12.00% 16/06/2020	$277,404		123	0.04
Infor US 5.75% 15/05/2022	€450,000		392	0.11
International Game Technology 4.75% 15/02/2023	€600,000		560	0.16
Mellon Capital III, FRN 6.37% 05/09/2066	£650,000		617	0.18
PNC Preferred Funding Trust I, FRN 2.30% Perpetual	$1,800,000		1,417	0.41
PSPC Escrow 6.00% 01/02/2023	€1,000,000		861	0.25
Seagate HDD Cayman 4.75% 01/01/2025	$2,222,000		1,707	0.50
State Street, FRN 1.47% 15/05/2028	$2,364,000		1,768	0.52
Trinseo Materials Operating 6.38% 01/05/2022	€1,750,000		1,608	0.47
USB Realty, FRN 1.83% Perpetual	$2,610,000		1,867	0.54
Valeant Pharmaceuticals International 5.38% 15/03/2020	$330,000		227	0.07
XPO Logistics 5.75% 15/06/2021	€1,600,000		1,452	0.42
			16,212	**4.72**
Corporate bonds total			**157,115**	**45.73**
Forward currency contracts (0.49)% ((0.23)%)				
Buy Sterling 43,799,918 dated 13/03/2017			43,800	12.75
Sell Euro 52,056,000 dated 13/03/2017			(44,763)	(13.03)
Buy Sterling 36,427,820 dated 13/03/2017			36,428	10.60
Sell US Dollar 45,998,000 dated 13/03/2017			(37,327)	(10.86)
Buy US Dollar 54,956,280 dated 13/03/2017			44,595	12.98
Sell Euro 51,776,000 dated 13/03/2017			(44,521)	(12.96)
Buy US Dollar 6,862,071 dated 13/03/2017			5,568	1.62
Sell Japanese Yen 785,650,000 dated 13/03/2017			(5,470)	(1.59)
Forward currency contracts total			**(1,690)**	**(0.49)**
Futures (0.02)% (0.00%)				
Long Gilt 29/03/2017	(30)	(3,775)	(85)	(0.02)
Futures total		**(3,775)**	**(85)**	**(0.02)**
Investment assets (including investment liabilities)			332,600	96.80
Net other assets			11,001	3.20
Net assets attributable to unitholders			343,601	100.00

The comparative percentage figures in brackets are as at 31 December 2015.
§ Security is currently in default.
* 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	£'000	31 December 2015 £'000	£'000
Income					
Net capital gains	3		27,471		1,040
Revenue	5	8,960		2,609	
Expenses	6	(1,757)		(531)	
Interest payable and similar charges	7	(24)		(9)	
Net revenue before taxation		7,179		2,069	
Taxation	8	(978)		(341)	
Net revenue after taxation			6,201		1,728
Total return before distributions			**33,672**		**2,768**
Distributions	9		(7,719)		(2,085)
Change in net assets attributable to unitholders from investment activities			25,953		683

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

	31 December 2016 £'000	£'000	31 December 2015 £'000	£'000
Opening net assets attributable to unitholders		79,771		33,686
Amounts receivable on issue of units	237,483		48,909	
Amounts payable on cancellation of units	(4,494)		(4,725)	
		232,989		44,184
Change in net assets attributable to unitholders from investment activities		25,953		683
Retained distributions on accumulation units		4,888		1,218
Closing net assets attributable to unitholders		343,601		79,771

Balance sheet as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Fixed assets			
Investments	10	334,547	76,648
Current assets			
Debtors	11	9,121	2,012
Cash and bank balances	12	4,379	2,498
Total current assets		**13,500**	**4,510**
Total assets		**348,047**	**81,158**
Liabilities			
Investment liabilities	10	1,947	304
Provisions for liabilities	13	7	1
Creditors			
Distribution payable		723	204
Other creditors	14	1,769	878
Total creditors		**2,492**	**1,082**
Total liabilities		**4,446**	**1,387**
Net assets attributable to unitholders		343,601	79,771

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 the 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 efficient portfolio management and investment purposes. 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. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any positions on such transactions open at the year end are reflected in the balance sheet at their marked to market value.

