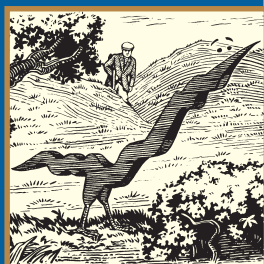


ARTEMIS European Growth *Fund*

Half-Yearly Report (unaudited)
for the six months ended
30 September 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 £16.6 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 October 2013.

Fund status

Artemis European Growth Fund was constituted by a Trust Deed dated 28 April and 4 May 2000 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 capital growth through investment principally in companies in Europe (excluding the United Kingdom).

Investment policy

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

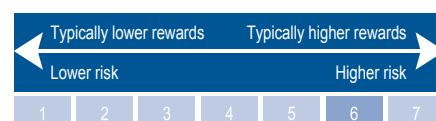
The fund may also invest in other transferable securities, units of

collective investment schemes, money market instruments, warrants, cash and near cash, derivatives and forward transactions and other investments to the extent that each is permitted by the regulations.

Buying and selling

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

Risk and reward profile



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

The risk indicator for the fund is as above because:

- The price of units, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the fund's assets may be invested in a currency other than the fund's accounting currency (sterling). The value of these assets, and the income from them, may

decrease if the currency falls in relation to sterling, in which the fund is valued and priced.

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.

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

18 November 2013

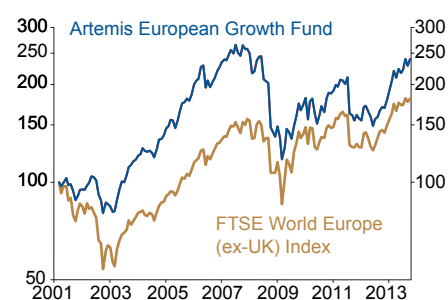
Investment review

- A(nother) good six months.
- Value stocks are in danger of making a comeback.
- Outlook: positive.

Performance – A process that works ...

The fund performed well over the past six months, returning 8.9%*. This was ahead of the benchmark which rose by 7.9%*. Since we launched the fund, in March 2001, it has returned 132.1%* compared to a benchmark return of 78.9%*. Over that 12 year period, the way in which we manage the fund, using our SmartGARP® process, has not changed. It steers us towards owning stocks with above-average growth rates that are sitting on below-average valuations. And, in many ways, the past six months have been typical of our experience – stocks with strong SmartGARP characteristics have tended to outperform the market – (see chart below).

Artemis European Growth Fund vs. Benchmark



Source: Datastream.

Review – The case for value ...

In general, stocks on low valuations tend to outperform the market. This observation holds true in many different markets and over many different time periods. One reason that value stocks do so well is that they are priced as if they will remain below-average companies, but in reality

they tend to deliver average (or even above-average) growth.

European Value Stocks vs. Market



Source: Datastream.

Over the past seven years, however, these trends have gone into reverse. Value stocks have grown their profits and dividends more slowly than the market. And, equally importantly, value stocks have been de-rated. The result is that 'value' has become a dirty word among investment managers, who now overwhelmingly extol the virtues of investing in 'quality' stocks. We recently looked at the value characteristics of about 300 open-ended funds (UK-based unit trusts, US and European-based mutual funds) that have a European equity benchmark. We found that about 70% had an anti-value bias. And, for as long as value stocks continue to underperform, these investment managers will be feeling good about life.

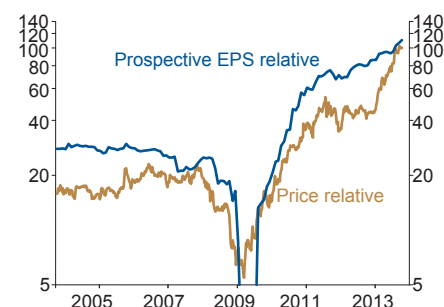
The chances are, however, that these investment managers will be feeling a lot less positive in a year's time than they are today. The world economy is not mired in recession – yet many fund managers are positioned overwhelmingly in 'quality' stocks. With value stocks unusually cheap, the odds of a reversal seem high. It might have been a blip, but the past couple of months suggest things might be turning in favour of value.

Our fund has a pro-value bias and, over the past seven years, this has been a headwind. At the same time, however, the fund has had an even more pronounced bias towards stocks with upgrades to profit forecasts. This did us no favours during the

financial crisis in 2008 – but it has certainly helped in the last year or so. The logic of buying cheap stocks that are seeing earning upgrades is that the upgrades often prompt investors to become less pessimistic about a cheap company thus pushing its share price higher.

