PROFIT *hunters*

ARTEMIS European Opportunities *Fund*

Manager's Report and Financial Statements

for the year ended 30 April 2014

ARTEMIS

The PROFIT Hunter

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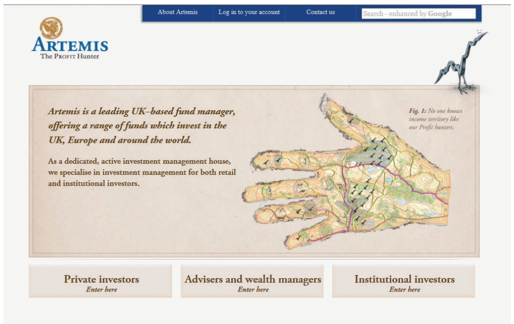


artemis.co.uk

General information

About Artemis …

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 £18.6 billion* across a range of funds, two investment trusts, a hedge fund, 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'. It means that our fund managers' interests are directly aligned with those of our investors.

* Source: Artemis as at 31 May 2014.

Fund status

Artemis European Opportunities Fund was constituted by a Trust Deed dated 16 September 2011 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 of the Financial Conduct Authority.

Investment objective

The objective of the fund is to achieve long-term growth from investments principally in European equities, excluding the UK.

Investment policy

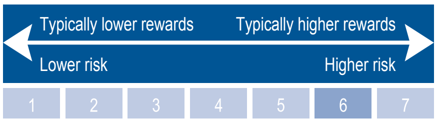
The manager actively manages the portfolio in order to achieve the objective with exposure to company shares, fixed interest securities and derivative instruments as appropriate. The manager will not be restricted in respect of choice of investments either by company size, or in terms of the geographical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

The fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, cash and near cash, derivatives and forward transactions for 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 stockmarket and currency movements.
- Stockmarket 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.
- 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.
- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.

Hedged unit classes only

- Units will still be exposed to the market risks that relate to the assets of the portfolio.
- Units may not be completely protected from all currency fluctuations.

Prospectus

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

General information (continued)

Manager

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

Dealing information:
Unit Trust Department
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

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 Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

† Authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the FCA.

Statement of the trustee's responsibilities

The trustee is responsible for the safekeeping of all the property of the fund (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the trustee to take reasonable care to ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'), as amended, the fund's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the fund; the application of revenue of the fund; and the investment and borrowing powers of the fund.

Report of the trustee

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's revenue in accordance with COLL, the Trust Deed and Prospectus; and

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

National Westminster Bank Plc
Trustee & Depositary Services

Edinburgh
16 June 2014

Statement of the manager's responsibilities

The Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority 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 October 2010;

(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 requirements.

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

Report of the manager

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

R J Turpin
Director

M R J Tyndall
Director

16 June 2014

Independent auditor's report to the unitholders of the Artemis European Opportunities Fund

We have audited the financial statements of Artemis European Opportunities Fund (the "fund") for the year ended 30 April 2014 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, balance sheet, the related notes 1 to 17 and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2, 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 30 April 2014 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
16 June 2014

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.

Investment review

- Return of 13.6%* vs 14.8%* for benchmark; but still ahead since launch.
- This year, our use of derivatives detracted from performance.
- Optimistic about potential returns.

Performance – Short-sighted vs. long …

The fund returned 13.6% over the year, modestly behind the 14.8% rise in the benchmark. Performance since the fund's launch in October 2011, however, remains excellent. Over that time, it has returned 47.9%* (net of charges) versus a return of 39.4%* from the benchmark.

This year, returns from our top 10 positive contributors outweighed the negative impact of our 10 biggest detractors. As always, these positive contributors were a diverse group, embracing large caps (such as EDF, Novartis and ING) along with mid caps (such as SES, DNO International, World Duty Free, Autogrill and Logitech International). As you might expect from an active manager, we also enjoyed positive contributions from not holding large but underperforming stocks – Nestle and Sanofi.