(e) Revenue. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. 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 a 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 the trustee have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. The manager may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund may be more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) but is not expected to be for the whole accounting period and so 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 gains

	31 December 2016 £'000	31 December 2015 £'000
Non-derivative securities	32,590	169
Capital transaction charges	(28)	(28)
Derivative contracts	(104)	1
Currency (losses)/gains	(602)	113
Forward currency contracts	(4,385)	785
Net capital gains	27,471	1,040

4. Direct transaction costs

For puchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

	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	249,294	135	180	249,609	0.05	0.07
Bonds	160,130	-	-	160,130	-	-
	409,424	135	180	409,739		
Sales						
Equities	148,187	81	16	148,090	0.05	0.01
Bonds	36,216	-	-	36,216	-	-
	184,403	81	16	184,306		
Total		216	196			
Percentage of fund average net assets		0.11%	0.10%			

	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	52,160	33	25	52,218	0.06	0.05
Bonds	35,734	-	-	35,734	-	-
	87,894	33	25	87,952		
Sales						
Equities	32,561	22	4	32,535	0.07	0.01
Bonds	11,836	-	-	11,836	-	-
	44,397	22	4	44,371		
Total		55	29			
Percentage of fund average net assets		0.10%	0.06%			

During the year the fund incurred £28,000 (2015: £28,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.62% (2015: 0.78%). 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.

Notes to the financial statements (continued)

5. Revenue

	31 December 2016 £'000	31 December 2015 £'000
Interest on debt securities	5,442	1,624
Overseas dividends	3,267	918
UK dividends	242	64
Bank interest	9	1
Option premiums	-	2
Total revenue	8,960	2,609

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	1,515	444
Expense fee rebate	(37)	(72)
Other expenses:		
Registration fees	102	60
Administration fees	76	56
Operational fees	35	20
Safe custody fees	28	6
Trustee fees	23	6
Auditor's remuneration: audit fees *	9	7
Capital derivative fees	3	2
Printing and postage fees	2	1
Price publication fees	1	1
Total expenses	1,757	531

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

7. Interest payable and similar charges

	31 December 2016 £'000	31 December 2015 £'000
Interest payable	24	9
Total interest payable and similar charges	24	9

8. Taxation

	31 December 2016 £'000	31 December 2015 £'000
a) Analysis of the tax charge for the year		
UK corporation tax	822	265
Irrecoverable overseas tax	254	77
Double taxation relief	(53)	-
Prior year adjustments	(51)	(2)
Total taxation before deferred tax (note 8b)	972	340
Deferred tax (note 8c)	6	1
Total taxation	978	341
b) Factors affecting the tax charge for the year		
Net revenue before taxation	7,179	2,069
Corporation tax at 20% (2015: 20%)	1,436	414
Effects of:		
Irrecoverable overseas tax	201	70
Income taxable in different periods	(17)	-
Non-taxable UK dividends	(45)	(11)
Prior year adjustments	(51)	(2)
Non-taxable overseas dividends	(552)	(131)
Tax charge for the year (note 8a)	972	340
c) Provision for deferred tax		
Provision at the start of the year	1	-
Movement in deferred tax for the year (note 8a)	6	1
Provision at the end of the year	7	1

9. Distributions

	31 December 2016 £'000	31 December 2015 £'000
Interim distribution - January 2016	212	68
Interim distribution - February 2016	372	87
Interim distribution - March 2016	409	164
Interim distribution - April 2016	479	135
Interim distribution - May 2016	956	296
Interim distribution - June 2016	1,010	193
Interim distribution - July 2016	535	174
Interim distribution - August 2016	633	158
Interim distribution - September 2016	939	259
Interim distribution - October 2016	689	189
Interim distribution - November 2016	913	198
Final distribution - December 2016	990	243
	8,137	2,164
Add: amounts deducted on cancellation of units	12	8
Deduct: amounts added on issue of units	(430)	(87)
Distributions	7,719	2,085
Movement between net revenue and distributions		
Net revenue after taxation	6,201	1,728
Annual management charge paid from capital	1,515	444
Expenses paid from capital	3	2
Less: tax relief credited to capital	-	(89)
	7,719	2,085

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 tables on pages 26 to 31.

