

# Artemis UK Select *Fund*

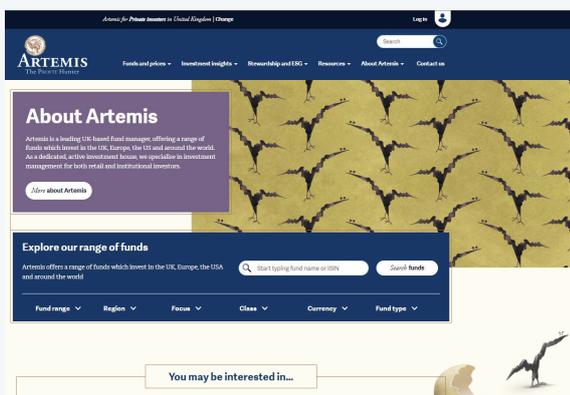
Manager's Report  
and Financial Statements

for the year ended 31 December 2023

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[artemisfunds.com](https://www.artemisfunds.com)

## GENERAL INFORMATION

### Company profile

Artemis is a leading UK-based fund manager, offering a range of funds which invest in the UK, Europe, the US and around the world.

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors across Europe.

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

The firm now manages some £23.1 billion\* across a range of funds, an investment trust and both pooled and segregated institutional portfolios.

Our managers invest in their own and their colleagues' funds. This has been a basic tenet of the Artemis approach since the firm started. It means that interests of our fund managers are directly aligned with those of our investors.

\* Source: Artemis as at 31 January 2024

### Fund status

Artemis UK Select 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 ('COLL') of the Financial Conduct Authority ('FCA').

### Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website [artemisfunds.com](http://artemisfunds.com). Valuation of the fund takes place each dealing day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at [www.artemisfunds.com/non-dealing-days](http://www.artemisfunds.com/non-dealing-days). 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.

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	To grow capital over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	<p>The fund may use derivatives:</p> <ul style="list-style-type: none"> <li>• for investment purposes to achieve the fund objective, including by taking long and short positions</li> <li>• to produce additional income or growth</li> <li>• for efficient portfolio management purposes to reduce risk and manage the fund efficiently</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• United Kingdom, including companies in other countries that are headquartered or have a significant part of their activities in the United Kingdom.</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• Total short exposures to equity derivatives will not exceed 10% of the fund.</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• The manager generates ideas from a number of sources of information, detailed financial analysis and wider economic analysis. A systematic approach is used to collect, assess, and cross-reference this information.</li> <li>• A company's valuation relative to the industry in which it operates is also considered.</li> <li>• While considering factors which are unique to a company, the manager seeks companies whose valuations are overly conservative in relation to their peers and that provide attractive opportunities for a future upgrade.</li> <li>• Short positions can be taken where stock-specific insight identifies an overvalued company.</li> </ul>	
<b>Benchmarks</b>	<ul style="list-style-type: none"> <li>• <b>FTSE All-Share Index TR</b> A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> <li>• <b>IA UK All Companies NR</b> A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> </ul>	

## RISK AND REWARD PROFILE



- The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund may have risen and fallen in the past due to movements in markets, currencies and interest rates). It may not be a reliable indication of the future risk profile of the fund.
- The risk category has been calculated using historic data and may not be a reliable indicator of the fund's future risk profile.
- A risk indicator of "1" does not mean that the investment is "risk free".

### The risk indicator may not fully take into account the following risks and the following may affect fund performance:

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Concentration risk:** The fund may have investments concentrated in a limited number of holdings. This can be more risky than holding a wider range of investments.
- **Charges from capital risk:** Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.
- **Derivatives risk:** The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
- **Leverage risk:** The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.

There was no change to the risk indicator in the year to 31 December 2023.

Please refer to the fund's prospectus for full details of these and other risks which are applicable to this fund.

## OTHER INFORMATION

### Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 5.

### Remuneration

All UCITS schemes are required to comply with the UCITS Remuneration Code. This includes a requirement to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its partners and staff for its financial year.

As the Artemis UK Select Fund (the "fund") is a UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to make these disclosures. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website [artemisfunds.com](http://artemisfunds.com). Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all non-executive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Risk and Compliance functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm. The payment of some of their variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 224 Artemis partners and staff in respect of AFML's duties performed for the UCITS schemes based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund for the year ended 31 December 2022 is £887,387 of which £388,396 is fixed remuneration and £498,991 is variable remuneration.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the fund for the year ended 31 December 2022 is £315,886. Code and Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages.

For the purposes of UCITS Remuneration Code, the AFML Code staff are the members of Artemis' Management and Executive Committees, certain fund managers, and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

### Tax information reporting

UK tax legislation requires fund managers to provide information to HM Revenue & Customs ('HMRC') on certain investors who purchase units in unit trusts. Accordingly, the fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident outwith the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Co-operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new unitholders that invest in the fund must complete a certification form as part of the application form. Existing unitholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence. Failure to provide this information may result in the account being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: [gov.uk/government/publications/exchange-of-information-account-holders](http://gov.uk/government/publications/exchange-of-information-account-holders).

### Value assessment

Artemis Fund Managers Limited (AFML) has conducted a detailed assessment of whether its funds are providing value to unitholders. AFML must publish publicly, on an annual basis, a statement setting out a summary of the outcome of the process and whether or not AFML believes the payments out of the scheme property are justified in the context of the overall value delivered to unitholders. Composite reports on Assessment of Value have been published via the website [artemisfunds.com](http://artemisfunds.com).

