Artemis Global Income *Fund*

Manager's Short Report

For the year ended 31 July 2016

Investment objective and policy

The objective of the fund is to achieve a rising income combined with capital growth primarily from a portfolio of equities selected on a global basis.

The manager actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The manager will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

The fund may also invest in other asset classes eligible for a UCITS scheme to invest in including other transferable securities, units of collective investment schemes, money market instruments, cash and near cash, derivatives and forward transactions for investment purposes.

ARTGIF/0916

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	**5**	6	7

- 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.
- 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.

Fund information

Launch date	5 July 2010
Unit types	I distribution I accumulation R distribution R accumulation
IA sector	Global Equity Income
Historic yield *	
I distribution	3.3%
I accumulation	3.3%
R distribution	3.3%
R accumulation	3.3%
Accounting dates	31 July & 31 January
Distribution dates	30 September & 31 March

* The historic yield reflects distributions declared over the past 12 months as a percentage of the mid-market unit price, as at the date of this report. It does not include any preliminary charge and unitholders may be subject to tax on their distributions.

ARTEMIS
The Profit Hunter

Investment review

- The fund returned 9.3%* vs. a 17.0%* gain from the MSCI All Country World Index.
- As 'growth' stocks and the US outperformed, our exposure to 'value' stocks and Europe was not rewarded.
- Highly valued defensive stocks popular with many income funds could prove vulnerable should bond yields rise.

Performance – Our holdings in value stocks and Europe remain out of favour …

The fund returned 9.3% over the year and continued to provide its unitholders with an attractive yield of 3.3%. While that might seem a satisfactory absolute return in sterling terms, we are conscious that this year the fund lagged its benchmark and the majority of its peers in the Global Equity Income sector. What explains this interruption to the strong performance record we have established since the fund's inception in 2010? Below, we give a detailed answer to this question. But the short answer is: we like cheap stocks showing some growth in earnings (albeit those whose growth is slower than the wider market) and who give a lot of cash back to their shareholders. And, as a category, this type of stock has been firmly out of favour.

Although our stock selection wasn't as strong as in previous years, it was not the chief reason for our underperformance. We had a decent balance between stocks that made a significant positive contribution to performance (such as Danish shipping company DFDS, Canadian precious metals company Franco-Nevada, casino-group Skycity Entertainment Group, German real estate company TLG Immobilien, Brazilian utility Cia Energetica de Minas Gerais ('CEMIG'), and US defence company Northrop Grumann) and stocks that hurt performance (such as Huaneng Power International, a Chinese utility, Euskaltel, the largest Basque cable-operator, Rai Way, an Italian operator of broadcast towers, Cobham, the UK-based industrial, CTT, Portugal's version of the Royal Mail and Intesa Sanpaolo, an Italian bank). Of greater importance, however, were the fund's regional and style biases. In short, the types of stocks we bought and their location both hurt. Among the six biggest negatives listed above, four were from southern Europe, where many good stocks were caught in a severe and indiscriminate sell-off.

Regionally, favouring Europe over the US proved the wrong decision. Broadly speaking, US equities were up 24% in the reporting period (in sterling terms) while European equities rose by 'only' 7%. And southern Europe, where the fund had a big overweight, was dismal with Spain down 6% and Italy down 12%. That said, the FTSE All-Share Index returned just 4% in the year, highlighting one of the attractions of investing globally: because the pound weakened, any investments outside the UK gave a positive currency benefit to UK-based investors (in addition to the diversification they inherently provide).

In terms of style, having more exposure to 'value' (stocks trading on a lower multiple of their earnings than the market average) than to 'growth' (those whose earnings are growing more quickly than average) was not the right call. Furthermore, our holdings in that area of the global market where these two themes intersect – value stocks in Europe – were particularly unhelpful.

Our bias to value stocks is nothing new. As income managers looking for yield, we are always likely to have higher exposure to value (which tends to offer a higher yield but lower growth) than the wider market. We have to buy cheap stocks because that's where we find the higher yields. Companies offering stable, predictable or fast-growing growth in earnings usually trade on higher multiples, thereby suppressing the dividend yield investors can squeeze from them. This value bias is not necessarily a bad thing: over a period of more than a century, value as an investment style has outperformed. Within that timeframe, however, there have been periods in which it has struggled. The years since the financial crisis have been one such period. As there is no underlying growth in the global economy, asset prices are being pushed up not by better earnings but by lower yields on government bonds (due to quantitative easing ('QE') and low interest rates) which have made investors more willing to pay higher multiples for 'growth', which is scarce. Equally, they have shunned sectors where there is low (or negative) growth such as miners, financials and energy companies.