On the other hand, our holdings in Lundin Petroleum, SAP, Nutreco, Swedish Match and TGS Nopec weighed on returns. Holdings in two Turkish banks, Turkiye Garanti Bankasi and Akbank, also struggled. We are constantly visiting and reviewing the companies that we hold. This resulted in the sale of TGS, Lundin and the two Turkish lenders. As ever, there were some stocks that we might have held, but didn't, such as Total, Santander (we hold BBVA instead) and Daimler.

The main explanation for the fund's (modest) underperformance, however, lay elsewhere. As part of our portfolio construction process, we use exchange-traded stock options (a form of derivative) to manage the fund's exposure to certain companies. Buying put options is an efficient way to lower the fund's stock-specific risk temporarily without incurring the costs of trading out and back in. Buying call options enables us to profit from opportunities in our benchmark where the potential returns look appealing but where we lack visibility.

In the third and fourth quarter this strategy was unsuccessful. At that time, we saw a shift away from supposedly expensive growth stocks towards stocks trading on what appeared – superficially – to be lower valuations. We viewed this as an opportunity. Short-term swings in sentiment such as this offer us opportunities to add to stocks at the quality end of the spectrum. Our mantra is to pay the right price for our holdings on a three-to-five-year view; the market tends to be more near-sighted, focusing on the next year or even just the next quarter. Therein lies the opportunity we exploit.

Review – Risk against reward …

After an initial decline, the European market bottomed out in late June – and then rose steadily from that point. This change in market direction coincided with a change in sentiment towards Europe's growth prospects, which turned marginally positive. While that might have been mere coincidence, there has been a clear lengthening of the market's time horizons. It has become more willing to look ahead to sunnier times in 2014 and 2015. The result has been that European market indices have risen even as corporate earnings have remained flat. Mathematically, investors are now obliged to pay more for a given stock's future earnings than they were at the start of the reporting period.

In the portfolio, our disciplined approach to stock picking had, by the end of 2012, pushed us towards buying European stocks with a domestic focus. Although this shift came well in advance of any evidence of real improvement in local macroeconomic indicators, the risk/reward balance justified the move.

The third quarter of 2013, however, saw us reversing that trade and moving back towards some stocks with more international focus. As part of it, we sold a number of holdings that focus on domestic demand. These included Vinci, Bouygues, Fielmann, Alior Bank, Loomis and Sampo. We are not, however, macro-traders: some holdings simply failed to live up to our expectations and were ejected for that reason. These included Volvo, Ubisoft Entertainment, Gerry Weber International and Alstom. We also sold a number of international stocks whose valuations appeared inflated, such as Vivendi, Barry Callebaut, Autogrill and Kone. The net result of this activity was to return the split of the fund's exposure between international and domestic revenues to around 50-50, roughly in line with the market.

Outlook – Sense, sentiment and stock selection …

The signs from Europe's more domestically sensitive companies are that the recovery is coming through, albeit slowly. Early indicators, such as increased hiring of temporary blue-collar workers, are improving. We look to the second half of 2014 for confirmation that these improvements are sustainable.

Volatility in European indices has sunk to near a five-year low. This apparent calm, however, belies a significant degree of rotation at a sector level. As long-term investors, we are happy to take advantage of short-term shifts in sentiment to add new holdings. Worries about macro events (such as China's slowing growth and the impact that the Fed's reduced monthly bond purchases are having on appetite for emerging market currencies) have presented us with the opportunity to invest in some international growth stocks at prices that make eminent sense.

* Source: Lipper Limited, R accumulation, bid to bid basis, in sterling with net income reinvested to 30 April 2014. Benchmark is the FTSE World Europe (ex-UK) Index.

These include DKSH Holdings, LVMH, Pernod Ricard and SEB. Some long-lost friends – including Hugo Boss, Partners Group Holding, Elekta and Bureau Veritas – have also found their way back into our portfolio. Meanwhile, stresses on an individual country level have undermined investor appetite for otherwise solid companies (such as Eurocash and Espirito Santo Saude); or prompted governments to sell off their 'crown jewels' (we hope that CTT, for example, could eventually prove to be the Royal Mail of Portugal).

