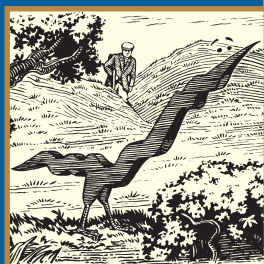


ARTEMIS UK Growth *Fund*

Half-Yearly Report (unaudited)
for the six months ended
30 June 2013



General information

Company profile

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

The company has grown to the extent that it now manages an asset base of some £15.6 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 July 2013.

Fund status

Artemis UK Growth Fund was constituted by a Trust Deed dated 17 March 1998 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. The emphasis of the fund will be investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

Investment policy

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

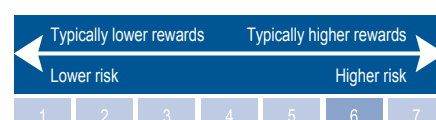
The securities of companies listed, quoted and/or traded in the UK but domiciled elsewhere and the securities of companies traded on ISDX may be included in the portfolio.

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.

■ 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.

■ 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.

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

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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

15 August 2013

Investment review

- Fund up 17.8%* vs the benchmark's 8.5%*.
- Strong performance from UK-facing companies.
- Outlook positive.

Performance – Sterling stuff ...

The fund had a very strong start to 2013. It rose 17.8%* vs 8.5%* for the FTSE All-Share (total return) Index over the six months under review. In the past, the Artemis UK Growth Fund has invested in UK-listed companies which conduct the majority of their business outside the UK. In other words, we have concentrated our investments on companies with extensive overseas earnings. Rolls-Royce is a classic example of this: its domestic business is dwarfed by its overseas activities, selling to the world's largest airlines and aircraft manufacturers such as Boeing and Airbus.

Now we have reversed that strategy. While we still maintain a holding in Rolls-Royce, we have shifted some of our focus to UK companies doing the majority of their business at home. Their excellent performance has enhanced ours.

Review – A change of emphasis ...

Certainly for the US and the UK, the economic runes are getting better. US growth in GDP is forecast to be over 2% this year. While we are not getting anything like that in the UK, we are apparently growing and expectations are increasing for an upward revision, rather than being pegged back. Recent revisions to UK economic growth show that we didn't have a 'double dip'. As for Europe, we would rather not get too exposed there – but its time will come, for sure. As for China, who knows. But growth is certainly falling across

the Far East; and on the basis that it's better to travel than arrive, my focus tends towards companies that have exposure to positive economic trends, rather than negative ones. We also noticed that it was global companies which tended to warn negatively in the earlier part of 2013 on the outlook for profits. That's why we are focused mainly on UK- and US-facing companies.

A further factor was the fact that our screening tool, MARKET, now favours UK-facing companies. MARKET ranks UK companies in terms of around 40 attributes including their valuations, their growth, how much profit expectations have increased recently, share price momentum and their ability to generate cash. Cash is king, and anything else in a company's set of accounts is a matter of opinion. In the past, our screening tool kept on highlighting companies with plenty of earnings from outside the UK. Now it's different, and telling us a completely different story.

This focus on increased domestic exposure has proved correct. A run-through the stocks that have provided investors with some excellent outperformance proves the point.

Rising over 70% in the period, easyJet was one of our best performers and one of our biggest holdings. Tightening capacity in the European short-haul market had allowed prices to rise and planes to fill. There is also enthusiasm for the planned capital expenditure programme which will allow costs to fall further. Newer jets have more space and consume less fuel.

ITV was another big winner for us in the period, rising nearly 40%. The market liked the fact that this company is delivering on cost savings and selling many of its programmes abroad – Downton Abbey is a good example. Following acquisitions, we expect the further development of content to be an increasing part of the ITV story.

Who would have thought that a kitchen manufacturer would be

doing so well in the UK economy? Howden Joinery is. It has reported profits in the first six months of the current year nearly 50% ahead; and that's after taking a charge of £4.5 million for restructuring its transport operations. Howden Joinery is what we call a 'UK survivor'. It has survived the debacle of MFI and the very difficult environment for consumer spending, and is emerging stronger now than it was before we entered the UK recession. It's in very good shape, has £100 million in cash and its dividends are going up.

