

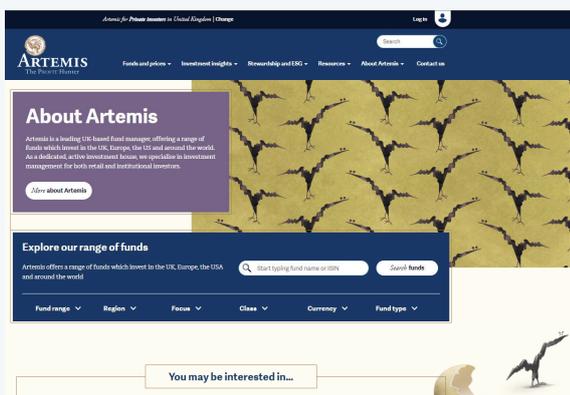
Artemis Monthly Distribution *Fund*

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 Monthly Distribution Fund was constituted by a Trust Deed dated 10 February 2012 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').

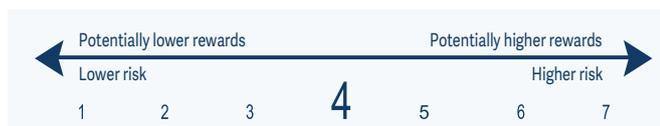
Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website artemisfunds.com. 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. 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

Objective	To generate monthly income, combined with some capital growth over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 40% to 80% in bonds (of any credit quality). • 20% to 60% in company shares. • The fund may also invest in near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • Bond returns are principally driven in four ways: <ul style="list-style-type: none"> - Investing globally in government bonds, Investment Grade and High Yield bonds - Adjusting the portfolio duration - Allocation between different credit ratings and different economic sectors - Security selection including different levels of seniority • When investing in corporate bonds, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. • When investing in company shares, the Manager selects companies which exhibit strong levels of free cashflow generation (cash that is left over after a company pays for its operating and capital expenditures which can be returned to investors through dividends and share buybacks) relative to other companies in the market, dividend distribution and dividend growth. 	
Benchmark	<ul style="list-style-type: none"> • IA Mixed Investment 20-60% Shares NR 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. 	

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.
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **Income risk:** The payment of income and its level is not guaranteed.
- **Emerging markets risk:** Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.
- **Credit risk:** Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- **Higher-yielding bonds risk:** The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
- **Charges from capital risk:** Because one of the key objectives of the fund is to provide income, the fund charges are taken from capital. This may constrain capital growth or erode capital.

There was no change to the risk indicator in the year ended 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 Monthly Distribution 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.

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 nonexecutive 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' Compliance and Risk 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 before the end of the vesting period 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 but 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 within 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.

Value assessment

Artemis Fund Managers Limited (AFML) has conducted a detailed assessment on 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.

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

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 Monthly Distribution Fund ("the Trust") for the period ended 3 March 2023.

The Trustee in its capacity as Trustee of the Artemis Monthly Distribution Fund must ensure that the Trust 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 Trust and its investors.

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust 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 Trust 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 Trust, 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 Trust'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 Monthly Distribution Fund ("the Trust") for the period from 6 March 2023 to 31 December 2023

The Trustee in its capacity as Trustee of the Artemis Monthly Distribution Fund must ensure that the Trust 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 Trust and its investors.

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust 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 Trust 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 Trust, 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 Trust'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 Trust 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 Trust will continue in operation.

The manager is responsible for the management of the Trust 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 Monthly Distribution 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 Monthly Distribution Fund

Opinion

We have audited the financial statements of the Artemis Monthly Distribution 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

Changes to the fund

In the first part of the year, we added to the fund's holdings in the shares of banks and insurance companies. Both sectors have been beneficiaries of higher interest rates and we believe they will continue paying attractive dividends (the regular payments through which companies share a portion of their profits with their shareholders).

Later in the year, however, we added BlackRock (a fund manager) and Verizon (a global telecoms company). These companies' share prices tend to rise when investors expect interest rates to fall. Adding these two holdings to the fund helped its performance towards the end of 2023, when the US central bank suggested that it would likely start cutting interest rates in 2024.

Offsetting these additions, we sold some of the fund's holdings in the shares of energy companies. Two forces combined to drag oil prices lower in 2023: weakness in the Chinese economy and Russia's growing ability to circumvent international sanctions on its oil exports.

We also continued to reduce the fund's holdings in the shares of companies such as Unilever, Kraft Heinz and Bayer, whose relatively high levels of debt we believe could eventually put their dividends at risk.

In the fund's bond component, which accounted for roughly half of its holdings at the end of 2023, we marginally increased its 'duration'. Duration is a way of measuring a bond's sensitivity to interest-rate movements. So by increasing the fund's duration, we sought to increase the chances of profiting from a move lower in interest rates. In particular, we bought inflation-linked US Treasury bonds ('TIPS'). These holdings provide the fund with what we regard as attractive 'real' yields (returns over and above inflation) and they performed well amid the record-breaking bond rally seen in the final quarter of 2023.

Explaining the fund's performance

The Artemis Monthly Distribution Fund returned 7.0% in 2023. This was slightly ahead of the average fund in its peer group, the Investment Association's Mixed Investment 20-60% Shares sector, which returned 6.9%¹. (This is a group of other asset managers' funds that invest in a similar mix of assets and which acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.)

The biggest contribution to the fund's returns in 2023 came from its holdings in the shares of defence companies Rheinmetall and BAE Systems. War and increasing geopolitical tensions have resulted in a step change in defence spending over the past two years.

Elsewhere, shares in Broadcom – a semiconductors and software company – doubled in 2023. That it pays dividends to its shareholders (a relative rarity among large technology companies) makes it one of the few stocks in this part of the market that we find attractive as income-focused investors.

The fund's holdings in banks also made a strong contribution over the year. Since 2022, the sector's earnings power has been enhanced by higher interest rates. That, in turn, has allowed the banks to return cash to their shareholders through a combination of dividends and share buybacks.

Meanwhile, many of the fund's holdings in shorter-dated high-yield bonds were strong performers. (High-yield bonds are those which ratings agencies regard as being at greater risk of defaulting on their debts and which offer higher yields to compensate for that risk. Shorter-dated bonds are those that are due to mature – return capital to their investors – within the next five years.) In 2023, many of these bonds' issuers benefited from the surprising resilience of the global economy. That reduced the (perceived) risk they would default on their debts and so made their bonds more attractive.

Although it was a generally positive year for returns, not everything went the fund's way. Perhaps most notably, it did not participate in the incredible rally in the shares of the so-called 'Magnificent Seven' mega-cap US technology companies (Apple, Microsoft, Alphabet, Nvidia, Tesla, Amazon and Meta). These companies' dividends are either extremely small or non-existent. Given our focus on income, we find it difficult to justify investing in their shares – but in 2023 they performed exceptionally well, with returns ranging from 48% (for Apple) to 239% (for Nvidia).

