

Artemis SmartGARP  
UK Equity *Fund*

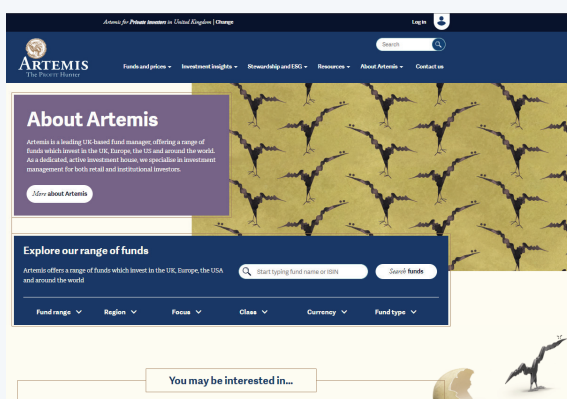
Manager's Report  
and Financial Statements

for the year ended 7 April 2024

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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 £25.0 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 May 2024

### Fund status

Artemis SmartGARP UK Equity Fund was constituted by a Trust Deed dated 20 November 1986 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](http://www.artemisfunds.com/non-dealing-days). Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	To grow capital over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> <li>• reduce risk</li> <li>• manage the fund efficiently</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• At least 80% in the United Kingdom</li> <li>• Up to 20% in other countries.</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• A proprietary tool called 'SmartGARP' is used as the foundation of the investment process. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market.</li> <li>• The manager selects companies that in aggregate have good 'SmartGARP' characteristics. This tends to mean that the portfolio contains stocks that have lower valuations than the market average, upgrades to profit forecasts, and are under-owned by the investment community, while at the same time benefiting from helpful trends in the wider economy.</li> </ul>	
<b>Benchmarks</b>	<ul style="list-style-type: none"> <li>• <b>FTSE All-Share Index TR</b> A widely-used indicator of the performance of the UK stock market, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> <li>• <b>IA UK All Companies NR</b> A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> </ul>	

## RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stock markets, 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.

There was no change to the risk indicator in the year ended 7 April 2024.

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

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

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

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 232 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 funds for the year ended 31 December 2023 is £916,539 of which £422,204 is fixed remuneration and £494,335 is variable remuneration.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the sub-funds for the year ended 31 December 2023 is £331,326. 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](https://gov.uk/government/publications/exchange-of-information-account-holders).

### Value assessment

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

### 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](https://artemisfunds.com)

### Investment adviser

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

### Trustee and Depositary

Northern Trust Investor Services Limited †  
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 Financial Conduct Authority.

† 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 SmartGARP UK Equity Fund ("the Trust") for the year ended 7 April 2024.

The Trustee in its capacity as Trustee of Artemis SmartGARP UK Equity 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 fund 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  
7 June 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 SmartGARP UK Equity Fund for the year ended 7 April 2024 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  
7 June 2024

S Dougall  
Director

## AUDITOR'S REPORT

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

#### Opinion

We have audited the financial statements of the Artemis SmartGARP UK Equity Fund ("the Fund") for the year ended 7 April 2024, 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 7 April 2024 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 6, 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  
7 June 2024



## INVESTMENT REVIEW

The fund had a good year – up 13.1% at a time when the FTSE All Share rose by 6.6% and the average UK equity fund (as measured by the IA UK All Companies peer group) rose by 6.7%<sup>1</sup>. Indeed, relative to the benchmark, the fund is top quartile over the past one, three, five and 10 years. Artemis has been running this fund since we took it over 21 and a half years ago in 2002. Since that time the fund is up 503.8% whilst the benchmark has risen 369.8% and the average UK equity unit trust is up 332.0%<sup>2</sup>. So even though we have ‘only’ been outperforming the market by 1.2% per annum, unit holders are a good deal wealthier than if they had been invested in the index, index funds or the average competitor unit trust over the same timescale.