Our mantra is unchanged. We want to pay the right price for the right combination of earnings per share growth and earnings yield on a three-to-five-year view. We take no pre-determined view of the macro-environment to tell us where to look for these stocks. We simply research companies, visit them and meet their management. The potential returns from our holdings leave us confident in the fund's prospects. On unitholders' behalf, we look forward to identifying and investing in more of these European opportunities in the year ahead.

Mark Page and Laurent Millet
Fund managers

Investment information

Five largest purchases and sales for the year ended 30 April 2014

Purchases	Cost £'000	Sales	Proceeds £'000
Novartis	3,634	Vivendi	2,573
UBS	2,384	SES (FDR) (A shares)	1,830
LVMH	2,132	Syngenta	1,694
Nordea Bank	2,004	Fielmann	1,457
Ericsson (B shares)	1,958	Vinci	1,448

Portfolio statement as at 30 April 2014

Investment	Holding	Valuation £'000	% of net assets
Equities – 95.89% (97.00%)			
Denmark – 2.91% (2.52%)			
Novo Nordisk	99,941	2,691	2.91
		2,691	**2.91**
France – 22.61% (25.67%)			
Air Liquide (L shares)	24,013	2,025	2.19
Biomerieux	19,530	1,257	1.36
BNP Paribas	49,051	2,176	2.35
Bureau Veritas	79,703	1,438	1.55
Dassault Systemes	21,275	1,528	1.65
Edenred	77,567	1,534	1.66
EDF	59,145	1,336	1.44
Ingenico	23,891	1,218	1.32
Ipsen	58,250	1,513	1.63
LVMH	15,896	1,849	2.00
M6-Metropole Television	86,779	1,094	1.18
Pernod Ricard	23,946	1,697	1.83
SEB	22,753	1,240	1.34
Sodexo	16,132	1,025	1.11
		20,930	**22.61**
Germany – 13.29% (16.05%)			
Allianz	20,052	2,055	2.22
Deutsche Annington Immobilien	70,678	1,194	1.29
GEA Group	39,484	1,037	1.12
Hugo Boss	17,317	1,408	1.52
Infineon Technologies	190,380	1,319	1.42
Rational	4,715	931	1.01
SAP	47,257	2,249	2.43
Wincor Nixdorf	28,575	1,111	1.20
Wirecard	41,359	1,001	1.08
		12,305	**13.29**
Italy – 4.62% (5.08%)			
Danieli & C.	54,737	1,176	1.27
Mediobanca	216,938	1,413	1.53
Sorin	353,507	641	0.69
World Duty Free	130,461	1,045	1.13
		4,275	**4.62**

Investment	Holding	Valuation £'000	% of net assets
Netherlands – 6.01% (5.48%)			
Corbion	77,137	1,061	1.15
Koninklijke Ahold	130,243	1,485	1.60
Nutreco	43,662	1,197	1.29
Unilever	71,817	1,821	1.97
		5,564	**6.01**
Norway – 3.17% (5.53%)			
DNB	131,005	1,374	1.48
DNO International	359,610	730	0.79
Tomra Systems	151,133	831	0.90
		2,935	**3.17**
Poland – 1.53% (1.16%)			
Eurocash	179,077	1,420	1.53
		1,420	**1.53**
Portugal – 2.66% (0.00%)			
CTT	214,379	1,373	1.48
Espirito Santo Saude	375,000	1,095	1.18
		2,468	**2.66**
Spain – 8.62% (12.37%)			
Amadeus IT Holdings	51,026	1,257	1.36
BBVA	282,979	2,055	2.22
Distribuidora Internacional de Alimentacion	286,863	1,512	1.63
Grifols (A shares)	38,871	1,229	1.33
Telefonica	193,726	1,929	2.08
		7,982	**8.62**
Sweden – 8.54% (7.33%)			
Axis	43,241	760	0.82
Elekta	129,729	1,070	1.16
Ericsson (B shares)	229,229	1,630	1.76
Intrum Justitia	60,531	1,031	1.11
Nordea Bank	235,489	2,003	2.16
Swedish Match	70,202	1,417	1.53
		7,911	**8.54**
Switzerland – 20.92% (8.05%)			
ABB	107,239	1,554	1.68
DKSH Holdings	35,209	1,706	1.84
GAM Holding	100,628	1,085	1.17
Kuehne + Nagel International	16,799	1,354	1.46
Logitech International	134,344	1,078	1.16
Novartis	71,398	3,669	3.96
Partners Group Holding	8,027	1,303	1.41
Roche Holding	19,653	3,422	3.70
UBS	191,079	2,359	2.55
Zurich Insurance Group	10,851	1,839	1.99
		19,369	**20.92**
United Kingdom – 1.01% (0.00%)			
Jazztel	104,556	935	1.01
		935	**1.01**

