PROFIT *hunters*

ARTEMIS Global Income *Fund*

Manager's Report and Financial Statements for the year ended 31 July 2013

ARTEMIS
The PROFIT Hunter

General information

Company profile

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

The company has grown to the extent that it now manages an asset base of some £15.5 billion*. This is spread across a range of unit trusts, an investment trust, a hedge fund, a venture capital trust and both pooled and segregated institutional portfolios.

The Artemis philosophy requires our fund managers to invest in Artemis funds. This means that our fund managers' interests are directly aligned with our investors.

* Source: Artemis as at 31 August 2013.

Fund status

Artemis Global Income Fund was constituted by a Trust Deed dated 1 June 2010 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 a rising income combined with capital growth primarily from a portfolio of equities selected on a global basis.

Investment policy

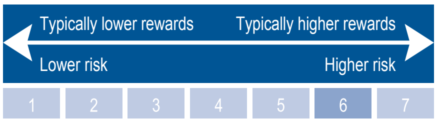
The manager actively manages the portfolio in order to achieve the objective with exposure to company shares, fixed interest securities and derivative instruments as appropriate. The manager will not be restricted in respect of choice of investments either by company size or industry, or in terms of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

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.

■ 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.

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.

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 September 2013

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 September 2013

Independent auditor's report to the unitholders of the Artemis Global Income Fund

We have audited the financial statements of Artemis Global Income Fund (the "fund") for the year ended 31 July 2013 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 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).

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 (formerly the Financial Services 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. 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 July 2013 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 (formerly the Financial Services 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 (formerly the Financial Services 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 September 2013

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

Performance

The fund recently celebrated its third anniversary. We would like to thank investors for entrusting us with their money over the last three years. Since its launch in July 2010, the fund has rewarded that trust with a total return of 60.1%*. We think that compares favourably with a return of 46.7%* from its sector and of 42.8%* from the benchmark. Over the 12-month reporting period the fund returned 32.4%* against a return of 24.5%* from the benchmark.

These returns are pleasing – but they are not our only focus; in the short term, we have surprisingly little, if any, control of (or visibility over) the capital values of the shares in which we invest. We have more control over dividends, which we collect from the companies in which we invest and pass on to unit holders. We communicate with the management of these companies to help us understand their cash distribution policies, the strength of their businesses and the dividend growth prospects. This reassures us that the fund's distributions are safe and can grow. So, even more than the fund's strong total return since launch, we are pleased that we have been able to deliver a consistently high (between 4% and 5%†) and growing distribution yield to unitholders (payments have risen by 16.1%†). It is not just in total-return terms that we stack up nicely against the sector.

Review

In our half-yearly report six months ago, we wrote that "zero interest rate policies will remain in place across the G7, so we will continue to be long carry trades, infrastructure plays and REITs [Real Estate Investment Trusts] while rates are set to stay low." And, for most of the year under review, that remained the case. Things changed in May, however, when Ben Bernanke indicated that the US Federal Reserve (the "Fed") would start tapering its $85 billion per month quantitative easing (QE) programme when its unemployment targets are met. As investors began to accept that good economic news in the US would trigger the long-awaited normalisation in interest rates and a tightening in liquidity (i.e. turning off the flow of cheap money), investments that had been thriving on borrowed money were sold. Winners suddenly stopped being winners. Bonds, emerging markets, REITs, higher yielding currencies and 'bond proxies' (stocks on whose dividends you can rely, like the coupon on a bond) promptly fell out of favour. Overnight, these investments went from being over-loved and expensive to a source of cash for other investments, typically stocks with faster growth but lower yields. When rates on government bonds go up and economic conditions improve, a high dividend is no longer quite so attractive in relative terms.

While it wasn't too surprising that classic equity income stocks were sold off in response to expectations of an end to QE, the response to tapering was more extreme than we had expected. News that rates will rise at some point can hardly have come as a surprise. After all, the Fed didn't stop the music. It simply turned the volume down – and yet everyone stopped dancing.

Whether justified or not, the bear market in bonds that Mr Bernanke's comments triggered obviously had a profound impact on the performance of bond-proxy sectors such as utilities, consumer staples, telecoms and REITs. These are often core holdings in equity income funds and we had our fair share. Happily, however, the fund was not overly dependent on bond-like equities even before Mr Bernanke's comments – it holds several different types of income-generating stocks.

One bond proxy sector where we did have a large overweight, however, was in REITs. So with a flexibility that is, we hope, characteristic of our approach, we quickly reduced our exposure. Asian REITs had been a great investment for the fund, delivering safe yields in appreciating currencies. As the year progressed, however, we came to regard the sector as expensive (it began to trade on a premium to net asset value). Any further upside would, we felt, come as a result of rising distributions per unit rather than a re-rating. There could even be a de-rating as investors flocked to other sectors. So, as the Fed signalled its intention to taper QE, we scaled back our exposure to REITs. Not soon enough. While we are happy to have outperformed the market over the year, returns would have been even stronger had we been more aggressive in selling the fund's REITs after Mr Bernanke's tapering comments.