### Change of Appointed Trustee of the fund

With effect from 6 March 2023, Northern Trust Investor Services Limited has replaced J.P. Morgan Europe Limited as the Trustee of the fund.

### Manager

Artemis Fund Managers Limited \*  
Cassini House  
57 St James's Street  
London SW1A 1LD

Dealing information:  
Artemis Fund Managers Limited  
Sunderland SR43 4BH  
Telephone: 0800 092 2051  
Website: [artemisfunds.com](http://artemisfunds.com)

### Investment adviser

Artemis Investment Management LLP \*  
Cassini House  
57 St James's Street  
London SW1A 1LD

### Trustee and Depositary

J.P. Morgan Europe Limited †  
(prior to 6 March 2023)  
25 Bank Street  
Canary Wharf  
London E14 5JP

Northern Trust Investor Services Limited \*  
(from 6 March 2023)  
50 Bank Street  
Canary Wharf  
London E14 5NT

### Registrar

SS&C Financial Services International Limited \*  
(prior to 2 May 2023)  
SS&C House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS

Northern Trust UK Global Services SE †  
(from 2 May 2023)  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

### Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

\*Authorised and regulated by the FCA,  
12 Endeavour Square, London E20 1JN.

†Authorised by the Prudential Regulation Authority ('PRA'),  
20 Moorgate, London EC2R 6DA and regulated by the PRA and the FCA.

## STATEMENTS OF RESPONSIBILITIES

### Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis UK Select Fund ("the Trust") for the period ended 3 March 2023.

The Trustee in its capacity as Trustee of Artemis UK Select Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the fund in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the fund within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the fund is managed in accordance with the regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the regulations and the Scheme documents of the Trust.

J.P. Morgan Europe Limited  
London  
3 March 2023

### Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis UK Select Fund ("the Trust") for the period from 6 March 2023 to 31 December 2023.

The Trustee in its capacity as Trustee of Artemis UK Select Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the fund in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the fund within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the fund is managed in accordance with the regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the regulations and the Scheme documents of the Trust.

Northern Trust Investor Services Limited  
London  
28 February 2024

## Statement of the manager's responsibilities

COLL requires the manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of its revenue and expenditure for the year.

In preparing the financial statements the manager is required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 ('SORP');
- (iii) follow applicable accounting standards;
- (iv) keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- (v) make judgements and estimates that are reasonable and prudent; and
- (vi) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation.

The manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and COLL.

The manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis UK Select Fund for the year ended 31 December 2023 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray  
Director  
Artemis Fund Managers Limited  
London  
28 February 2024

L E Cairney  
Director

# AUDITOR'S REPORT

## Independent auditor's report to the unitholders of the Artemis UK Select Fund

### Opinion

We have audited the financial statements of the Artemis UK Select Fund ("the Fund") for the year ended 31 December 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2023 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not

a guarantee as to the Fund's ability to continue as a going concern.

### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

### Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 7, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such

internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact on amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a revenue or capital return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP  
Statutory Auditor  
Edinburgh  
28 February 2024

## INVESTMENT REVIEW

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### Main changes to the fund

We added four new holdings to the fund in 2023: Rolls-Royce, Lloyds Banking Group, HSBC and Workspace.

Rolls-Royce is exposed to powerful long-term demand trends in the aerospace industry and looks set to deliver on its long-term potential by becoming a genuine global engineering champion. We added Lloyds and HSBC when share prices across the banking sector fell in response to the problems at SVB (in the US) and Credit Suisse (in Europe). We believed these were isolated incidents with little bearing on the outlook for UK banks. We also added a new position in property company Workspace which focuses on flexible, 'multi letting' of London office space to small and medium enterprises (SMEs).

We sold Lookers and Numis following takeover bids. We sold holdings in AstraZeneca, British American Tobacco, Dowlais and LondonMetric Property simply because we could find more compelling opportunities elsewhere.

### Explaining the fund's performance

In 2023, the fund delivered a return of 19.1%<sup>1</sup> versus 7.9%<sup>1</sup> from the FTSE All-Share index.

Over the same period, the average fund in the Investment Association's UK All Companies sector, the fund's other 'comparator benchmark', returned 7.2%. (This is the second of two comparator benchmarks against which the fund's performance can be compared. It is a group of other asset managers' funds that invest in shares of UK companies. Management of the fund is not restricted by this benchmark.)

At a sector level, the fund's good performance was principally driven by holdings in consumer sectors. First, consumer discretionary stocks, in which the fund had (and still has) a number of important holdings, performed well. These included airlines IAG, Jet2 and Ryanair, where rising demand for holidays combined with a lack of capacity to produce a sharp increase in airfares and so in profits. A similar dynamic is playing out in leisure stocks Whitbread and Mitchells & Butlers. Second, that the fund didn't invest in large consumer staples companies (such as Unilever or Diageo) was also helpful. For now, we remain cautious on consumer staples but there will be opportunities here in time.

On a company-specific level, our best performer was 3i, which returned 85%. Earnings at Action, its low-cost discount retailer, continue to grow at a brisk clip. Elsewhere, Melrose, a key supplier to the aerospace industry, was also a strong performer. Airlines are responding to growing demand for flights by placing orders for new planes and refurbishing their fleets. Lookers, the motor retailer, also performed well. It was acquired by Canada's Alpha Auto Group Holdings, which helped remind us that global companies can sometimes see value where UK domestic investors cannot.