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Derivatives – 0.03% (-0.07%)			
Exchange traded stock options – (0.01)% (0.11%)			
EDF (Call May 2014)	(200)	(6)	(0.01)
		(6)	**(0.01)**
Forward foreign exchange contracts – 0.04% (-0.18%)			
Sell Euro - 28 May 2014 *	(20,377,004)	(16,757)	(18.10)
Buy Sterling - 28 May 2014 *	16,775,993	16,776	18.12
Sell Swiss Franc - 28 May 2014 *	(7,523,988)	(5,073)	(5.48)
Buy Sterling - 28 May 2014 *	5,088,872	5,089	5.50
Sell Swiss Franc - 22 May 2014	(19,994,990)	(1,812)	(1.96)
Buy Euro - 22 May 2014	2,200,000	1,809	1.96
Sell Swedish Krona - 22 May 2014	(19,994,990)	(1,811)	(1.96)
Buy Euro - 22 May 2014	2,200,000	1,809	1.95
Sell Swedish Krona - 28 May 2014 *	(19,578,182)	(1,773)	(1.92)
Buy Sterling - 28 May 2014 *	1,779,891	1,780	1.93
Sell Norwegian Krone - 28 May 2014 *	8,388,767	(834)	(0.90)
Buy Sterling - 28 May 2014 *	(829,643)	829	0.90
Sell Danish Krone - 28 May 2014 *	(6,968,543)	(768)	(0.83)
Buy Sterling - 28 May 2014 *	768,748	769	0.83
		33	**0.04**
Portfolio of investments †		88,812	95.92
Net other assets		3,777	4.08
Net assets attributable to unitholders		92,589	100.00

All holdings are listed ordinary shares unless otherwise stated.
The figures in brackets represent percentages as at 30 April 2013. At this date the portfolio included an exposure to the Czech Republic (1.38%), Finland (2.73%), Luxembourg (1.39%) and Turkey (2.26%).
† Includes derivative liabilities.
* These forward foreign exchange contracts relate to the hedged unit classes only (see note 15).

Statement of total return for the year ended 30 April 2014

		30 April 2014		30 April 2013	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	4		7,355		4,924
Revenue	6	2,013		616	
Expenses	7	(629)		(246)	
Finance costs: interest	9	-		-	
Net revenue before taxation		1,384		370	
Taxation	8	(151)		(44)	
Net revenue after taxation			1,233		326
Total return before distribution			**8,588**		**5,250**
Finance costs: distribution	9		(1,234)		(326)
Change in net assets attributable to unitholders from investment activities			7,354		4,924

Statement of change in net assets attributable to unitholders for the year ended 30 April 2014

	30 April 2014		30 April 2013	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		37,448		12,902
Amounts receivable on issue of units	61,504		21,486	
Amounts payable on cancellation of units	(14,801)		(2,075)	
		46,703		19,411
Stamp duty reserve tax		(1)		-
Change in net assets attributable to unitholders from investment activities		7,354		4,924
Retained distribution on accumulation units		1,085		211
Closing net assets attributable to unitholders		92,589		37,448

Balance sheet as at 30 April 2014

		30 April 2014		30 April 2013	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			88,828		36,367
Debtors	10	2,278		1,371	
Cash and bank balances	11	2,671		784	
Total other assets			4,949		2,155
Total assets			**93,777**		**38,522**
Liabilities					
Derivative liabilities			16		68
Creditors	12	482		730	
Distribution payable on distribution units		690		276	
Total other liabilities			1,172		1,006
Total liabilities			**1,188**		**1,074**
Net assets attributable to unitholders			92,589		37,448

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 Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

(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 foreign currency transactions 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 period end are reflected in the balance sheet at their marked to market value.