Despite this Bernanke-inspired rotation, returns over the year were pleasing. What lay behind this strong performance? The fund's distinct value tilt, which is to say its holdings in stocks that are unloved and therefore cheap, certainly helped. We don't like owning expensive stocks and, whether they are winners or not, we sell stocks that have become expensive. Because things (such as the eurozone crisis and global economic growth) turned out to be better than some investors feared, our value stocks performed well, handsomely outperforming expensive, 'higher quality' defensive stocks.

What really paid off, however, was our focus on deep-value stocks – stocks that were cheap for a reason, but which to our mind had become too cheap. These rebounded with a vengeance as the economic cycle turned and stock-picking returned. Suddenly, rather than just hiding in safe (expensive) stocks, investors opened their eyes and started comparing companies on their merits.

Allied to this were strong returns that the fund enjoyed from its holdings in European companies, particularly those dependent on domestic demand in the unloved economies of southern

* Source: Lipper Limited, R distribution, bid to bid basis, in sterling with net income reinvested. Benchmark is the MSCI All Countries World Index. Sector is IMA Global Equity Income. † Based on class R distribution.

Europe. While most investors retained their long-standing preference for Europe's core (Germany/Scandinavia) over its periphery (Spain/Italy), we took the opposite approach. We felt there were enough signs of change in economic sentiment and policy that a move into very cheap peripheral shares was warranted. This contrarian approach paid off handsomely during 2012 and into 2013. As emerging markets sold off, companies in 'problem economies' like Spain and Italy actually outperformed the supposed winners of the future such as the Philippines and Indonesia. As peripheral European bond yields fell, we made good money by holding stocks like Energias de Portugal, the largest utility company in Portugal. It is rapidly de-leveraging a stretched balance sheet and around 90% of its business is in regulated power markets (although we are aware that not everyone will regard being regulated by a near-bankrupt Portuguese government as a positive attribute). When we bought the stock, it yielded over 10%. And, even after a strong rally, it yields over 6%.

Yet while macro factors were important, the fund's best performers over the year tended to be stocks where company specific trends (rather than wider economic forces) were in our favour. This included holdings such as Silverlake Axis, which provides software to Asia's banking sector and which enjoys strong, utility-like recurring revenues from software maintenance. A large number of Asian banks with legacy systems give it a large pool of new potential customers. Investment and advisory firm Blackstone Group also performed well. Its hedge funds are earning lucrative performance fees after a period of strong returns. Its assets under management have surged and its large US property portfolio means it is riding the recovering American housing market.

Elsewhere, Freenet is the largest mobile communications service provider in Germany with around 14 million subscribers. It doesn't own a network, but resells capacity it buys at wholesale prices from other providers. Smart management and a low-cost online model have made it a cash machine that pays a very satisfactory 7% dividend. Its share price also rose nicely because it (rightly) remains a darling among German investors. Another one of our cornerstone holdings, the Irish food and agribusiness group Origin Enterprises, did particularly well and raised its dividend by 36%. It has benefited from the high prices of soft commodities.

One final holding we should highlight is German pay-TV company, ProSiebenSat.1 Media. As an over-leveraged, cyclical stock ProSieben hit tough times in the financial crisis. Too much debt mixed with slowing business proved a deadly cocktail. Since the crisis, however, ProSieben has worked hard to reform itself. It sold its Nordic broadcasting assets and spent some of the proceeds paying down debt, with the remainder being returned to shareholders through a whopping special dividend, which at the time of the announcement was 23% of the company's market capitalisation. The de-leveraging of its balance sheet has removed a lot of the riskiness in the stock, which has gone from being what we call 'risky yield' to 'cyclical yield'.

It is inevitable that, even in a successful year, we also owned some howlers. Here, it tended to be macro-economic factors rather than stock specifics that proved our undoing. Among our biggest losers were utilities and real-estate names, which fell victim to the global liquidity tightening. These included three REITs: American Capital Agency, Silver Bay Realty Trust and Langham Hospitality.

Our holdings in Brazilian utilities also came under pressure. As a response to slowing economic growth the government has introduced new initiatives to push down electricity prices. The sector has had a great decade but, by making too much money and attracting the attention of the cash-strapped government, became a victim of its own success. And although we had been trimming our exposure here ahead of the government intervention, we were too slow.

Because we run an income fund, the dividends that companies pay are as important to us as their capital returns; after all, this is what underpins the fund's distribution payments to unit holders. And in this respect, it was a successful 12 months, with overall dividend growth in high single digits. SKY Network Television, which has an effective monopoly over the pay-TV market in New Zealand, increased its dividend by 19%. One of the fund's larger holdings, US truck-leasing company Ryder System, increased its dividend by 8%. Despite the volatile economic environment, Ryder has grown its dividend by 7-8% a year for over a decade. Another large holding is AXA, the French insurer. This is a different story to Ryder. In the dark days of the financial crisis, AXA cut its dividend and had to raise money through rights issues. Now it is in the process of rebuilding its balance sheet and is paying a yield of 4%. That dividend has grown by 4% over the past 12 months and could well grow further over the coming year.

