PROFIT *hunters*

ARTEMIS Strategic Assets *Fund*

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

ARTEMIS
The PROFIT Hunter

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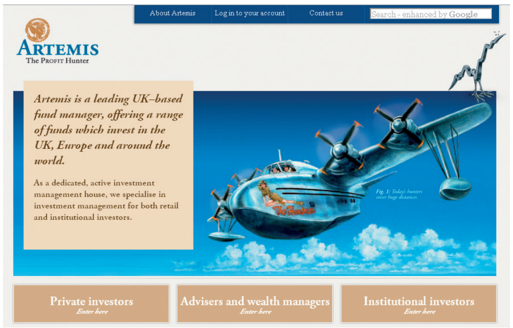

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- Fund briefings and research articles
- *The Hunters' Tails*, our weekly market newsletter
- Daily fund prices
- Fund literature

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 £17.7 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 March 2014.

Fund status

Artemis Strategic Assets Fund was constituted by a Trust Deed dated 7 April 2009 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

Investment objective

The objective of the fund is to achieve long-term growth through investment in a portfolio of UK and international assets.

Investment policy

The fund may invest in all of the asset classes eligible for a UCITS scheme to invest in including equities, fixed income instruments, other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash, derivatives and forward transactions for investment purposes (including taking long and short positions). The fund may also seek exposure indirectly to other asset classes such as commodities and property (for example).

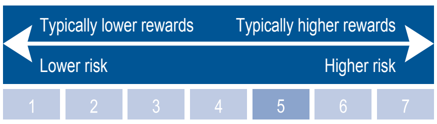
The manager actively manages the portfolio and allocation between the asset classes in order to achieve the objective and, in particular when market conditions are less favourable, a higher proportion of the fund's scheme property may be invested in cash and near cash. The manager will not be restricted in the choice of investments either by industry, or in terms of the geographical split of the portfolio and may invest in overseas assets including taking exposure to currency.

The fund may be wholly invested in any one of the asset classes listed above at any time (with the exception of units of collective investment schemes, in which it can only invest up to 10% of the scheme property, and warrants, in which it can only invest up to 5% of the scheme property).

Buying and selling

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

Risk and reward profile



■ This indicator is based on historical data and may not be a reliable indication of the future risk profile of the fund.

■ The risk category shown is not guaranteed and may change over time.

■ A risk indicator of "1" does not mean that the investment is "risk free".

■ The indicator is not a measure of the possibility of losing your investment.

The risk indicator for the fund is as above because:

■ The price of units, and the income from them, can fall and rise because of stockmarket and currency movements.

■ Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.

■ A portion of the fund's assets may be invested in a currency other than the fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.

■ The fund may hold derivatives with the aim of profiting from falling prices. If the related assets rise in value the fund will lose money.

■ 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.

■ Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.

■ 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

General information (continued)

conditions and interest rates can have a larger effect on the values of higher-yielding bonds than other bonds.

- If the fund holds a large percentage of cash when markets are rising, the return on your investment could be less than if it were fully invested in other types of asset.
- Prices of ETFs may be higher or lower than the value of the underlying investments. These prices are also influenced by: supply and demand of the commodity involved; inflation, currency exchange and interest rates; and political, economic or financial events.

Prospectus

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

Manager

Artemis Fund Managers Limited *
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* 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	M R J Tyndall
Director	Director

11 April 2014

- As its short positions in government bonds proved costly, the fund fell by 1.1%*.
- Equities increasingly expensive, so we reduced the fund's exposure.
- Emerging markets and gold look unloved and undervalued.

Performance – Short (in the short-term) …

We manage the fund to achieve long-term capital growth by investing in a range of asset classes including equities, bonds, commodities and currencies. We seek to protect the downside whilst offering upside. Our guiding principle is to make money as safely as possible. In so doing, the fund may not always be fully invested. So instead of a formal benchmark, we have an objective: to achieve a return greater than the higher of cash and the FTSE All-Share Index over rolling, three-year periods.

In the six months under review, the price of the fund's units declined by 1.1%*. This compares with an advance of 8.8%* for the FTSE All-Share Index. Over the last three years the unit price has risen by 15.4%*. This is well ahead of a negligible return from cash, but behind a 31.2%* rise in the FTSE All-Share Index.

We are disappointed with this performance. As in previous years, our decision to short government bonds, in the belief that their prices will fall, held back the fund. We remain convinced that this investment position is early rather than wrong – and that it will prove invaluable in the future. We look forward to the time when our decision to short government bonds is vindicated and when the cumulative losses incurred by this position since its inception are turned into gains. Our positions in precious metals also cost the fund and, with the benefit of hindsight, our cautious view on equities was a misjudgement.

Review and outlook – Hoping for the best, preparing for the worst …

Equities

In most markets, equities continued their relentless march higher. The S&P500 and FTSE All-Share indices hit fresh all-time highs in February. The tech-heavy Nasdaq has more than trebled from its lows of nearly five years ago. As investors became more confident, and as markets rose, we became more cautious. The fund's net equity exposure fell from 53% to 49% over the period as we increased its gross short exposure from 13% to 19% and held the gross long position broadly constant. (Our maximum allowable gross short position is 30%, which we are still some way below.)