About a year and a half ago, we decided to move the fund further away from the most expensive stocks. In part, that was because we did not envisage then-negligible yields on bonds falling much further. Our belief was that increasing the fund's exposure to value stocks would leave it less vulnerable to a change in monetary policy or a rise in bond yields. We appreciate that the earnings of these stocks tend to be more volatile than those of, say, consumer staples companies. Unlike companies with strong brands (like Unilever or Nestle) they are price takers rather than price makers (think of the undifferentiated products sold by miners, energy companies and industrial stocks). In other words, their fortunes depend on the wider economy. But we are increasingly attracted to these sectors by their more modest valuations, which offer the fund some protection – they won't have as far to fall should events not unfold in the way the market expects. As bond yields moved lower, our value stocks lagged growth and high-quality defensive stocks. There has not yet been a trigger to prompt investors to buy them: bond yields have not risen (quite the reverse); monetary policy has not tightened (it has grown looser) and we have not

* Source: Lipper Limited, class I distribution units, bid to bid, in sterling with dividends reinvested. Benchmark is the MSCI All Country World Index.

seen the establishment of a 'normal' business cycle in the global economy (the US did well over the past year but Europe didn't – and just as Europe has begun to pick up, the US seems to be slowing). So we must accept that we bought into value as a theme too soon, which is the same thing as being wrong. Timing is everything. We remain in wait-and-see mode, with a portfolio which is cheaper than the wider market, and whose dividend yield is higher and which we believe will offer a similar rate of earnings growth to the global market.

One additional factor that didn't help our returns this year was that we have, at times, underestimated the willingness of politicians and central bankers to 'do whatever it takes' to prop up financial markets. At times, this has left us chasing our tail. For example, when markets plunged in January, we adopted a more defensive stance (by, for example, reluctantly adding to expensive tobacco stocks). At that time, there were signs that the renminbi might be about to depreciate significantly, leading to concerns of a deflationary shock to the global economy. China was slowing dramatically and the impact on Asia was such that we thought the global economy would suffer. So adopting a more defensive stance and thereby continuing a move we had begun in the third quarter of 2015 seemed prudent. In the event, however, the authorities in Beijing unleashed an overwhelming package of stimulus measures including a big budget deficit and faster credit growth, and so averted the deflationary slowdown that we (and the market) had feared. The fund's defensive positioning left it badly placed to profit from this panicked response from policymakers, so it lagged the relief rally in early 2016.

Similarly, we reacted sharply to the outcome of the Brexit vote, selling some of the fund's more volatile financial holdings (such as Danske Bank and Intesa Sanpaolo), principally in Europe. To our surprise, however, the market soon reconciled itself to the vote, helped again by dovish noises from central bankers. Once again, the more defensive positioning we adopted weighed on returns as markets snapped back.

Review – Post-crisis trends persist, for now ...

The last 12 months brought an intensification of many of the trends that have dominated markets since the financial crisis. Monetary policy became even looser and QE in Japan, Europe and the UK expanded. As part of its response to the Brexit vote, the Bank of England committed itself to buying £10 billion of UK corporate bonds. Yields on government bonds, meanwhile, fell to even more remarkable levels, with the result that around a quarter of developed market government bonds now offer negative yields. As yields fell, the price of 'risk' assets shot higher even though the economy went nowhere and earnings growth was largely absent.

Because some of these post-crisis trends have been in place for so long, they seem to have assumed an air of inevitability or permanence. Price movements in some parts of the bond and equity markets over the last year imply that investors believe interest rates and bond yields will remain low forever. Markets have reconciled themselves to the once-unthinkable prospect of negative rates and are even using them to re-value and re-price certain types of equities. Our concern has been that this complacency is storing up myriad dangers for all assets. To date, those concerns have proven to be somewhat misplaced (but not completely: core inflation in the US is running higher than last year even though nominal bond yields are lower and recently we have seen a strong rally in Japanese 'value' stocks in a response to a spike in bond yields).