Elsewhere, shares in Archer-Daniels-Midland, a food processor and commodities trader, weakened as food prices fell. Its share price fell again after the year ended, in response to an accounting probe into its nutrition division. Archer-Daniels-Midland is a so-called 'dividend aristocrat', having grown its dividends per share every year for several decades. We believe the fall in its share price to be too large even under a 'worst case' scenario.

In fixed income, the most significant detractor was a position in a Credit Suisse bond, whose value fell dramatically after its shotgun merger with UBS. Our error here was failing to foresee there would be a deposit run on Credit Suisse. We had naively assumed that its improving capital position and its more stable outlook for its earnings would provide comfort to its depositors. Clearly, it did not.

Past performance is not a guide to the future.

¹ Source: Artemis/Lipper Limited, class I distribution units, in sterling to 31 December 2023. All figures show total returns with dividends/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 IA sector benchmark. Benchmark sector is IA Mixed Investment 20-60%

The wider context

2023 saw a welcome recovery in multi-asset portfolios (such as the Artemis Monthly Distribution Fund) after the extreme weakness many of them suffered in 2022.

Despite higher interest rates, equity markets moved higher in 2023, with the gains being led by the Magnificent Seven. In part, this was thanks to investor optimism around the transformative potential of artificial intelligence. Support from central banks also helped: in March, the US central bank, the Federal Reserve, acted swiftly to supply liquidity to help restore confidence in the wake of some high-profile banking collapses.

In the fourth quarter of the year, meanwhile, the Federal Reserve issued the clearest signal yet that it would begin to cut interest rates in 2024. The reaction from bond markets was powerful: they posted a record-breaking two-month rally through November and December.

Looking ahead

Although the outlook remains unpredictable and unclear, it seems likely that interest rates have peaked. Inevitably, markets have begun to ask when interest rates will begin to fall.

For much of the decade that followed the financial crisis, some investors owned bonds for their capital return potential rather than for income. This has now changed and we believe bonds once again offer a source of attractive income for investors. Even after the sharp rally seen towards the end of 2023, we believe bonds remain attractive.

All in all, therefore, we see the potential for the portfolio to generate attractive total returns – through a combination of both capital return and income – over the coming months and years.

INVESTMENT INFORMATION

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

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury Inflation Indexed, 0.75% 15/02/20245	24,278	Exxon Mobil	26,369
Exxon Mobil	20,105	Unilever	16,690
NN Group	15,965	Wells Fargo	16,241
US Treasury Inflation Indexed, 0.25% 15/07/2029	15,481	Vinci	15,346
Archer-Daniels-Midland	15,107	AbbVie	14,497
Broadcom	14,897	UK Treasury Gilt 0.125% 10/08/2028	13,705
Petroleo Brasileiro, ADR	13,903	Archer-Daniels-Midland	12,581
US Treasury 3.875% 15/08/2033	12,927	Broadcom	12,259
Blackrock	12,472	Glencore	11,485
HSBC Holdings	10,921	BAE Systems	11,176

Portfolio statement as at 31 December 2023

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 49.47% (47.81%)			
Australia 0.00% (1.21%)			
Austria 0.98% (0.00%)			
Erste Bank	205,121	6,511	0.98
		6,511	0.98
Brazil 2.06% (1.05%)			
Banco do Brasil	404,800	3,617	0.55
Petroleo Brasileiro, ADR	797,567	10,039	1.51
		13,656	2.06
Canada 0.00% (0.68%)			
Denmark 0.33% (0.00%)			
Danske Bank	103,004	2,159	0.33
		2,159	0.33
France 1.01% (2.02%)			
Vinci	67,438	6,661	1.01
		6,661	1.01
Germany 3.46% (5.55%)			
Commerzbank	329,175	3,068	0.46
Daimler Truck Holdings	134,029	3,975	0.60
Rheinmetall	63,842	15,914	2.40
		22,957	3.46
Israel 0.00% (0.94%)			
Italy 2.75% (2.53%)			
Intesa Sanpaolo	1,820,936	4,191	0.63
RAI Way	3,150,098	14,045	2.12
		18,236	2.75
Japan 4.90% (1.82%)			
Canon	338,100	6,781	1.02
IHI	41,000	628	0.10
Komatsu	163,000	3,333	0.50
Mitsubishi Heavy Industries	114,200	5,223	0.79
Mitsubishi UFJ Financial Group	1,357,300	9,098	1.37
Sompo Holdings	98,860	3,778	0.57
Sumitomo Heavy Industries	35,000	689	0.10

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 49.47% (47.81%) (continued)			
Japan 4.90% (1.82%) (continued)			
Sumitomo Mitsui Financial Group	77,600	2,950	0.45
		32,480	4.90
Mexico 0.00% (0.27%)			
Netherlands 2.25% (0.57%)			
NN Group	477,731	14,939	2.25
		14,939	2.25
Norway 2.55% (2.43%)			
Elopak	2,472,404	5,677	0.86
Var Energi	4,515,447	11,217	1.69
		16,894	2.55
Russia 0.00% (0.00%)			
Sberbank of Russia, ADR ^	784,260	–	–
		–	–
Singapore 0.51% (0.00%)			
Oversea-Chinese Banking	440,100	3,397	0.51
		3,397	0.51
South Korea 2.60% (0.00%)			
Hyundai Motor	27,617	3,413	0.51
KB Financial Group	208,167	6,842	1.03
Samsung Electronics	146,720	7,003	1.06
		17,258	2.60
Spain 1.82% (0.00%)			
Banco Bilbao Vizcaya Argentaria	903,072	6,456	0.98
Banco Santander	1,698,165	5,590	0.84
		12,046	1.82
Taiwan 0.00% (1.03%)			
United Arab Emirates 0.41% (0.36%)			
Abu Dhabi Commercial Bank	1,408,906	2,745	0.41
		2,745	0.41
United Kingdom 4.65% (5.26%)			
BAE Systems	1,078,950	11,976	1.80
HSBC Holdings	1,096,400	6,943	1.05
Tesco	4,112,717	11,923	1.80
		30,842	4.65
United States of America 19.19% (22.09%)			
AbbVie	103,716	12,595	1.90
AGNC Investment, REIT	702,800	5,552	0.84
Archer-Daniels-Midland	219,795	12,468	1.88
Baker Hughes	139,279	3,739	0.56
BlackRock	21,286	13,632	2.06
Broadcom	16,723	14,736	2.22
Corebridge Financial	160,982	2,758	0.42
CRH	260,065	14,069	2.12
Diversified Energy	201,682	2,249	0.34
Fluor	210	6	–
Hess	183,086	4,549	0.69
Marsh & McLennan	8,156	1,209	0.18
Swiss Re	129,219	11,464	1.73
Tenaris	477,955	6,617	1.00
Verizon Communications	267,052	7,859	1.18
Wells Fargo	172,350	6,700	1.01