But while the fund held plenty of companies that were able to increase their dividends, it also had stocks where the opposite occurred. TDC, a Danish version of BT Group, cut its dividend by 15%. And although we don't like to see dividends being cut, this one didn't come as a surprise. The company's share price actually rose after it announced the cut, as the market acknowledged that the previous dividend level (a yield of over 10%) was unsustainable. Dividend cuts aren't necessarily a bad thing if management is being rational in its overall capital allocation.

Outlook

"I don't want to go from wild turkey to cold turkey," so said Richard Fisher, president of the Federal Reserve Bank of Dallas, in reference to QE. "I think we ought to dial it back."

Investment review (continued)

Unfortunately, the late May statement from Mr Bernanke that gave markets the jitters wasn't quite so clear (clarity of expression is not a pre-requisite for monetary policymakers). But it is obvious that the Fed is walking a tightrope. When it embarked on QE, it started something that it didn't know how to stop. Clearly, it is trying to tell the market that it will end at some point. But no one knows when.

In some ways, the reaction to the Fed's talk of ending QE was overblown. QE has not been stopped. And it's not as if the world is fundamentally different than it was six months ago. It is not inconceivable that the bond markets over-reacted to the Fed's comments, and that REITs, bond proxies and utility stocks over-reacted to the bond market in turn.

At the same time, we acknowledge that markets are masters of pricing the future. The strength of the response was instructive. If a mere one-half percentage point increase in bond yields can have so much impact on the stock market then we need to think about what will happen as bond yields return to more normal levels. Ending QE on this scale has never been tried before, so it is impossible to predict what effect it will have. But we have had a taster. Market movements in June suggested that tapering will lead to volatility in emerging-market currencies, see equities outperforming bonds and see stronger performance from developed markets than emerging markets. In a way, this should be viewed in a positive light. The Fed will only dare to stop printing money once it feels we have made our way out of the crisis. At the same time, QE has undoubtedly been a force in holding up asset prices over the past five years and not only in the bond market.

The bottom line is that it seems likely we will have a very volatile period once the Fed decreases its bond buying. Whatever it does from here, we have all been alerted to the fact that higher bond yields will lead to the unwinding of a lot of crowded carry trades that have been making money over the past three-to-five years.

That has implications for equity income investing. If economic news continues to be strong in the US, then it is reasonable to expect that bond yields will drift higher. So, towards the end of the year under review, we moved further away from bond proxy holdings with high dividend yields and towards cyclical dividend growth. In essence, we have been adding to US and Asian growth stories and selling telecoms, utilities and REITs.

Remember, however, that monetary policy is only one side of the equation. Companies pay dividends out of retained earnings, and their profitability is often a function of economic activity. And, on that account, things actually look good. Unemployment is falling in the United States and there are signs that China is bumping along with a growth rate of around 7%. So things are hardly collapsing.

In Europe, industrial production in Spain is some 30% below its peak and back to levels not seen since 1990. You have to look back to 1987 to find the last time industrial production in Italy was this low. Spanish retail sales are 29% below their previous highs, or as low as they were in December 1997 (and remember that the country's population has grown significantly since then, so the per-capita figures are even lower). Yet production costs in the most depressed economies have fallen a lot, which will help the healing process. Labour is cheap and willing and there is an Irish-style restructuring process going on. A record number of tourists visited Greece this summer. Cutting wages by a quarter has been painful but has helped the economy to adjust in the absence of currency depreciation (if Greece still had the drachma, it could have taken the strain of restoring competitiveness).

It is important to note that we are not suggesting that economic growth in southern Europe will be significantly better than the market expects. The structural adjustment in the periphery is far from over. But things are moving in the right direction. The Spanish current account recently moved into surplus for the first time in 16 years. Ford and Renault have moved some car production back to Spain, where labour costs are now almost 20% lower than in France. Spanish exports have grown by almost 10% in the past 12 months – faster than in Germany. German production costs, meanwhile, are increasing on a relative basis. Very few investors are prepared for any improvement in southern Europe – so any positive surprise could be profitable for those positioned to take advantage of it.

A year ago conventional wisdom was that the eurozone wouldn't survive in its current form. Now, the conventional wisdom is that Spain will eventually collapse. But what if Spanish exports continue to grow? What if some parts of the manufacturing sector start to grow rapidly again? What if the housing market stabilises? Shares are not priced for that. So how have we responded? Rather than holding banks or cyclical stocks, we invested in what we believe are less adventurous defensive companies, which other investors shun due to their unfashionable geographical location.