In equity markets, the main beneficiaries of this continuation of post-crisis trends have been 'long duration' and 'secular growth' stocks. By 'long duration' we mean that the bulk of the current value of the company is based on the value of cash flows and profits generated far into the future. These are companies like Amazon, whose earnings grow almost irrespective of trends in the wider economy and whose profits are expected to grow massively in the future (which is why the company is trading on a price-to-earnings multiple of 195x). Because so much hope rests on earnings expected to be made in the far-off future, long-duration stocks are particularly sensitive to changes in the long-term discount rate applied to those cashflows. Put more simply, they are helped by the expectation that interest rates will remain low forever. If rates were to go higher rather than lower, the effect on these companies would be dramatic.

Some 'bond proxies' have also benefited from long-established trends. These are lower volatility stocks whose reliable, coupon-like dividends make them an alternative to bonds. These include US consumer staples companies and brands such as Procter & Gamble, Philip Morris or UPS. These are all stocks we have held in the past but sold (too early) based on their valuation. To us, one of the worrying consequences of the overwhelming consensus in favour of these stocks has been that their valuations (the multiples at which their share prices trade relative to their underlying earnings) have risen to extreme levels. For example, we thought that when tobacco stocks in the US began trading on price-to-earnings (p/e) multiples of around 18x, they had probably become too expensive against the wider market. Those multiples then increased to 20x – and then to 25x. There seems little indication that investors are worried by this. But there must be a possibility that a bubble is forming in some consumer staples stocks. (Although we appreciate that the definition of a bubble is when 'stocks that I don't own keep going up…'). And while the fund no longer has much exposure to tobacco stocks, we can see their performance being OK until such time as the market starts worrying more about inflation than deflation, when risk-free rates move higher and when 'growth' gives way to 'value'.

History tells us that no trend lasts forever: every market cycle comes to

Investment review (continued)

an end. Yet as the last year showed, pointing out that valuations have become stretched is one thing but predicting precisely when that will change is another. We acknowledge that current trends may persist and that expensive assets could become even more expensive. But the threat of what will happen when those trends go into reverse means we are unwilling to risk unitholders' capital on their continuation.

Clearly, the principal reason for the gains in defensive growth stocks and low volatility bond proxies has been that yields on government bonds have fallen. Because Treasuries are the world's benchmark 'risk-free' asset, their mispricing causes other assets to be mispriced in turn. If that were to go into reverse, the price movements in the equity market could be severe. Might that happen? If we look at unemployment data and economic growth in the US, Treasury bonds do appear mispriced. Their yields are far lower than they ought to be. However, a long period of QE and zero or negative interest rates, both in the US as well as in Europe and Japan means the old rules no longer work and, in relative terms, US Treasuries have been turned into high yielding assets. For Japanese investors, a return of 1.5% in nominal US dollar terms is still much better than what is on offer in the Japanese government bond market.

The growing popularity of 'smart beta' strategies is adding to the risks facing markets. These passive strategies are most often packaged as exchange-traded funds (ETFs). They focus on investing in stocks possessing either one or a narrow range of attributes (or 'factors' in industry jargon) such as 'low beta' and 'low volatility'. Some of the most popular invest in low volatility equities offering yields. Their success in attracting assets has played an important role in driving up the price of high quality, defensive equities to their current exalted multiples. They may also have had the perverse effect of artificially creating one of the attributes that they invest in: the illusion of low volatility. The flows into these types of funds have been such that those equities that meet their criteria have a queue of investors willing to buy them almost irrespective of price. In the short-term, that demand appears to have smoothed out volatility. Our worry is that this may be storing up trouble. Were low volatility ETFs to fall out of favour and start selling rather than buying the same narrow group of expensive, over-owned equities, the long-suppressed volatility could suddenly return. And if equities that have been bought as a higher yielding alternative to a bond suddenly start behaving like stocks again, it could provoke a disorderly retreat. Our hunch is that low volatility stocks have been bought by yield-hungry investors since the financial crisis, which has made them into even lower volatility investments. This positive feedback may carry on for a while – but not in perpetuity.

So while the fund has some exposure to low volatility bond proxies, it has far less invested in some of the most fashionable areas of the market than its peers. That balanced approach has meant holding stocks in those areas that have been less sought-after. We have, for instance, bought some bond proxies that offer higher yields but whose shares are sufficiently volatile to disqualify them being owned by a low volatility ETF. These stocks have not been on investors' radar this year but they could begin to appear on it were conditions to change.