Plastic Omnium is a good example of this process. Six months ago, it traded on a prospective price/earnings multiple of just 9 times. On our measures, only 23% of companies in Europe were on lower valuations. Presumably, investors were fearful that the recession in Europe would undermine demand for its products (plastic parts for car manufacturers). The company, however, has been delivering good growth and analysts keep raising their profit forecasts. One by one, the bears have thrown in the towel, pushing Plastic Omnium's share price higher. The chart below illustrates the point quite clearly. The company's prospective earnings per share (EPS) relative to the European market (the blue line) keeps rising. Its share price relative (gold line) is doing its best to catch up. Needless to say, the objective of any active manager is to buy stocks whose price relative line goes up.

Plastic Omnium vs. European Market



Source: Datastream.

SmartGARP alerts us to companies where the blue line is going up – but when the market has not yet cottoned on. Other winning stocks over the past six months in this category include Bezeq (Israeli telecoms), Iren (Italian utility) and Ubisoft (French video gaming).

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

Investment review (continued)

Our biggest losers tended to be holdings in Turkish banks. Political concerns and a large current account deficit have undermined both the Turkish lira and stock prices. Turkey has also been caught up in a more general antipathy toward Emerging Markets. There have been concerns about Chinese growth, the Indian rupee and the Brazilian economy. These factors have conspired to cause investors, in complete contrast to the optimism that abounded a year or so ago, to overwhelmingly dislike Emerging Markets. Our strategy is to focus on trends in profits rather than on trying to second guess changes in investor sentiment. On that basis, we retain a large overweight in emerging European markets such as Russia and Turkey, where growth is good and valuations are attractive.

Outlook – Our type of market ...

We remain optimistic about the outlook for your fund. Granted, markets have risen sharply over the past couple of years. But this has simply brought valuations back to normal levels and, as such, we would anticipate average returns from equities over the next decade. This should be somewhat better than the prospective returns from bonds or cash deposits.

In the meantime, with the financial crisis fading as a driver of markets, investors are showing signs of reverting to type and driving up the share prices of those companies that offer a combination of good growth and value. This is, in other words, our type of market. Whereas the underperformance of value stocks over the past few years has been a headwind, it finally appears to becoming a tailwind. As such, we suspect that your fund will do well over the next few years.

**Philip Wolstencroft
and Peter Saacke**
Fund managers

Investment information

Five largest purchases and sales for the six months ended 30 September 2013

Purchases	Cost £'000	Sales	Proceeds £'000
Daimler	6,677	Bayer	7,382
EDF	5,113	Ageas	6,551
Allianz	4,682	Swedbank (A shares)	6,178
SBM Offshore	4,552	Nutreco	5,909
STADA Arzneimittel	4,412	Mizrahi Tefahot Bank	5,727

Portfolio statement as at 30 September 2013

Investment	Holding	Valuation £'000	% of net assets
Australia – 0.31% (0.00%)			
Fortescue Metals Group	300,000	821	0.31
		821	0.31
Austria – 0.69% (0.60%)			
Osterreichische Post	33,901	955	0.36
Voestalpine	30,000	880	0.33
		1,835	0.69
Belgium – 2.69% (5.41%)			
Ageas	135,000	3,374	1.26
Belgacom	90,000	1,470	0.55
Delhaize Group	60,000	2,351	0.88
		7,195	2.69
Bermuda – 0.32% (0.63%)			
BW Offshore	1,007,111	857	0.32
		857	0.32
Denmark – 2.32% (0.35%)			
AP Moller-Maersk (B shares)	480	2,762	1.03
Jyske Bank	30,000	911	0.34
Royal Unibrew	10,000	733	0.27
TDC	350,000	1,824	0.68
		6,230	2.32
Finland – 1.08% (4.02%)			
Neste Oil	150,000	2,046	0.76
UPM	100,000	851	0.32
		2,897	1.08
France – 16.22% (13.22%)			
AXA	455,000	6,495	2.42
Crédit Agricole	200,000	1,357	0.51
EDF	320,000	6,103	2.27
GDF Suez	160,000	2,485	0.93
Plastic Omnium	378,000	5,903	2.20
Publicis Groupe	20,000	984	0.37
Société Générale	76,000	2,319	0.86
Technicolor	1,380,000	4,394	1.64
Thales	90,000	3,045	1.13
Total	50,000	1,799	0.67