(e) Revenue. Dividends receivable from equity and non-equity shares, including UK 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 dividend is declared. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Premiums arising on options are treated as revenue and are amortised on a straight-line basis over the life of the option, unless the option has the immediate effect of generating a capital loss, in which case the premiums are taken to capital. 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.

Up to 30 June 2013, the manager agreed to cap the expenses of the fund. Any reimbursement paid to the fund in relation to this is shown as a deduction from expenses in note 7.

(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 distribution policy of the fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund is not more than 60% invested in qualifying investments (as defined in Section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the manager's annual management charge which is directly attributable to each unit class, and the costs of currency hedging transactions in relation to the hedged unit classes, which will only apply to those classes, 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 unit holders for six years are credited to the capital property of the fund.

3. Risk management policies

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

(a) Market risk. Market risk, which includes interest rate risk, currency risk and other price risk, arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. 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.

(i) Interest rate risk. As the majority of the fund's financial assets are non-interest bearing, the fund is not subject to exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

(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 (see note 15). Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward foreign exchange contracts, so that the fund's exposure to currency risk is reduced. The gain of £38,000 (2013: loss of £56,000) arising on open forward foreign exchange contracts relating to the hedged unit classes and the loss of £5,000 (2013: £12,000) arising on the forward foreign exchange contracts that relate to all the unit classes, as at 30 April 2014, are shown in the portfolio statement on page 8.

For the hedged unit classes, hedging transactions may be entered into to reduce the effect of a decrease in the value of sterling relative to the currency or currencies in which the assets of the portfolio are denominated. However, it should also be noted that such hedging may also preclude investors from benefiting from an increase in the value of sterling.

(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 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 ongoing review of the portfolio, the manager monitors and reviews these factors.

(b) Credit and counterparty risk. Credit and counterparty risk is the risk that a party 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 JP Morgan, the fund's custodian and banker, who holds the fund's investments, is the counterparty for some of the derivatives held as at 30 April 2014, 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 an annual report on the internal controls in place at JP Morgan. The fund is also exposed to counterparty risk through holding specific financial instruments, such as derivatives. For the derivatives held as at 30 April 2014 which are disclosed in the portfolio statement on page 8, JP Morgan is the counterparty for the exchange traded stock options and the forward foreign exchange contracts which relate solely to the hedged share classes. UBS is the counterparty for the remaining forward foreign exchange contracts.

Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit risk as at 30 April 2014 or 30 April 2013.

(c) Liquidity risk. Some of the fund's financial instruments can include securities that are traded on AIM or are not listed on a recognised stock exchange and which may not always be readily realisable. As a result, the fund may not be able to realise these investments quickly at their fair value 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. The fund's overall liquidity risk is managed by the manager in accordance with the requirements stipulated in the Collective Investment Schemes Sourcebook and the Prospectus.

(d) Derivatives. The manager is currently empowered to enter into derivative transactions on behalf of the fund. Transactions will normally only be entered into when conventional stock selection is not the best way to either limit investment risk or maximise investment opportunities. The gain of £38,000 (2013: loss of £56,000) arising on open forward foreign exchange contracts relating to the hedged unit classes, the loss of £5,000 (2013: £12,000) arising on the forward foreign exchange contracts that relate to all the unit classes and the loss of £6,000 (2013: gain of £41,000) arising on exchange traded stock options as at 30 April 2014 are shown in the portfolio statement on page 8.