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 49.47% (47.81%) (continued)			
United States of America 19.19% (22.09%) (continued)			
Weyerhaeuser, REIT	255,201	7,032	1.06
		127,234	19.19
Equities total		328,015	49.47
Government Bonds 10.61% (5.25%)			
Austria 0.00% (0.17%)			
Sweden 0.29% (0.00%)			
Vattenfall 6.88% 17/08/2083	£1,900,000	1,908	0.29
		1,908	0.29
United Kingdom 0.67% (1.76%)			
United Kingdom Gilt 1.00% 22/04/2024	£4,500,000	4,444	0.67
		4,444	0.67
United States of America 9.65% (3.32%)			
US Treasury 2.25% 15/08/2046	\$10,000,000	5,632	0.85
US Treasury 3.88% 15/08/2033	\$17,000,000	13,368	2.02
US Treasury Inflation Indexed, 0.25% 15/07/2029	\$25,000,000	21,814	3.29
US Treasury Inflation Indexed, 0.75% 15/02/2045	\$28,500,000	23,110	3.49
		63,924	9.65
Government Bonds total		70,276	10.61
Corporate Bonds 39.17% (46.24%)			
Australia 0.42% (0.45%)			
Mineral Resources 8.00% 01/11/2027	\$3,500,000	2,812	0.42
		2,812	0.42
Austria 0.64% (0.70%)			
ams-OSRAM 0.00% 05/03/2025	€1,600,000	1,293	0.19
ams-OSRAM 12.25% 30/03/2029	\$900,000	786	0.12
AT&S Austria Technologie & Systemtechnik, FRN 5.00% Perpetual	€2,800,000	2,174	0.33
		4,253	0.64
Canada 0.31% (0.00%)			
GFL Environmental 3.75% 01/08/2025	\$2,400,000	1,836	0.28
GFL Environmental 6.75% 15/01/2031	\$238,000	193	0.03
		2,029	0.31
Denmark 0.27% (0.00%)			
Danske Bank, FRN 4.63% 13/04/2027	£1,800,000	1,784	0.27
		1,784	0.27
France 0.62% (2.18%)			
Loxam 2.88% 15/04/2026	€2,500,000	2,105	0.31
Paprec Holdings 6.50% 17/11/2027	€2,200,000	2,043	0.31
		4,148	0.62
Germany 2.24% (2.12%)			
Adler Pelzer 9.50% 01/04/2027	€800,000	692	0.10
Bayer 7.00% 25/09/2083	€1,100,000	985	0.15
Cheplapharm Arzneimittel 4.38% 15/01/2028	€1,400,000	1,184	0.18
Cheplapharm Arzneimittel 7.50% 15/05/2030	€2,000,000	1,849	0.28
CT Investment 5.50% 15/04/2026	€2,400,000	2,069	0.31
Ctec II 5.25% 15/02/2030	€1,700,000	1,311	0.20
Gruenenthal 3.63% 15/11/2026	€2,500,000	2,140	0.32
IHO Verwaltungs 6.00% 15/05/2027	\$3,700,000	2,845	0.43
Standard Profil Automotive 6.25% 30/04/2026	€450,000	305	0.05
Volkswagen Financial Services 6.50% 18/09/2027	£1,400,000	1,462	0.22
		14,842	2.24

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 39.17% (46.24%) (continued)			
Hong Kong 0.54% (0.70%)			
Seaspan 5.50% 01/08/2029	\$5,400,000	3,562	0.54
		3,562	0.54
Israel 0.83% (1.06%)			
Energiean Israel Finance 5.38% 30/03/2028	\$1,800,000	1,240	0.19
Teva Pharmaceutical Finance Netherlands II 7.38% 15/09/2029	€2,600,000	2,468	0.37
Teva Pharmaceutical Finance Netherlands III 6.00% 15/04/2024	\$2,304,000	1,802	0.27
		5,510	0.83
Italy 0.00% (0.48%)			
Japan 0.00% (0.31%)			
Luxembourg 1.36% (1.53%)			
Albion Financing 1 6.13% 15/10/2026	\$4,500,000	3,497	0.53
Albion Financing 2 8.75% 15/04/2027	\$2,700,000	2,101	0.31
Blackstone Property Partners Europe Holdings 2.00% 20/10/2025	£3,700,000	3,435	0.52
		9,033	1.36
Mexico 0.00% (0.70%)			
Netherlands 0.56% (0.59%)			
ING Groep, FRN 6.25% 20/05/2033	£3,700,000	3,724	0.56
		3,724	0.56
Spain 0.35% (0.71%)			
Grupo Antolin-Irausa 3.38% 30/04/2026	€3,000,000	2,301	0.35
		2,301	0.35
Sweden 0.63% (0.42%)			
Heimstaden, FRN 6.75% Perpetual	€2,400,000	417	0.06
Verisure Holdings 3.88% 15/07/2026	€2,300,000	1,959	0.29
Verisure Holdings 7.13% 01/02/2028	€2,000,000	1,827	0.28
		4,203	0.63
Switzerland 1.32% (2.22%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$3,300,000	2,550	0.38
Willow No. 2 Ireland for Zurich Insurance, FRN 4.25% 01/10/2045	\$4,400,000	3,310	0.50
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	£3,000,000	2,885	0.44
		8,745	1.32
United Kingdom 14.13% (16.20%)			
180 Medical 3.88% 15/10/2029	\$2,800,000	1,972	0.30
AA Bond 7.38% 31/07/2050	£2,000,000	1,995	0.30
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€2,100,000	1,917	0.29
Allwyn Entertainment Financing UK 7.88% 30/04/2029	\$700,000	557	0.08
Annington Funding 4.75% 09/08/2033	£1,600,000	1,490	0.22
Arqiva Financing 7.21% 30/06/2045	£1,200,000	1,298	0.20
Aviva 6.88% 27/11/2053	£2,600,000	2,721	0.41
B&M European Value Retail 8.13% 15/11/2030	£700,000	744	0.11
BCP V Modular Services Finance II 6.13% 30/11/2028	£5,000,000	4,462	0.67
BP Capital Markets, FRN 4.25% Perpetual	£1,600,000	1,500	0.23
Castle UK Finco 7.00% 15/05/2029	£3,400,000	2,870	0.43
Close Brothers Group 7.75% 14/06/2028	£1,900,000	2,021	0.30
Constellation Automotive Financing 4.88% 15/07/2027	£3,100,000	2,534	0.38
CPUK Finance 4.50% 28/08/2027	£2,850,000	2,508	0.38
Deuce Finco 5.50% 15/06/2027	£2,100,000	1,954	0.29
Drax Finco 6.63% 01/11/2025	\$5,000,000	3,853	0.58
Harbour Energy 5.50% 15/10/2026	\$3,500,000	2,684	0.40
HSBC Holdings 6.80% 14/09/2031	£1,300,000	1,400	0.21
Inchcape 6.50% 09/06/2028	£1,500,000	1,560	0.24