In much the same way that investors were not positioned for the eurozone's survival last year, they are not positioned for an economic recovery in China. Here, and in contrast to the bold approach we took towards the eurozone, we are less adventurous. While we can see a lot of reasons to be part of the world's best consumer-growth story, there remain problems with corporate governance and capital allocation in China. And, while the Chinese economy is showing clear signs of bottoming out (boosted by government stimulus), the imbalances and debt levels are such that we fear any short-term gains for Chinese equities could evaporate should these imbalances combine to form a proper crisis.

Three years on from its launch, the

fund continues to focus on companies that generate a lot of excess cash and which have high and often growing dividends. The fund is less exposed to traditional equity income sectors than it was at the time of our half-yearly report. We have moved away from bond proxies and into dividend-growth stories. The fund has had relatively little exposure to emerging markets and more holdings in southern Europe than many of its peers. We look forward with cautious optimism to another three years of scouring global markets for income opportunities.

Jacob de Tusch-Lec
Fund manager

Investment information

Five largest purchases and sales for the year ended 31 July 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Rio Tinto	7,908	Energias de Portugal	5,503
Ryder System	7,793	Gjensidige Forsikring	5,375
AXA	7,409	MDC	5,368
American Capital Agency (REIT)	7,375	Amgen	4,802
Microsoft	6,300	Bezeq	4,388

Portfolio statement as at 31 July 2013

Investment	Holding or nominal value	Valuation £'000	% of net assets
Bermuda – 2.26% (1.07%)			
Great Eagle Holdings	523,000	1,305	0.45
Silverlake Axis	13,370,112	5,188	1.81
		6,493	**2.26**
Brazil – 1.48% (4.41%)			
Transmissora Alianca de Energia Elétrica	104,260	694	0.24
Vale (preference) (A shares)	432,215	3,539	1.24
		4,233	**1.48**
Cayman Islands – 1.17% (0.00%)			
Langham Hospitality	9,673,766	3,341	1.17
		3,341	**1.17**
China – 0.57% (2.10%)			
Shenzhen Expressway	7,346,000	1,615	0.57
		1,615	**0.57**
Cyprus – 1.31% (0.00%)			
Prosafe	563,900	3,731	1.31
		3,731	**1.31**
Denmark – 1.90% (1.20%)			
TDC	945,150	5,411	1.90
		5,411	**1.90**
France – 4.50% (2.46%)			
Accor	117,108	2,876	1.01
AXA	479,096	6,892	2.41
AXA FRN Perpetual	£400,000	406	0.14
Bouygues	60,683	1,158	0.41
Compagnie de Saint-Gobain	49,584	1,508	0.53
		12,840	**4.50**
Germany – 4.66% (9.18%)			
Drillisch	367,093	4,344	1.52
Freenet	188,742	2,932	1.03
ProSiebenSat.1 Media (Preference)	227,648	6,037	2.11
		13,313	**4.66**
Greece – 1.71% (0.00%)			
OPAP	854,047	4,886	1.71
		4,886	**1.71**
Hong Kong – 2.11% (0.00%)			
Hui Xian Real Estate Management (REIT)	3,731,000	1,625	0.57

Investment	Holding or nominal value	Valuation £'000	% of net assets
SJM Holdings	2,671,000	4,406	1.54
		6,031	**2.11**
Ireland – 3.87% (2.13%)			
Origin Enterprises #	988,902	5,141	1.80
Smurfit Kappa Group	452,158	5,915	2.07
		11,056	**3.87**
Isle of Man – 2.05% (0.69%)			
Playtech	839,565	5,864	2.05
		5,864	**2.05**
Israel – 0.83% (3.71%)			
Elbit Systems	61,664	1,787	0.63
Israel Chemicals	110,083	580	0.20
		2,367	**0.83**
Italy – 0.67% (1.07%)			
Gtech	15,725	286	0.10
Snam	521,952	1,613	0.57
		1,899	**0.67**
Japan – 4.64% (4.94%)			
ITOCHU	592,400	4,652	1.63
Mitsubishi UFJ Financial Group	1,089,500	4,406	1.54
Resona Holdings	813,200	2,669	0.94
West Japan Railway	54,300	1,515	0.53
		13,242	**4.64**
Luxembourg – 1.93% (0.78%)			
RTL Group	94,084	5,523	1.93
		5,523	**1.93**
Mexico – 1.00% (0.00%)			
Macquarie Mexico Real Estate Management (REIT)	2,147,313	2,858	1.00
		2,858	**1.00**
Netherlands – 0.92% (0.61%)			
ABN Amro Bank FRN Perpetual	€600,000	489	0.17
Generali Finance FRN Perpetual	£2,300,000	2,130	0.75
		2,619	**0.92**
New Zealand – 2.84% (0.00%)			
SKY Network Television	1,951,278	5,487	1.92
Telecom Corporation of New Zealand	2,219,870	2,620	0.92
		8,107	**2.84**
Norway – 3.74% (6.33%)			
Borregaard	1,700,258	4,801	1.68
Ocean Yield	1,130,650	3,368	1.18
Spectrum	501,067	2,503	0.88
		10,672	**3.74**
Philippines – 0.39%% (1.14%)			
Manila Water	2,263,151	1,115	0.39
		1,115	**0.39**
Portugal – 0.26% (0.75%)			
Energias de Portugal	324,669	751	0.26
		751	**0.26**

