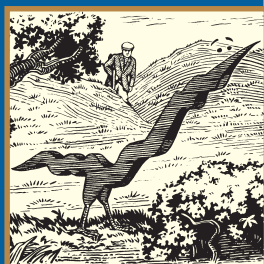


ARTEMIS High Income *Fund*

Half-Yearly Report (unaudited)
for the six months ended
7 February 2014

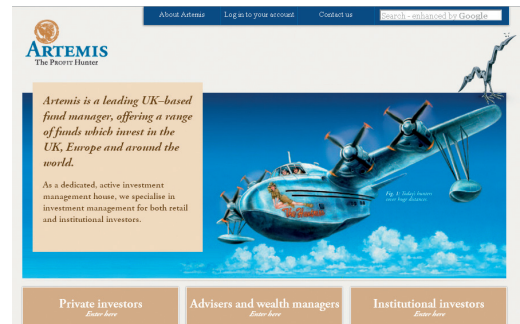


ARTEMIS
The PROFIT Hunter

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- Market and fund insights
- Fund briefings and research articles
- *The Hunters' Tails*, our weekly market newsletter
- Daily fund prices
- Fund literature



artemis.co.uk

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 £17.8 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 28 February 2014.

Fund status

Artemis High Income Fund was constituted by a Trust Deed dated 26 May 1995 as amended by a supplemental Trust Deed dated 6 September 2002 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 higher than average initial yield, combined with the prospect of rising income and some capital growth over the long term.

Investment policy

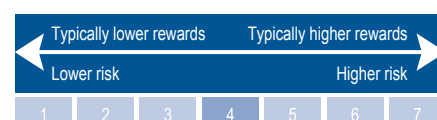
The emphasis of the fund will be investment in UK fixed-interest investments and preference shares, however, the manager has the flexibility to invest in all economic sectors worldwide and in equities.

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.
- 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.

- 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 (FCA), 25 The North
Colonnade, Canary Wharf, London E14 5HS.

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

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

24 March 2014

Investment review

- Gains in equity holdings see the fund return 5.7%*.
- Falling yields weigh on the interim distribution.
- Amid high valuations and a flood of new issues, we proceed with caution.

Performance – Risk, rewarded ...

Although it is tempting to describe a return of 5.7%* over the period as merely 'steady', this reflects how far expectations have been raised by the very strong returns the fund has produced in recent years. Our job is to strike the right balance between risk and reward. Given that investing in high yielding bonds is more risky than government bonds, it should receive a greater reward.

Over the six months under review, returns from high-yield bonds continued to outstrip those from government bonds. Furthermore (and as the chart on page 13 clearly shows) our approach has been very profitable for the last five years: the risks we have taken have been (more than) adequately rewarded.

But although our investment strategy has been profitable, we would reiterate some of the comments we made in our annual report and offer a word of caution. The very strong total returns that the fund has produced have, in part, been a function of low interest rates, which have enhanced the relative attractions of high-yield bonds. Equally, there will be times when economic conditions conspire against high-yield bonds and the value of the fund will fall. Furthermore, the obverse of investors' recent enthusiasm for high-yield bonds has been such that it has driven yields progressively lower, making it steadily more difficult for us to sustain the fund's yield. Hence our distribution is 13.0% lower than it was last year. Our best guess is that the total distribution for the year to August 2014 will also be lower.

This lower distribution is partly a result of the fall in yields. But it has also been self-inflicted; we have invested about 8% of the fund in short-dated government bonds that yield just 2%. Why? We are cautious. The easy thing to do would be to commit money to the numerous high-yielding new issues that are being brought to market at present. We don't because we are wary. It seems like the long bull market in high-yield bonds is almost as old as the managers of your fund. Furthermore, the quality of some of these new issues is, in our view, quite low. So we think this is a time to be selective rather than headstrong.

Review – Diligence and diversity ...

The main contributions to the fund's return over the period were movements in its equity portfolio. And, while the vast majority of our bond holdings appreciated only slightly in value, they behaved themselves and paid their coupons.