JJB Sports did not survive. If ever there was a 'UK survivor', it is Sports Direct. It rose 43% in the period. The company has almost doubled profits in the last three years and many say that they will treble by 2015. It is doing well on the internet, and that's not just in sports goods. Having destroyed much of the competition through pretty aggressive pricing of branded sportswear, it now feels that it can move prices up as a new demographic is attracted to some of the better formatted Sports Direct outlets.

And the main detractors to performance? Renishaw is struggling to keep up the momentum it enjoyed last year; and curiously has now said that it is to curtail much of its activity in investor relations. On this basis we wonder where the marginal buyer will be found; so we are reviewing this position. Our underweight positions in Reckitt Benckiser, GlaxoSmithKline and Vodafone also hurt a little. But then if we overweight many of our winners, we will be underweight some of the classic benchmark stocks. Elementis, one of our largest holdings, also underperformed: it notified the market that it would suffer in the first quarter as a result of a shutdown for maintenance in its chromium plant.

Outlook – Positive, on balance ...

The UK economy is improving, as is consumers' sentiment and spending –

* Source: Lipper Limited, R accumulation, bid to bid basis, in sterling with net income reinvested. Benchmark is the FTSE All-Share Index.

Investment review (continued)

albeit from a low base. Apart from the threat of a crash (unlikely?) in China, the ending or tapering of quantitative easing (QE) remains a valid concern for investors. It is easy to forget how all assets have been supported by an astonishing \$7 trillion of central bankers' largesse worldwide since the financial crisis of 2007-9. Because this 'great experiment' has never been tried before, no-one knows how markets will react to the end of QE. In theory, bankers will only taper or end it when economies are strong enough to grow on their own. In practice? It will be easier said than done.

Consider the 'endgames' that have been in such high fashion for the past four years. The 'big three' were/are: double dips in the US, apocalypse in Europe and a collapse in China. Of the three, the news is getting worse in China, better in Europe, and is fine in the US.

So the cusp of the case, then, is neither wildly bearish nor bullish. If you want the latter, it's longer term: the New Industrial Revolution from the likes of MOOCs, (Massive Open Online Courses) and developments in BRAIN – innovations in biotechnology, robotics, artificial intelligence and nanotechnology – will lead the world on. These, and other factors, explain why we believe in equities over the longer term – a mildly reassuring affirmation from a fund manager. The shorter term is, as always, harder.

That is why we continue to stick to stock-picking – in, increasingly, UK-centric companies (as we have explained above.) By historic standards UK stocks are far from expensive, even after this year's rise, and are certainly not expensive in relation to other assets.

We continue to see compelling opportunities at the stock level. They will, we believe, continue to reward our investors in this fund.

Tim Steer & Paul Casson
Fund managers

Investment information

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

Purchases	Cost £'000	Sales	Proceeds £'000
Daily Mail & General Trust (A Shares)	12,554	ARM	10,671
Lloyds Banking Group	9,593	Babcock International Group	10,211
BT Group	8,109	easyJet	9,959
Marks & Spencer Group	7,243	Elementis	9,036
Bank of Georgia Holdings	7,230	Devro International	7,590