Investment information (continued)

Investment	Holding or nominal value	Valuation £'000	% of net assets
Russia – 0.41% (0.00%)			
MMC Norilsk Nickel (ADR)	132,609	1,171	0.41
		1,171	**0.41**
Singapore – 2.10% (6.18%)			
Dyna-Mac	2,722,000	570	0.20
Frasers Commercial Trust (REIT)	5,039,000	3,402	1.19
Religare Health	4,651,351	2,034	0.71
		6,006	**2.10**
Spain – 3.52% (2.09%)			
Enagas	204,292	3,285	1.15
Ferrovial	358,267	4,025	1.41
Gas Natural	205,161	2,739	0.96
		10,049	**3.52**
Sweden – 1.00% (1.61%)			
Ericsson (B shares)	369,221	2,865	1.00
		2,865	**1.00**
Switzerland – 3.83% (2.04%)			
Credit Suisse Group	177,172	3,380	1.19
Roche	30,101	4,855	1.70
Zurich Financial Services	15,236	2,690	0.94
		10,925	**3.83**
Thailand – 1.82% (3.29%)			
Bangkok Bank (Alien Market)	501,410	2,184	0.76
Tesco Lotus Retail Growth Freehold & Leasehold Property Fund	10,855,023	3,016	1.06
		5,200	**1.82**
United Kingdom – 8.20% (7.71%)			
3i Group	1,021,822	3,906	1.37
Bank of Georgia	153,087	2,756	0.97
Betfair Group	459,137	4,277	1.50
City of London Investment Group	160,413	381	0.13
Man Group	4,767,497	3,812	1.34
Reckitt Benckiser Group	95,220	4,436	1.55
Rio Tinto	128,695	3,831	1.34
		23,399	**8.20**
USA – 34.70% (31.11%)			
AbbVie	186,249	5,477	1.92
American Capital Agency (REIT)	200,136	3,040	1.07
Blackstone Group	346,376	5,208	1.82
Chevron	53,611	4,439	1.55
Chimera Investment (REIT)	1,289,933	2,530	0.89
Cisco Systems	328,647	5,551	1.94
Hewlett Packard	215,346	3,653	1.28
Intel	174,785	2,688	0.94
Intersil	474,182	2,886	1.01
JP Morgan Chase	167,236	6,089	2.13
Lockheed Martin	18,406	1,455	0.51
Lorillard	159,528	4,538	1.59
Macy's (Preference) (A shares)	99,573	3,155	1.11

Investment	Holding or nominal value	Valuation £'000	% of net assets
Metlife	173,417	5,504	1.93
Microsoft	202,697	4,250	1.49
Norfolk Southern	55,444	2,683	0.94
Northrop Grumman	96,535	5,777	2.02
Pfizer	170,254	3,326	1.17
Ryder System	195,030	7,813	2.74
TAL International Group	110,808	2,854	1.00
Time Warner Cable	44,631	3,377	1.18
United Technologies	58,394	4,059	1.42
Universal Health Services (B shares)	30,978	1,429	0.50
Waddell & Reed Financial	89,283	2,995	1.05
Wells Fargo	97,373	2,773	0.97
Whirlpool	17,451	1,512	0.53
		99,061	**34.70**
Forward foreign exchange contracts – (0.14)% (0.31%)			
Sold Euro – 25 September 2013	(42,885,000)	(37,424)	(13.10)
Bought US Dollar – 25 September 2013	56,560,518	37,233	13.04
Sold Japanese Yen – 25 September 2013	(622,000,000)	(4,195)	(1.47)
Bought US Dollar – 25 September 2013	6,352,319	4,182	1.47
Sold New Zealand Dollar – 25 September 2013	(7,500,000)	(3,929)	(1.38)
Bought US Dollar – 25 September 2013	5,801,925	3,819	1.34
Sold Norwegian Krona – 25 September 2013	(7,500,000)	(2,952)	(1.03)
Bought US Dollar – 25 September 2013	5,801,925	2,848	0.99
Sold Singapore Dollar – 25 September 2013	(5,000,000)	(2,588)	(0.91)
Bought US Dollar – 25 September 2013	3,923,292	2,583	0.91
Sold US Dollar – 25 September 2013	(823,711)	(542)	(0.19)
Bought Norwegian Krona – 25 September 2013	5,000,000	553	0.19
		(412)	**(0.14)**
Portfolio of investments †		286,231	100.25
Net other liabilities		(717)	(0.25)
Net assets attributable to unitholders		285,514	100.00

All holdings are listed ordinary shares unless otherwise stated.
† Includes derivative liabilities.
The figures in brackets represent percentages as at 31 July 2012. At this date the portfolio included an exposure to Austria (0.91%), Belgium (0.52%), Poland (1.02%) and South Africa (2.67%).
Alternative Investment Market traded investments: 1.80% (31 July 2012: 2.13%).
ADR represent American Depositary Receipts.
REIT represents Real Estate Investment Trusts.