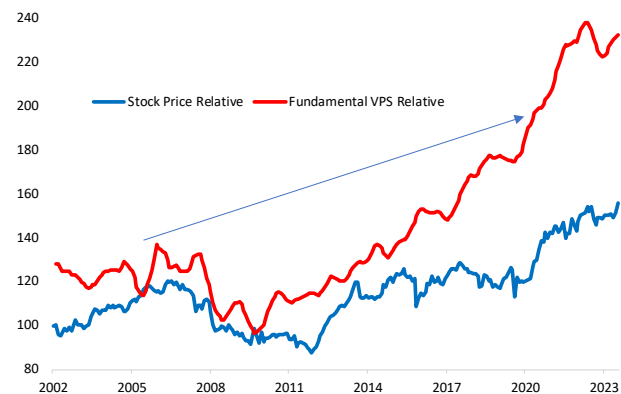
### Owning banks helped

In the past year, we have held more than our fair share of banks, principally via Bank of Georgia (a FTSE 250 company) but also HSBC and Italian bank Unicredit. These stocks have contributed over a third of our outperformance over the past year. However, we have also had big winners in insurers such as Lancashire and in pharmaceutical giant GlaxoSmithKline. The common theme was that these were lowly valued shares that delivered strong profit growth. Most active equity managers are trying to discover (and own) stocks that provide good income and outgrow the market, as this tends to be associated with producing good returns for investors. We are pleased to report that our process has helped us achieve this goal.

### Getting rich slowly

I believe that the reason the fund beats the market is that we have a process that helps us alight on companies that go on to have a better combination of income and growth than the market. Over the past 21 years, our stocks have seen their fundamental value per share (FVPS – a combined measure of earning, cash flow, operating profits, dividends and asset value per share) grow by 11% per annum<sup>3</sup>. Over the same period the market’s FVPS was rising by nearer 8% pa. With 1% being eaten up by fees, I would have anticipated our fund being up by 2% pa but, it is up nearer 1% pa versus the benchmark<sup>4</sup>. The result is that our stocks have lagged their fundamentals and have become cheaper and cheaper over time.

**Chart 1: The fund’s relative price performance (pre-fees) compared to its value per share**



Source: Artemis, Factset as at 31 March 2024

Note: value per share (VPS) is a combined measure of earnings, cash flow, operating profits, dividends and asset value per share

Our fund now sits on remarkably low valuations. Some may think that this is a precursor to slower growth for our fund. I think it is a precursor to higher future returns. This is backed up by 23 years of evidence. Table 1 illustrates some of the aggregate key characteristics of the holdings in our fund:

**Table 1: Aggregate key characteristics of the fund’s holdings**

Indicator	Fund	Market	Gap
1 Forecast return on equity, Cash flow return on capital/assets	9%	10%	-1% Lower ‘quality’
2 Historic Earnings Yield (EY)	11.2%	7.5%	+3.7% But higher EY
3 Prospective EY	13.4%	8.8%	+4.6% And faster growth
4 3m % change EPS forecasts	4.2%	0.8%	+3.4% But forecasts look more believable than the market
5 1 year % change number of shares	-2.5%	-1.2%	-1.3% Buying in shares
6 Historic Dividend Yield (DY)	3.9%	2.9%	+1.0% Paying out dividends
7 Prospective DY	4.5%	4.0%	+0.5% And increasing them
8 Debt/EBITDA	0.6x	1.5x	-0.9x And paying down debt

Source: Artemis, Factset as at 31 March 2024

Past performance is not a guide to the future.

<sup>1</sup> Source: Lipper Limited from 9 September 2002 (when Artemis took over management of the fund) to 7 April 2024. Data prior to 1 September 2010 reflects class R accumulation GBP. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor’s currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

<sup>2</sup> Source as above. Since being taken over by Artemis on 9 September 2002.

<sup>3</sup> Since being taken over by Artemis on 9 September 2002.