Notes to the financial statements (continued)

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	157,907	-	35,670	-
Level 2	176,640	(1,947)	40,978	(304)
Total	334,547	(1,947)	76,648	(304)

11. Debtors

	31 December 2016 £'000	31 December 2015 £'000
Amounts receivable for issue of units	5,319	1,161
Accrued revenue	3,228	766
Sales awaiting settlement	423	-
Overseas withholding tax recoverable	124	65
Amounts due from the manager in relation to expense rebate	25	19
Income tax recoverable	2	1
Total debtors	9,121	2,012

12. Cash and bank balances

	31 December 2016 £'000	31 December 2015 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	2,887	2,469
Cash and bank balances	1,338	-
Amounts held at futures clearing houses and brokers	154	29
Total cash and bank balances	4,379	2,498

13. Provision for liabilities

	31 December 2016 £'000	31 December 2015 £'000
Deferred taxation	7	1
Total provisions for liabilities	7	1

14. Other creditors

	31 December 2016 £'000	31 December 2015 £'000
Purchases awaiting settlement	1,059	479
Corporation tax payable	404	281
Accrued annual management charge	203	51
Accrued other expenses	103	67
Total other creditors	1,769	878

15. Contingent liabilities and commitments

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

16. 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	50,744,303	120,670,125	(6,128)	(210,091)	171,198,209
I accumulation	53,402,386	187,603,552	(4,240,325)	1,263,614	238,029,227
R distribution	6,851,562	3,642,664	(664,936)	(579,345)	9,249,945
R accumulation	5,040,079	4,481,019	(1,529,283)	(629,621)	7,362,194

17. Risk disclosures

The fund's financial instruments comprise fixed interest investments, floating rate investments, 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 as set out 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 to 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 bonds and 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.

Notes to the financial statements (continued)

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, governments' fiscal positions, short-term interest rates and international market comparisons. As part of the continuing review of the portfolio, the manager monitors and reviews these factors.

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 December 2016				
Sterling	5,833	91,356	21,321	118,510
US Dollar	7,993	29,602	49,521	87,116
Euro	2,892	42,401	36,449	81,742
New Zealand Dollar	40	-	9,074	9,114
Japanese Yen	-	-	8,996	8,996
Norwegian Krone	-	-	8,308	8,308
Israeli New Shekels	758	-	7,358	8,116
Czech Koruna	-	-	6,282	6,282
Swedish Krona	-	-	6,060	6,060
Brazilian Real	(4)	-	3,117	3,113
Hong Kong Dollar	(7)	-	2,557	2,550
Danish Krone	-	-	1,679	1,679
South African Rand	-	-	1,009	1,009
Swiss Franc	(18)	-	1,024	1,006
Russian Ruble	-	-	883	883
Canadian Dollar	-	-	807	807
31 December 2015				
Sterling	4,182	19,954	4,145	28,281
Euro	848	11,789	11,366	24,003
US Dollar	329	5,820	6,946	13,095
Hong Kong Dollar	22	-	2,338	2,360
Israeli New Shekels	-	-	1,941	1,941
New Zealand Dollar	-	-	1,847	1,847
Norwegian Krone	-	-	1,708	1,708
Swedish Krona	-	-	1,498	1,498
Swiss Franc	7	-	1,401	1,408
Australian Dollar	-	406	968	1,374
Japanese Yen	-	-	875	875
Singapore Dollar	-	-	798	798
Danish Krone	-	-	503	503
Canadian Dollar	-	-	264	264

The forward currency contracts are not included within this table. These can be found in the portfolio statement on page 14.

A five per cent increase in the value of the fund's interest rate risk profile would have the effect of increasing the return and net assets by £16,891,000 (2015: £3,998,000). A five per cent decrease would have an equal and opposite effect.

(ii) Currency risk

A portion of the net assets of the fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced. The loss on forward currency contracts for the year was £4,385,000 (2015: gain of £785,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. No hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

The exposure to each currency is shown in the table below:

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
31 December 2016				
Sterling	109,481	9,029	80,228	198,738
US Dollar	86,083	1,033	12,836	99,952
New Zealand Dollar	9,114	-	-	9,114
Norwegian Krone	8,270	38	-	8,308
Israeli New Shekels	8,111	5	-	8,116
Czech Koruna	6,282	-	-	6,282
Swedish Krona	6,060	-	-	6,060
Japanese Yen	8,980	17	(5,470)	3,527
Brazilian Real	3,061	52	-	3,113
Hong Kong Dollar	2,542	8	-	2,550
Danish Krone	1,670	9	-	1,679
South African Rand	1,008	1	-	1,009
Swiss Franc	1,003	3	-	1,006
Russian Ruble	884	-	-	884
Canadian Dollar	807	-	-	807
Euro	80,934	806	(89,284)	(7,544)
31 December 2015				
Sterling	25,264	3,018	19,021	47,303
US Dollar	12,970	124	4,261	17,355
Hong Kong Dollar	2,360	-	-	2,360
Euro	23,758	245	(21,770)	2,233
Israeli New Shekels	1,938	3	-	1,941
New Zealand Dollar	1,847	-	(225)	1,622
Swedish Krona	1,498	-	-	1,498
Swiss Franc	1,400	8	-	1,408
Norwegian Krone	1,692	16	(826)	882
Japanese Yen	875	-	-	875
Singapore Dollar	794	4	-	798
Australian Dollar	1,371	4	(646)	729
Danish Krone	498	5	-	503
Canadian Dollar	264	-	-	264

A five per cent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £7,243,000 (2015: £1,623,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five per cent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £16,630,000 (2015: £3,817,000). A five per cent decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

(iv) 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 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 amount of leverage used by the fund was 105% (2015: 102%).

(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 credit 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 A.G. ('UBS') is the counterparty for forward currency contracts and J.P. Morgan Securities Plc ('JPMorgan Securities') is the counterparty for futures contracts. Aside from the custodian, the derivative counterparties 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.

Debt security credit analysis

At the reporting date, the credit analysis of the fund's debt securities was as follows:

	31 December 2016 £'000	31 December 2015 £'000
Investment grade securities	60,126	9,593
Below investment grade securities	102,856	26,940
Unrated securities	13,486	4,327
Total of debt securities	176,468	40,860

Source of credit ratings: Artemis Investment Management LLP.

Counterparty exposure

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

	Foreign currency contracts £'000	Futures £'000	Total net exposure £'000
31 December 2016			
UBS	(1,690)	-	(1,690)
JPMorgan Securities	-	(85)	(85)
31 December 2015			
UBS	(185)	-	(185)

(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.

18. 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 15 and notes 6, 9,11 and 14 on pages 18 to 21 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 December 2016 in respect of these transactions was £5,141,000 (2015: £1,129,000).

19. Unit classes

The annual management charge is:

I distribution	0.75%
I accumulation	0.75%
R distribution	1.50%
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 32. The distributions per unit class are given in the distribution tables on pages 26 to 31. All classes have the same rights.

20. Post balance sheet event

Since 31 December 2016, the net asset values 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 *	74.40	72.23	3.2%
I accumulation	89.86	87.06	3.2%
R distribution *	72.16	70.13	3.1%
R accumulation	87.23	84.59	3.1%

* The monthly interim distribution declared on 31 January 2017 of 0.1586 (I distribution) and 0.1601 (R distribution) have been included in the calculation of the movement in the net asset value per unit.

Distribution tables

Interim dividend distribution for the month ended 31 January 2016 (paid 31 March 2016) in pence per unit.
Group 1 - Units purchased prior to 1 January 2016.
Group 2 - Units purchased from 1 January 2016 to 31 January 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 March 2016	Distribution per unit (p) 31 March 2015
I distribution				
Group 1	0.1554	-	0.1554	0.1201
Group 2	0.0566	0.0988	0.1554	0.1201
I accumulation				
Group 1	0.1797	-	0.1797	0.1334
Group 2	0.0641	0.1156	0.1797	0.1334
R distribution				
Group 1	0.1570	-	0.1570	0.1181
Group 2	0.0676	0.0894	0.1570	0.1181
R accumulation				
Group 1	0.1815	-	0.1815	0.1313
Group 2	0.1058	0.0757	0.1815	0.1313

Corporate unitholders should note that:
1. 16.63% of the revenue distribution together with the tax credit is received as franked investment income.
2. 83.37% 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.