There were few significant detractors. Synthomer suffered from overcapacity due to a post-Covid rebalancing in the market for medical gloves, which are one of its core products. Returns from NatWest also underwhelmed. While this company was in the headlines for the wrong reasons, we remain enthusiastic about its prospects – and about the outlook for UK banks more widely.

### The wider context

It looks likely that the UK general election will take place in the second half of the year. If it results in a clearer medium-term plan for domestic policy and a less confrontational approach to relations with Europe, it could encourage international investors to take a fresh look at the UK.

Beyond the UK, meanwhile, there are numerous uncertainties. Elections and ongoing trade and geopolitical tensions have the potential to change the investment backdrop. At a portfolio level, we continue to view our investments in oil companies as a form of insurance against the risk that today's conflicts in the Middle East and Ukraine spread or intensify.

### Looking ahead

We are more optimistic on the prospects for UK consumers than many commentators. We would concur with recent comments from Lord Wolfson of Next: "On the face of it, the consumer environment looks more benign than it has for a number of years." Indeed, we expect consumer discretionary spending to increase as rising real wages, falling utility bills and tax cuts more than offset the headwinds from higher mortgage rates. Taken together, we see the UK economy growing by 1% or more this year (versus consensus expectations for growth of just 0.3%). A stronger domestic economy should be supportive for our consumer cyclical stocks. Higher demand for loans and a reduction in impairments, meanwhile, would help our UK banks.

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Past performance is not a guide to the future.

<sup>1</sup> Source: Lipper Limited/Artemis, accumulation units, in sterling to 31 December 2023. All figures show total returns based on close of business prices, with dividends and/or income reinvested, gross of charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. Benchmark is FTSE All-Share Index TR.

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the year ended 31 December 2023

Purchases	Cost £'000	Sales	Proceeds £'000
HSBC Holdings	52,182	Lookers	42,995
Rolls-Royce Holdings	50,453	British American Tobacco	42,545
Lloyds Banking Group	38,209	3i Group	32,676
NatWest Group	27,956	St James's Place	15,878
Barclays	22,928	Dowlais Group	11,670
Workspace Group	20,568	AstraZeneca	10,134
Ryanair, ADR	18,735	Shell	8,427
Oxford Instruments	18,339	Numis	6,861
Legal & General Group	13,052	Anglo American	6,412
Shell	12,954	Hiscox	5,749

### Portfolio statement as at 31 December 2023

	Holding	Valuation £'000	% of net assets
<b>Equities 98.92% (99.05%)</b>			
<b>Basic Materials 3.34% (4.51%)</b>			
Anglo American	1,097,000	21,789	1.13
Bodycote	5,760,000	34,359	1.79
Synthomer	4,342,586	8,160	0.42
		<b>64,308</b>	<b>3.34</b>
<b>Consumer Discretionary 23.35% (22.63%)</b>			
888 Holdings	21,494,148	20,248	1.05
Crest Nicholson Holdings	3,000,000	6,474	0.34
Entain	2,489,012	24,696	1.29
Flutter Entertainment	125,000	17,450	0.91
Howden Joinery Group	4,604,728	37,740	1.97
International Consolidated Airlines Group	31,023,913	48,118	2.51
JET2 *	4,005,000	50,103	2.61
Mitchells & Butlers	19,517,161	50,393	2.63
Next	400,000	32,592	1.70
Redrow	3,808,674	23,328	1.22
Ryanair Holdings	1,150,000	19,140	1.00
Vistry Group	6,425,000	59,142	3.08
WH Smith	2,100,000	27,930	1.45
Whitbread	835,000	30,461	1.59
		<b>447,815</b>	<b>23.35</b>
<b>Consumer Staples 2.52% (5.54%)</b>			
Tesco	16,700,000	48,413	2.52
		<b>48,413</b>	<b>2.52</b>
<b>Energy 9.50% (12.25%)</b>			
BP	19,140,600	89,109	4.64
Shell	3,638,291	93,250	4.86
		<b>182,359</b>	<b>9.50</b>
<b>Financials 37.48% (37.53%)</b>			
3i Group	4,020,000	97,163	5.06
Barclays	62,978,218	96,382	5.02
Conduit Holdings	4,700,000	21,949	1.14
Hiscox	4,769,699	50,320	2.62
HSBC Holdings	8,673,472	55,016	2.87