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 39.17% (46.24%) (continued)			
United Kingdom 14.13% (16.20%) (continued)			
INEOS Quattro Finance 2 2.50% 15/01/2026	€4,400,000	3,696	0.56
Kane Bidco 6.50% 15/02/2027	£3,400,000	3,150	0.48
Legal & General Group, FRN 5.38% 27/10/2045	£3,000,000	2,980	0.45
Mobico Group 4.88% 26/09/2031	€2,100,000	1,851	0.28
Motion Finco Sarl 7.38% 15/06/2030	€1,700,000	1,507	0.23
National Grid 3.50% 16/10/2026	£3,400,000	3,283	0.50
Nationwide Building Society 6.13% 21/08/2028	£1,800,000	1,920	0.29
NatWest Group, FRN 7.42% 06/06/2033	£3,800,000	3,966	0.60
NGG Finance, FRN 5.63% 18/06/2073	£1,100,000	1,083	0.16
Pension Insurance, FRN 7.38% Perpetual	£3,000,000	2,805	0.42
Phoenix Group Holdings 5.87% 13/06/2029	£1,400,000	1,371	0.21
Premier Foods Finance 3.50% 15/10/2026	£4,500,000	4,177	0.63
Quadgas Finance 3.38% 17/09/2029	£3,000,000	2,649	0.40
RAC Bond 5.25% 04/11/2046	£2,300,000	2,012	0.30
Rothsay Life, FRN 6.88% Perpetual	£5,500,000	4,949	0.75
Santander UK Group Holdings, FRN 7.10% 16/11/2027	£3,000,000	3,117	0.47
Sherwood Financing 6.00% 15/11/2026	£2,800,000	2,493	0.38
Victoria 3.63% 24/08/2026	€3,200,000	2,215	0.33
Vodafone Group, FRN 8.00% 30/08/2086	£1,800,000	1,920	0.29
Weir 6.88% 14/06/2028	£1,000,000	1,053	0.16
Yorkshire Building Society 7.38% 12/09/2027	£1,400,000	1,449	0.22
		93,686	14.13
United States of America 14.95% (15.87%)			
Adient Global Holdings 7.00% 15/04/2028	\$2,400,000	1,951	0.29
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€1,100,000	847	0.13
At Home Group 4.88% 15/07/2028	\$3,500,000	1,006	0.15
AT&T 4.30% 18/11/2034	€1,000,000	919	0.14
Bank of America 5.65% 18/08/2025	\$3,200,000	2,541	0.38
Capstone Borrower 8.00% 15/06/2030	\$1,600,000	1,291	0.20
Catalent Pharma Solutions 2.38% 01/03/2028	€4,700,000	3,549	0.53
Caterpillar Financial Services 5.72% 17/08/2026	£2,200,000	2,275	0.34
Consensus Cloud Solutions 6.00% 15/10/2026	\$566,000	422	0.06
Consensus Cloud Solutions 6.50% 15/10/2028	\$2,134,000	1,526	0.23
Coty 4.75% 15/01/2029	\$2,700,000	2,023	0.31
Crocs 4.13% 15/08/2031	\$4,000,000	2,651	0.40
Emerald Debt Merger Sub 6.38% 15/12/2030	€3,000,000	2,785	0.42
Encore Capital 4.25% 01/06/2028	£3,000,000	2,557	0.39
Energizer Holdings 4.38% 31/03/2029	\$2,500,000	1,763	0.27
Ford Motor Credit 2.75% 14/06/2024	£5,900,000	5,815	0.88
Fortrea Holdings 7.50% 01/07/2030	\$1,650,000	1,330	0.20
GTCR W-2 Merger Sub 7.50% 15/01/2031	\$160,000	133	0.02
GTCR W-2 Merger Sub 8.50% 15/01/2031	£3,000,000	3,240	0.49
International Game Technology 3.50% 15/06/2026	€4,800,000	4,141	0.62
Legends Hospitality 5.00% 01/02/2026	\$2,600,000	2,015	0.30
LKQ 6.25% 15/06/2033	\$3,300,000	2,707	0.41
Match Group Holdings II 3.63% 01/10/2031	\$3,000,000	2,063	0.31
Medline Borrower 3.88% 01/04/2029	\$5,100,000	3,622	0.55
Meritage Homes 5.13% 06/06/2027	\$2,500,000	1,932	0.29
MIWD Holdco II 5.50% 01/02/2030	\$2,200,000	1,530	0.23
MPT Operating Partnership, REIT 3.69% 05/06/2028	£6,000,000	4,050	0.61
Nestle Holdings 5.25% 21/09/2026	£2,200,000	2,251	0.34
Owens & Minor 6.63% 01/04/2030	\$4,444,000	3,330	0.50
Realty Income 5.75% 05/12/2031	£2,400,000	2,505	0.38
SCIL IV 5.38% 01/11/2026	\$4,000,000	3,012	0.45

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 39.17% (46.24%) (continued)			
United States of America 14.95% (15.87%) (continued)			
Sotheby's/Bidfair Holdings 5.88% 01/06/2029	\$2,900,000	1,968	0.30
Tibco Software 6.50% 31/03/2029	\$2,600,000	1,937	0.29
TripAdvisor 7.00% 15/07/2025	\$4,000,000	3,144	0.47
Verizon Communications 4.75% 17/02/2034	£2,100,000	2,082	0.31
VICI Properties, REIT 3.50% 15/02/2025	\$7,000,000	5,352	0.81
VT Topco 8.50% 15/08/2030	\$2,000,000	1,623	0.25
Warnermedia Holdings 3.64% 15/03/2025	\$6,000,000	4,605	0.69
Williams Scotsman 4.63% 15/08/2028	\$3,500,000	2,589	0.39
ZipRecruiter 5.00% 15/01/2030	\$6,000,000	4,128	0.62
		99,210	14.95
Corporate Bonds total		259,842	39.17
Forward Currency Contracts 0.01% ((0.41%))			
Buy Sterling 51,669,727 Sell Euro 60,294,632 dated 08/01/2024		(744)	(0.11)
Buy Sterling 167,397,961 Sell US Dollar 211,041,120 dated 08/01/2024		1,815	0.27
Buy US Dollar 39,586,275 Sell Euro 36,800,000 dated 16/02/2024		(981)	(0.15)
Forward Currency Contracts total		90	0.01
Investment assets (including investment liabilities)		658,223	99.26
Net other assets		4,892	0.74
Net assets attributable to unitholders		663,115	100.00

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

^ Unlisted, suspended or delisted security. Russian holdings currently suspended have been valued at nil by the manager.