Interim dividend distribution for the month ended 29 February 2016 (paid 29 April 2016) in pence per unit.
Group 1 - Units purchased prior to 1 February 2016.
Group 2 - Units purchased from 1 February 2016 to 29 February 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 29 April 2016	Distribution per unit (p) 30 April 2015
I distribution				
Group 1	0.2243	-	0.2243	0.1469
Group 2	0.0912	0.1331	0.2243	0.1469
I accumulation				
Group 1	0.2602	-	0.2602	0.1637
Group 2	0.0766	0.1836	0.2602	0.1637
R distribution				
Group 1	0.2246	-	0.2246	0.1445
Group 2	0.0658	0.1588	0.2246	0.1445
R accumulation				
Group 1	0.2602	-	0.2602	0.1609
Group 2	0.0639	0.1963	0.2602	0.1609

Corporate unitholders should note that:
1. 23.12% of the revenue distribution together with the tax credit is received as franked investment income.
2. 76.88% 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.

Interim dividend distribution for the month ended 31 March 2016 (paid 31 May 2016) in pence per unit.
Group 1 - Units purchased prior to 1 March 2016.
Group 2 - Units purchased from 1 March 2016 to 31 March 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 May 2016	Distribution per unit (p) 29 May 2015
I distribution				
Group 1	0.2243	-	0.2243	0.2507
Group 2	0.0975	0.1268	0.2243	0.2507
I accumulation				
Group 1	0.2609	-	0.2609	0.2799
Group 2	0.1167	0.1442	0.2609	0.2799
R distribution				
Group 1	0.2243	-	0.2243	0.2466
Group 2	0.0669	0.1574	0.2243	0.2466
R accumulation				
Group 1	0.2611	-	0.2611	0.2752
Group 2	0.1035	0.1576	0.2611	0.2752

Corporate unitholders should note that:
1. 40.72% of the revenue distribution together with the tax credit is received as franked investment income.
2. 59.28% 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.

Interim dividend distribution for the month ended 30 April 2016 (paid 30 June 2016) in pence per unit.
Group 1 - Units purchased prior to 1 April 2016.
Group 2 - Units purchased from 1 April 2016 to 30 April 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 June 2016	Distribution per unit (p) 30 June 2015
I distribution				
Group 1	0.2104	-	0.2104	0.1961
Group 2	0.0988	0.1116	0.2104	0.1961
I accumulation				
Group 1	0.2457	-	0.2457	0.2196
Group 2	0.1302	0.1155	0.2457	0.2196
R distribution				
Group 1	0.2109	-	0.2109	0.1926
Group 2	0.1265	0.0844	0.2109	0.1926
R accumulation				
Group 1	0.2463	-	0.2463	0.2158
Group 2	0.0781	0.1682	0.2463	0.2158

Corporate unitholders should note that:
1. 50.73% of the revenue distribution together with the tax credit is received as franked investment income.
2. 49.27% 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.

Distribution tables (continued)

Interim dividend distribution for the month ended 31 May 2016 (paid 29 July 2016) in pence per unit.
Group 1 - Units purchased prior to 1 May 2016.
Group 2 - Units purchased from 1 May 2016 to 31 May 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 29 July 2016	Distribution per unit (p) 31 July 2015
I distribution				
Group 1	0.3697	-	0.3697	0.4041
Group 2	0.1891	0.1806	0.3697	0.4041
I accumulation				
Group 1	0.4329	-	0.4329	0.4542
Group 2	0.2360	0.1969	0.4329	0.4542
R distribution				
Group 1	0.3657	-	0.3657	0.3969
Group 2	0.2160	0.1497	0.3657	0.3969
R accumulation				
Group 1	0.4283	-	0.4283	0.4459
Group 2	0.2524	0.1759	0.4283	0.4459

Corporate unitholders should note that:
1. 61.95% of the revenue distribution together with the tax credit is received as franked investment income.
2. 38.05% 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.

Interim dividend distribution for the month ended 30 June 2016 (paid 31 August 2016) in pence per unit.
Group 1 - Units purchased prior to 1 June 2016.
Group 2 - Units purchased from 1 June 2016 to 30 June 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 August 2016	Distribution per unit (p) 28 August 2015
I distribution				
Group 1	0.3707	-	0.3707	0.2427
Group 2	0.1239	0.2468	0.3707	0.2427
I accumulation				
Group 1	0.4361	-	0.4361	0.2742
Group 2	0.1467	0.2894	0.4361	0.2742
R distribution				
Group 1	0.3673	-	0.3673	0.2382
Group 2	0.0844	0.2829	0.3673	0.2382
R accumulation				
Group 1	0.4320	-	0.4320	0.2690
Group 2	0.1393	0.2927	0.4320	0.2690

Corporate unitholders should note that:
1. 65.98% of the revenue distribution together with the tax credit is received as franked investment income.
2. 34.02% 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.