	Holding/ nominal value	Global exposure <sup>^</sup> £'000	Valuation £'000	% of net assets
<b>Equities 98.92% (99.05%) (continued)</b>				
<b>Financials 37.48% (37.53%) (continued)</b>				
Intermediate Capital Group	2,710,000		45,460	2.37
International Personal Finance	15,795,860		18,876	0.98
Legal & General Group	18,050,000		45,396	2.36
Lloyds Banking Group	93,000,000		44,291	2.31
M&G	8,900,000		19,918	1.04
Man Group	15,250,000		35,548	1.85
NatWest Group	37,887,348		82,973	4.32
Prudential	3,420,000		30,253	1.58
Standard Chartered	7,095,000		46,841	2.44
Vanquis Banking Group	13,391,790		17,329	0.90
Virgin Money UK	7,287,000		11,980	0.62
			<b>719,695</b>	<b>37.48</b>
<b>Health Care 0.00% (0.80%)</b>				
<b>Industrials 21.49% (15.67%)</b>				
Ashtead Group	985,000		54,116	2.82
DS Smith	12,972,000		40,071	2.09
Melrose Industries	11,726,919		66,398	3.46
Morgan Sindall Group	1,784,717		39,264	2.05
Oxford Instruments	3,169,991		73,385	3.82
Rolls-Royce Holdings	24,450,000		73,350	3.82
Ryanair, ADR	239,000		25,282	1.31
Tyman	7,275,590		22,845	1.19
Weir Group	940,000		17,818	0.93
			<b>412,529</b>	<b>21.49</b>
<b>Real Estate 1.24% (0.12%)</b>				
Workspace Group	4,179,490		23,781	1.24
			<b>23,781</b>	<b>1.24</b>
<b>Equities total</b>			<b>1,898,900</b>	<b>98.92</b>
<b>Contracts for Difference 0.00% (0.01%)</b>				
<b>Basic Materials 0.00% (0.00%)</b>				
Croda International	(85,000)	(4,315)	(2)	–
		<b>(4,315)</b>	<b>(2)</b>	–
<b>Financials 0.00% (0.00%)</b>				
Liontrust Asset Management	(25,594)	(161)	(2)	–
		<b>(161)</b>	<b>(2)</b>	–
<b>Industrials 0.00% (0.01%)</b>				
Spirax-Sarco Engineering	(80,204)	(8,466)	(36)	–
		<b>(8,466)</b>	<b>(36)</b>	–
<b>Contracts for Difference total</b>		<b>(12,942)</b>	<b>(40)</b>	–
<b>Investment assets (Including investment liabilities)</b>			<b>1,898,860</b>	<b>98.92</b>
<b>Net other assets</b>			<b>20,736</b>	<b>1.08</b>
<b>Net assets attributable to unitholders</b>			<b>1,919,596</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.

# Security listed on the Alternative Investment Market ('AIM').

<sup>^</sup> Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

## FINANCIAL STATEMENTS

### Statement of total return for the year ended 31 December 2023

	Note	31 December 2023		31 December 2022	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	3		<b>242,018</b>		(186,291)
Revenue	5	<b>58,314</b>		55,031	
Expenses	6	<b>(14,071)</b>		(12,050)	
Interest payable and similar charges	7	<b>(94)</b>		(404)	
Net revenue before taxation		<b>44,149</b>		42,577	
Taxation	8	<b>–</b>		(3)	
Net revenue after taxation			<b>44,149</b>		42,574
<b>Total return before distributions</b>			<b>286,167</b>		(143,717)
Distributions	9		<b>(45,653)</b>		(43,892)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>240,514</b>		(187,609)

### Statement of change in net assets attributable to unitholders for the year ended 31 December 2023

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>1,406,036</b>		1,418,054
Amounts receivable on issue of units		<b>567,328</b>		367,040
Amounts payable on cancellation of units		<b>(334,082)</b>		(228,101)
		<b>233,246</b>		138,939
Dilution adjustment		<b>(149)</b>		499
Change in net assets attributable to unitholders from investment activities		<b>240,514</b>		(187,609)
Retained distribution on accumulation units		<b>39,949</b>		36,153
<b>Closing net assets attributable to unitholders</b>		<b>1,919,596</b>		1,406,036

### Balance sheet as at 31 December 2023

	Note	31 December 2023		31 December 2022	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Fixed assets</b>					
Investments	10		<b>1,898,900</b>		1,392,871
<b>Current assets</b>					
Debtors	11		<b>9,073</b>		4,686
Cash and cash equivalents	12		<b>28,347</b>		19,797
<b>Total current assets</b>			<b>37,420</b>		24,483
<b>Total assets</b>			<b>1,936,320</b>		1,417,354
<b>Liabilities</b>					
Investment liabilities	10		<b>40</b>		–
<b>Creditors</b>					
Distribution payable			<b>10,578</b>		8,776
Other creditors	13		<b>6,106</b>		2,542
<b>Total creditors</b>			<b>16,684</b>		11,318
<b>Total liabilities</b>			<b>16,724</b>		11,318
<b>Net assets attributable to unitholders</b>			<b>1,919,596</b>		1,406,036

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies

**(a) Basis of accounting.** The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102 and the Statement of Recommended Practice ("SORP") issued by the Investment Management Association in May 2014 and amended in June 2017 and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future. No material events have been identified that may cast significant doubt about the fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

**(b) Valuation of investments.** All investments, including any derivatives, have been valued at 12 noon on the last working day of the accounting period. The last valuation point in the period has been used for the purposes of preparing the report and financial statements and in the manager's opinion there have been no material movements in the fund between the last valuation point and close of business on the balance sheet date. Where a fund invests in markets that are closed for trading at the fund's valuation point, the manager will allow for the net asset value to be adjusted (based on movements of index futures or other suitable proxies in markets closed at the fund valuation point, since the last market close), to reflect more accurately the fair value of the fund's investments. Listed investments are valued at fair value which is generally deemed to be the bid price. Unquoted investments are valued at fair value which is determined by the manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board. Open forward currency contracts are shown in the portfolio statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses). Contracts for difference and equity swaps are valued based on the prices of the underlying equities which will be deemed to be the quoted bid price for long positions and quoted offer price for short positions.