The fund continued to see a strong contribution from Chesnara, which manages its books of life assurance policies. We feel that its shares are now approaching fair value, so we have been taking some profits. Lloyds Bank, meanwhile, continued to appreciate. Although it doesn't pay a dividend at present, we believe one may be forthcoming in the next 12 months. Halfords also did well. We bought our holding when its share price was very low. At that time, analysts were producing page after page of research seeking to prove that the challenges facing the company were insurmountable. Happily, the new chief executive has already done enough to consign that analysis to the bin. However, with Halfords' shares having risen by nearly 40% and, given that the yield they offer is modest, we have taken profits.

Amid a largely positive period for our holdings, there were some negatives.

Our holding in RSA Insurance, for example, was hit when fraud in Ireland made the company's finances appear fragile. We are hopeful that its new chief executive, Stephen Hester, will be able to recover some value here. SSE, meanwhile, suffered as politicians began to compete over how quickly they would like to dismantle the UK energy market. Clearly, politicians and regulators have an important role to play in keeping energy companies honest. Equally, however, they need to ensure that energy security is assured – and that demands long-term investment. Depressingly, policy is being shaped by the electoral cycle and by politicians whose ambition exceeds their commercial nous. Perhaps we should be grateful that politicians usually confine their 'expertise' to Westminster, rather than unleashing it on the real world.

In terms of activity, the vigour of the new issue market provided us with ample opportunity to increase the spread and diversity of the fund's holdings. Our priority is to generate a yield for unitholders and to ensure that this yield can endure. It would concern us if our opportunities to generate yield were confined to a limited number of sectors. Instead, we were able to find opportunities to generate yield from an even wider range of industries and geographic regions. This is reflected in the diversity of the fund's new holdings. These include EDF, America Movil, Paragon Group, HK Electric Investments, Virgin Media, HSBC, Telefonica, Odeon & UCI Financial and Polish Television.

Outlook – Hasten slowly ...

The creditworthiness of many borrowers seems solid. The economic and market background should allow creditors to pay interest and to repay (or refinance) their bonds at maturity. So our coupons look secure, and

* Source: Lipper Limited, R distribution, bid to bid basis, in sterling with net income reinvested. Benchmark is the FTSE A British Government All Stocks Index. Sector is IMA £ Strategic Bond.

Investment review (continued)

there may even be some opportunities for capital appreciation. But we would also offer this word of caution: valuations are no longer cheap. Hitherto, we have been able to assert that the valuations of high-yield bonds relative to government bonds would provide a decent level of protection against inflation and rising interest rates. Given the re-rating of high-yield bonds, this protection is now more modest. In addition, yields on government bonds have started to rise from a very low base. If this continues, it will enhance their attractions relative to the 'risky' high-yield bond market.

In summary, our view is that a continued period of stable credit conditions will enable the fund to register attractive – albeit more modest – returns.

Finally, further resource ...

For some years, we have been assisted in managing the fund in general and its bonds in particular by our two colleagues who run the Artemis Strategic Bond Fund. One of them, Alexandra Ralph, will be joining us with effect from 1 March 2014 as a formal co-manager of the fund.

Adrian Frost and Adrian Gosden
Fund managers

Investment information

Five largest purchases and sales for the six months ended 7 February 2014

Purchases	Cost £'000	Sales	Proceeds £'000
HSBC	16,476	Vodafone Group	15,714
Deutsche Post	11,734	Ziggo Bond 8% 2018	8,989
Treasury 4.75% 2015	10,711	Drax Group	8,365
Telefonica Europe 6.75% Perpetual	9,979	Lloyds Banking Group	8,094
Tritax Big Box	9,850	Halfords Group	7,999