Outlook – Through the looking-glass …

The next 12 months are unlikely to be dull. Equities are expensive in absolute and historic terms, but so is everything: real estate, government and corporate bonds, art, classic cars... Markets have done what central bankers have encouraged them to do: borrow cheaply to acquire financial assets. US companies are borrowing to buy back their own shares in what resembles a de-facto leveraged buyout of the S&P 500. This cannot last forever. We are by no means forecasting an imminent sell-off and so are not running a particularly high cash balance. But we are avoiding companies that trade on historically high multiples of earnings. We do think market volatility is likely to increase over the next year with potential for violent rotations between different sectors irrespective of the market's overall direction. A market in which miners outperform tobacco and where the US underperforms Europe would leave many investors unhappy. We try to be prepared for such an outcome. At the most basic level, we think there is some protection to be had in buying value. Our portfolio tends to perform well when yields rise, when value outperforms growth, when financials outperform consumer staples and when Europe outperforms the US. Those conditions have been largely absent over the last year, but this could change.

What might prompt such a change? A lot depends on interest rates in the US. If the long-term cost of capital were to increase, it would have profound implications for equities. At the moment, there is no 'term structure': borrowing for a year costs about as much (or, rather, as little) as it does for 10 years. With long-term financing rates so low, investors are prepared to be patient and buy 'long duration' investments. They might not stay patient forever.

More broadly, we are in the final stages of the grand experiment in monetary policy that has unfolded since the financial crisis. The Fed has raised rates once already and it may do so again in late 2016. Central bankers elsewhere are becoming more explicit in indicating that there is a limit to what loose monetary policy can do. QE and zero or negative interest rates made sense in the beginning, but they seem to have trapped central bankers. The implication is that something else, possibly fiscal stimulus or 'helicopter money', may be needed. And if there were to be a co-ordinated global move towards fiscal stimulus, we think it better to own companies that would benefit from faster growth. Industrial stocks, for example, might be better placed to profit than utility companies. Cheap mining stocks might appear more attractive than very expensive consumer staples companies. (A note about miners. Although they are cheap, the fund's weighting in miners is roughly equivalent to the benchmark. Taking an outsize position would be too risky for an equity income portfolio, in which we want the cashflows of our holdings to be dependable). If that is the case, those investment strategies that worked throughout the post-crisis period might suddenly find themselves vulnerable.

And what of emerging markets? While the kind of policy actions recently taken by the Chinese government have historically ended badly (a gain in the short-term leading to more pain in the longer term), we acknowledge that enough fuel may have been thrown onto the fire to keep it burning for a while, perhaps even until 2018. Despite this recovery, we are not convinced that this is the right time to take a large overweight stance in emerging markets. They will come under renewed pressure whenever bond yields in the US start to move higher. There is still too much dollar-denominated debt in emerging markets and we can't help but recall 2014, when a rally in the dollar sent emerging market equities sharply lower. So just as the fund has less invested in US consumer staples companies, nor does it hold the lowest quality, most volatile stocks in emerging markets. It doesn't, for example, have much in Brazilian mining companies, which rallied sharply in early 2016 following their near-death experience in late 2015. But it does have exposure to Brazilian toll-roads (through CCR) and utilities (CEMIG) along with the Hong Kong-based water utility Guangdong Investment and a slightly more punchy holding in Banco do Brasil.

With its Italian infrastructure companies and US industrial stocks, our portfolio may appear unfashionable and dull. If the global business cycle fails to reassert itself, if yields continue to fall and if consumer staples outperform the wider market, it could again lag the market. Yet we continue to believe that our balanced approach is appropriate given valuations in some areas of the market and the growing uncertainties surrounding monetary policy. Furthermore, we like its financial characteristics. On a forward-looking basis, we expect the companies in our portfolio to generate a yield of more than 4% – and we anticipate the payments we receive from them to grow. It does not hold stocks that are expensive simply because they are deemed, correctly or not, to be 'safe'. As one asset manager in the US recently noted: "Investors are buying bonds for capital appreciation and stocks for income. The world has turned upside down." This 'through-the-looking-glass' world worries us – equities are not bonds and shouldn't be expected to behave as if they were.