Interim dividend distribution for the month ended 31 July 2016 (paid 30 September 2016) in pence per unit.
Group 1 - Units purchased prior to 1 July 2016.
Group 2 - Units purchased from 1 July 2016 to 31 July 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 September 2016	Distribution per unit (p) 30 September 2015
I distribution				
Group 1	0.1767	-	0.1767	0.2018
Group 2	0.0696	0.1071	0.1767	0.2018
I accumulation				
Group 1	0.2093	-	0.2093	0.2289
Group 2	0.1008	0.1085	0.2093	0.2289
R distribution				
Group 1	0.1778	-	0.1778	0.1977
Group 2	0.0842	0.0936	0.1778	0.1977
R accumulation				
Group 1	0.2107	-	0.2107	0.2245
Group 2	0.0657	0.1450	0.2107	0.2245

Corporate unitholders should note that:
1. 36.16% of the revenue distribution together with the tax credit is received as franked investment income.
2. 63.84% 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.

Interim dividend distribution for the month ended 31 August 2016 (paid 31 October 2016) in pence per unit.
Group 1 - Units purchased prior to 1 August 2016.
Group 2 - Units purchased from 1 August 2016 to 31 August 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 October 2016	Distribution per unit (p) 30 October 2015
I distribution				
Group 1	0.1929	-	0.1929	0.1735
Group 2	0.0947	0.0982	0.1929	0.1735
I accumulation				
Group 1	0.2291	-	0.2291	0.1976
Group 2	0.1092	0.1199	0.2291	0.1976
R distribution				
Group 1	0.1940	-	0.1940	0.1701
Group 2	0.0768	0.1172	0.1940	0.1701
R accumulation				
Group 1	0.2305	-	0.2305	0.1938
Group 2	0.1311	0.0994	0.2305	0.1938

Corporate unitholders should note that:
1. 39.45% of the revenue distribution together with the tax credit is received as franked investment income.
2. 60.55% 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.

Distribution tables (continued)

Interim dividend distribution for the month ended 30 September 2016 (paid 30 November 2016) in pence per unit.
Group 1 - Units purchased prior to 1 September 2016.
Group 2 - Units purchased from 1 September 2016 to 30 September 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 November 2016	Distribution per unit (p) 30 November 2015
I distribution				
Group 1	0.2484	-	0.2484	0.2683
Group 2	0.1144	0.1340	0.2484	0.2683
I accumulation				
Group 1	0.2959	-	0.2959	0.3061
Group 2	0.1330	0.1629	0.2959	0.3061
R distribution				
Group 1	0.2479	-	0.2479	0.2630
Group 2	0.1163	0.1316	0.2479	0.2630
R accumulation				
Group 1	0.2954	-	0.2954	0.3000
Group 2	0.0655	0.2299	0.2954	0.3000

Corporate unitholders should note that:
1. 46.76% of the revenue distribution together with the tax credit is received as franked investment income.
2. 53.24% 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.

Interim dividend distribution for the month ended 31 October 2016 (paid 30 December 2016) in pence per unit.
Group 1 - Units purchased prior to 1 October 2016.
Group 2 - Units purchased from 1 October 2016 to 31 October 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 December 2016	Distribution per unit (p) 31 December 2016
I distribution				
Group 1	0.1696	-	0.1696	0.1905
Group 2	0.0695	0.1001	0.1696	0.1905
I accumulation				
Group 1	0.2026	-	0.2026	0.2185
Group 2	0.0863	0.1163	0.2026	0.2185
R distribution				
Group 1	0.1709	-	0.1709	0.1866
Group 2	0.0611	0.1098	0.1709	0.1866
R accumulation				
Group 1	0.2044	-	0.2044	0.2139
Group 2	0.0813	0.1231	0.2044	0.2139

Corporate unitholders should note that:
1. 11.47% of the revenue distribution together with the tax credit is received as franked investment income.
2. 88.53% 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.