Portfolio statement as at 7 February 2014

Investment	Holding or nominal value	Valuation £'000	% of net assets
UK bonds – 45.66% (51.08%)			
AA Bond 9.5% 2043	£7,000,000	7,740	0.91
Aberdeen Asset Management 7% Perpetual	\$15,900,000	10,146	1.19
Afren 10.25% 2019	\$4,920,000	3,442	0.41
Anglian Water (Osprey) Financing 7% 2018	£4,000,000	4,258	0.50
Arqiva Broadcast 9.5% 2020	£6,950,000	7,724	0.91
Ashpol 10.75% 2025 +	£3,000,000	–	–
BAA 7.125% 2017	£8,165,000	8,949	1.05
Bond Mission Critics FRN 2019	£7,750,000	7,595	0.89
Cattles 7.125% 2017 +	£6,000,000	180	0.02
Co-Operative Group 0% 2025	£39,311,889	2,831	0.33
Crown Newco 3 7% 2018	£7,500,000	7,872	0.93
Direct Line Insurance FRN 2042	£7,500,000	9,438	1.11
Enterprise Inns 6.875% 2025	£6,160,000	6,064	0.71
Equiniti Newco 2 7.125% 2018	£4,860,000	5,080	0.60
F&C Finance Asset Management 9% 2016	£14,579,000	16,615	1.96
Henderson UK Finance 7.25% 2016	£10,000,000	10,582	1.25
IGAS Energy 10% 2018	\$9,262,500	5,982	0.70
Investec Bank 9.625% 2022	£12,000,000	13,165	1.55
Kelda Finance 5.75% 2020	£5,400,000	5,463	0.64
Kensington Group FRN 2015	£4,325,000	3,914	0.46
Kleinwort Benson Group FRN Perpetual	\$3,500,000	1,261	0.15
LBG Capital No.1 7.975% 2024	£3,712,500	3,846	0.45
Legal & General Group 5.875% Perpetual	£6,800,000	7,255	0.85
Legal & General Group 10% 2041	£2,500,000	3,356	0.39
Lloyds TSB Bank 7.625% 2025	£9,000,000	10,910	1.28
Marylebone Warwick Balfour 9.75% 2016	£1,865,000	187	0.02
Nationwide Building Society FRN Perpetual	£30,000	3,515	0.41
Nottingham Building Society 7.875% Perpetual	£2,500,000	2,775	0.33
Odeon & UCI Financial 9% 2018	£7,000,000	7,054	0.83
Paragon Group of Companies 6.125% 2022	£6,000,000	6,000	0.71
Pearl Group Holdings 6.5864% Perpetual	£15,544,800	13,894	1.64
Pennon Group 6.75% Perpetual	£6,200,000	6,539	0.77
Pipe Holdings 9.5% 2015	£5,500,000	5,775	0.68
Provident Financial 8% 2019	£2,000,000	2,207	0.26
Rivington Street 0% 2013 +	£7,986	–	–
Rivington Street 8% 2015 +	£125,000	–	–

Investment information (continued)