FINANCIAL STATEMENTS

Statement of total return for the year ended 31 December 2023

	Note	31 December 2023		31 December 2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		17,539		(65,866)
Revenue	5	38,043		36,130	
Expenses	6	(5,730)		(5,839)	
Interest payable and similar charges	7	(59)		(44)	
Net revenue before taxation		32,254		30,247	
Taxation	8	(5,593)		(4,057)	
Net revenue after taxation			26,661		26,190
Total return before distributions			44,200		(39,676)
Distributions	9		(31,672)		(31,286)
Change in net assets attributable to unitholders from investment activities			12,528		(70,962)

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
Opening net assets attributable to unitholders		658,979		700,049
Amounts receivable on issue of units	81,171		55,438	
Amounts payable on cancellation of units	(106,933)		(43,222)	
		(25,762)		12,216
Dilution adjustment		-		37
Change in net assets attributable to unitholders from investment activities		12,528		(70,962)
Retained distribution on accumulation units		17,370		17,639
Closing net assets attributable to unitholders		663,115		658,979

Balance sheet as at 31 December 2023

	Note	31 December 2023		31 December 2022	
		£'000	£'000	£'000	£'000
Assets					
Fixed assets					
Investments	10	659,948		654,246	
Current assets					
Debtors	11	10,178		7,295	
Cash and cash equivalents	12	2,879		3,248	
Total current assets		13,057		10,543	
Total assets		673,005		664,789	
Liabilities					
Investment liabilities	10	1,725		2,688	
Creditors					
Bank overdraft	13	1,370		-	
Distribution payable		4,033		2,228	
Other creditors	14	2,762		894	
Total creditors		8,165		3,122	
Total liabilities		9,890		5,810	
Net assets attributable to unitholders		663,115		658,979	

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).

(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. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Interest from debt securities bought or sold is excluded from the capital cost of such securities, and accounted for as part of revenue. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis. Any capital gains/losses are included within net capital gains/(losses) and any revenue or expense is included within revenue or interest payable and similar charges respectively in the statement of total return. The revenue return element in respect of futures is calculated by reference to the quoted yield of the index upon which the future is based.

(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 depositary 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	8,782	(50,288)
Forward currency contracts	5,123	(15,422)
Currency gains/(losses)	3,634	(156)
Net capital gains/(losses)	17,539	(65,866)

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. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

	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 %
Purchases						
Equities	406,577	17	305	406,899	–	0.08
Bonds	291,049	–	–	291,049	–	–
Sales						
Equities	398,827	33	92	398,702	0.01	0.02
Bonds	300,040	–	–	300,040	–	–
Total		50	397			
Percentage of fund average net assets		0.00%	0.06%			

	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 %
Purchases						
Equities	596,306	146	548	597,000	0.02	0.09
Bonds	218,583	–	–	218,583	–	–
Sales						
Equities	646,334	150	27	646,157	0.02	–
Bonds	151,486	–	–	151,486	–	–
Total		296	575			
Percentage of fund average net assets		0.04%	0.09%			

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 0.35% (2022: 0.51%). 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
Interest on debt securities	20,576	17,576
Overseas dividends	15,211	16,643
UK dividends	1,868	1,798
Bank interest	388	113
Total revenue	38,043	36,130

6. Expenses

	31 December 2023 £'000	31 December 2022 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	5,011	5,096
Administration fees	719	732
Total expenses	5,730	5,828

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

The audit fee (excluding VAT) accrued during the period 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	59	44
Total interest payable and similar charges	59	44

8. Taxation

	31 December 2023 £'000	31 December 2022 £'000
a) Analysis of the tax charge for the year		
UK corporation tax	3,227	2,830
Irrecoverable overseas tax	2,359	1,600
Prior year adjustments	185	–
Double tax relief	(178)	(352)
Total current taxation (note 8b)	5,593	4,078
Deferred tax (note 8c)	–	(21)
Total taxation (note 8b)	5,593	4,057
b) Factors affecting the tax charge for the year		
Net revenue before taxation	32,253	30,247
Corporation tax of 20% (2022: 20%)	6,451	6,049
Effects of:		
Irrecoverable overseas tax	2,181	1,248
Prior year adjustments	185	–
Deferred tax (note 8c)	–	(21)
Revenue taxable in different periods	(12)	84
Indexed gilt edged securities adjustment	(45)	–
Non-taxable UK dividends	(374)	(359)
Non-taxable overseas dividends	(2,793)	(2,944)
Tax charge for the year (note 8a)	5,593	4,057
c) Provision for deferred tax		
Provision at the start of the year	–	21
Movement in deferred tax for the year (note 8a)	–	(21)
Provision at the end of the year	–	–

9. Distributions

	31 December 2023 £'000	31 December 2022 £'000
Interim dividend distribution - January 2023	1,343	1,468
Interim dividend distribution - February 2023	2,468	2,014
Interim dividend distribution - March 2023	1,984	3,381
Interim dividend distribution - April 2023	3,624	2,833
Interim dividend distribution - May 2023	4,885	4,909
Interim dividend distribution - June 2023	3,005	2,488
Interim dividend distribution - July 2023	1,610	1,489
Interim dividend distribution - August 2023	3,266	3,381
Interim dividend distribution - September 2023	2,069	2,726
Interim dividend distribution - October 2023	2,278	1,616
Interim dividend distribution - November 2023	3,124	2,993
Final dividend distribution - December 2023	1,958	1,992
	31,614	31,290
Add: amounts deducted on cancellation of units	221	81
Deduct: amounts added on issue of units	(163)	(85)
Distributions	31,672	31,286
Movement between net revenue and distributions		
Net revenue after taxation	26,661	26,125
Expenses paid from capital	5,011	5,096
	31,672	–

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 27 to 29.

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	398,291	–	314,997	–
Level 2	261,657	1,725	339,249	2,688
Total	659,948	1,725	654,246	2,688

11. Debtors

	31 December 2023 £'000	31 December 2022 £'000
Accrued revenue	5,469	5,091
Amounts receivable for issue of units	4,028	322
Overseas withholding tax recoverable	612	864
Corporation tax recoverable	69	94
Sales awaiting settlement	–	924
Total debtors	10,178	7,295

12. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Amounts held in liquidity funds	1,486	–
Collateral held with brokers	1,070	–
Cash and bank balances	323	898
Amounts held at brokers	–	2,350
Total cash and cash equivalents	2,879	3,248

13. Bank overdraft

	31 December 2023 £'000	31 December 2022 £'000
Collateral pledged with brokers	1,370	–
Total bank overdraft	1,370	–

14. Other creditors

	31 December 2023 £ '000	31 December 2022 £ '000
Amounts payable for cancellation of units	2,274	303
Accrued annual management charge	426	401
Accrued administration fee payable to the manager	61	60
Accrued other expenses	1	–
Purchases awaiting settlement	–	130
Total other creditors	2,762	894

15. Contingent liabilities and commitments

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

16. 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 distribution	7,421,833	580,670	(412,429)	(4,993)	7,585,081
C accumulation	1,180,233	56,241	(103,265)	(54,344)	1,078,865
I distribution	408,856,852	59,296,160	(54,897,481)	356,633	413,612,164
I accumulation	333,494,799	32,984,114	(59,148,545)	(162,488)	307,167,880
R distribution	5,882,460	338,593	(3,006,687)	–	3,214,366
R accumulation	6,618,716	4,122,896	(3,154,602)	(29,310)	7,557,700

17. 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 interest rate risk, currency risk, other price 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 bonds and 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) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, governments' fiscal positions, short-term interest rates and international market comparisons.