Portfolio statement as at 30 June 2013

Investment	Holding	Valuation £'000	% of net assets
United Kingdom – 92.36% (96.71%)			
Basic Materials – 4.56% (10.41%)			
BHP Billiton	277,651	4,724	0.91
Elementis	5,820,734	12,817	2.46
London Mining #	1,617,959	1,436	0.27
Rio Tinto	176,848	4,791	0.92
		23,768	4.56
Consumer Goods – 7.31% (9.46%)			
Berkeley Group Holdings	546,618	11,698	2.25
British American Tobacco	302,544	10,371	1.99
Devro International	485,821	1,427	0.27
GKN	3,039,176	9,312	1.79
Imperial Tobacco Group	228,429	5,240	1.01
		38,048	7.31
Consumer Services – 22.66% (20.62%)			
Booker Group	5,306,452	6,431	1.24
Daily Mail & General Trust (A shares)	1,760,016	13,350	2.56
easyJet	1,603,747	20,736	3.98
Inchcape	2,352,042	11,784	2.26
ITV	11,180,033	15,820	3.04
Marks & Spencer Group	1,642,593	7,101	1.36
N Brown Group	2,618,404	11,544	2.22
Perform Group	348,752	1,772	0.34
Sports Direct International	2,466,689	13,591	2.61
William Hill	3,597,924	15,860	3.05
		117,989	22.66
Financials – 14.57% (10.13%)			
Bank of Georgia Holdings	506,151	8,271	1.59
Derwent London (REIT)	348,124	8,007	1.54
Grainger (REIT)	4,358,654	6,268	1.20
HSBC Holdings	2,213,835	15,138	2.91
International Personal Finance	1,050,000	5,323	1.02
Lloyds Banking Group	30,014,972	19,050	3.66
Prudential	1,029,424	11,180	2.15
Savills	460,000	2,631	0.50
		75,868	14.57

Investment information (continued)

Investment	Notional exposure^ £'000	Holding	Valuation £'000	% of net assets
Health Care – 1.89% (1.73%)				
Abcam #		349,408	1,517	0.29
GlaxoSmithKline		509,917	8,348	1.60
			9,865	1.89
Industrials – 26.15% (28.71%)				
Ashtead Group		5,233,492	33,782	6.49
Digital Barriers #		2,429,000	4,226	0.81
Galliford		537,989	5,019	0.96
Howden Joinery Group		6,551,571	16,386	3.15
Keller Group		109,000	1,073	0.21
Meggitt		2,641,378	13,748	2.64
Renishaw		613,439	9,729	1.87
Rolls-Royce Holdings		2,265,077	26,162	5.02
Rolls-Royce Holdings (C shares) + Senior		269,544,163 3,165,725	270 7,895	0.05 1.52
Weir Group		771,276	16,498	3.17
Xaar		176,221	1,381	0.26
			136,169	26.15
Oil & Gas – 9.72% (10.79%)				
BG Group		850,602	9,552	1.83
BP		4,045,658	18,317	3.52
Enquest		931,340	1,105	0.21
Enteq Upstream #		2,128,000	1,277	0.24
Royal Dutch Shell (B shares)		935,620	20,392	3.92
			50,643	9.72
Telecommunications – 5.50% (2.94%)				
Avanti Communications Group #		1,842,868	4,667	0.90
BT Group		2,603,387	8,092	1.55
Vodafone Group		8,465,828	15,903	3.05
			28,662	5.50
Overseas – 4.07% (2.70%)				
Ireland – 0.98% (0.00%)				
DCC		197,544	5,083	0.98
			5,083	0.98
Jersey – 3.09% (2.66%)				
CSF Group #		2,029,000	218	0.04
Kentz Group		2,704,910	10,192	1.96
Wandisco #		611,979	5,661	1.09
			16,071	3.09
Derivatives – 0.03% (0.32%)				
Contracts for difference: United Kingdom (shorts) – 0.03% (0.32%)				
Aggreko	(4,827)	(284,105)	144	0.03
Experian	(2,596)	(220,630)	53	0.01
ICAP	(2,121)	(729,322)	(503)	(0.10)

Investment		Holding	Valuation £'000	% of net assets
Michael Page International	(2,144)	(644,766)	17	0.00
Mitie Group	(10,146)	(3,877,946)	491	0.09
Stobart Group	(352)	(421,382)	(18)	0.00
			184	0.03
Portfolio of investments †			502,350	96.46
Net other assets			18,428	3.54
Net assets attributable to unitholders			520,778	100.00

All holdings are listed ordinary shares unless otherwise stated.