Investment	Holding or nominal value	Valuation £'000	% of net assets
RL Finance 6.125% Perpetual	£8,000,000	8,050	0.95
RSA Insurance Group 6.701% Perpetual	£13,771,000	14,244	1.68
RSA Insurance Group 9.375% 2039	£2,500,000	3,031	0.36
Scottish Widows 5.125% Perpetual	£16,575,000	16,570	1.95
Skipton Building Society 6.875% Perpetual	£5,000,000	4,650	0.55
Society of Lloyd's 7.421% Perpetual	£7,700,000	8,306	0.98
Spirit 'A5' FRN 2034	£5,000,000	4,716	0.56
Standard Life 6.546% Perpetual	£8,000,000	8,753	1.03
Thames Water Kemble Finance 7.75% 2019	£5,250,000	5,663	0.67
Thomas Cook Finance 7.75% 2020	€10,000,000	9,012	1.06
Treasury 4.75% 2015	£10,000,000	10,662	1.25
Treasury 5% 2014	£54,906,000	56,347	6.63
Tullett Prebon Group 7.04% 2016	£13,244,000	13,938	1.64
Vougeot Bidco 7.875% 2020	£3,400,000	3,650	0.43
Voyage Care Bondco 6.5% 2018	£7,950,000	8,235	0.97
West Bromwich Building Society 6.15% Perpetual +	£2,800,000	476	0.06
		387,917	45.66
Overseas bonds – 28.69% (21.39%)			
Bermuda – 0.90% (1.20%)			
Catlin Insurance 7.249% Perpetual	\$12,000,000	7,604	0.90
		7,604	0.90
Bulgaria – 0.73% (0.00%)			
Vivacom 6.625% 2018	€7,500,000	6,237	0.73
		6,237	0.73
Canada – 0.53% (0.00%)			
Xstrata Finance Canada 5.3% 2042	\$8,000,000	4,511	0.53
		4,511	0.53
France – 2.71% (0.88%)			
Dexia 5.3% 2025	€8,000,000	6,606	0.78
EDF 6% Perpetual	£9,000,000	9,146	1.08
Orange 5.875% Perpetual	£7,300,000	7,255	0.85
		23,007	2.71
Germany – 2.21% (2.40%)			
RWE FRN Perpetual	£12,200,000	12,947	1.52
Safari Holding Verwaltungs 8.25% 2021	€7,000,000	5,902	0.69
		18,849	2.21
Guernsey – 1.07% (1.22%)			
Rothschild Continuity Finance 9% Perpetual	£8,007,000	9,104	1.07
		9,104	1.07
Ireland – 2.31% (2.06%)			
ESB Finance 6.5% 2020	£5,130,000	5,859	0.69
Mutual Securitisation 7.5873% 2022	£3,937,500	2,362	0.28
Nara Cable Funding 8.875% 2018	\$9,092,000	6,051	0.71
Smurfit Kappa Acquisitions 7.75% 2019	€6,000,000	5,360	0.63
Waterford 9.875% 2010 +	€2,000,000	–	–
		19,632	2.31

Investment	Holding or nominal value	Valuation £'000	% of net assets
Israel – 0.30% (0.37%)			
Government of Israel 6.875% 2034	£2,000,000	2,541	0.30
		2,541	0.30
Italy – 1.61% (0.91%)			
Enel 7.75% 2075	£7,234,000	7,706	0.91
Romulus Finance FRN 2015	€7,500,000	5,950	0.70
		13,656	1.61
Jersey – 2.12% (1.58%)			
CPUK Finance 11.625% 2042	£4,100,000	4,665	0.55
Elan 4.691% 2017	€7,500,000	6,106	0.72
Galaxy Bidco FRN 2019	£7,190,000	7,230	0.85
		18,001	2.12
Luxembourg – 2.15% (1.69%)			
Cirsa Funding Luxembourg 8.75% 2018	€4,000,000	3,396	0.40
Eurofins Scientific FRN Perpetual	€12,500,000	11,278	1.33
Topaz Marine 8.625% 2018	\$5,750,000	3,568	0.42
		18,242	2.15
Mexico – 0.97% (0.00%)			
America Movil 6.375% 2073	£8,000,000	8,250	0.97
		8,250	0.97
Netherlands – 6.65% (5.97%)			
ASR Nederland 10% Perpetual	€1,150,000	1,186	0.14
Brit Insurance Holdings 6.625% 2030	£9,652,000	9,336	1.10
Cable & Wireless International Finance 8.625% 2019	£7,910,000	9,057	1.07
Carlson Wagonlit 7.5% 2019	€4,000,000	3,568	0.42
Highbury Finance 7.017% 2023	£6,183,787	7,336	0.86
Polish Television 11% 2021	€7,250,000	6,642	0.78
Rothschild Continuity Finance FRN Perpetual	\$8,400,000	2,876	0.34
Stichting Profile FRN 2041	£2,000,000	1,466	0.17
Telefonica Europe 6.75% Perpetual	£9,900,000	10,143	1.19
UNIVEG 7.875% 2020	€6,000,000	4,942	0.58
		56,552	6.65
Norway – 0.69% (0.00%)			
Albain Bidco 6.66% 2020	NOK 60,000,000	5,882	0.69
		5,882	0.69
USA – 3.74% (3.11%)			
Lynx I 6% 2021	£10,500,000	10,707	1.26
RBS Capital Trust II 6.425% Perpetual	\$14,000,000	8,042	0.95
Zurich Reinsurance 7.125% 2023	\$18,250,000	13,003	1.53
		31,752	3.74
UK preference shares – 5.92% (6.98%)			
Aviva 8.75% (Cum Irr)	2,000,000	2,640	0.31
Balfour Beatty 9.675%	2,425,000	2,861	0.34
Ecclesiastical Insurance Group 8.625% (Non-Cum Irr)	4,200,000	4,956	0.58
General Accident 7.875% (Cum Irr)	700,000	808	0.10
General Accident 8.875% (Non-Cum Irr)	7,000,000	8,995	1.06
Hampton Trust 5.5% (Conv Cum Red) +	200,000	–	–