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Ubisoft Entertainment	580,000	5,540	2.07
Valeo	59,000	3,092	1.15
		43,516	16.22
Germany – 20.73% (22.36%)			
Allianz	62,000	5,995	2.24
Bayer	13,579	990	0.37
BayWa	80,000	2,421	0.90
BMW	28,000	1,854	0.69
Daimler	146,000	7,005	2.61
Deutsche Post	188,237	3,876	1.44
Deutsche Telekom	100,000	892	0.33
Duerr	122,068	5,486	2.05
Freenet	577,350	8,560	3.19
Futurevalor (warrants 2015)+	2,000	-	-
Hannover Re.	27,525	1,247	0.47
Henkel (non-voting preference shares)	20,000	1,272	0.47
Jungheinrich (non-voting preference shares)	60,000	2,150	0.80
Leoni	20,000	729	0.27
Merck	23,200	2,223	0.83
STADA Arzneimittel	150,000	4,676	1.74
TUI Travel	120,000	931	0.35
Wincor Nixdorf	141,000	5,313	1.98
		55,620	20.73
Greece – 0.94% (0.16%)			
National Bank of Greece	333,800	815	0.30
National Bank of Greece (warrants 2017)	333,800	237	0.09
Piraeus Bank	892,004	909	0.34
Piraeus Bank (warrants 2018)	892,004	559	0.21
		2,520	0.94
Hungary – 0.43% (0.00%)			
EGIS	15,000	1,164	0.43
		1,164	0.43
Ireland – 0.42% (1.76%)			
Smurfit Kappa Group	80,000	1,118	0.42
		1,118	0.42
Israel – 2.48% (2.92%)			
Bezeq	5,920,000	6,662	2.48
		6,662	2.48
Italy – 8.69% (5.45%)			
Acea	300,000	1,794	0.67
Azimut Holding	90,000	1,261	0.47
Banca Generali	366,000	5,111	1.90
Banco Popolare Società Cooperativa	3,800,000	3,458	1.29
Fondiaria-Sai	1,400,000	1,822	0.68
Gtech	250,550	4,362	1.63
Iren	4,520,000	3,370	1.26
Milano Assicurazioni	2,500,000	1,078	0.40

Investment	Holding	Valuation £'000	% of net assets
Unipol Gruppo Finanziario	400,000	1,060	0.39
		23,316	8.69
Luxembourg – 1.05% (0.00%)			
SAF Holland	120,000	888	0.33
Subsea 7	150,000	1,931	0.72
		2,819	1.05
Jersey – 0.50% (0.00%)			
Glencore Xstrata	400,000	1,337	0.50
		1,337	0.50
Netherlands – 6.03% (6.81%)			
EADS	176,000	6,897	2.57
ING Groep	250,000	1,731	0.64
PostNL	1,200,000	3,133	1.17
SBM Offshore	360,000	4,424	1.65
		16,185	6.03
Norway – 9.57% (9.77%)			
Austevoll Seafood	150,000	528	0.20
DNB	695,000	6,648	2.48
Dolphin Interconnect Solutions	1,700,000	963	0.36
Fred Olsen Energy	132,000	3,696	1.38
Leroy Seafood Group	70,000	1,225	0.46
Marine Harvest	6,300,000	4,175	1.55
Salmar	400,000	2,832	1.05
SpareBank	260,000	1,266	0.47
SpareBank (primary capital)	260,000	1,232	0.46
Storebrand (A shares)	900,000	3,119	1.16
		25,684	9.57
Portugal – 0.46% (0.58%)			
Altri	770,000	1,234	0.46
		1,234	0.46
Russia – 6.46% (5.45%)			
Lukoil (ADR)	185,224	7,316	2.73
Mobile Telesystems (ADR)	170,000	2,344	0.87
Rosneft (GDR)	280,000	1,399	0.52
Sberbank of Russia (ADR)	600,000	4,454	1.66
Surgutneftegaz (ADR)	340,000	1,817	0.68
		17,330	6.46
Sweden – 1.56% (4.01%)			
Eniro	768,319	1,713	0.64
Holmen (B shares)	40,000	793	0.30
NCC (B shares)	40,000	731	0.27
Trelleborg (B shares)	80,000	930	0.35
		4,167	1.56

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Switzerland – 8.60% (5.16%)			
Actelion	130,000	5,636	2.10
Bucher Industries	15,000	2,360	0.88
Credit Suisse	338,048	6,332	2.36
Georg Fischer	2,300	860	0.32
Implenia	25,000	932	0.35
Swiss Life Holdings	14,000	1,640	0.61
Swiss Re.	63,796	3,255	1.21
UBS	163,000	2,061	0.77
		23,076	8.60
Turkey – 2.88% (4.62%)			
Dogus Otomotiv	130,000	348	0.13
TAV Havalimanlari	340,000	1,379	0.52
Turkiye Halk Bankasi	685,000	3,059	1.14
Turkiye Is Bankasi (C shares)	770,000	1,244	0.46
Turkiye Vakiflar Bankasi (D shares)	1,220,000	1,697	0.63
		7,727	2.88
USA – 4.48% (4.00%)			
Aetna	90,000	3,593	1.34
Cigna	77,400	3,721	1.39
Humana	81,000	4,707	1.75
		12,021	4.48
Portfolio of investments		265,331	98.91
Net other assets		2,915	1.09
Net assets attributable to unitholders		268,246	100.00

All holdings are listed ordinary shares unless otherwise stated.