Financial statements

Statement of total return for the year ended 31 July 2013

	Note	31 July 2013 £'000	31 July 2013 £'000	31 July 2012 £'000	31 July 2012 £'000
Income					
Net capital gains/(losses)	4		24,059		(566)
Revenue	6	8,115		3,217	
Expenses	7	(1,631)		(654)	
Finance costs: interest	9	(63)		(21)	
Net revenue before taxation		6,421		2,542	
Taxation	8	(711)		(301)	
Net revenue after taxation			5,710		2,241
Total return before distributions			**29,769**		**1,675**
Finance costs: distributions	9		(6,923)		(2,695)
Change in net assets attributable to unitholders from investment activities			22,846		(1,020)

Statement of change in net assets attributable to unitholders for the year ended 31 July 2013

	31 July 2013 £'000	31 July 2013 £'000	31 July 2012 £'000	31 July 2012 £'000
Opening net assets attributable to unitholders		67,240		41,957
Amounts receivable on issue of units	193,961		50,826	
Amounts payable on cancellation of units	(4,389)		(26,295)	
		189,572		24,531
Stamp duty reserve tax		(6)		(3)
Change in net assets attributable to unitholders from investment activities		22,846		(1,020)
Retained distributions on accumulation units		5,862		1,775
Closing net assets attributable to unitholders		285,514		67,240

Balance sheet as at 31 July 2013

	Note	31 July 2013 £'000	31 July 2013 £'000	31 July 2012 £'000	31 July 2012 £'000
Assets					
Investment assets			286,654		68,640
Debtors	10	9,111		1,771	
Cash and bank balances	11	676		–	
Total other assets			9,787		1,771
Total assets			**296,441**		**70,411**
Liabilities					
Derivative liabilities			423		32
Creditors	12	6,814		1,132	
Bank overdraft		–		1,074	
Distribution payable on income units		3,690		933	
Total other liabilities			10,504		3,139
Total liabilities			**10,927**		**3,171**
Net assets attributable to unitholders			285,514		67,240

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 year 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 ('REITs'), 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. 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 distribution policy of the fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue excluding the annual management charge. The investment objective of the fund concentrates on the generation of revenue as a higher priority than capital growth. 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 the Collective Investment Schemes Sourcebook. 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 non-derivative investments and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by 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, 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

Notes to the financial statements (continued)

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 unrealised loss of £412,000 (2012: gain of £209,000) arising on open forward foreign exchange contracts as at 31 July 2013 is shown in the portfolio statement on page 11.

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.

(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 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. UBS is the counterparty for the forward foreign exchange contracts. Aside from the custodian, the derivative counterparty and brokers where trades are pending settlement, there were no significant concentrations of credit risk as at 31 July 2013 or 31 July 2012.

(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. These holdings are disclosed in the portfolio statement on pages 8 to 11. 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 unrealised loss of £412,000 (2012: gain of £209,000) arising on open forward foreign exchange contracts as at 31 July 2013 is shown in the portfolio statement on page 11.

4. Net capital gains/(losses)

	31 July 2013 £'000	31 July 2012 £'000
Non-derivative securities	25,546	(1,340)
Derivative contracts	(86)	–
Currency (losses)/gains	(317)	47
Forward foreign exchange contracts	(1,084)	727
Net capital gains/(losses)	24,059	(566)

5. Portfolio transaction costs

	31 July 2013 £'000	31 July 2013 £'000	31 July 2012 £'000	31 July 2012 £'000
Analysis of total purchases costs				
Purchases before transaction costs		432,757		105,262
Commissions	341		89	
Taxes	318		68	
Total purchases costs		659		157
Gross purchases total		433,416		105,419
Analysis of total sales costs				
Gross sales before transaction costs		240,835		78,843
Commissions	(171)		(73)	
Taxes	(42)		(8)	
Total sales costs		(213)		(81)
Total sales net of transaction costs		240,622		78,762

6. Revenue

	31 July 2013 £'000	31 July 2012 £'000
Overseas dividends	7,520	3,052
UK dividends	409	150
Interest on debt securities	186	13
Bank interest	–	2
Total revenue	8,115	3,217

Notes to the financial statements (continued)

7. Expenses

	31 July 2013 £'000	31 July 2012 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	1,437	522
Payable to the trustee, associates of the trustee and agents of either of them:		
Trustee fee	22	10
Other expenses:		
Registration fee	57	24
Administration fee	49	46
Operational fees	33	29
Safe custody fees	19	12
Auditor's remuneration: audit fee*	8	8
non-audit fee (taxation)	2	–
Printing and postage fee	4	3
Total expenses	1,631	654

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) accrued during the period was £7,000 (2012: £7,000).