<sup>4</sup> Source for all figures Factset as at 31 March 2024.

## If our fund were a stock, you would want to own it...

Looking at this in more detail, our stocks would appear to have lower 'return on capital' type measures than the market (row 1). In market parlance investors would regard them as lower-quality businesses and this ought to mean lower future growth. To a large extent this is compensated by having a much higher historic EPS yield (low PE) (row 2). In the long run, future investment returns are primarily a function of the valuation you buy the stocks on rather than the current return on capital (because return on capital and valuation tends to mean revert). Nevertheless, some would regard a high EY today as being a forerunner to lower profits in future. However, if anything the EY gap is forecast to increase going forward (implying faster growth for our stocks) (row 3).

In the meantime, the EPS forecasts for our stocks has risen sharply compared to the benchmark (row 4). This gives us some degree of comfort that we are on the right track. The management of our companies seem to agree because they are buying up shares (row 5), paying out large (row 6) and rising (row 7) dividends. Since cash flows are so prodigious, debt/ebitda (row 8) is forecast to be substantially lower than the market (which would suggest they are in fact lower risk). When you imagine buying a stock to own and keep, these are precisely the kind of characteristics you would be looking for!

Investing should be a simple business. The difficulty is in executing the strategy successfully. We think that we have a tried and tested process that works well and should deliver even better returns in the future.

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the year ended 7 April 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Barclays	23,125	HSBC Holdings	25,867
Marks & Spencer Group	13,489	BP	22,889
Shell	10,770	NatWest Group	13,711
Repsol	9,566	Standard Chartered	11,188
GSK	7,910	IG Group Holdings	10,691
Tesco	7,545	Shell	10,436
Rolls-Royce Holdings	7,536	Rio Tinto	9,440
UniCredit	7,457	DS Smith	8,237
easyJet	6,489	British American Tobacco	6,933
Wise	6,144	TotalEnergies	6,312

### Portfolio statement as at 7 April 2024

	Holding	Valuation £'000	% of net assets
<b>Equities 99.34% (98.89%)</b>			
<b>Basic Materials 2.20% (4.96%)</b>			
Centamin	2,500,000	2,922	0.66
Evraz ^	780,000	–	–
Heidelberg Materials	60,000	4,974	1.11
Kenmare Resources	550,000	1,911	0.43
		<b>9,807</b>	<b>2.20</b>
<b>Consumer Discretionary 5.96% (1.57%)</b>			
Cairn Homes	2,000,000	2,696	0.61
Card Factory	2,500,000	2,327	0.52
ITV	2,000,000	1,489	0.33
Mitchells & Butlers	700,000	1,610	0.36
Renault	100,000	4,224	0.95
Stellantis	250,000	5,279	1.18
TI Fluid Systems	2,604,728	3,860	0.87
Whitbread	160,000	5,083	1.14
		<b>26,568</b>	<b>5.96</b>
<b>Consumer Staples 16.04% (10.91%)</b>			
Associated British Foods	460,000	11,192	2.51
B&M European Value Retail	200,000	1,042	0.23
Coca-Cola HBC	420,000	9,954	2.23
Glanbia	100,000	1,533	0.34
Imperial Brands	1,250,000	21,625	4.85
J Sainsbury	1,700,000	4,488	1.01
Marks & Spencer Group	5,400,000	13,959	3.13
Tesco	2,700,000	7,752	1.74
		<b>71,545</b>	<b>16.04</b>
<b>Energy 10.37% (15.95%)</b>			
BP	1,180,000	6,003	1.35
Energean	240,000	2,501	0.56
Gazprom, ADR ^	1,460,000	–	–
Repsol	785,000	10,862	2.43
Rosneft Oil, GDR ^	1,380,000	–	–