Jacob de Tusch-Lec
Fund manager

Investment information

Portfolio split

	31 July 2016 % of net assets	31 July 2015 % of net assets
United States of America	31.24	28.03
United Kingdom	10.77	9.29
Germany	8.62	6.15
France	6.31	1.70
Italy	6.03	7.09
Spain	4.50	4.98
Japan	4.33	4.73
Denmark	4.23	4.67
Brazil	3.63	0.14
Israel	3.50	2.34
Norway	3.29	4.34
Hong Kong	2.75	2.54
New Zealand	2.09	1.11
China	1.84	4.25
Czech Republic	1.80	-
Singapore	1.79	1.46
Switzerland	1.07	3.24
Sweden	0.98	0.24
Ireland	0.83	1.86
Portugal	0.78	2.17
Luxembourg	0.74	0.78
Canada	0.41	-
Belgium	0.35	-
South Africa	0.01	-
Finland	-	2.75
Australia	-	2.45
Netherlands	-	1.16
India	-	0.81
Jersey	-	0.61
Isle of Man	-	0.41
Greece	-	0.35
Russia	-	0.25
Cyprus	-	0.23
Forward currency contracts	0.17	0.58
Net other liabilities	(2.06)	(0.71)
Net assets	100.00	100.00

Ten largest investments

Investment	31 July 2016 % of net assets
TLG Immobilien AG	2.55
Pfizer, Inc.	2.30
Johnson & Johnson	2.29
Aberdeen Asset Management Plc	2.02
DFDS A/S	1.98
General Motors Co.	1.97
Sekisui House Ltd.	1.94
Rai Way SpA	1.88
AbbVie, Inc.	1.88
Skycity Entertainment Group Ltd.	1.86

Investment	31 July 2015 % of net assets
AbbVie, Inc.	2.98
Mitsubishi UFJ Financial Group, Inc.	2.33
JPMorgan Chase & Co.	2.25
CTT-Correios de Portugal SA	2.17
Lazard Ltd. A shares	1.92
Danske Bank A/S	1.91
Intesa Sanpaolo SpA	1.90
Bezeq The Israeli Telecommunication Corp. Ltd.	1.85
Zions Bancorporation	1.83
Rai Way SpA	1.79

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	**80.73**	**74.84**	**67.65**	**100.22**	**89.49**	**77.86**
Return before operating charges *	8.00	9.61	10.67	10.06	11.54	12.35
Operating charges	(0.64)	(0.67)	(0.62)	(0.79)	(0.81)	(0.72)
Return after operating charges	7.36	8.94	10.05	9.27	10.73	11.63
Distributions on distribution units	(2.88)	(3.05)	(2.86)	-	-	-
Closing net asset value per unit	**85.21**	**80.73**	**74.84**	**109.49**	**100.22**	**89.49**
Retained distributions on accumulation units	-	-	-	3.60	3.67	3.32
* after direct transaction costs of	(0.21)	(0.24)	(0.09)	(0.27)	(0.28)	(0.10)
Performance						
Return after charges	9.12%	11.95%	14.86%	9.25%	11.99%	14.94%
Other information						
Closing net asset value (£'000)	1,772,346	1,299,376	541,938	1,291,812	968,093	433,330
Closing number of units	2,080,045,768	1,609,562,223	724,116,599	1,179,842,069	965,950,095	484,243,764
Operating charges	0.81%	0.82%	0.85%	0.81%	0.82%	0.85%
Direct transaction costs	0.27%	0.29%	0.12%	0.27%	0.29%	0.12%
Prices						
Highest offer unit price (p)	88.80	90.98	78.85	111.50	110.02	91.85
Lowest bid unit price (p)	70.84	70.41	65.11	88.94	84.21	74.91