We are finding a growing number of short opportunities as stockmarkets have risen more quickly than corporate earnings, leaving many share prices looking stretched. We currently have 59 short positions. Around half of them are in the US, 37% are in the UK with the rest in Australia, Japan and Europe. The notional exposure of the fund's largest short position represents 1.1% of the fund's net assets. Most of these short positions fall into one of four groups. The first of these groups contains 'story' stocks valued on huge price-to-earnings or price-to-revenues ratios. In some cases the market is even using metrics such as the number of users to value these types of businesses because they are not yet (nor ever will be?) profitable.

The second group consists of cyclical companies trading on mid-cycle earnings multiples, but whose margins are near historic highs. In the third group we have retailers whose share prices have risen sharply but whose business models are threatened by structural challenges (such as the internet). The final group of short positions acts as a hedge against our long position in banks. It includes three Australian banks and two UK housebuilders.

Most of our short positions are in shares with high betas (which is to say stocks with a relatively high degree of market-driven volatility in their share prices). While markets are rising, these high beta short positions will hold the fund back but, if shares were to fall, these short positions will provide extra downside protection.

Turning to our long positions, the main change was to shift the portfolio gently towards emerging markets. The proportion of emerging market equities in the fund is now the highest it has been since launch. Today, 5% of the fund is invested in this area. Russian oil & gas companies and Samsung Electronics make up the bulk of the position. In addition, the fund has small holdings in two emerging market investment trusts that trade at wide discounts despite having solid performance records. The fund also has 3% invested in Asian-exposed banks such as HSBC Holdings, Standard Chartered and Citigroup.

Our long-standing caution towards emerging markets has been shown to be justified. But as valuations decline we are becoming more constructive. Emerging markets are now trading at their widest discounts relative to developed markets for five or 10 years (depending on which metric you use). These economies may be on the verge of a nasty recession – but this is a cyclical affair from which they will recover in a straightforward fashion. In the long run, emerging economies should grow more rapidly than developed markets. Emerging economies are more robust than they were. They tend to have low budget deficits and lower levels of government debt.

Bonds

Our bond shorts were broadly unchanged over the period. Given how low bond yields are (especially in Japan), I would expect this to remain

* Source: Lipper Limited, R accumulation, bid to bid basis in sterling with net income reinvested. Data from 26 May 2009 due to the fixed price period of the fund. Benchmark is the higher of cash and the FTSE All-Share Index over a rolling three-year period.

Investment review (continued)

at a near maximum position for some time. These positions incurred losses over the period as bond prices rose. I am unrepentant and expect these positions to protect the fund when the sovereign-debt crisis, that I regard as inevitable, hits the developed world. We have continued to increase short positions in bonds issued by those countries where we think there is a high likelihood of default (either outright or by a 'soft' default through inflation) in the next 10 years: Japan, France and Italy. We have reduced positions in the UK and America, where I see immediate inflation as being a greater risk than long-term default.

Initial estimates are that Japan's population declined by 244,000 people in 2013, with the cohort of the population that is of working age probably shrinking by two to three times that amount. Government debt, meanwhile, increased by some ¥41 trillion (£240 billion). Government debt-per-worker increased in the region of 7-8%. The current account surplus eroded further to 0.7% of GDP as the weakening of the yen pushed up the price of imported goods, particularly energy. Although the average price of oil fell in 2013 compared to 2012 in US dollar terms, it rose by 19% in yen terms. Our view is that a Japanese sovereign-debt crisis seems inevitable at some stage. We fail to see how Japan can ever repay its debts without some form of inflation or currency debasement. Yet complacency is high and yields on government bonds remain close to all-time record lows. While it is hard to see a catalyst for change, or offer any view on timing, Japanese 10-year yields ended the period below 0.6%. That looks ludicrous.

We have bought a modest 1.6% holding in a 30-year index-linked US government bond. Its real yield at purchase was 1.6%. That may not be much, but it compares with a real yield of 0.2% eighteen months ago, and a real yield of zero on the equivalent UK bond. The gap between the UK and US real yields partly reflects the different inflation measures that define 'real'. In the UK, index-linked bonds are priced by reference to the retail prices index (RPI) while the US uses the consumer prices index (CPI). The latter generally gives a lower inflation figure than the former. CPI may slightly understate inflation – but not by 1.6%. We have had a large cash pile in the fund for some time and, at a stated real yield of 1.6% in the US (a sovereign that we rank above Japan and most of Europe), we are happy to switch a small portion of this cash into this bond.

Currencies

Our long-standing strategy is to favour the currencies of countries with sound public finances, current account surpluses and good growth prospects. This translates into a core position of being long Asian currencies and shorting the 'big four' reserve currencies (i.e. the US dollar, the euro, yen and sterling). Of these reserve currencies, we most dislike the euro and yen. Our favoured developed world currency is the US dollar.