As part of the continuing review of the portfolio, the manager monitors and reviews these factors.

Currency	Floating Rate financial assets † £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 December 2023				
US Dollar	8,788	153,013	119,683	281,484
Sterling	39,677	79,660	33,870	153,207
Euro	3,577	46,972	88,944	139,493
Japanese Yen	–	–	32,609	32,609
South Korean Won	–	–	17,283	17,283
Norwegian Krone	–	–	16,983	16,983
Swiss Franc	–	–	11,464	11,464
Hong Kong Dollar	–	–	6,943	6,943
Brazilian Real	23	–	3,617	3,640
Singapore Dollar	–	–	3,397	3,397
UAE Dirham	–	–	2,745	2,745
Danish Kroner	–	–	2,274	2,274
Swedish Krona	–	–	225	225
Israeli New Shekel	–	–	1	1
31 December 2022				
Sterling	3,225	114,762	276,228	394,215
US Dollar	21	149,653	(25,140)	124,534
Euro	2	74,834	9,885	84,721
Norwegian Krone	–	–	16,081	16,081
Japanese Yen	–	–	11,985	11,985
Swiss Franc	–	–	9,895	9,895
Brazilian Real	–	–	6,948	6,948
Israeli New Shekel	–	–	6,295	6,295
UAE Dirham	–	–	2,386	2,386
Mexican Nuevo Peso	–	–	1,762	1,762
Danish Kroner	–	–	122	122
Swedish Krona	–	–	35	35

† Include cash and bank balances.

As at 31 December 2023 if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 4.9% fall in the prices of the underlying bonds it holds (2022: 4.0%). A 1% fall in government bond yields would have an equal and opposite impact. This calculation has been prepared on a modified duration basis. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The calculation has been used to serve as an indication of the possible impact to the fund from changes to government bond yields. This concept relies on a large number of assumptions, in particular, that all bonds are equally sensitive to government bond yields. In practice, this is not the case as many bonds with higher credit risk have lower correlation with government bond yields and in some cases even negative correlation. The fund contains a high and varying proportion of bonds with sometimes a high degree of credit risk. Furthermore, this makes the assumption of a parallel shift in yields. In practice, when interest rates change, longer dated government bond yields do not usually move in parallel with short-term interest rates. It is not unusual to see a negative correlation to short-term interest rate movements. The calculation also includes the impact of any futures positions, which are priced according to the yield of 10 year government bonds.

(ii) Currency risk

A portion of the net assets of the fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced. The gain on forward currency contracts for the year was £5,123,000 (2022: loss of £15,422,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the table below.

Currency	Investments £'000	Net other assets £'000	Forward currency contracts £'000	Total £'000
31 December 2023				
Sterling	144,000	514	219,067	363,581
US Dollar	278,660	2,824	(134,529)	146,955
Euro	138,516	947	(84,448)	55,015
Japanese Yen	32,480	129	–	32,609
South Korean Won	17,258	25	–	17,283
Norwegian Krone	16,894	89	–	16,983
Swiss Franc	11,464	–	–	11,464
Hong Kong Dollar	6,943	–	–	6,943
Brazilian Real	3,617	23	–	3,640
Singapore Dollar	3,397	–	–	3,397
UAE Dirham	2,745	–	–	2,745
Danish Kroner	2,159	115	–	2,274
Swedish Krona	–	225	–	225
Israeli New Shekel	–	1	–	1
31 December 2022				
Sterling	162,112	835	231,268	394,215
US Dollar	277,065	4,651	(157,182)	124,534
Euro	159,863	1,632	(76,774)	84,721
Norwegian Krone	16,014	67	–	16,081
Japanese Yen	11,985	–	–	11,985
Swiss Franc	9,895	–	–	9,895
Brazilian Real	6,948	–	–	6,948
Israeli New Shekel	6,216	79	–	6,295
UAE Dirham	2,386	–	–	2,386
Mexican Nuevo Peso	1,762	–	–	1,762
Danish Kroner	–	122	–	122
Swedish Krona	–	35	–	35

A five percent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £14,977,000 (2022: £13,238,000). A five percent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five percent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £32,911,000 (2022: £32,577,000). A five percent decrease would have an equal and opposite effect.

Returns from bonds are fixed at the time of purchase, the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date may have a different price to its purchase level and a gain or loss may be realised.

Bond investments are exposed to credit rating risk which reflects the ability of a bond issuer to meet its obligations (i.e. pay interest on a bond and return the capital on the redemption date). Generally, the higher the credit rating of the bond issuer, the rate at which they can borrow money may be lower than a bond issuer with a lower credit rating reflecting the potentially higher risk. Additionally, the credit rating of a bond is likely to impact upon the market price of a bond with a higher credit rating reflecting the greater expectation that the bond will be redeemed by the issuer on the maturity date at the nominal amount. An element of the market price of a bond will reflect this.

(iv) 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 manager is required to calculate and monitor the level of leverage of a fund, expressed as a percentage of the exposure of the fund and its net asset value under both the sum of the notionals and the commitment methods. The fund can use cash borrowing and financial derivatives (subject to restrictions as set out in its Prospectus and COLL) as sources of leverage.

The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 31 December 2023 and 31 December 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	177.9	206.3
Commitment	100.3	101.0

(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 are disclosed in the portfolio statement, Northern Trust and UBS is the counterparty for forward currency contracts. 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.

Debt Security credit analysis

At the reporting date, the credit analysis of the fund's debt securities was as follows:

	31 December 2023 £'000	31 December 2022 £'000
Investment grade securities	172,792	138,386
Below investment grade securities	153,859	198,740
Unrated securities	3,467	2,123
Total of debt securities	330,118	339,249

Source of credit ratings: Artemis Investment Management LLP.

Counterparty and collateral exposure

The type of derivatives held at the balance sheet date was forward currency contracts. 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	Forward currency contracts £'000	Net collateral (pledged)/held £'000
31 December 2023		
Northern Trust	1,701	(1,370)
UBS	(981)	1,070
31 December 2022		
J.P. Morgan	1,805	1,630
UBS	901	720

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.