	R distribution			R accumulation		
	2016	2015	2014	2016	2015	2014
Change in net assets per unit (p)						
Opening net asset value per unit	**77.76**	**72.73**	**66.15**	**96.58**	**86.93**	**76.13**
Return before operating charges *	7.64	9.24	10.49	9.61	11.11	12.11
Operating charges	(1.18)	(1.22)	(1.13)	(1.47)	(1.46)	(1.31)
Return after operating charges	6.46	8.02	9.36	8.14	9.65	10.80
Distributions on distribution units	(2.77)	(2.99)	(2.78)	-	-	-
Closing net asset value per unit	**81.45**	**77.76**	**72.73**	**104.72**	**96.58**	**86.93**
Retained distributions on accumulation units	-	-	-	3.46	3.57	3.22
* after direct transaction costs of	(0.20)	(0.23)	(0.08)	(0.26)	(0.27)	(0.10)
Performance						
Return after charges	8.31%	11.03%	14.15%	8.43%	11.10%	14.19%
Other information						
Closing net asset value (£'000)	24,181	31,043	37,282	73,891	100,178	120,093
Closing number of units	29,688,319	39,922,570	51,262,052	70,557,515.23	103,723,901	138,143,740
Operating charges	1.56%	1.57%	1.60%	1.56%	1.57%	1.60%
Direct transaction costs	0.27%	0.29%	0.12%	0.27%	0.29%	0.12%
Prices						
Highest offer unit price (p)	88.47	91.55	79.81	111.14	110.72	93.01
Lowest bid unit price (p)	67.95	68.24	63.63	85.36	81.63	73.21

* 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.

Comparative tables (continued)

Class I performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis Global Income Fund	130.4	91.6	40.7	9.3	15.4
MSCI All Country World Index	93.5	70.3	35.5	17.0	20.1
Sector average	83.9	61.0	28.2	15.7	19.3
Position in sector	1/14	1/18	5/28	26/33	29/34
Quartile	1	1	1	4	4

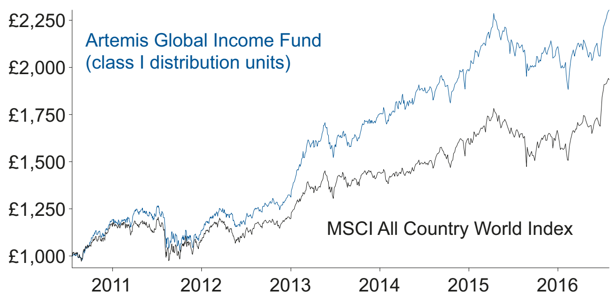
* Data from 19 July 2010, due to the fixed price period of the fund. Source: Lipper Limited, class I distribution units, bid to bid in sterling to 31 July 2016. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Global Equity Income, universe of funds is those reporting net of UK taxes.

Class R performance

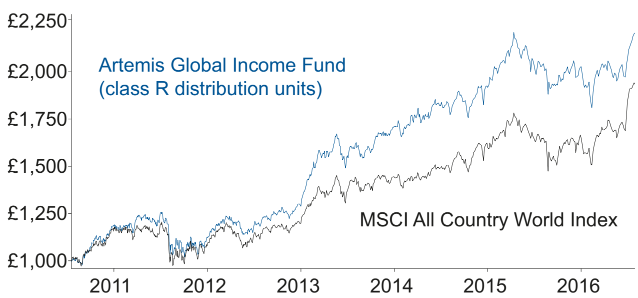
	Since launch *	5 years	3 years	1 year	6 months
Artemis Global Income Fund	120.5	84.7	37.6	8.5	14.9
MSCI All Country World Index	93.5	70.3	35.5	17.0	20.1

* Data from 19 July 2010, due to the fixed price period of the fund. Source: Lipper Limited, class R distribution units, bid to bid in sterling to 31 July 2016. All performance figures show total returns with dividends reinvested, percentage growth.

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



Value of £1,000 invested at launch to 31 July 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.

Ongoing charges

Class	31July 2016
I distribution	0.81%
I accumulation	0.81%
R distribution	1.56%
R accumulation	1.56%

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.

Distribution table

Payment date	I distribution (p)	I accumulation (p)
31 March 2015	0.9009	1.0776
30 September 2015	2.1493	2.5952
31 March 2016	0.8783	1.0897
30 September 2016	1.9993	2.5096
Payment date	**R distribution (p)**	**R accumulation (p)**
31 March 2015	0.8885	1.0565
30 September 2015	2.1036	2.5122
31 March 2016	0.8511	1.0548
30 September 2016	1.9151	2.405

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.

General information

Report & accounts

This document is the Short Report of the Artemis Global Income Fund for the year ended 31 July 2016. The Manager's Report and Financial Statements can be obtained from the manager's website **artemis.co.uk**, by contacting the Client Services team on 0800 092 2051 or by writing to the manager's address below.

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† Authorised by the Prudential Regulation Authority ('PRA'), 20 Moorgate, London EC2 R 6DA and regulated by the PRA and the FCA.

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