**(c) Foreign exchange rates.** Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

**(d) Revenue.**

Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts ("REITs"), are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Dividends are recognised gross of any overseas tax. Overseas tax is included as part of

the tax charge. A provision is made for any overseas tax not considered recoverable at the balance sheet date, whether due to uncertainty as to receipt either due to circumstances or recovery experience in specific jurisdictions, or due to the significant time lag since the receipt of the dividend. Special dividends are reviewed on a case by case basis when determining if a dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Income from US REITs is split between revenue and capital depending on the composition of the distribution from the REIT. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Net gains/(losses) are reflected within derivative contracts under net capital gains in the notes to the financial statements. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long positions this is included in revenue whereas for short positions this is included in interest payable and similar charges.

**(e) Expenses.** All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis.

**(f) Taxation.** Corporation tax is charged at a rate of 20% on the excess taxable revenue of the fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

**(g) Dilution adjustment.** The fund is priced on a single swinging price basis. The manager has the discretion to charge a dilution adjustment as part of its daily valuation policy. This will mean that in certain circumstances the fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business, the application of a dilution adjustment will be applied systematically and on a consistent basis.

## 2. Distribution policy

The distribution policy of the fund is to distribute/accumulate all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund did not satisfy the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 and where applicable will pay a dividend distribution. The manager and the trustee have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. The manager may from time to time, smooth

the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments and derivatives whether realised or unrealised, if taken to capital are not available for distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised. For accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units. Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund.

### 3. Net capital gains/(losses)

	31 December 2023 £'000	31 December 2022 £'000
Non-derivative securities	239,124	(192,661)
Derivative contracts	2,796	6,312
Currency gains	98	58
<b>Net capital gains/(losses)</b>	<b>242,018</b>	<b>(186,291)</b>

### 4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the fund on each transaction and are summarised below.

	Year ended 31 December 2023					
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	492,698	–	1,908	484,606	–	0.40
<b>Sales</b>						
Equities	219,209	–	58	219,151	–	0.03
<b>Total</b>		<b>–</b>	<b>1,966</b>			
<b>Percentage of fund average net assets</b>		<b>–</b>	<b>0.12%</b>			

	Year ended 31 December 2022					
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	319,979	85	1,354	321,418	0.03	0.42
<b>Sales</b>						
Equities	147,284	34	–	147,250	0.02	–
<b>Total</b>		<b>119</b>	<b>1,354</b>			
<b>Percentage of fund average net assets</b>		<b>0.01%</b>	<b>0.10%</b>			

During the year, the fund incurred £nil (2022: £nil) in capital transaction charges.

### Dealing spread

As at the balance sheet date, the estimated portfolio dealing spread was 0.13% (2022: 0.18%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

## 5. Revenue

	31 December 2023 £'000	31 December 2022 £'000
UK dividends	52,165	50,647
Overseas dividends	5,017	4,062
Bank interest	611	180
Revenue from UK REITs	486	128
Revenue from other derivatives	35	14
<b>Total revenue</b>	<b>58,314</b>	<b>55,031</b>

## 6. Expenses

	31 December 2023 £'000	31 December 2022 £'000
<b>Payable to the manager, associates of the manager and agents of either of them:</b>		
Annual management charge	12,784	10,812
Administration fees	1,287	1,238
<b>Total expenses</b>	<b>14,071</b>	<b>12,050</b>

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

The audit fee (excluding VAT) accrued during the year was £10,150 (2022: £9,650). This fee is paid by the manager via the administration fee.

## 7. Interest payable and similar charges

	31 December 2023 £'000	31 December 2022 £'000
Interest payable	94	7
Dividends payable on short positions	–	317
Interest payable on positions with broker and counterparties	–	80
<b>Total interest payable and similar charges</b>	<b>94</b>	<b>404</b>

## 8. Taxation

	31 December 2023 £'000	31 December 2022 £'000
<b>a) Analysis of the tax charge for the year</b>		
Irrecoverable overseas tax	–	3
<b>Total taxation (note 8b)</b>	<b>–</b>	<b>3</b>
<b>b) Factors affecting the tax charge for the year</b>		
Net revenue before taxation	44,149	42,577
Corporation tax of 20% (2022: 20%)	8,830	8,515
<b>Effects of:</b>		
Unutilised management expenses	2,609	2,384
Irrecoverable overseas tax	–	3
Utilisation of non-trade deficit carried forward	–	42
Non-taxable overseas dividends	(1,003)	(812)
Non-taxable UK dividends	(10,436)	(10,129)
<b>Tax charge for the year (note 8a)</b>	<b>–</b>	<b>3</b>

### c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

### d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £31,792,000 (2022: £29,183,000) arising as a result of having unutilised management expenses of £158,958,000 (2022: £145,916,000) and non-trade loan relationship deficits of £10,407,000 (2022: £10,407,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 9. Distributions

	31 December 2023 £'000	31 December 2022 £'000
Final dividend distribution	50,527	44,929
Add: amounts deducted on cancellation of units	5,457	3,694
Deduct: amounts added on issue of units	(10,331)	(4,731)
<b>Distributions</b>	<b>45,653</b>	<b>43,892</b>
<b>Movement between net revenue and distributions</b>		
Net revenue after taxation	44,149	42,574
Expenses paid from capital	1,418	1,293
Revenue received on conversion of units	86	25
	<b>45,653</b>	<b>43,892</b>

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 21 and 22.