The figures in brackets represent percentages as at 31 December 2012. At this date the portfolio included an exposure to Technology (1.92%) and the British Virgin Islands (0.04%).

Alternative Investment Market traded investments: 3.64% (31 December 2012: 5.15%).

+ Unquoted investments: 0.05% (31 December 2012: 0.05%).

† Includes derivative liabilities.

^ The notional exposure shows the equivalent market value for each contract. The valuation is the gain or loss on the instrument.

REIT represents Real Estate Investment Trusts.

Financial statements

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

	30 June 2013		30 June 2012	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		70,714		1,778
Revenue	7,650		6,157	
Expenses	(3,499)		(3,121)	
Finance costs: interest	(15)		–	
Net revenue before taxation	4,136		3,036	
Taxation	1		–	
Net revenue after taxation		4,137		3,036
Total return before distributions		74,851		4,814
Finance costs: distributions		63		(19)
Change in net assets attributable to unitholders from investment activities		74,914		4,795

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

	30 June 2013		30 June 2012	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		403,850		332,014
Amounts receivable on issue of units	77,135		81,706	
Amounts payable on cancellation of units	(35,000)		(21,319)	
		42,135		60,387
Stamp duty reserve tax		(121)		(95)
Change in net assets attributable to unitholders from investment activities		74,914		4,795
Closing net assets attributable to unitholders		520,778		397,101

Balance sheet as at 30 June 2013

	30 June 2013		31 December 2012	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		502,871		403,004
Debtors	1,228		927	
Cash and bank balances	17,983		2,393	
Total other assets		19,211		3,320
Total assets		522,082		406,324
Liabilities				
Derivative liabilities		521		255
Creditors	783		1,359	
Bank overdraft	–		860	
Total other liabilities		783		2,219
Total liabilities		1,304		2,474
Net assets attributable to unitholders		520,778		403,850

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.

2. Post balance sheet events

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

	Net asset value per unit (p)		Movement
	14 August 2013	30 June 2013	
R accumulation	387.30	360.37	7.5%
I accumulation	395.80	367.87	7.6%

Comparative tables

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 December 2010	373,511,401		
R accumulation		285.07	127,322,967
I accumulation		285.73	3,694,150
31 December 2011	332,013,669		
R accumulation		275.38	113,382,136
I accumulation		278.04	7,113,019
31 December 2012	403,849,588		
R accumulation		305.55	126,147,937
I accumulation		310.82	5,919,442
30 June 2013	520,777,990		
R accumulation		360.37	114,699,246
I accumulation		367.87	29,204,703

Net revenue distribution & unit price range

Year	Net revenue per unit (p)	Highest offer price (p)	Lowest bid price (p)
R accumulation			
2008	4.9047	284.27	157.36
2009	3.3867	244.64	159.24
2010	1.9025	303.43	214.06
2011	2.8181	326.36	240.22
2012	3.1541	326.51	273.48
2013 **	–	398.71	311.66
I accumulation			
2010 *	0.6442	292.36	241.29
2011	4.8950	315.75	242.12
2012	5.3539	319.41	276.94
2013 **	–	391.29	317.11

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

* From 1 September 2010.

** To 30 June 2013.

Ongoing charges

Expense	30 June 2013
R accumulation	
Annual management charge	1.50%
Other expenses	0.07%
Ongoing charges	1.57%
I accumulation	
Annual management charge	0.75%
Other expenses	0.07%
Ongoing charges	0.82%

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 UK Growth Fund	277.7	50.3	60.9	28.5	17.8
FTSE All-Share Index	89.2	38.2	43.5	17.9	8.5
FTSE 100 Index	69.0	33.4	40.8	15.8	7.6
Sector average	90.6	38.0	44.7	22.2	10.5
Position in sector	5/103	63/237	35/261	60/273	11/275
Quartile	1	2	1	1	1

* Data from 3 April 1998. Source: Lipper Limited, R accumulation, bid to bid basis, in sterling with net income reinvested to 30 June 2013. All performance figures show total return percentage growth. Sector is IMA UK All Companies.

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