Investment information (continued)

Investment	Holding or nominal value	Valuation £'000	% of net assets
Investec (Non-Red Non-Cum Non-Ptg)	600,000	2,820	0.33
Investec (Non-Red Non-Cum Non-Ptg) ‡	1,000,000	4,805	0.57
Premier Farnell 0.892% (Cum Conv Red)	646,309	10,018	1.18
RSA Insurance Group 7.375% (Cum Irr)	5,350,000	5,725	0.67
Standard Chartered 7.375% (Non-Cum Irr)	2,152,500	2,497	0.29
Standard Chartered 8.25% (Non-Cum Irr)	3,250,000	4,193	0.49
		50,318	5.92
UK equities – 13.16% (16.80%)			
Aberforth Geared Capital & Income (income shares)	4,767,099	8,485	1.00
Alliance Pharma #	3,571,425	1,214	0.14
BAE Systems	1,824,229	7,762	0.91
Chesnara	1,385,441	4,759	0.56
Direct Line Insurance Group	3,233,064	8,435	0.99
Doric Nimrod Air Three (preferred) *	5,000,000	5,450	0.64
HSBC	2,423,555	15,191	1.79
Lloyds Banking Group	21,499,627	17,662	2.08
New Finsaga +	135,817	–	–
RSA Insurance Group	8,020,171	8,301	0.98
SSE	790,384	10,670	1.26
Standard Life	3,592,233	13,518	1.59
Tritax Big Box *	9,850,000	10,318	1.22
		111,765	13.16
Overseas equities – 4.50% (2.96%)			
Denmark – 1.39% (1.59%)			
TDC	2,062,812	11,768	1.39
		11,768	1.39
Guernsey – 1.81% (0.50%)			
Caliber Global Investment +	710,000	–	–
Deutsche Post	547,385	11,518	1.36
GLI Fund #	7,642,392	3,840	0.45
		15,358	1.81
Hong Kong – 0.84% (0.00%)			
HK Electric Investments	17,000,000	7,136	0.84
		7,136	0.84
Ireland – 0.46% (0.63%)			
Carador Income Fund	6,834,900	3,912	0.46
		3,912	0.46
Isle of Man – 0.00% (0.24%)			
Speymill Deutsche Immobilien +	5,803,310	–	–
		–	–
Jersey – 0.00% (0.00%)			
ACP Mezzanine +	6,450,000	3	–
		3	–
USA – 0.00% (0.00%)			
Oxford Lane Capital +	2	–	–
		–	–