	Holding	Valuation £'000	% of net assets
<b>Equities 99.34% (98.89%) (continued)</b>			
<b>Energy 10.37% (15.95%) (continued)</b>			
Saipem	1,700,000	3,221	0.72
Shell	536,257	14,830	3.33
TotalEnergies	152,980	8,821	1.98
		<b>46,238</b>	<b>10.37</b>
<b>Financials 36.69% (41.73%)</b>			
Aviva	2,150,000	10,561	2.37
Banco Bilbao Vizcaya Argentaria	800,000	7,523	1.69
Bank of Georgia Group	450,500	22,750	5.10
Barclays	13,800,000	26,223	5.88
Beazley	1,629,217	10,671	2.39
Conduit	900,000	4,478	1.00
Hiscox	700,000	8,323	1.87
HSBC Holdings	930,000	5,934	1.33
Intermediate Capital Group	60,000	1,231	0.28
Investec	300,000	1,584	0.35
Just Group	10,100,000	10,787	2.42
Lancashire Holdings	1,900,000	11,305	2.53
M&G	750,000	1,553	0.35
Man Group	3,600,000	9,806	2.20
Paragon Banking Group	380,000	2,555	0.57
Plus500	540,000	9,871	2.21
TBC Bank Group	130,000	4,043	0.91
TP ICAP Group	1,600,000	3,568	0.80
UniCredit	370,000	10,850	2.44
		<b>163,616</b>	<b>36.69</b>
<b>Health Care 6.99% (5.79%)</b>			
GSK	1,766,000	28,494	6.39
Indivior	160,000	2,694	0.60
		<b>31,188</b>	<b>6.99</b>
<b>Industrials 10.46% (7.65%)</b>			
Costain Group	2,000,000	1,500	0.34
easyJet	800,000	4,442	1.00
Firstgroup	700,000	1,244	0.28
Galliford Try Holdings	550,000	1,293	0.29
International Consolidated Airlines Group	7,500,000	12,885	2.89
JET2	120,000	1,757	0.39
Keller Group	200,000	2,092	0.47
Maire Tecnimont	250,000	1,616	0.36
Mitie Group	5,200,000	5,834	1.31
Morgan Sindall Group	40,000	900	0.20
Redde Northgate	600,000	2,262	0.51
Rolls-Royce Holdings	2,100,000	8,734	1.96
Traton	70,000	2,038	0.46
		<b>46,597</b>	<b>10.46</b>
<b>Technology 7.87% (7.21%)</b>			
4imprint Group	165,000	10,461	2.35
Playtech	1,750,000	7,884	1.77
Serco Group	5,400,000	9,985	2.24
Wise	720,000	6,725	1.51
		<b>35,055</b>	<b>7.87</b>

	Holding	Valuation £'000	% of net assets
<b>Equities 99.34% (98.89%) (continued)</b>			
<b>Telecommunications 2.44% (0.88%)</b>			
BT Group	5,500,000	5,736	1.29
Gamma Communications	300,000	4,008	0.90
YouGov	120,000	1,140	0.25
		<b>10,884</b>	<b>2.44</b>
<b>Utilities 0.32% (2.24%)</b>			
Mytilineos	50,000	1,437	0.32
		<b>1,437</b>	<b>0.32</b>
<b>Equities total</b>		<b>442,935</b>	<b>99.34</b>
<b>Investment assets</b>		<b>442,935</b>	<b>99.34</b>
<b>Net other assets</b>		<b>2,926</b>	<b>0.66</b>
<b>Net assets attributable to unitholders</b>		<b>445,861</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 7 April 2024.