Over the period we reversed our long sterling position into a 9% short position, having gone long as a tactical trade last summer. Consensus opinion is reflexively – and rightly – bearish towards sterling. But it seemed sensible to reduce the anti-sterling bet last year, when the pound remained weak even as the UK economy was picking up. The UK has a number of durable merits. It regularly polls just after America as the country most attractive to migrants. It has world-class elite universities, less bad demographics, a sophisticated legal system, a strong comparative advantage in finance and legal services and the English language is gaining market share.

Following a 10% rise versus the US dollar, however, and a 6% rise against the euro, sterling has now caught up with the UK economy. The oft-cited issues of debt and government deficits may not be unique to the UK, but they are intransigent. The current account deficit has widened to levels not seen since the 1980s. Moreover, as politicians gear up ahead of a general election in 2015, the Labour Party is staking out territory on the left. In recent months it has discussed freezing energy prices, capping the market shares of retail banks, forcing homebuilders to develop their landbanks and raising the top rate of income tax. We don't have a strong view on the outcome of the election; opinion polls (and bookmakers' odds) are consistent with a slim Labour majority or a diminished Conservative/Lib Dem coalition. In our view, a Labour government with a left-wing agenda would be negative for sterling.

During the period we continued to reduce our short positions in the Australian and New Zealand dollars after both currencies weakened further. Relative to sterling, the Australian dollar is back to levels last seen in autumn 2009. Moves in the New Zealand dollar have been correlated with those of its larger sibling. The combined short position is now 5%, down from 21% at its peak (and down from 14% at the beginning of the reporting period). Both countries have good prospects: solid demographics, low levels of government debt and budget deficits, and strong natural resource backing. Our issue with the two currencies has been their strength, coupled with Australia's reliance on mining and, hence, the Chinese economy. China has slowed but the Australian economy is weathering the mining slowdown better than expected. The valuation of the Australian dollar, meanwhile, has become more reasonable.

The final notable change we made to the currency positions was to halve our position in the Hong Kong dollar by switching into the US dollar. As the Hong Kong dollar has kept a hard peg with the US dollar since 1983, the underlying economic position to the fund is unchanged. Our view on this peg remains the same: we expect it to unwind one day, although we accept that such an event might be many years away. Given the recent weakness of the Chinese currency and the possibility of a Chinese slowdown or worse, it looks prudent to reduce our exposure here. If the peg had been unwound three years ago, it is likely that the Hong Kong dollar would have appreciated sharply. If such an event were to happen tomorrow, however, it is not clear in which direction a freely traded Hong Kong dollar would travel.

Commodities

Our commodity positions in precious metals amount to 9% of the fund. This was largely unchanged over the reporting period.

Although we will not speculate on Bitcoins, the extraordinary mania surrounding them is instructive. It highlights the distrust of conventional money that excessive money printing by central banks has brought about. One of the frequently cited reasons for buying Bitcoins is that their supply increases at a slow, predetermined rate. Given that gold offers a similar scarcity of supply, I have been surprised by its continued weakness. There are other good reasons for holding gold. Interest rates in the developed world are effectively zero, so gold does not suffer from cash offering a superior return. Historically, gold usually performs well when real interest rates are negative, which is where they are in much of the developed world. Quantitative easing – or money printing – is usually good for gold. This is because, like Bitcoins, gold cannot be printed, whereas money can be. The greater the supply of anything, the less valuable it becomes. I still worry about a possible banking crisis in Europe. If this were to occur, gold would be viewed as a desirable safe haven – just ask Cypriots how they felt in their banking crisis.

Governments everywhere are running out of money. Simultaneously, the rich have become much richer. So we expect that property taxes will increase and that other taxes on wealth will be introduced. This will add to demand for gold, which can more readily be hidden from the authorities. Finally, I expect that the trend that has seen wealth and power moving from the west to the east will continue. Large parts of Asia will grow relatively richer. And, culturally, people in India, China and other Asian countries are more willing holders of gold than Europeans or Americans. As their wealth relative to the developed world increases, we expect the demand for gold to rise. There are, in short, plenty of reasons to buy gold.

Following a change to the UCITS guidelines we sold our modest holdings in non-diversified, non-physically-backed agriculture ETFs.

Updates

We encourage unitholders to follow the progress of the fund at our website, artemis.co.uk, where a comprehensive factsheet on the fund is published each month.

William Littlewood
Fund manager

Investment information

Five largest purchases and sales for the six months ended 28 February 2014

Purchases	Cost £'000	Sales	Proceeds £'000
Gold Bullion Securities	16,480	IG Group	21,964
Barclays	16,391	Royal Dutch Shell (B shares)	20,473
US Treasury 0.625% 2043	14,420	Microsoft	17,664
GlaxoSmithKline	13,169	IBM Corporation	13,298
HSBC Holdings	12,868	Royal Dutch Shell (A shares)	12,756