Investment	Holding or nominal value	Valuation £'000	% of net assets
Forward foreign exchange contracts – 0.12% (-0.09%)			
Sold Danish Krone – 20 March 2014	(95,950,000)	(10,686)	(1.26)
Bought Sterling – 20 March 2014	10,818,435	10,819	1.27
Sold Euro – 20 March 2014	(100,600,000)	(83,589)	(9.84)
Bought Sterling – 20 March 2014	84,311,701	84,312	9.92
Sold Hong Kong Dollar – 20 March 2014	(83,000,000)	(6,552)	(0.77)
Bought Sterling – 20 March 2014	6,448,255	6,448	0.76
Sold Norwegian Krona – 20 March 2014	(54,400,000)	(5,364)	(0.63)
Bought Sterling – 20 March 2014	5,445,484	5,446	0.64
Sold South African Rand – 20 March 2014	(90,860,000)	(4,993)	(0.59)
Bought Sterling – 20 March 2014	5,263,000	5,263	0.62
Sold Sterling – 20 March 2014	(254,483)	(254)	(0.03)
Bought South African Rand – 20 March 2014	4,410,000	242	0.03
Sold Sterling – 20 March 2014	(1,906,012)	(1,906)	(0.22)
Bought US Dollar – 20 March 2014	3,150,000	1,929	0.23
Sold US Dollar – 20 March 2014	(112,700,000)	(69,014)	(8.12)
Bought Sterling – 20 March 2014	68,936,331	68,936	8.11
		1,037	0.12
Portfolio of investments †		833,034	98.05
Net other assets		16,595	1.95
Net assets attributable to unitholders		849,629	100.00

All equity holdings are listed ordinary shares unless otherwise stated.

The figures in brackets represent percentages as at 7 August 2013.

Alternative Investment Market traded investments: 0.59% (7 August 2013: 0.50%).

+ Unquoted investments: 0.08% (7 August 2013: 0.00%).

* Specialist Fund Market traded investments: 1.86% (7 August 2013: 0.80%).

‡ Traded on the Johannesburg Stock Exchange.

† Includes derivative liabilities.

Credit rating analysis as at 7 February 2014

	7 February 2014		7 August 2013	
	Valuation £'000	% of net assets	Valuation £'000	% of net assets
Bonds				
AA	67,009	7.88	57,644	8.49
A	6,056	0.71	2,548	0.37
BBB	213,429	25.11	168,912	24.90
BB	120,607	14.19	116,569	17.17
B	154,805	18.22	84,137	12.41
CCC	7,304	0.86	2,610	0.38
C	180	0.02	135	0.02
Unrated	62,347	7.36	59,216	8.73
	631,737	74.35	491,771	72.47
Equities	149,942	17.66	134,209	19.76
Preference shares	50,318	5.92	47,356	6.98
Forward foreign exchange contracts	1,037	0.12	(617)	(0.09)
Net other assets	16,595	1.95	5,972	0.88
Net assets attributable to unitholders	849,629	100.00	678,691	100.00

Source of credit ratings: Artemis Investment Management LLP.

Financial statements

Statement of total return for the six months ended 7 February 2014

	7 February 2014		7 February 2013	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		28,607		65,485
Revenue	19,700		18,584	
Expenses	(4,789)		(3,797)	
Finance costs: interest	–		–	
Net revenue before taxation	14,911		14,787	
Taxation	(73)		15	
Net revenue after taxation		14,838		14,802
Total return before distributions		43,445		80,287
Finance costs: distributions		(19,354)		(18,377)
Change in net assets attributable to unitholders from investment activities		24,091		61,910

Statement of change in net assets attributable to unitholders for the six months ended 7 February 2014

	7 February 2014		7 February 2013	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		678,691		532,671
Amounts receivable on issue of units	169,095		29,445	
Amounts payable on cancellation of units	(22,183)		(17,077)	
		146,912		12,368
Stamp duty reserve tax		(65)		(40)
Change in net assets attributable to unitholders from investment activities		24,091		61,910
Closing net assets attributable to unitholders		849,629		606,909

Balance sheet as at 7 February 2014

	7 February 2014		7 August 2013	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		833,228		673,336
Debtors	23,486		15,445	
Cash and bank balances	13,437		5,487	
Total other assets		36,923		20,932
Total assets		870,151		694,268
Liabilities				
Derivative liabilities		194		617
Creditors	11,799		6,273	
Distribution payable on distribution units	8,529		8,687	
Total other liabilities		20,328		14,960
Total liabilities		20,522		15,577
Net assets attributable to unitholders		849,629		678,691

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 7 August 2013, as set out therein.