## 10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 December 2023		31 December 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,898,900	40	1,392,871	–
<b>Total</b>	<b>1,898,900</b>	<b>40</b>	<b>1,392,871</b>	<b>–</b>

## 11. Debtors

	31 December 2023 £'000	31 December 2022 £'000
Amounts receivable for issue of units	5,742	701
Accrued revenue	3,284	3,937
Amounts receivable on derivative contracts	42	48
Income tax recoverable from UK REITs	5	–
<b>Total debtors</b>	<b>9,073</b>	<b>4,686</b>

## 12. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Cash and bank balances	26,757	17,061
Collateral held with brokers	1,590	–
Amounts held at futures clearing houses and brokers	–	2,736
<b>Total cash and cash equivalents</b>	<b>28,347</b>	<b>19,797</b>

## 13. Other creditors

	31 December 2023 £'000	31 December 2022 £'000
Amounts payable for cancellation of units	3,184	1,537
Purchases awaiting settlement	1,596	22
Accrued annual management charge	1,215	879
Accrued administration fee payable to the manager	111	104
<b>Total other creditors</b>	<b>6,106</b>	<b>2,542</b>

## 14. Contingent liabilities and commitments

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

## 15. Reconciliation of unit movements

	Units in Issue at 31 December 2022	Units issued	Units cancelled	Units converted	Units In Issue at 31 December 2023
C accumulation	4,401,016	82,188	(349,449)	12,101	<b>4,145,856</b>
G distribution	26,193,555	9,383,423	(2,538,694)	77,917	<b>33,116,201</b>
G accumulation	185,493,784	21,799,768	(24,335,162)	403,137	<b>183,361,527</b>
I distribution	10,248,170	3,023,766	(1,387,442)	599,718	<b>12,484,212</b>
I accumulation	115,308,374	55,952,182	(32,925,934)	1,333,987	<b>139,668,609</b>
R accumulation	25,245,889	2,121,237	(3,107,361)	(2,144,270)	<b>22,115,495</b>
S distribution	5,000	22,213	(11,696)	–	<b>15,517</b>
S accumulation	5,000	9,471,336	(585,210)	–	<b>8,891,126</b>

## 16. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the funds' operations. The fund only executes derivative contracts where both the derivative instrument and the counter party have been approved by the manager.

The manager has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the fund's positions and their contribution to the overall risk profile of the fund. In addition, our Investment Committee and Risk and Compliance Committee meet monthly and quarterly respectively, and as required to evaluate risk across each of our funds. These policies have been consistent for both the current and prior period to which these financial statements relate.

In the normal course of business, the fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk, other market price risk and leverage risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the fund, reference should be made to the Prospectus.

### (a) Market risk

Market risk, which includes value-at-risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL, the Trust Deed and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The manager's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the fund disclosed in the balance sheet.

#### (i) Value-at-risk ('VaR')

The manager is currently empowered to enter into derivative transactions on behalf of the fund. The use of these strategies is subject to a risk management process and the manager analyses the overall risk position of the fund on a daily basis, which is then used by the manager to evaluate the exposures and risks in the portfolio.

As part of the process, the VaR is used on a daily basis to calculate the market price risk on the fund relative to a reference portfolio, the FTSE All-Share Index. The maximum limit for AIFs has been set in accordance with the risk profile and investment objectives of the fund, and in accordance with the Committee of European Securities Regulators ('CESR') guidance. A relative VaR of zero indicates that the fund is estimated to have the same market price risk as reference portfolio. A negative relative VaR indicates that the fund's market price risk is estimated to be lower than the reference portfolio. VaR expresses the maximum expected loss by the fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses a maximum two year risk factor data and a 20 business day holding period.

It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	31 December 2023 %	31 December 2022 %
<b>At 31 December</b>	<b>21.00</b>	24.00
Average utilisation during the year	<b>30.00</b>	26.00
Highest utilisation during the year	<b>46.00</b>	39.00
Lowest utilisation during the year	<b>16.00</b>	16.00

## (ii) Leverage risk

Leverage is defined as any method by which the fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The leverage of a fund is expressed as a percentage of the exposure of the fund and its net asset value. The fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. The expected level of leverage for this fund is between 100% and 200%.

## (b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the fund, resulting in a financial loss. From time to time, the fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with Northern Trust Investor Services Limited, the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of Northern Trust Investor Services Limited may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The fund is also exposed to counterparty risk through holding specific financial instruments.

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis, the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

The derivatives held at the year end are disclosed in the portfolio statement and UBS AG ('UBS') is the counterparty for the CFDs (2022: UBS for the CFDs). Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 December 2023 or 31 December 2022.

## Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were Contracts for Difference. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty and the collateral pledged, at the balance sheet date, were as follows:

Currency	Contracts for difference £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
<b>31 December 2023</b>			
UBS	<b>(12,942)</b>	<b>(11,352)</b>	<b>1,590</b>
<b>31 December 2022</b>			
UBS	(22,476)	(25,212)	2,736

Only cash collateral is pledged or held by the fund.

## (c) Liquidity risk

Liquidity risk is the risk that through market liquidity conditions, requests for redemptions from investors cannot be met in an orderly and appropriate manner. Artemis adopts a policy of mitigation and control to manage liquidity risks. Mitigation occurs through maintaining prudent levels of liquidity in each fund and a well-diversified investor base. As a result, redemption requests can be satisfied in all but exceptional circumstances.

Artemis has a dedicated liquidity risk management policy which is owned by the independent investment risk team which reports to the Chief Risk Officer. Its purpose is to ensure the portfolio manager acts in the client's best interest with regards to this liquidity risk.