8. Taxation

	31 July 2013 £'000	31 July 2012 £'000
a) Analysis of the tax charge for the year		
Overseas tax suffered	711	301
Total taxation (note 8b)	711	301
b) Factors affecting the tax charge for the year		
Net revenue before taxation	6,421	2,542
Corporation tax at 20% (2012: 20%)	1,284	508
Effects of:		
Overseas tax suffered	711	301
Unutilised management expenses	64	36
Income taxable in different periods	(1)	(10)
Overseas withholding tax expensed	(38)	(15)
Non-taxable UK dividends	(82)	(30)
Non-taxable overseas dividends	(1,227)	(489)
Tax charge for the year (note 8a)	711	301

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 £132,000 (2012: £68,000) arising as a result of having unutilised management expenses of £658,000 (2012: £340,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Finance costs: distribution and interest

	31 July 2013 £'000	31 July 2012 £'000
Interim dividend distribution	1,556	721
Final dividend distribution	8,646	2,349
	10,202	3,070
Add: amounts deducted on cancellation of units	73	420
Deduct: amounts added on issue of units	(3,352)	(795)
Finance costs: distributions	6,923	2,695
Finance costs: interest	63	21
Total finance costs	6,986	2,716
Movement between net revenue and distributions		
Net revenue after taxation	5,710	2,241
Annual management charge paid from capital	1,437	522
Less: tax relief credited to capital	(224)	(68)
	6,923	2,695

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 tables on page 20.

10. Debtors

	31 July 2013 £'000	31 July 2012 £'000
Sales awaiting settlement	5,425	749
Amounts receivable for issue of units	2,891	650
Overseas withholding tax recoverable	424	87
Accrued revenue	365	283
Income tax recoverable	6	–
Prepaid expenses	–	2
Total debtors	9,111	1,771

11. Cash and bank balances

	31 July 2013 £'000	31 July 2012 £'000
Amounts held in JP Morgan Liquidity Fund	366	–
Cash and bank balances	310	–
Total cash and bank balances	676	–

12. Creditors

	31 July 2013 £'000	31 July 2012 £'000
Purchases awaiting settlement	6,498	848
Accrued annual management charge	228	58
Accrued other expenses	85	38
Accrued trustee fee	3	1
Amounts payable for cancellation of units	–	187
Total creditors	6,814	1,132

13. Contingent liabilities and commitments

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

Notes to the financial statements (continued)

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 12 and notes 7, 10 and 12 on pages 16 and 17 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 July 2013 in respect of these transactions was £2,663,000 (2012: £405,000). The balance due to the trustee as at 31 July 2013 in respect of these transactions was £3,000 (2012: £1,000).

15. Risk disclosures – currency risk

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward foreign exchange contracts £'000	Total £'000
31 July 2013				
US Dollar	100,232	(111)	50,123	150,244
Euro	60,400	(245)	(37,424)	22,731
Norwegian Krone	14,403	101	(2,399)	12,105
Swiss Franc	10,925	433	–	11,358
Hong Kong Dollar	10,667	–	–	10,667
Japanese Yen	13,242	–	(4,195)	9,047
Singapore Dollar	11,194	75	(2,588)	8,681
Danish Krone	5,411	–	–	5,411
Thailand Baht	5,200	45	–	5,245
Brazilian Real	4,233	–	–	4,233
New Zealand Dollar	8,107	–	(3,929)	4,178
Swedish Krona	2,865	–	–	2,865
Mexican Peso	2,858	–	–	2,858
Israeli New Shekels	2,367	–	–	2,367
Chinese Yuan	1,625	–	–	1,625
Philippine Peso	1,115	4	–	1,119
Polish Zloty	–	65	–	65
Taiwan Dollar	–	4	–	4
31 July 2012				
US Dollar	23,211	81	12,546	35,838
Singapore Dollar	4,873	47	–	4,920
Norwegian Krone	4,255	37	–	4,292
Japanese Yen	3,321	11	648	3,980
Euro	13,062	45	(10,383)	2,724
Israeli New Shekels	2,499	89	–	2,588
South African Rand	2,481	1	–	2,482
Thailand Baht	2,214	10	–	2,224
Hong Kong Dollar	1,415	12	–	1,427
Swiss Franc	1,372	5	–	1,377
Swedish Krona	1,082	–	–	1,082
Danish Krone	808	–	–	808
Polish Zloty	683	114	–	797
Philippine Peso	763	–	–	763
Brazilian Real	671	–	(2,602)	(1,931)

16. Unit classes

The fund currently has four unit classes: R distribution, R accumulation, I distribution and I accumulation. 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%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 21. The distribution per unit class is given in the distribution tables on page 20. All classes have the same rights.

17. Post balance sheet event

Since 31 July 2013, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		
	13 September 2013	31 July 2013	Movement
R distribution	65.27	66.15	(1.3)%
R accumulation	75.10	76.13	(1.4)%
I distribution	66.81	67.65	(1.2)%
I accumulation	76.86	77.86	(1.3)%

Distribution tables

For the year ended 31 July 2013

Interim dividend distribution for the period ended 31 January 2013.