Notes to the financial statements (continued)

4. Net capital gains

	30 April 2014 £'000	30 April 2013 £'000
Non-derivative securities	7,426	5,097
Forward foreign exchange contracts	671	(527)
Currency (losses)/gains	(42)	163
Derivative contracts	(700)	191
Net capital gains	7,355	4,924

5. Portfolio transaction costs

	30 April 2014		30 April 2013	
	£'000	£'000	£'000	£'000
Analysis of total purchases costs				
Purchases before transaction costs		87,354		34,278
Commissions	65		40	
Taxes	42		17	
Total purchases costs		107		57
Gross purchases total		87,461		34,335
Analysis of total sales costs				
Gross sales before transaction costs		42,474		15,687
Commissions	(34)		(22)	
Total sales costs		(34)		(22)
Total sales net of transaction costs		42,440		15,665

6. Revenue

	30 April 2014 £'000	30 April 2013 £'000
Overseas dividends	1,831	569
Option premiums	180	38
Bank interest	2	-
Overseas stock dividends	-	9
Total revenue	2,013	616

7. Expenses

	30 April 2014 £'000	30 April 2013 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	525	163
Expense rebate	-	(5)
Payable to the trustee, associates of the trustee and agents of either of them:		
Trustee fee	12	4
Other expenses:		
Administration fee	36	54
Registration fee	22	11
Operational fees	17	6
Auditor's remuneration: audit fee*	9	10
Safe custody fees	8	1
Printing and postage fee	-	2
Total expenses	629	246

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
The amount disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) incurred during the period was £5,800 (2013: £5,800).

8. Taxation

	30 April 2014 £'000	30 April 2013 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	151	44
Total taxation (note 8b)	151	44
b) Factors affecting the tax charge for the year		
Net revenue before taxation	1,384	370
Corporation tax at 20% (2013: 20%)	277	74
Effects of:		
Irrecoverable overseas tax	151	44
Unutilised management expenses	89	42
Non-taxable overseas dividends	(366)	(114)
Non-taxable stock dividends	-	(2)
Tax charge for the year (note 8a)	151	44

c) Provision for deferred tax

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

d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £138,000 (2013: £49,000) arising as a result of having unutilised management expenses of £689,000 (2013: £242,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Notes to the financial statements (continued)

9. Finance costs: distribution and interest

	30 April 2014 £'000	30 April 2013 £'000
Final distribution	1,775	487
Add: amounts deducted on cancellation of units	182	10
Deduct: amounts added on issue of units	(723)	(171)
Finance costs: distributions	1,234	326
Finance costs: interest	-	-
Total finance costs	1,234	326
Movement between net revenue and distributions		
Net revenue after taxation	1,233	326
Add: amounts deducted on conversion of units	1	-
	1,234	326

The distribution takes account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distribution per unit are set out in the distribution table on page 17.

10. Debtors

	30 April 2014 £'000	30 April 2013 £'000
Sales awaiting settlement	1,160	951
Amounts receivable for issue of units	804	244
Overseas withholding tax recoverable	173	48
Accrued revenue	140	121
Prepaid expenses	1	2
Expense rebate recoverable	-	5
Total debtors	2,278	1,371

11. Cash and bank balances

	30 April 2014 £'000	30 April 2013 £'000
Amounts held in JP Morgan Liquidity Fund	2,458	530
Cash and bank balances	168	155
Amounts held at futures clearing houses and brokers	45	99
Total cash and bank balances	2,671	784

12. Creditors

	30 April 2014 £'000	30 April 2013 £'000
Purchases awaiting settlement	389	675
Accrued annual management charge	56	20
Accrued other expenses	36	31
Accrued trustee fee	1	1
Amounts payable for cancellation of units	-	3
Total creditors	482	730

13. Contingent liabilities and commitments

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

14. Related party transactions

The manager and trustee are deemed to be related parties. All transactions and balances associated with the manager and trustee are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 9 and notes 7, 10 and 12 on pages 13 to 14 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 30 April 2014 in respect of these transactions was £748,000 (2013: £221,000). The balance due to the trustee as at 30 April 2014 in respect of these transactions was £1,000 (2013: £1,000).