The figures in brackets represent percentages as at 31 March 2013. At this date the portfolio included an exposure to exposure to Isle of Man (0.52%), Spain (0.96%) and the United Kingdom (0.48%).

+ Unquoted investments: 0.00% (31 March 2013: 0.00%).

ADR represents American Depositary Receipts.

GDR represents Global Depositary Receipts.

Financial statements

Statement of total return for the six months ended 30 September 2013

	Note	30 September 2013		30 September 2012	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)			12,819		(11,395)
Revenue		8,358		5,614	
Expenses		(1,945)		(1,460)	
Finance costs: interest		(3)		(2)	
Net revenue before taxation		6,410		4,152	
Taxation	2	3,038		(480)	
Net revenue after taxation			9,448		3,672
Total return before distribution			22,267		(7,723)
Finance costs: distribution			(48)		(225)
Change in net assets attributable to unitholders from investment activities			22,219		(7,948)

Statement of change in net assets attributable to unitholders for the six months ended 30 September 2013

	30 September 2013		30 September 2012	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		252,382		207,062
Amounts receivable on issue of units	9,794		9,885	
Amounts payable on cancellation of units	(16,149)		(26,842)	
		(6,355)		(16,957)
Stamp duty reserve tax		—		(1)
Change in net assets attributable to unitholders from investment activities		22,219		(7,948)
Closing net assets attributable to unitholders		268,246		182,156

Balance sheet as at 30 September 2013

	30 September 2013		31 March 2013	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		265,331		250,460
Debtors	1,128		5,042	
Cash and bank balances	2,890		3,629	
Total other assets		4,018		8,671
Total assets		269,349		259,131
Liabilities				
Creditors	1,103		6,749	
Total liabilities		1,103		6,749
Net assets attributable to unitholders		268,246		252,382

Notes to the financial statements

1. Basis of preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2013, as set out therein.

2. Taxation

	30 September 2013 £'000		30 September 2012 £'000	
Analysis of the charge for the period				
Irrecoverable overseas tax		664		480
Denkavit withholding tax reclaim		(3,702)		—
Total taxation		(3,038)		480

3. Post balance sheet events

Since 30 September 2013, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		Movement
	15 November 2013	30 September 2013	
R accumulation	236.77	220.69	7.3%
I accumulation	246.99	229.96	7.4%

Comparative tables

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 March 2011	335,762,149		
R accumulation		191.77	172,485,442
I accumulation		196.23	2,542,172
31 March 2012	207,062,165		
R accumulation		163.25	125,388,663
I accumulation		168.28	1,404,113
31 March 2013	252,382,077		
R accumulation		202.63	99,613,656
I accumulation		210.41	24,017,919
30 September 2013	268,245,605		
R accumulation		220.69	92,866,138
I accumulation		229.96	27,524,009

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R accumulation			
2008	1.7690	259.27	118.76
2009	2.5018	182.90	111.59
2010	2.2543	194.57	142.73
2011	0.2461	213.15	133.29
2012	3.6902	187.10	138.42
2013 **	2.7191	241.64	178.72
I accumulation			
2008 *	0.6172	241.83	119.29
2009	3.7774	177.62	112.39
2010	3.4142	190.66	145.12
2011	1.5476	209.44	136.88
2012	5.0748	186.10	142.86
2013 **	4.1245	241.56	185.27

Net revenue includes all amounts paid and payable in each calendar year.

* From 7 March 2008.

** To 30 September 2013.

Ongoing charges

Expense	30 September 2013
R accumulation	
Annual management charge	1.50%
Other expenses	0.15%
Ongoing charges	1.65%
I accumulation	
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.

Fund performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis European Growth Fund	132.1	35.7	31.9	40.0	8.9
FTSE World Europe (ex-UK) Index	78.9	47.7	24.8	28.3	7.9
Sector average	71.7	51.4	28.6	26.9	6.9
Position in sector	5/50	70/81	28/91	2/97	25/99
Quartile	1	4	2	1	1

* Data from 7 March 2001. Source: Lipper Limited, R accumulation, bid to bid in sterling with net income reinvested to 30 September 2013. All performance figures show total return percentage growth. Sector is IMA Europe (ex-UK).

Value of £1,000 invested at launch to 30 September 2013