Portfolio statement as at 28 February 2014

Investment	Holding	Valuation £'000	% of net assets
Long equities – 66.61% (65.30%)			
Canada – 5.68% (5.87%)			
Agrium	270,000	14,852	1.54
Barrick Gold (US dollar)	200,000	2,480	0.26
Cenovus Energy	250,000	3,882	0.40
Central Fund of Canada	1,200,000	10,585	1.10
Ithaca Energy #	7,500,000	10,762	1.12
Silver Wheaton	400,000	6,113	0.64
Suncor Energy (US dollar)	300,000	5,942	0.62
		54,616	**5.68**
Cayman Islands – 0.00% (0.13%)			
Edwards Group (ADR)	214,361	–	–
		–	**–**
France – 0.79% (0.00%)			
GTT	200,000	7,600	0.79
		7,600	**0.79**
Ireland – 0.31% (0.63%)			
Accenture (A shares)	60,000	2,997	0.31
		2,997	**0.31**
Isle of Man – 0.71% (0.00%)			
Manx Telecom #	4,259,000	6,814	0.71
		6,814	**0.71**
Israel – 0.54% (0.73%)			
Plus500 #	950,000	5,244	0.54
		5,244	**0.54**
Jersey – 1.08% (1.78%)			
Genel Energy	350,000	3,808	0.40
Glencore Xstrata	2,000,000	6,577	0.68
		10,385	**1.08**
Netherlands – 1.10% (1.43%)			
Nielsen	260,000	7,297	0.76
Reed Elsevier	250,000	3,286	0.34
		10,583	**1.10**
Norway – 1.31% (1.50%)			
Statoil	800,000	12,649	1.31
		12,649	**1.31**
Portugal – 0.83% (0.00%)			
CTT – Correios De Portugal	1,350,000	8,023	0.83
		8,023	**0.83**

Investment	Holding	Valuation £'000	% of net assets
Russia – 1.83% (0.77%)			
Gazprom (ADR)	600,000	2,789	0.29
Lukoil (ADR)	325,000	10,805	1.12
Rosneft (GDR)	1,000,000	4,023	0.42
		17,617	**1.83**
South Korea – 3.56% (2.11%)			
KT Corporation (ADR)	500,000	4,165	0.43
Samsung Electronics (GDR)	5,300	1,996	0.21
Samsung Electronics (GDR) (preference)	96,000	28,098	2.92
		34,259	**3.56**
Switzerland – 4.78% (3.80%)			
Nestle	420,000	18,940	1.97
Novartis	460,000	23,011	2.39
Transocean	160,000	4,078	0.42
		46,029	**4.78**
United Kingdom – 31.34% (31.88%)			
3i Group	1,800,000	7,483	0.78
AMEC	1,100,000	12,298	1.28
Barclays	9,200,000	23,184	2.41
BP	7,000,000	35,217	3.66
Brown (N) Group	3,028,932	17,553	1.82
Centrica	3,800,000	12,057	1.25
City of London Investment Group	110,441	262	0.03
Consort Medical	1,224,325	12,525	1.30
EMIS Group #	634,244	3,758	0.39
GlaxoSmithKline	1,000,000	16,735	1.74
H&T Group #	2,830,000	5,101	0.53
HellermannTyton Group	4,315,465	13,378	1.39
HSBC Holdings	3,600,000	22,727	2.36
Hurricane Energy #	4,874,341	1,438	0.15
IG Group	1,200,000	7,506	0.78
JP Morgan Emerging Markets Investment Trust	500,000	2,580	0.27
Lloyds Banking Group	22,000,000	17,970	1.87
London Capital Group Holdings #	5,000,000	1,650	0.17
National Express Group	800,000	2,408	0.25
Promethean World	10,593,933	4,052	0.42
Rangers International Football Club #	4,000,000	1,160	0.12
Reckitt Benckiser Group	90,000	4,422	0.46
Rockhopper Exploration #	7,228,935	8,313	0.86
Rolls-Royce	800,000	7,972	0.83
Royal Dutch Shell (A shares)	200,000	4,366	0.45
Standard Chartered	300,000	3,760	0.39
Standard Life	600,000	2,269	0.24
SuperGroup	775,000	12,803	1.33
Templeton Emerging Markets Investment Trust	500,000	2,530	0.26
The Hut Group (A2 shares) +	134,112	7,917	0.82
The Hut Group (A3 shares) +	20,800	1,228	0.13
Unilever	75,000	1,839	0.19
Vertu Motors #	4,500,000	2,835	0.30

Investment information (continued)