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

## FINANCIAL STATEMENTS

### Statement of total return for the year ended 7 April 2024

	Note	7 April 2024		7 April 2023	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	3		33,397		10,238
Revenue	5	18,425		17,876	
Expenses	6	(4,430)		(4,160)	
Interest payable and similar charges	7	(12)		(13)	
Net revenue before taxation		13,983		13,703	
Taxation	8	(260)		(189)	
Net revenue after taxation			13,723		13,514
<b>Total return before distributions</b>			47,120		23,752
Distributions	9		(13,777)		(13,521)
<b>Change in net assets attributable to unitholders from investment activities</b>			33,343		10,231

### Statement of change in net assets attributable to unitholders for the year ended 7 April 2024

	7 April 2024		7 April 2023	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		400,625		313,968
Amounts receivable on issue of units	98,660		85,743	
Amounts payable on cancellation of units	(101,102)		(24,583)	
		(2,442)		61,160
Dilution adjustment		132		67
Change in net assets attributable to unitholders from investment activities		33,343		10,231
Retained distribution on accumulation units		14,203		15,199
<b>Closing net assets attributable to unitholders</b>		445,861		400,625

### Balance sheet as at 7 April 2024

	Note	7 April 2024	7 April 2023
		£'000	£'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments	10	442,935	396,196
<b>Current assets</b>			
Debtors	11	6,590	4,722
Cash and cash equivalents	12	8	406
<b>Total current assets</b>		6,598	5,128
<b>Total assets</b>		449,533	401,324
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdraft	13	1,453	–
Other creditors	14	2,219	699
<b>Total creditors</b>		3,672	699
<b>Total liabilities</b>		3,672	699
<b>Net assets attributable to unitholders</b>		445,861	400,625

# 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 (losses)/gains are reflected within forward currency contracts under net capital gains.

**(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. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis.

**(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 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. 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

	7 April 2024 £'000	7 April 2023 £'000
Non-derivative securities	33,441	10,211
Currency (losses)/gains	(44)	27
<b>Net capital gains</b>	<b>33,397</b>	<b>10,238</b>

### 4. Direct transaction costs

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

Year ended 7 April 2024						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	260,293	–	1,043	261,336	–	0.40
<b>Sales</b>						
Equities	248,090	–	74	248,016	–	0.03
<b>Total</b>		<b>–</b>	<b>1,117</b>			
<b>Percentage of fund average net assets</b>		<b>–%</b>	<b>0.29%</b>			

Year ended 7 April 2023						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	246,542	73	900	247,515	0.03	0.37
<b>Sales</b>						
Equities	201,239	51	2	201,186	0.03	–
<b>Total</b>		<b>124</b>	<b>902</b>			
<b>Percentage of fund average net assets</b>		<b>0.03%</b>	<b>0.26%</b>			

During the year, the fund incurred £nil (2023: £nil) in capital transaction charges.

### Dealing spread

As at the balance sheet date, the estimated portfolio dealing spread was 0.14% (2023: 0.08%). 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

	7 April 2024 £'000	7 April 2023 £'000
UK dividends	12,022	12,936
Overseas dividends	6,202	4,716
Bank interest	201	224
<b>Total revenue</b>	<b>18,425</b>	<b>17,876</b>

## 6. Expenses

	7 April 2024 £'000	7 April 2023 £'000
<b>Payable to the manager, associates of the manager and agents of either of them:</b>		
Annual management charge	4,001	3,774
Administration fees	429	386
<b>Total expenses</b>	<b>4,430</b>	<b>4,160</b>

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

The audit fee (excluding VAT) accrued during the period was £9,450 (2023: £9,000). This fee is paid by the manager via the administration fee.

## 7. Interest payable and similar charges

	7 April 2024 £'000	7 April 2023 £'000
Interest payable	12	13
<b>Total interest payable and similar charges</b>	<b>12</b>	<b>13</b>