15. Risk disclosures – currency risk

R distribution and R accumulation
I distribution and I accumulation

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward foreign exchange contracts £'000	Total £'000
30 April 2014				
Euro	38,934	530	2,587	42,051
Swiss Franc	13,849	46	(1,296)	12,599
Swedish Krona	5,656	79	(1,295)	4,440
Norwegian Krone	2,098	48	-	2,146
Danish Krone	1,924	(8)	-	1,916
Polish Zloty	1,015	-	-	1,015
30 April 2013				
Euro	17,297	85	(1,255)	16,127
Swiss Franc	2,062	12	1,662	3,736
Swedish Krona	2,235	13	415	2,663
Danish Krone	645	-	-	645
Norwegian Krone	1,416	28	(831)	613
Turkish Lira	580	-	-	580
Czech Koruna	354	16	-	370
Polish Zloty	297	-	-	297

Notes to the financial statements (continued)

I distribution (hedged) and I accumulation (hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward foreign exchange contracts £'000	Total £'000
30 April 2014				
Polish Zloty	405	-	-	405
Norwegian Krone	837	19	(834)	22
Euro	15,519	211	(15,726)	4
Swedish Krona	2,255	31	(2,289)	(3)
Danish Krone	767	(3)	(768)	(4)
Swiss Franc	5,520	18	(5,589)	(51)
30 April 2013				
Czech Koruna	163	7	-	170
Polish Zloty	137	-	-	137
Swedish Krona	1,031	6	(956)	81
Norwegian Krone	654	13	(644)	23
Turkish Lira	267	-	(266)	1
Danish Krone	297	-	(297)	-
Swiss Franc	951	5	(956)	-
Euro	7,981	39	(8,192)	(172)

16. Unit classes

The fund currently has six unit classes: R distribution, R accumulation, I distribution, I accumulation, I distribution (hedged) and I accumulation (hedged). Hedged units allow the manager to use currency hedging transactions to reduce the effect of fluctuations in the rate of exchange between the currency or currencies in which the assets of the portfolio are denominated and sterling, which is the base currency of the fund. The annual management charge on each unit class is as follows:

R distribution: 1.50%
R accumulation: 1.50%
I distribution: 0.75%
I accumulation: 0.75%
I distribution (hedged): 0.75%
I accumulation (hedged): 0.75%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 18. The distribution per unit is given in the distribution table on page 17. All classes have the same rights.

17. Post balance sheet event

Since 30 April 2014, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p) 13 June 2014	30 April 2014	Movement
R distribution	68.10	68.53	(0.6)%
R accumulation	69.87	70.30	(0.6)%
I distribution	68.25	68.61	(0.5)%
I accumulation	71.23	71.61	(0.5)%
I distribution (hedged)	73.81	72.30	(2.1)%
I accumulation (hedged)	77.04	75.53	(2.0)%

Distribution table

For the year ended 30 April 2014

Final dividend distribution (paid on 30 June 2014) in pence per unit.

Group 1 – Units purchased prior to 1 May 2013.
Group 2 – Units purchased from 1 May 2013 to 30 April 2014.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 June 2014	Distribution per unit (p) 28 June 2013
R distribution				
Group 1	0.8737	-	0.8737	0.4076
Group 2	0.3798	0.4939	0.8737	0.4076
R accumulation				
Group 1	0.8749	-	0.8749	0.4243
Group 2	0.2909	0.5840	0.8749	0.4243
I distribution				
Group 1	1.3605	-	1.3605	0.8105
Group 2	0.5931	0.7674	1.3605	0.8105
I accumulation				
Group 1	1.3933	-	1.3933	0.8205
Group 2	0.6100	0.7833	1.3933	0.8205
I distribution (hedged)				
Group 1	1.3861	-	1.3861	0.8439
Group 2	0.5071	0.8790	1.3861	0.8439
I accumulation (hedged)				
Group 1	1.3943	-	1.3943	0.8485
Group 2	0.5118	0.8825	1.3943	0.8485

Corporate unitholders should note that:

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

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

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

Comparative tables

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
30 April 2012	12,902,470		
R distribution		48.26	884,753
R accumulation		48.58	863,532
I distribution		48.27	2,014,535
I accumulation		48.76	15,358,664
I distribution (hedged)		50.89	1,411,389
I accumulation (hedged)		51.40	5,596,548
30 April 2013	37,448,126		
R distribution		61.15	250,834
R accumulation		61.93	2,333,355
I distribution		61.19	22,012,901
I accumulation		62.61	16,859,766
I distribution (hedged)		62.31	11,455,363
I accumulation (hedged)		63.84	7,340,025
30 April 2014	92,588,817		
R distribution		68.53	339,102
R accumulation		70.30	3,683,860
I distribution		68.61	22,862,339
I accumulation		71.61	66,817,927
I distribution (hedged)		72.30	27,134,150
I accumulation (hedged)		75.53	8,756,584

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R distribution			
2011 *	-	50.07	41.90
2012	0.3135	58.47	44.32
2013	0.4076	72.44	55.52
2014 **	0.8737	74.63	66.05
R accumulation			
2011 *	-	50.07	41.90
2012	0.3060	58.84	44.62
2013	0.4243	73.39	55.88
2014 **	0.8749	75.61	66.91
I distribution			
2011 *	-	48.05	41.92
2012	0.4836	56.39	44.36
2013	0.8105	69.92	55.81
2014 **	1.3605	72.18	66.49
I accumulation			
2011 *	-	48.05	41.92
2012	0.4808	56.95	44.77
2013	0.8205	71.56	56.37
2014 **	1.3933	73.86	68.04
I distribution (hedged)			
2011 *	-	48.05	42.57
2012	0.5009	59.00	46.57
2013	0.8439	72.46	58.78
2014 **	1.3861	75.31	69.44
I accumulation (hedged)			
2011 *	-	48.05	42.60
2012	0.4991	59.57	46.59
2013	0.8485	74.29	59.35
2014 **	1.3943	77.16	71.18

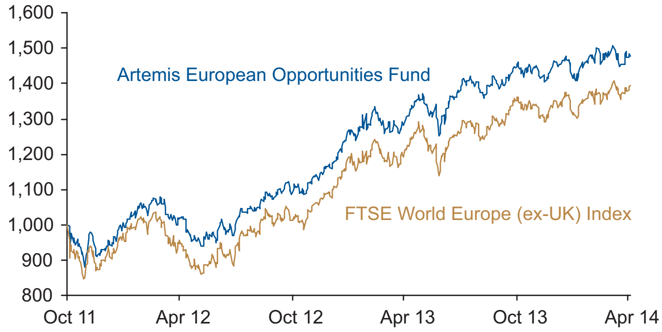
Net revenue includes all amounts paid and payable in each calendar year.
* From 17 October 2011.
** To 30 April 2014.

Ongoing charges

Expense	30 April 2014
R distribution	
Annual management charge	1.50%
Other expenses	0.22%
Ongoing charges	1.72%
R accumulation	
Annual management charge	1.50%
Other expenses	0.22%
Ongoing charges	1.72%
I distribution	
Annual management charge	0.75%
Other expenses	0.22%
Ongoing charges	0.97%
I accumulation	
Annual management charge	0.75%
Other expenses	0.22%
Ongoing charges	0.97%
I distribution (hedged)	
Annual management charge	0.75%
Other expenses	0.26%
Ongoing charges	1.01%
I accumulation (hedged)	
Annual management charge	0.75%
Other expenses	0.30%
Ongoing charges	1.05%

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.

Value of £1,000 invested at launch to 30 April 2014



Fund performance

	Since launch *	1 year	6 months
Artemis European Opportunities Fund	47.9	13.6	2.1
FTSE World Europe (ex-UK) Index	39.4	14.8	3.4
Sector average	41.2	14.9	3.1
Position in sector	15/91	60/97	66/98
Quartile	1	3	3

* Data from 28 October 2011, due to the fixed price period of the fund. Source: Lipper Limited, R accumulation, bid to bid in sterling with net income reinvested to 30 April 2014. All performance figures show total return percentage growth. Sector is IMA Europe (ex-UK), universe of funds is those reporting net of UK taxes.

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