Through the use of 3rd party modeling and assumptions, the investment risk team conduct regular monitoring and analyses of the liquidity profile of the funds and investor base. This includes but is not limited to what percentage of the fund can be liquidated within certain redemption horizons, whether the largest investors in the fund can redeem without affecting the fair treatment of remaining investors, liquidity stress testing and other analysis deemed to cover a risk specific to the strategy considered.

There was no significant concentration of liquidity risk as at 31 December 2023 or 31 December 2022.

## 17. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 13 and notes 6, 9, 11 and 13 on pages pages 16 and 17 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 December 2023 in respect of these transactions was £1,232,000 (2022: due from £1,819,000).

## 18. Unit classes

The annual management charges on each unit class is as follows:

C accumulation	1.20%
G distribution	0.48%
G accumulation	0.48%
I distribution	0.75%
I accumulation	0.75%
R accumulation	1.50%
S distribution	0.65%
S accumulation	0.65%

The net asset value per unit and the number of units in each class are given in the comparative table on pages 22 and 23.

The distributions per unit class are given in the distribution tables on pages 21 and 22. All classes have the same rights on winding up.

## 19. Post balance sheet event

There were no significant post balance sheet events subsequent to the year end.

## DISTRIBUTION TABLES

This fund pays annual dividend distributions. The following table sets out the distribution period.

Annual distribution period	Start	End	Ex-dividend date	Pay date
Final	1 January 2023	31 December 2023	1 January 2024	28 February 2024

Group 1 units are those purchased prior to a distribution period and therefore their net revenue rate is the same as the distribution rate.

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to 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.

### C accumulation

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	6.3514	10.3370	16.6884	100.00 %	0.00 %	17.6636

### G distribution

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	10.2008	13.2441	23.4449	100.00 %	0.00 %	24.3284

### G accumulation

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	0.9929	1.9453	2.9382	100.00 %	0.00 %	3.0249

### I distribution

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	7.8395	14.6990	22.5385	100.00 %	0.00 %	23.4498

### I accumulation

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	7.8171	13.9663	21.7834	100.00%	0.00%	22.4081

### R accumulation

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	3.7679	10.5770	14.3449	100.00 %	0.00%	15.5518

## S distribution

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	0.5722	3.1600	3.7322	100.00 %	0.00 %	1.3148

## S accumulation

Dividend distributions for the year ended 31 December 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	0.8672	2.2039	3.0711	100.00 %	0.00 %	1.0866

## COMPARATIVE TABLES

	C accumulation			G distribution		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>660.63</b>	<b>735.30</b>	<b>620.82</b>	<b>604.48</b>	<b>694.38</b>	<b>596.92</b>
Return before operating charges *	132.04	(66.08)	123.64	121.66	(61.94)	119.32
Operating charges	(9.29)	(8.59)	(9.16)	(3.70)	(3.63)	(3.89)
<b>Return after operating charges *</b>	<b>122.75</b>	<b>(74.67)</b>	<b>114.48</b>	<b>117.96</b>	<b>(65.57)</b>	<b>115.43</b>
Distributions	(16.69)	(17.66)	(10.17)	(23.44)	(24.33)	(17.97)
Retained distributions on accumulation units	16.69	17.66	10.17	–	–	–
<b>Closing net asset value per units</b>	<b>783.38</b>	<b>660.63</b>	<b>735.30</b>	<b>699.00</b>	<b>604.48</b>	<b>694.38</b>
* after direct transaction costs of	0.97	(0.73)	(1.28)	0.90	(0.70)	(1.23)
<b>Performance</b>						
Return after charges	18.58%	(10.16)%	18.44%	19.51%	(9.44)%	19.34%
<b>Other information</b>						
Closing net asset value (£'000)	32,478	29,074	33,066	231,481	158,335	233,866
Closing number of units	4,145,856	4,401,016	4,496,934	33,116,201	26,193,555	33,679,592
Operating charges	1.27%	1.29%	1.29%	0.55%	0.57%	0.57%
Direct transaction costs	0.13%	0.11%	0.18%	0.13%	0.11%	0.18%
<b>Prices</b>						
Highest unit price (p)	787.01	760.01	763.91	725.74	718.30	738.39
Lowest unit price (p)	670.62	565.12	603.15	614.05	537.07	580.64

	G accumulation **			I distribution		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>89.18</b>	<b>98.55</b>	<b>100.00</b>	<b>581.83</b>	<b>670.19</b>	<b>577.70</b>
Return before operating charges *	17.88	(8.86)	(0.90)	116.95	(59.81)	115.43
Operating charges	(0.55)	(0.51)	(0.55)	(5.30)	(5.10)	(5.55)
<b>Return after operating charges *</b>	<b>17.33</b>	<b>(9.37)</b>	<b>(1.45)</b>	<b>111.65</b>	<b>(64.91)</b>	<b>109.88</b>
Distributions	(2.94)	(3.02)	(0.46)	(22.54)	(23.45)	(17.39)
Retained distributions on accumulation units	2.94	3.02	0.46	–	–	–
<b>Closing net asset value per units</b>	<b>106.51</b>	<b>89.18</b>	<b>98.55</b>	<b>670.94</b>	<b>581.83</b>	<b>670.19</b>
* after direct transaction costs of	0.13	(0.10)	(0.17)	0.86	(0.67)	(1.19)
<b>Performance</b>						
Return after charges	19.43%	(9.51)%	(1.45)%	19.19%	(9.69)%	19.02%
<b>Other information</b>						
Closing net asset value (£'000)	195,307	165,417	95,563	83,762	59,627	56,697
Closing number of units	183,361,527	185,493,784	96,973,370	12,484,212	10,248,170	8,459,789
Operating charges	0.55%	0.57%	0.57%	0.82%	0.84%	0.84%
Direct transaction costs	0.13%	0.11%	0.18%	0.13%	0.11%	0.18%
<b>Prices</b>						
Highest unit price (p)	107.00	101.87	101.36	696.67	693.25	713.32
Lowest unit price (p)	90.53	76.17	93.18	591.02	517.27	561.83

\*\* Launched 13 September 2021.