Interim dividend distribution for the month ended 30 November 2016 (paid 31 January 2017) in pence per unit.

Group 1 - Units purchased prior to 1 November 2016.

Group 2 - Units purchased from 1 November 2016 to 30 November 2016.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 January 2017	Distribution per unit (p) 29 January 2016
I distribution				
Group 1	0.2062	-	0.2062	0.1793
Group 2	0.1071	0.0991	0.2062	0.1793
I accumulation				
Group 1	0.2472	-	0.2472	0.2062
Group 2	0.1271	0.1201	0.2472	0.2062
R distribution				
Group 1	0.2067	-	0.2067	0.1755
Group 2	0.1031	0.1036	0.2067	0.1755
R accumulation				
Group 1	0.2478	-	0.2478	0.2019
Group 2	0.1212	0.1266	0.2478	0.2019

Corporate unitholders should note that:

1. 59.81% of the revenue distribution together with the tax credit is received as franked investment income.
2. 40.19% 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 month ended 31 December 2016 (payable 28 February 2017) in pence per unit.

Group 1 - Units purchased prior to 1 December 2016.

Group 2 - Units purchased from 1 December 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) 29 February 2016
I distribution				
Group 1	0.2079	-	0.2079	0.1953
Group 2	0.1265	0.0814	0.2079	0.1953
I accumulation				
Group 1	0.2507	-	0.2507	0.2246
Group 2	0.1376	0.1131	0.2507	0.2246
R distribution				
Group 1	0.2073	-	0.2073	0.1873
Group 2	0.1174	0.0899	0.2073	0.1873
R accumulation				
Group 1	0.2500	-	0.2500	0.2201
Group 2	0.1432	0.1068	0.2500	0.2201

Corporate unitholders should note that:

1. 30.48% of the revenue distribution together with the tax credit is received as franked investment income.
2. 69.52% 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.

The fund has held more than 60% of its net assets in interest bearing securities during the following distribution periods: 31 May 2016 (paid 29 July 2016) and 30 June 2016 (paid 31 August 2016). Corporate unitholders should note that a holding in a fund with with more than 60% of its net assets in interest bearing assets may be required to be treated as a creditor loan relationship for corporation tax purposes.

Comparative tables

	I distribution			I accumulation		
	2016	2015	2014	2016	2015	2014
Change in net assets per unit (p)						
Opening net asset value per unit	**63.86**	**61.60**	**59.07**	**73.87**	**68.49**	**62.83**
Return before operating charges *	11.74	5.45	5.87	13.91	6.09	6.33
Operating charges	(0.61)	(0.62)	(0.62)	(0.72)	(0.71)	(0.67)
Return after operating charges	11.13	4.83	5.25	13.19	5.38	5.66
Distributions	(2.76)	(2.57)	(2.72)	(3.25)	(2.91)	(2.96)
Retained distributions on accumulation units	-	-	-	3.25	2.91	2.96
Closing net asset value per unit	**72.23**	**63.86**	**61.60**	**87.06**	**73.87**	**68.49**
* after direct transaction costs of	(0.09)	(0.07)	(0.05)	(0.11)	(0.08)	(0.05)
Performance						
Return after charges	17.43%	7.84%	8.89%	17.86%	7.86%	9.01%
Other information						
Closing net asset value (£'000)	123,662	32,403	9,244	207,224	39,447	15,730
Closing number of units	171,198,209	50,744,303	15,006,524	238,029,227	53,402,386	22,968,778
Operating charges	0.89%	0.97%	1.00%	0.89%	0.97%	1.00%
Direct transaction costs	0.13%	0.11%	0.08%	0.13%	0.11%	0.08%
Prices						
Highest offer unit price (p)	73.99	68.71	63.85	88.83	77.00	69.93
Lowest bid unit price (p)	59.54	61.57	58.69	69.04	68.77	62.48