18. 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 18 and notes 6, 9, 11 and 14 on pages 21 to 23 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 £1,267,000 (2022: £442,000 due to the manager).

19. Unit classes

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

C distribution	1.20%
C accumulation	1.20%
I distribution	0.75%
I accumulation	0.75%
R distribution	1.50%
R accumulation	1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 31 to 32.

The distributions per unit class are given in the distribution tables on pages 28 to 30. All classes have the same rights on winding up.

20. Post balance sheet event

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

DISTRIBUTION TABLES

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

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 January 2023	31 January 2023	1 February 2023	31 March 2023
Second interim	1 February 2023	28 February 2023	1 March 2023	28 April 2023
Third interim	1 March 2023	31 March 2023	1 April 2023	31 May 2023
Fourth interim	1 April 2023	30 April 2023	1 May 2023	30 June 2023
Fifth interim	1 May 2023	31 May 2023	1 June 2023	31 July 2023
Sixth interim	1 June 2023	30 June 2023	1 July 2023	31 August 2023
Seventh interim	1 July 2023	31 July 2023	1 August 2023	29 September 2023
Eighth interim	1 August 2023	31 August 2023	1 September 2023	31 October 2023
Ninth interim	1 September 2023	30 September 2023	1 October 2023	30 November 2023
Tenth interim	1 October 2023	31 October 2023	1 November 2023	29 December 2023
Eleventh interim	1 November 2023	30 November 2023	1 December 2023	31 January 2024
Final	1 December 2023	31 December 2023	1 January 2024	29 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.

The fund has not held more than 60% of its net assets in interest bearing securities during any distribution periods. Corporate unitholders should note that a holding in a fund with more than 60% of its net assets in interest bearing assets may be required to be treated as a creditor loan relationship for corporation tax purposes.

C 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	
First interim	0.0592	0.0772	0.1364	18.41%	81.59%	0.1566
Second interim	0.1968	0.0500	0.2468	37.95%	62.05%	0.2133
Third interim	0.0712	0.1286	0.1998	41.74%	58.26%	0.3564
Fourth interim	0.1515	0.2074	0.3589	43.10%	56.90%	0.2987
Fifth interim	0.2339	0.2495	0.4834	77.43%	22.57%	0.5107
Sixth interim	0.1338	0.1667	0.3005	44.57%	55.43%	0.2579
Seventh interim	0.0962	0.0683	0.1645	20.72%	79.28%	0.1544
Eighth interim	0.1922	0.1377	0.3299	70.37%	29.63%	0.3460
Ninth interim	0.1097	0.1016	0.2113	9.12%	90.88%	0.2795
Tenth interim	0.1149	0.1183	0.2332	45.46%	54.54%	0.1662
Eleventh interim	0.1636	0.1526	0.3162	55.13%	44.87%	0.3014
Final	0.1059	0.0951	0.2010	35.78%	64.22%	0.2017

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	
First interim	0.1827	0.0277	0.2104	18.41%	81.59%	0.2303
Second interim	0.2709	0.1105	0.3814	37.95%	62.05%	0.3145
Third interim	0.0373	0.2730	0.3103	41.74%	58.26%	0.5282
Fourth interim	0.2358	0.3230	0.5588	43.10%	56.90%	0.4438
Fifth interim	0.3664	0.3907	0.7571	77.43%	22.57%	0.7624
Sixth interim	0.2112	0.2629	0.4741	44.57%	55.43%	0.3864
Seventh interim	0.1525	0.1083	0.2608	20.72%	79.28%	0.2330
Eighth interim	0.3054	0.2188	0.5242	70.37%	29.63%	0.5245
Ninth interim	0.1754	0.1622	0.3376	9.12%	90.88%	0.4239
Tenth interim	0.1842	0.1896	0.3738	45.46%	54.54%	0.2541
Eleventh interim	0.2631	0.2456	0.5087	55.13%	44.87%	0.4617
Final	0.1712	0.1538	0.3250	35.78%	64.22%	0.3082

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	
First interim	0.0634	0.0787	0.1421	18.41%	81.59%	0.1628
Second interim	0.1406	0.1196	0.2602	37.95%	62.05%	0.2235
Third interim	0.0480	0.1604	0.2084	41.74%	58.26%	0.3753
Fourth interim	0.1597	0.2190	0.3787	43.10%	56.90%	0.3144
Fifth interim	0.2479	0.2643	0.5122	77.43%	22.57%	0.5403
Sixth interim	0.1407	0.1756	0.3163	44.57%	55.43%	0.2709
Seventh interim	0.1006	0.0704	0.1710	20.72%	79.28%	0.1609
Eighth interim	0.2034	0.1449	0.3483	70.37%	29.63%	0.3652
Ninth interim	0.1153	0.1061	0.2214	9.12%	90.88%	0.2946
Tenth interim	0.1207	0.1241	0.2448	45.46%	54.54%	0.1738
Eleventh interim	0.1730	0.1611	0.3341	55.13%	44.87%	0.3180
Final	0.1109	0.0994	0.2103	35.78%	64.22%	0.2117

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	
First interim	0.0815	0.1364	0.2179	18.41%	81.59%	0.2382
Second interim	0.2454	0.1545	0.3999	37.95%	62.05%	0.3277
Third interim	0.0684	0.2530	0.3214	41.74%	58.26%	0.5520
Fourth interim	0.2472	0.3389	0.5861	43.10%	56.90%	0.4649
Fifth interim	0.3860	0.4114	0.7974	77.43%	22.57%	0.8020
Sixth interim	0.2206	0.2754	0.4960	44.57%	55.43%	0.4052
Seventh interim	0.1584	0.1110	0.2694	20.72%	79.28%	0.2416
Eighth interim	0.3212	0.2289	0.5501	70.37%	29.63%	0.5492
Ninth interim	0.1831	0.1683	0.3514	9.12%	90.88%	0.4454
Tenth interim	0.1922	0.1977	0.3899	45.46%	54.54%	0.2640
Eleventh interim	0.2764	0.2575	0.5339	55.13%	44.87%	0.4842
Final	0.1782	0.1596	0.3378	35.78%	64.22%	0.3225