## 8. Taxation

	7 April 2024 £'000	7 April 2023 £'000
<b>a) Analysis of the tax charge for the year</b>		
Irrecoverable overseas tax	260	189
<b>Total taxation (note 8b)</b>	<b>260</b>	<b>189</b>
<b>b) Factors affecting the tax charge for the year</b>		
Net revenue before taxation	13,983	13,703
Corporation tax of 20% (2023: 20%)	2,797	2,741
<b>Effects of:</b>		
Irrecoverable overseas tax	260	189
Unutilised management expenses	848	791
Non-taxable overseas dividends	(1,241)	(945)
Non-taxable UK dividends	(2,404)	(2,587)
<b>Tax charge for the year (note 8a)</b>	<b>260</b>	<b>189</b>
<b>c) Provision for deferred tax</b>		
No provision for deferred tax has been made in the current or prior accounting year.		
<b>d) Factors that may affect future tax charges</b>		
The fund has not recognised a deferred tax asset of £27,888,000 (2023: £27,040,000) arising as a result of having unutilised management expenses of £139,423,000 (2023: 135,188,000) and non-trade loan relationship deficits of £14,000 (2023: £14,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.		

## 9. Distributions

	7 April 2024 £'000	7 April 2023 £'000
Final dividend distribution	14,203	15,199
Add: amounts deducted on cancellation of units	2,003	574
Deduct: amounts added on issue of units	(2,429)	(2,252)
<b>Distributions</b>	<b>13,777</b>	<b>13,521</b>
<b>Movement between net revenue and distributions</b>		
Net revenue after taxation	13,723	13,514
Revenue received on conversion of units	54	7
	<b>13,777</b>	<b>13,521</b>

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

## 10. Fair value hierarchy

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

The disclosure is split into the following categories:

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

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

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

	7 April 2024 Assets £'000	7 April 2023 Assets £'000
Level 1	442,935	396,196
Level 3 *	–	–
<b>Total</b>	<b>442,935</b>	<b>396,196</b>

\* Indirect Russian holdings currently delisted have been valued at nil by the manager due to the impact on trading of these instruments following the invasion of Ukraine.

## 11. Debtors

	7 April 2024 £'000	7 April 2023 £'000
Amounts receivable for issue of units	2,960	952
Accrued revenue	2,374	3,392
Sales awaiting settlement	923	153
Overseas withholding tax recoverable	333	225
<b>Total debtors</b>	<b>6,590</b>	<b>4,722</b>

## 12. Cash and cash equivalents

	7 April 2024 £'000	7 April 2023 £'000
Cash and bank balances	8	11
Amounts held in liquidity funds	–	395
<b>Total cash and cash equivalents</b>	<b>8</b>	<b>406</b>

## 13. Bank overdraft

	7 April 2024 £'000	7 April 2023 £'000
Bank overdraft	1,453	–
<b>Total bank overdraft</b>	<b>1,453</b>	<b>–</b>

## 14. Other creditors

	7 April 2024 £'000	7 April 2023 £'000
Amounts payable for cancellation of units	1,730	253
Accrued annual management charge	439	401
Accrued administration fee payable to the manager	49	45
Interest payable	1	–
<b>Total other creditors</b>	<b>2,219</b>	<b>699</b>

## 15. Contingent liabilities and commitments

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

## 16. Contingent assets

Following the ruling on Denkavit's case with the European Court of Justice regarding taxation withheld on overseas dividends, the manager has taken steps to make claims with certain European tax authorities for repayment of taxation suffered by the fund on dividend revenue.

Due to uncertainty regarding the likely success of claims made in other countries, it is not possible to estimate the potential amount of overseas tax that may be received by the fund, if any. Therefore, the financial statements presented for the year ended 7 April 2024 do not reflect any further amounts that may be received (2023: nil).

## 17. Reconciliation of unit movements

	Units in Issue at 7 April 2023	Units issued	Units cancelled	Units converted	Units In Issue at 7 April 2024
C accumulation	5,271,028	83,306	(407,484)	33,078	<b>4,979,928</b>
I accumulation	8,318,351	3,926,977	(3,524,465)	829,754	<b>9,550,617</b>
R accumulation	4,032,266	109,478	(415,053)	(947,508)	<b>2,779,183</b>

## 18. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, 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 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. As the majority of the fund's financial assets are non-interest bearing, the fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been presented.