2. Post balance sheet events

Since 7 February 2014, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		Movement
	21 March 2014	7 February 2014	
R distribution	80.51	79.67	1.1%
I distribution	84.10	83.17	1.1%

Distribution tables

First interim interest distribution for the three months ended 7 November 2013.

Group 1 – Units purchased prior to 8 August 2013.

Group 2 – Units purchased from 8 August 2013 to 7 November 2013.

	Gross revenue per unit (p)	Income tax (20%) per unit (p)	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 7 January 2014	Distribution per unit (p) 7 January 2013
R distribution						
Group 1	1.0266	0.2053	0.8213	–	0.8213	0.9957
Group 2	0.4449	0.0890	0.3559	0.4654	0.8213	0.9957
I distribution						
Group 1	1.0689	0.2138	0.8551	–	0.8551	1.0300
Group 2	0.4938	0.0988	0.3950	0.4601	0.8551	1.0300

Second interim interest distribution for the three months ended 7 February 2014.

Group 1 – Units purchased prior to 8 November 2013.

Group 2 – Units purchased from 8 November 2013 to 7 February 2014.

	Gross revenue per unit (p)	Income tax (20%) per unit (p)	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 7 April 2014	Distribution per unit (p) 7 April 2013
R distribution						
Group 1	0.9992	0.1998	0.7994	–	0.7994	0.8663
Group 2	0.4498	0.0900	0.3598	0.4396	0.7994	0.8663
I distribution						
Group 1	1.0458	0.2092	0.8366	–	0.8366	0.8972
Group 2	0.4120	0.0824	0.3296	0.5070	0.8366	0.8972

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
7 August 2011	572,981,222		
R distribution		66.79	848,648,893
I distribution		68.62	9,022,433
7 August 2012	532,671,057		
R distribution		67.10	787,239,404
I distribution		69.38	6,442,780
7 August 2013	678,690,857		
R distribution		76.97	829,813,940
I distribution		80.10	49,894,553
7 February 2014	849,629,464		
R distribution		79.67	879,497,820
I distribution		83.17	179,037,979

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R distribution			
2009	3.9565	71.80	48.08
2010	4.1570	76.37	65.13
2011	3.7347	75.87	62.51
2012	3.7995	79.07	63.81
2013	3.7501	85.11	73.98
2014 **	0.7994	86.00	79.39
I distribution			
2009	4.0024	70.07	48.65
2010	4.2481	74.92	66.45
2011	3.8203	74.69	64.35
2012	3.9279	78.64	65.73
2013	3.8907	85.12	76.69
2014 **	0.8366	86.12	82.81

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

** To 7 February 2014.

Ongoing charges

Expense	7 February 2014
R distribution	
Annual management charge	1.250%
Other expenses	0.070%
Ongoing charges	1.320%
I distribution	
Annual management charge	0.625%
Other expenses	0.070%
Ongoing charges	0.695%

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 High Income Fund	414.0	104.1	35.2	11.3	5.7
FTSE A British Government All Stocks Index **	148.8	28.6	19.6	—	0.9
Sector average	217.9	68.5	20.3	4.4	2.9
Position in sector	1/10	4/45	1/51	1/59	3/65
Quartile	1	1	1	1	1

* Data from 26 May 1995. Source: Lipper Limited, R distribution, bid to bid basis, in sterling with net income reinvested to 7 February 2014. All performance figures show total return percentage growth. Sector is IMA £ Strategic Bond.

** As FTSE A British Government All Stocks Index total return data is not available prior to 30 November 1998 capital return figures have been used until this date.

Value of £1,000 invested at launch to 7 February 2014