	R distribution			R accumulation		
	2016	2015	2014	2016	2015	2014
Change in net assets per unit (p)						
Opening net asset value per unit	**62.46**	**60.65**	**58.53**	**72.24**	**67.41**	**62.25**
Return before operating charges *	11.50	5.41	5.87	13.63	6.06	6.31
Operating charges	(1.08)	(1.08)	(1.06)	(1.28)	(1.23)	(1.15)
Return after operating charges	10.42	4.33	4.81	12.35	4.83	5.16
Distributions	(2.75)	(2.52)	(2.69)	(3.25)	(2.85)	(2.92)
Retained distributions on accumulation units	-	-	-	3.25	2.85	2.92
Closing net asset value per unit	**70.13**	**62.46**	**60.65**	**84.59**	**72.24**	**67.41**
* after direct transaction costs of	(0.09)	(0.07)	(0.05)	(0.10)	(0.08)	(0.05)
Performance						
Return after charges	16.68%	7.14%	8.22%	17.10%	7.17%	8.29%
Other information						
Closing net asset value (£'000)	6,487	4,280	4,539	6,228	3,641	4,173
Closing number of units	9,249,945	6,851,562	7,484,304	7,362,194	5,040,079	6,189,946
Operating charges	1.64%	1.72%	1.75%	1.64%	1.72%	1.75%
Direct transaction costs	0.13%	0.11%	0.08%	0.13%	0.11%	0.08%
Prices						
Highest offer unit price (p)	74.97	70.36	65.64	89.94	78.83	71.88
Lowest bid unit price (p)	58.19	60.36	58.12	67.47	67.64	61.87

* 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.

Ongoing charges

Class	31 December 2016
I distribution	0.89%
I accumulation	0.89%
R distribution	1.64%
R accumulation	1.64%

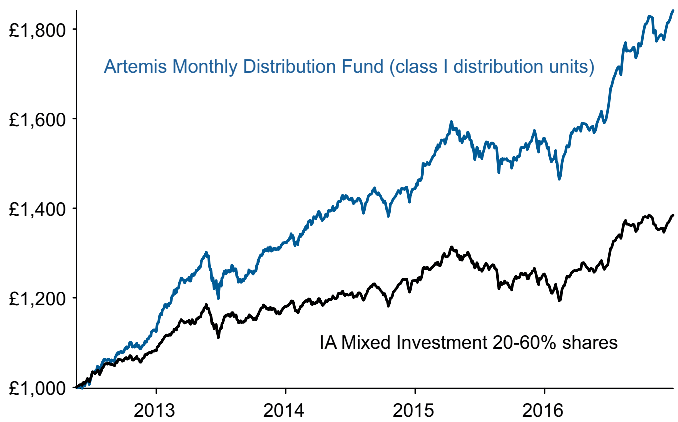
Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Class I performance

Performance	Since launch *	3 year	1 year	6 months
Artemis Monthly Distribution Fund	83.5	38.6	17.9	12.3
Sector average	38.6	17.4	10.6	7.5
Position in sector	1/100	1/115	6/142	5/146
Quartile	1	1	1	1

* Data from 21 May 2012. Source: Lipper Limited, class I accumulation units, bid to bid in sterling with dividends reinvested to 31 December 2016. All figures show total returns. Sector is IA Mixed Investment 20-60% shares, universe of funds is those reporting net of UK taxes.

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

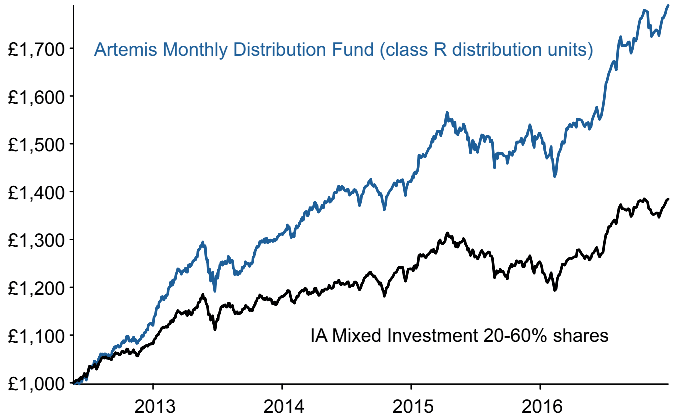


Class R performance

Performance	Since launch *	3 years	1 year	6 months
Artemis Monthly Distribution Fund	78.3	35.9	17.1	11.9

* Data from 21 May 2012. Source: Lipper Limited, class R accumulation units, bid to bid in sterling with dividends reinvested to 31 December 2016. All figures show total returns.

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.

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