Investment	Notional exposure ^ £'000	Holding or nominal value	Valuation £'000	% of net assets
Vodafone Group		1,800,000	4,487	0.47
Wood Group (John)		2,100,000	15,750	1.64
			301,533	**31.34**
USA – 12.75% (13.49%)				
Berkshire Hathaway (B shares)		340,000	23,319	2.42
Blackstone Group		70,000	1,383	0.15
Capital One Financial		210,000	9,145	0.95
Citigroup		60,000	1,750	0.18
Deere & Co.		210,000	10,692	1.11
Electronic Arts		300,000	5,131	0.54
EMC		1,050,000	16,643	1.73
Goldman Sachs Group		55,000	5,446	0.57
JP Morgan Chase & Co.		120,000	4,075	0.42
McDonald's		70,000	3,988	0.42
Microsoft		120,000	2,723	0.28
Newmont Mining		500,000	7,071	0.74
Norfolk Southern		65,000	3,529	0.37
PNC Financial Services Group		200,000	9,750	1.01
US Bancorp		290,000	7,150	0.74
Verizon Communications		285,200	8,116	0.84
Wells Fargo		40,000	1,103	0.12
Zillow		30,000	1,575	0.16
			122,589	**12.75**
Bonds – 1.55% (0.00%)				
USA – 1.55% (0.00%)				
US Treasury 0.625% 2043		$30,000,000	14,936	1.55
			14,936	**1.55**
Commodities – 9.13% (8.72%)				
ETFS Physical Palladium		160,000	6,885	0.72
ETFS Physical Platinum		220,000	18,484	1.92
ETFS Physical Silver		540,000	6,654	0.69
Gold Bullion Securities		730,000	55,829	5.80
			87,852	**9.13**
Derivatives – (5.89)% (-3.16%)				
Contracts for difference: Australia (shorts) – (0.13)% (-0.09%)				
Commonwealth Bank of Australia	(3,208)	(80,000)	(419)	(0.04)
National Australia Bank	(3,545)	(190,000)	(409)	(0.04)
Westpac Banking	(2,516)	(140,000)	(431)	(0.05)
	(9,269)		**(1,259)**	**(0.13)**
Contracts for difference: Germany (shorts) – (0.01)% (0.00%)				
Adidas	(692)	(10,000)	35	–
BASF	(2,043)	(30,000)	(90)	(0.01)
	(2,735)		**(55)**	**(0.01)**
Contracts for difference: Japan (shorts) – 0.02% (0.00%)				
Fast Retailing	(1,237)	(6,000)	184	0.02
	(1,237)		**184**	**0.02**

Investment	Notional exposure ^ £'000	Holding	Valuation £'000	% of net assets
Contracts for difference: Sweden (shorts) – (0.11)% (-0.03%)				
Hennes & Mauritz	(6,191)	(230,000)	(1,036)	(0.11)
	(6,191)		**(1,036)**	**(0.11)**
Contracts for difference: Switzerland (shorts) – (0.02)% (0.00%)				
Garmin	(1,284)	(40,000)	(198)	(0.02)
	(1,284)		**(198)**	**(0.02)**
Contracts for difference: United Kingdom (shorts) – (0.86)% (-0.60%)				
Admiral Group	(2,850)	(200,000)	(162)	(0.02)
Ashtead Group	(863)	(100,000)	(13)	–
Asos	(2,085)	(30,000)	(72)	(0.01)
AstraZeneca	(2,437)	(60,000)	(178)	(0.02)
Berkeley Group (B shares)	(3,870)	(140,000)	(420)	(0.04)
Croda International	(2,287)	(90,000)	51	0.01
IMI	(4,252)	(280,000)	(127)	(0.01)
IMI (preference)	(640)	(320,000)	(640)	(0.07)
Imperial Tobacco Group	(4,751)	(195,000)	(253)	(0.03)
InterContinental Hotels Group	(4,090)	(210,000)	(152)	(0.02)
Intertek Group	(1,759)	(60,000)	228	0.02
Land Securities Group	(1,621)	(150,000)	(25)	–
London Stock Exchange Group	(805)	(40,000)	(75)	(0.01)
Marks & Spencer Group	(1,002)	(200,000)	(7)	–
Michael Page	(498)	(100,000)	(2)	–
Ocado Group	(277)	(50,000)	32	–
Persimmon	(8,679)	(600,000)	(2,440)	(0.25)
Sage Group	(865)	(200,000)	(35)	–
Savills	(1,822)	(300,000)	(193)	(0.02)
Smith & Nephew	(1,706)	(180,000)	(63)	(0.01)
Spectris	(4,167)	(170,000)	(328)	(0.03)
Unite Group	(897)	(200,000)	(180)	(0.02)
WHSmith	(10,197)	(900,000)	(3,185)	(0.33)
	(62,420)		**(8,239)**	**(0.86)**
Contracts for difference: USA (shorts) – (1.55)% (-0.65%)				
3 D Systems	(895)	(50,000)	124	0.01
Amazon.com	(6,472)	(30,000)	(878)	(0.09)
Boeing	(6,645)	(86,320)	(1,627)	(0.17)
Boston Beer	(701)	(5,000)	25	–
Caterpillar	(580)	(10,000)	(3)	–
Chipotle Mexican Grill	(7,061)	(27,000)	(2,790)	(0.28)
Cummins	(3,918)	(45,000)	(428)	(0.04)
Darden Restaurants	(1,790)	(60,000)	78	0.01
Facebook	(826)	(20,000)	6	–
Green Mountain Coffee	(4,060)	(60,000)	(1,282)	(0.13)
International Paper	(1,463)	(50,000)	(252)	(0.03)
Lululemon Athletica	(317)	(10,000)	136	0.01
Mckesson Corporation	(523)	(5,000)	(1)	–
Michael Kors Holdings	(597)	(10,000)	(27)	–
Mohawk Industries	(3,619)	(42,000)	(1,206)	(0.12)

Investment information (continued)