Group 1 – Units purchased prior to 1 August 2012.
Group 2 – Units purchased from 1 August 2012 to 31 January 2013.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 28 March 2013	Distribution per unit (p) 30 March 2012
R distribution				
Group 1	0.8685	–	0.8685	0.8117
Group 2	0.2642	0.6043	0.8685	0.8117
R accumulation				
Group 1	0.9557	–	0.9557	0.8487
Group 2	0.0960	0.8597	0.9557	0.8487
I distribution				
Group 1	0.8906	–	0.8906	0.8150
Group 2	0.0348	0.8558	0.8906	0.8150
I accumulation				
Group 1	0.9725	–	0.9725	0.8522
Group 2	0.3267	0.6458	0.9725	0.8522

Corporate unitholders should note that:

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

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

Final dividend distribution for the period ended 31 July 2013.

Group 1 – Units purchased prior to 1 February 2013.
Group 2 – Units purchased from 1 February 2013 to 31 July 2013.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 30 September 2013	Distribution per unit (p) 28 September 2012
R distribution				
Group 1	2.0424	–	2.0424	1.8678
Group 2	1.0640	0.9784	2.0424	1.8678
R accumulation				
Group 1	2.2752	–	2.2752	1.9849
Group 2	1.1482	1.1270	2.2752	1.9849
I distribution				
Group 1	2.0880	–	2.0880	1.8917
Group 2	0.8673	1.2207	2.0880	1.8917
I accumulation				
Group 1	2.3234	–	2.3234	2.0097
Group 2	0.4589	1.8645	2.3234	2.0097

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 group 2 units and is refunded to the 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
31 July 2011	41,956,911		
R distribution		54.27	10,535,195
R accumulation		56.79	11,676,059
I distribution		54.68	27,787,519
I accumulation		57.22	25,191,418
31 July 2012	67,240,371		
R distribution		52.25	19,355,870
R accumulation		57.51	30,346,688
I distribution		53.05	30,229,823
I accumulation		58.39	40,478,991
31 July 2013	285,513,575		
R distribution		66.15	41,330,276
R accumulation		76.13	88,861,472
I distribution		67.65	136,316,835
I accumulation		77.86	126,256,926

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R distribution			
2010 *	–	59.73	46.45
2011	2.5066	62.30	46.28
2012	2.6795	59.40	50.91
2013 **	2.9109	75.72	56.38
R accumulation			
2010 *	–	59.73	46.45
2011	2.5248	63.18	48.43
2012	2.8336	65.38	53.28
2013 **	3.2309	84.55	62.06
I distribution			
2010 *	–	57.51	46.49
2011	2.5202	60.21	46.69
2012	2.7067	58.04	51.47
2013 **	2.9786	74.21	57.43
I accumulation			
2010 *	–	57.51	46.49
2011	2.5466	61.06	48.86
2012	2.8619	63.88	53.86
2013 **	3.2959	82.85	63.20

Net revenue includes all amounts paid and payable in each calendar year.
* From 5 July 2010.
** To 31 July 2013.

Ongoing charges

Expense	31 July 2013
R units *	
Annual management charge	1.50%
Other expenses	0.15%
Ongoing charges	1.65%
I units **	
Annual management charge	0.75%
Other expenses	0.15%
Ongoing charges	0.90%

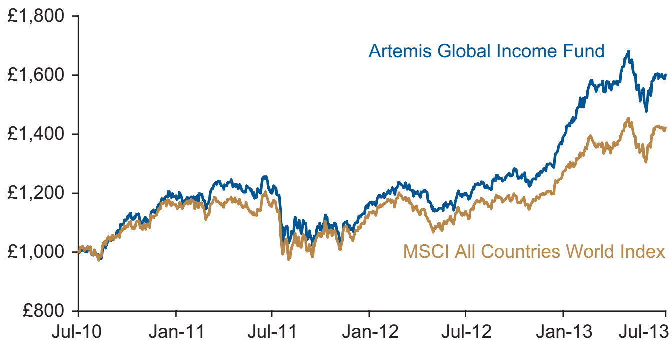
Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.
* Includes R distribution and R accumulation.
** Includes I distribution and I accumulation.

Fund performance

	Since launch †	3 years	1 year	6 months
Artemis Global Income Fund	60.1	59.6	32.4	12.2
MSCI All Countries World Index	42.8	42.0	24.5	11.1
Sector average	46.7	44.6	22.1	9.9
Position in sector	2/17	2/17	2/25	6/26
Quartile	1	1	1	1

† Data from 19 July 2010 due to the fixed offer period of the fund.
Source: Lipper Limited, R distribution, bid to bid basis, in sterling with net income reinvested to 31 July 2013. All performance figures show total return percentage growth. Sector is IMA Global Equity Income.

Value of £1,000 invested at launch to 31 July 2013



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