The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

	I accumulation			R accumulation		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>718.26</b>	<b>795.87</b>	<b>668.95</b>	<b>654.99</b>	<b>731.22</b>	<b>619.24</b>
Return before operating charges *	143.86	(71.56)	133.35	130.74	(65.70)	123.18
Operating charges	(6.54)	(6.05)	(6.43)	(11.37)	(10.53)	(11.20)
<b>Return after operating charges *</b>	<b>137.32</b>	<b>(77.61)</b>	<b>126.92</b>	<b>119.37</b>	<b>(76.23)</b>	<b>111.98</b>
Distributions	(21.78)	(22.41)	(14.41)	(14.34)	(15.55)	(7.96)
Retained distributions on accumulation units	21.78	22.41	14.41	14.34	15.55	7.96
<b>Closing net asset value per units</b>	<b>855.58</b>	<b>718.26</b>	<b>795.87</b>	<b>774.36</b>	<b>654.99</b>	<b>731.22</b>
* after direct transaction costs of	1.06	(0.79)	(1.38)	0.96	(0.73)	(1.27)
<b>Performance</b>						
Return after charges	19.12%	(9.75)%	18.97%	18.22%	(10.43)%	18.08%
<b>Other information</b>						
Closing net asset value (£'000)	1,194,982	828,215	800,266	171,253	165,358	198,596
Closing number of units	139,668,609	115,308,374	100,551,893	22,115,495	25,248,889	27,159,518
Operating charges	0.82%	0.84%	0.84%	1.57%	1.59%	1.59%
Direct transaction costs	0.13%	0.11%	0.18%	0.13%	0.11%	0.18%
<b>Prices</b>						
Highest unit price (p)	859.51	822.66	825.66	777.98	755.76	760.40
Lowest unit price (p)	729.17	613.83	650.14	664.88	560.67	601.48

	S distribution ***		S accumulation ***	
	2023	2022	2023	2022
<b>Change in net assets per unit (p)</b>				
<b>Opening net asset value per unit</b>	<b>95.98</b>	<b>100.00</b>	<b>97.30</b>	<b>100.00</b>
Return before operating charges *	19.27	(2.40)	19.51	(2.39)
Operating charges	(0.77)	(0.31)	(0.79)	(0.31)
<b>Return after operating charges *</b>	<b>18.50</b>	<b>(2.71)</b>	<b>18.72</b>	<b>(2.70)</b>
Distributions	(3.73)	(1.31)	(3.07)	(1.09)
Retained distributions on accumulation units	–	–	3.07	1.09
<b>Closing net asset value per units</b>	<b>110.75</b>	<b>95.98</b>	<b>116.02</b>	<b>97.30</b>
* after direct transaction costs of	0.14	(0.10)	0.15	(0.10)
<b>Performance</b>				
Return after charges	19.27%	(2.71)%	19.24%	(2.70)%
<b>Other information</b>				
Closing net asset value (£'000)	17	5	10,316	5
Closing number of units	15,517	5,000	8,891,126	5,000
Operating charges	0.73%	0.74%	0.73%	0.74%
Direct transaction costs	0.13%	0.11%	0.13%	0.11%
<b>Prices</b>				
Highest unit price (p)	115.01	100.76	116.56	100.76
Lowest unit price (p)	97.46	83.14	98.78	83.14

\*\*\* Launched 15 August 2022.

## Ongoing charges

Class	31 December 2023
C accumulation	1.27%
G distribution	0.55%
G accumulation	0.55%
I distribution	0.82%
I accumulation	0.82%
R accumulation	1.57%
S distribution	0.72%
S accumulation	0.72%

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.

## Securities Financing Transactions Regulations (“SFTR”)

The Fund may enter into total return swaps. No such transactions have been entered into as at 31 December 2023.

## Class I accumulation performance

	Since launch*	10 years	5 years	3 years	1 year	6 months
Artemis UK Select Fund**	798.1	100.4	79.3	27.9	19.1	7.1
Artemis UK Select Fund***	799.2	99.6	78.9	28.2	19.3	7.0
FTSE All-Share TR	254.3	68.2	37.7	28.1	7.9	5.2
UK All Companies average	258.3	54.9	30.7	13.9	7.2	5.3
Position in sector	2/59	10/159	1/188	41/199	2/203	43/204
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

\* Source: Artemis/Lipper Limited, data from 3 April 1998 to 1 September 2010 reflects class R accumulation units and from 1 September 2010 reflects class I accumulation units, in sterling with dividends reinvested to 31 December 2023. All performance figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor’s currency is different to that of the class. This class may have charges or a hedging approach different from those in the UK All Companies sector benchmarks.

\*\* Value at 12 noon valuation point

\*\*\* Value at close of business

Class I accumulation is disclosed as it is the primary unit class.

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