Investment	Notional exposure ^ £'000	Holding	Valuation £'000	% of net assets
Netflix	(3,251)	(12,000)	(656)	(0.07)
Netsuite	(1,436)	(20,000)	(89)	(0.01)
Precision Castparts	(774)	(5,000)	(268)	(0.03)
Reynolds American	(1,499)	(50,000)	(22)	–
Salesforce.com	(5,162)	(150,000)	(1,923)	(0.20)
Sotheby's	(3,472)	(115,000)	(176)	(0.02)
Sprouts Farmers Markets	(898)	(40,000)	154	0.02
Starwood Hotels & Resorts Worldwide	(3,926)	(80,000)	(878)	(0.09)
Stratasys	(3,811)	(50,000)	(76)	(0.01)
T. Rowe Price Group	(2,651)	(55,000)	(576)	(0.06)
Tesla Motors	(6,054)	(42,500)	(1,372)	(0.14)
Whole Foods Market	(160)	(60,000)	(809)	(0.09)
Zulily	(871)	(40,000)	(183)	(0.02)
	(73,432)		**(14,999)**	**(1.55)**
Forward foreign exchange contracts – (0.41)% (-0.10%)				
Sold Euro – 16 May 2014		(398,000,000)	(329,170)	(34.21)
Bought Sterling – 16 May 2014		330,162,890	330,163	34.31
Sold Sterling – 16 May 2014		(281,112,147)	(281,112)	(29.21)
Bought Singapore Dollar – 16 May 2014		585,000,000	276,936	28.78
Sold Japanese Yen – 16 May 2014		(36,500,000,000)	(214,830)	(22.33)
Bought Sterling – 16 May 2014		216,698,231	216,698	22.52
Sold Sterling – 16 May 2014		(133,124,905)	(133,125)	(13.83)
Bought Taiwan Dollar – 16 May 2014		6,600,000,000	130,912	13.60
Sold Sterling – 16 May 2014		(119,393,816)	(119,394)	(12.41)
Bought Norwegian Krone – 16 May 2014		1,205,000,000	120,010	12.47
Sold Sterling – 16 May 2014		(90,087,973)	(90,088)	(9.36)
Bought Hong Kong Dollar – 16 May 2014		1,150,000,000	88,861	9.23
Sold Sterling – 16 May 2014		(63,710,094)	(63,710)	(6.62)
Bought Malaysian Ringgit – 16 May 2014		350,000,000	63,705	6.62
Sold US Dollar – 16 May 2014		(80,000,000)	(47,968)	(4.98)
Bought Sterling – 16 May 2014		48,647,893	48,648	5.06
Sold Sterling – 16 May 2014		(43,164,433)	(43,164)	(4.49)
Bought US Dollar – 16 May 2014		72,000,000	43,171	4.49
Sold Hong Kong Dollar – 16 May 2014		(550,000,000)	(42,499)	(4.42)
Bought Sterling – 16 May 2014		42,507,970	42,508	4.42
Sold Sterling – 16 May 2014		(35,848,177)	(35,848)	(3.73)
Bought Swedish Krona – 16 May 2014		380,000,000	35,452	3.69
Sold New Zealand Dollar – 16 May 2014		(50,000,000)	(25,080)	(2.61)
Bought Sterling – 16 May 2014		25,136,491	25,136	2.61
Sold Australian Dollar – 16 May 2014		(40,000,000)	(21,382)	(2.22)
Bought Sterling – 16 May 2014		21,852,192	21,852	2.27
Sold Sterling – 20 June 2014		(4,655,927)	(4,656)	(0.48)
Bought Russian Rouble – 20 June 2014		250,000,000	4,066	0.42
			(3,908)	**(0.41)**
Futures – (1.14)% (-0.27%)				
OAT 10-year note March 2014	(146,229)	(1,295)	(3,613)	(0.38)
SGX Nikkei 225 Index March 2014	8,756	200	110	0.01
BTP Futures Index March 2014	(39,722)	(400)	(1,912)	(0.20)
US 10-year note June 2014	(7,463)	(100)	(32)	–