R 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	
First interim	0.0751	0.0624	0.1375	18.41%	81.59%	0.1582
Second interim	0.1879	0.0587	0.2466	37.95%	62.05%	0.2144
Third interim	0.0214	0.1799	0.2013	41.74%	58.26%	0.3569
Fourth interim	0.1514	0.2072	0.3586	43.10%	56.90%	0.2989
Fifth interim	0.2337	0.2487	0.4824	77.43%	22.57%	0.5098
Sixth interim	0.1343	0.1667	0.3010	44.57%	55.43%	0.2576
Seventh interim	0.0967	0.0693	0.1660	20.72%	79.28%	0.1556
Eighth interim	0.1902	0.1376	0.3278	70.37%	29.63%	0.3462
Ninth interim	0.1100	0.1022	0.2122	9.12%	90.88%	0.2795
Tenth interim	0.1152	0.1186	0.2338	45.46%	54.54%	0.1671
Eleventh interim	0.1631	0.1526	0.3157	55.13%	44.87%	0.3012
Final	0.1063	0.0957	0.2020	35.78%	64.22%	0.2011

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	
First interim	0.1059	0.1065	0.2124	18.41%	81.59%	0.2328
Second interim	0.3696	0.0123	0.3819	37.95%	62.05%	0.3168
Third interim	0.1102	0.2027	0.3129	41.74%	58.26%	0.5285
Fourth interim	0.2360	0.3232	0.5592	43.10%	56.90%	0.4446
Fifth interim	0.3662	0.3902	0.7564	77.43%	22.57%	0.7617
Sixth interim	0.2119	0.2634	0.4753	44.57%	55.43%	0.3870
Seventh interim	0.1537	0.1100	0.2637	20.72%	79.28%	0.2352
Eighth interim	0.3045	0.2193	0.5238	70.37%	29.63%	0.5249
Ninth interim	0.1761	0.1635	0.3396	9.12%	90.88%	0.4254
Tenth interim	0.1851	0.1905	0.3756	45.46%	54.54%	0.2556
Eleventh interim	0.2631	0.2459	0.5090	55.13%	44.87%	0.4620
Final	0.1723	0.1550	0.3273	35.78%	64.22%	0.3127

COMPARATIVE TABLES

	C distribution			C accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	65.33	72.93	66.43	100.83	107.32	94.33
Return before operating charges *	5.03	(3.47)	9.92	8.09	(5.15)	14.32
Operating charges	(0.84)	(0.89)	(0.92)	(1.33)	(1.34)	(1.33)
Return after operating charges *	4.19	(4.36)	9.00	6.76	(6.49)	12.99
Distributions	(3.18)	(3.24)	(2.50)	(5.02)	(4.87)	(3.61)
Retained distributions on accumulation units	–	–	–	5.02	4.87	3.61
Closing net asset value per unit	66.34	65.33	72.93	107.59	100.83	107.32
* after direct transaction costs of	(0.04)	(0.09)	(0.04)	(0.06)	(0.13)	(0.06)
Performance						
Return after charges	6.41%	(5.98)%	13.55%	6.70%	(6.05)%	13.77%
Other information						
Closing net asset value (£'000)	5,032	4,848	4,938	1,161	1,190	1,012
Closing number of units	7,585,081	7,421,833	6,771,073	1,078,865	1,180,233	943,180
Operating charges	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
Direct transaction costs	0.06%	0.13%	0.06%	0.06%	0.13%	0.06%
Prices						
Highest unit price (p)	67.55	73.41	73.22	107.76	108.03	107.48
Lowest unit price (p)	61.97	63.03	66.62	98.09	96.30	94.77

	I distribution			I accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	69.79	77.56	70.33	107.09	113.55	99.42
Return before operating charges *	5.34	(3.74)	10.48	8.53	(5.52)	15.05
Operating charges	(0.59)	(0.62)	(0.64)	(0.93)	(0.94)	(0.92)
Return after operating charges *	4.75	(4.36)	9.84	7.60	(6.46)	14.13
Distributions	(3.35)	(3.41)	(2.61)	(5.25)	(5.10)	(3.75)
Retained distributions on accumulation units	–	–	–	5.25	5.10	3.75
Closing net asset value per unit	71.19	69.79	77.56	114.69	107.09	113.55
* after direct transaction costs of	(0.04)	(0.09)	(0.04)	(0.06)	(0.14)	(0.06)
Performance						
Return after charges	6.81%	(5.62)%	13.99%	7.10%	(5.69)%	14.21%
Other information						
Closing net asset value (£'000)	294,464	285,357	292,299	352,297	357,148	391,977
Closing number of units	413,612,164	408,856,852	376,856,971	307,167,880	333,494,799	345,216,903
Operating charges	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Direct transaction costs	0.06%	0.13%	0.06%	0.06%	0.13%	0.06%
Prices						
Highest unit price (p)	71.52	78.08	77.87	114.88	114.30	113.71
Lowest unit price (p)	66.36	67.27	70.57	104.27	102.19	99.90

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

	R distribution			R accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	64.77	72.52	66.25	100.11	106.82	94.14
Return before operating charges *	5.00	(3.41)	9.91	8.07	(5.07)	14.30
Operating charges	(1.02)	(1.09)	(1.12)	(1.62)	(1.64)	(1.62)
Return after operating charges *	3.98	(4.50)	8.79	6.45	(6.71)	12.68
Distributions	(3.18)	(3.25)	(2.52)	(5.04)	(4.89)	(3.64)
Retained distributions on accumulation units	–	–	–	5.04	4.89	3.64
Closing net asset value per unit	65.57	64.77	72.52	106.56	100.11	106.82
* after direct transaction costs of	(0.04)	(0.09)	(0.04)	(0.06)	(0.13)	(0.06)
Performance						
Return after charges	6.14%	(6.21)%	13.27%	6.44%	(6.28)%	13.47%
Other information						
Closing net asset value (£'000)	2,108	3,810	3,905	8,053	6,626	5,920
Closing number of units	3,214,366	5,882,460	5,384,801	7,557,700	6,618,716	5,541,175
Operating charges	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%
Direct transaction costs	0.06%	0.13%	0.06%	0.06%	0.13%	0.06%
Prices						
Highest unit price (p)	66.94	73.00	72.81	106.73	107.52	106.98
Lowest unit price (p)	61.34	62.53	66.43	97.33	95.67	94.54

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

Ongoing charges

Class	31 December 2023
C distribution	1.31%
C accumulation	1.31%
I distribution	0.86%
I accumulation	0.86%
R distribution	1.61%
R accumulation	1.61%

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.

Class I distribution performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis Monthly Distribution Fund **	141.3	82.2	30.8	15.2	7.0	8.4
Artemis Monthly Distribution Fund ***	141.6	82.0	30.2	14.9	7.0	8.2
Mixed Investment 20-60% Shares Average	69.6	43.6	20.3	3.7	6.9	5.6
Position in sector	2/72	2/92	13/132	5/159	81/170	9/175
Quartile	1	1	1	1	2	1

Past performance is not a guide to the future.

* Source: Lipper Limited, data from 21 May 2012 to 31 December 2023, in sterling. All figures show total returns with dividends/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 be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

** Value at 12 noon valuation point.

*** Value at close of business.

Class I distribution is disclosed as it is the primary class.

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