Investment	Notional exposure ^ £'000	Holding	Valuation £'000	% of net assets
US 20-year long note June 2014	(25,466)	(320)	(232)	(0.02)
Japan 10-year note March 2014	(529,239)	(620)	(4,916)	(0.51)
UK 10-year gilt note June 2014	(54,760)	(500)	(365)	(0.04)
	(794,123)		**(10,960)**	**(1.14)**
Interest rate swaps – (1.68)% (-1.42%)				
UBS pay 2.1100% receive variable 28 January 2030	(588)	¥100,000,000	(72)	(0.01)
UBS pay 2.1250% receive variable 5 February 2030	(5,292)	¥900,000,000	(655)	(0.07)
UBS pay 2.1450% receive variable 24 February 2030	(2,940)	¥500,000,000	(369)	(0.04)
UBS pay 2.1150% receive variable 12 March 2030	(2,940)	¥500,000,000	(381)	(0.04)
UBS pay 2.1425% receive variable 30 March 2030	(5,880)	¥1,000,000,000	(780)	(0.08)
UBS pay 2.1613% receive variable 8 April 2030	(5,880)	¥1,000,000,000	(794)	(0.08)
UBS pay 2.1550% receive variable 14 April 2030	(5,880)	¥1,000,000,000	(785)	(0.08)
UBS pay 2.0950% receive variable 22 April 2030	(5,880)	¥1,000,000,000	(727)	(0.08)
UBS pay 2.1225% receive variable 28 April 2030	(5,880)	¥1,000,000,000	(750)	(0.08)
UBS pay 2.0600% receive variable 10 May 2030	(5,880)	¥1,000,000,000	(688)	(0.07)
UBS pay 2.1125% receive variable 13 April 2031	(4,116)	¥700,000,000	(505)	(0.05)
UBS pay 1.73125% receive variable 20 August 2033	(8,820)	¥1,500,000,000	(324)	(0.03)
UBS pay 1.7250% receive variable 4 September 2033	(4,528)	¥770,000,000	(192)	(0.02)
UBS pay 1.7500% receive variable 6 September 2033	(3,646)	¥620,000,000	(171)	(0.02)
UBS pay 1.5350% receive variable 30 October 2033	(4,704)	¥800,000,000	(17)	–
UBS pay 1.5550% receive variable 15 November 2033	(4,704)	¥800,000,000	(30)	–
UBS pay 1.5840% receive variable 19 November 2033	(2,822)	¥480,000,000	(32)	–
UBS pay 1.5650% receive variable 21 November 2033	(2,822)	¥480,000,000	(22)	–
UBS pay 1.5825% receive variable 25 November 2033	(3,822)	¥650,000,000	(42)	–
UBS pay 3.8800% receive variable 8 November 2040	(5,000)	£5,000,000	(619)	(0.06)
UBS pay 3.9100% receive variable 10 November 2040	(5,000)	£5,000,000	(646)	(0.07)
UBS pay 3.9425% receive variable 11 November 2040	(5,000)	£5,000,000	(677)	(0.07)
UBS pay 2.0425% receive variable 25 November 2040	(4,704)	¥800,000,000	(356)	(0.04)
UBS pay 4.0000% receive variable 30 November 2040	(5,000)	£5,000,000	(725)	(0.08)
UBS pay 4.0425% receive variable 1 December 2040	(5,000)	£5,000,000	(764)	(0.08)
UBS pay 4.1420% receive variable 7 December 2040	(5,000)	£5,000,000	(856)	(0.09)
UBS pay 4.0525% receive variable 29 December 2040	(5,000)	£5,000,000	(761)	(0.08)
UBS pay 3.9450% receive variable 31 December 2040	(5,000)	£5,000,000	(659)	(0.07)
UBS pay 1.9150% receive variable 5 January 2041	(4,704)	¥800,000,000	(205)	(0.02)
UBS pay 4.1020% receive variable 25 January 2041	(5,000)	£5,000,000	(797)	(0.08)
UBS pay 4.1730% receive variable 7 April 2041	(5,000)	£5,000,000	(923)	(0.10)
UBS pay 4.0830% receive variable 18 April 2041	(5,000)	£5,000,000	(830)	(0.09)
	(151,432)		**(16,154)**	**(1.68)**
Portfolio of investments †			687,102	71.40
Net other assets			275,166	28.60
Net assets attributable to unitholders			962,268	100.00

All holdings are listed ordinary shares unless otherwise stated.
The figures in brackets represent percentages as at 31 August 2013. At this date the portfolio included an exposure to long equities in India (0.25%), Japan (0.92%) and Kenya (0.01%) and contracts for difference (short) in France (0.00%).
Alternative Investment Market traded investments: 4.89% (2013: 2.90%).
+ Unquoted investments: 0.95% (2013: 1.14%).
† Includes derivative liabilities.
^ The notional exposure shows the nominal value for each contract. The valuation is the gain or loss on this nominal value. For interest rate swaps the notional exposure represents the nominal value of the variable interest rate side of the swap. The notional exposure of the fixed interest side of the swap offsets the notional exposure of the variable interest rate side of the swap.
ADR represents American Depositary Receipts.
GDR represents Global Depositary Receipts.

Investment information (continued)

Fund exposure

28 February 2014	Long positions (% of net assets)	Short positions (% of net assets)	Gross exposure (% of net assets)	Net exposure (% of net assets)
Equities	67.53	18.92	86.45	48.61
Bonds	1.55	102.01	103.56	(100.46)
Currencies	70.39	70.80	141.19	(0.41)
Commodities	9.13	–	9.13	9.13
Net other assets	28.60	–	28.60	28.60
31 August 2013	**Long positions (% of net assets)**	**Short positions (% of net assets)**	**Gross exposure (% of net assets)**	**Net exposure (% of net assets)**
Equities	65.84	12.96	78.80	52.88
Bonds	–	97.75	97.75	(97.75)
Currencies	74.25	74.35	148.60	(0.10)
Commodities	8.72	–	8.72	8.72
Net other assets	29.14	–	29.14	29.14

For derivatives the percentage of net assets has been calculated based on the sum of the notional exposure and the valuation of each contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.
The gross exposure is the sum of the percentage of net assets of the long and short positions. The net exposure is the percentage of net assets of the long positions less the percentage of net assets of the short positions.

Statement of total return for the six months ended 28 February 2014

	28 February 2014 £'000	28 February 2014 £'000	28 February 2013 £'000	28 February 2013 £'000
Income				
Net capital (losses)/gains		(9,493)		101,949
Revenue	6,294		7,430	
Expenses	(6,896)		(5,923)	
Finance costs: interest	(10)		–	
Net (expense)/revenue before taxation	(612)		1,507	
Taxation	(413)		(375)	
Net (expense)/revenue after taxation		(1,025)		1,132
Total return before distribution		**(10,518)**		**103,081**
Finance costs: distribution		(6)		(18)
Change in net assets attributable to unitholders from investment activities		(10,524)		103,063

Statement of change in net assets attributable to unitholders for the six months ended 28 February 2014

	28 February 2014 £'000	28 February 2014 £'000	28 February 2013 £'000	28 February 2013 £'000
Opening net assets attributable to unitholders		1,009,869		812,452
Amounts receivable on issue of units	47,734		18,193	
Amounts payable on cancellation of units	(84,632)		(60,143)	
		(36,898)		(41,950)
Stamp duty reserve tax		(179)		(97)
Change in net assets attributable to unitholders from investment activities		(10,524)		103,063
Closing net assets attributable to unitholders		962,268		873,468

Balance sheet as at 28 February 2014

	28 February 2014 £'000	28 February 2014 £'000	31 August 2013 £'000	31 August 2013 £'000
Assets				
Investment assets		749,588		757,367
Debtors	36,818		11,405	
Cash and bank balances	290,721		287,995	
Total other assets		327,539		299,400
Total assets		**1,077,127**		**1,056,767**
Liabilities				
Derivative liabilities		62,486		41,817
Creditors	52,373		5,081	
Total other liabilities		52,373		5,081
Total liabilities		**114,859**		**46,898**
Net assets attributable to unitholders		962,268		1,009,869

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 August 2013 as set out therein.

2. Post balance sheet events

Since 28 February 2014, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		
	10 April 2014	28 February 2014	Movement
R accumulation	76.17	75.56	0.8%
I accumulation	79.04	78.34	0.9%

Comparative tables

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 August 2011	895,922,796		
R accumulation		59.68	1,258,557,664
I accumulation		60.73	238,406,214
31 August 2012	812,451,540		
R accumulation		63.39	1,091,910,891
I accumulation		65.00	185,132,146
31 August 2013	1,009,869,223		
R accumulation		76.42	1,028,657,941
I accumulation		78.93	283,526,998
28 February 2014	962,267,686		
R accumulation		75.56	924,741,973
I accumulation		78.34	336,349,311

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R accumulation			
2009 *	–	60.18	46.58
2010	0.4776	69.76	55.36
2011	0.5803	71.39	56.48
2012	0.4721	70.72	58.17
2013	–	82.01	67.28
2014 **	–	81.10	73.80
I accumulation			
2009 *	–	58.03	46.61
2010	0.9998	67.78	55.66
2011	1.0771	69.42	57.52
2012	0.9549	69.76	59.53
2013	0.3961	81.31	69.16
2014 **	–	80.62	76.48

Net revenue includes all amounts paid and payable in each calendar year.
* From 5 May 2009.
** To 28 February 2014.

Ongoing charges

Expense	28 February 2014
R accumulation	
Annual management charge	1.50%
Other expenses	0.10%
Ongoing charges	1.60%
I accumulation	
Annual management charge	0.75%
Other expenses	0.10%
Ongoing charges	0.85%

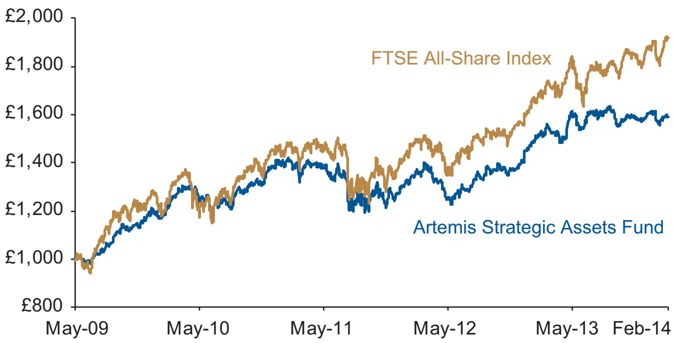
Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis Strategic Assets Fund	59.2	15.4	5.4	(1.1)
FTSE All-Share Index	91.7	31.2	13.3	8.8
FTSE WMA Stock Market Growth Index	72.7	25.1	8.7	6.1
Sector average	61.4	18.1	7.5	5.4
Position in sector	55/88	72/99	83/115	114/117
Quartile	3	3	3	4

* Data from 26 May 2009. Source: Lipper Limited, R accumulation, bid to bid basis in sterling with net income reinvested to 28 February 2014. All performance figures show total return percentage growth. Sector is IMA Flexible Investment.

Value of £1,000 invested at launch to 28 February 2014



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