### (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. There were no forward currency contracts opened in the year or prior year.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. No hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

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

Currency	Investments £'000	Net other assets £'000	Total £'000
<b>7 April 2024</b>			
Sterling	<b>380,558</b>	<b>2,668</b>	<b>383,226</b>
Euro	<b>62,377</b>	<b>127</b>	<b>62,504</b>
Danish Kroner	–	<b>111</b>	<b>111</b>
Norwegian Krone	–	<b>20</b>	<b>20</b>
<b>7 April 2023</b>			
Sterling	355,180	4,234	359,414
Euro	41,016	81	41,097
Danish Kroner	–	114	114

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 £3,132,000 (2023: £2,061,000). 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 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 £22,147,000 (2023: £19,810,000). A five percent decrease would have an equal and opposite effect.

### (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 the commitment method.

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 7 April 2024 and 7 April 2023 the leverage ratios of the fund were:

	<b>2024</b> <b>%</b>	2023 %
Sum of the notionals	<b>100.0</b>	100.0
Commitment	<b>100.0</b>	100.0

## (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.

Aside from the custodian and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 7 April 2024 or 7 April 2023.

## (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 7 April 2024 or 7 April 2023.

## 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 14 and notes 6, 9, 11 and 13 on pages 17 and 18 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 7 April 2024 in respect of these transactions was £742,000 (2023: £253,000 due to the manager).

## 19. Unit classes

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

C accumulation	1.20%
I accumulation	0.75%
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 page 23.

The distributions per unit class are given in the distribution tables on page 22. 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 annual dividend distributions. The following table sets out the distribution period.

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.

Distribution period	Start	End	Ex-dividend date	Pay date
Final	8 April 2023	7 April 2024	8 April 2024	7 June 2024

### C accumulation

Dividend distributions for the year ended 7 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	37.7132	35.9449	73.6581	100.00%	0.00%	79.7258

### I accumulation

Dividend distributions for the year ended 7 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	35.9518	55.1660	91.1178	100.00%	0.00%	96.9032

### R accumulation

Dividend distributions for the year ended 7 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	34.7294	31.1984	65.9278	100.00%	0.00%	72.8017



## COMPARATIVE TABLES

	C accumulation			I accumulation		
	2024	2023	2022	2024	2023	2022
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>2,186.92</b>	<b>2,050.17</b>	<b>1,809.51</b>	<b>2,380.27</b>	<b>2,221.41</b>	<b>1,951.89</b>
Return before operating charges *	296.50	164.35	266.68	323.93	178.67	287.97
Operating charges	(29.04)	(27.60)	(26.02)	(20.82)	(19.81)	(18.45)
<b>Return after operating charges *</b>	<b>267.46</b>	<b>136.75</b>	<b>240.66</b>	<b>303.11</b>	<b>158.86</b>	<b>269.52</b>
Distributions	(73.66)	(79.73)	(71.50)	(91.12)	(96.90)	(86.89)
Retained distributions on accumulation units	73.66	79.73	71.50	91.12	96.90	86.89
<b>Closing net asset value per units</b>	<b>2,454.38</b>	<b>2,186.92</b>	<b>2,050.17</b>	<b>2,683.38</b>	<b>2,380.27</b>	<b>2,221.41</b>
* after direct transaction costs of	(5.57)	(5.81)	(6.16)	(6.08)	(6.35)	(6.65)
<b>Performance</b>						
Return after charges	12.23%	6.67%	13.30%	12.73%	7.15%	13.81%
<b>Other information</b>						
Closing net asset value (£'000)	122,226	115,273	107,733	256,280	197,999	116,882
Closing number of units	4,979,928	5,271,028	5,254,825	9,550,617	8,318,351	5,261,629
Operating charges	1.31%	1.31%	1.31%	0.86%	0.86%	0.86%
Direct transaction costs	0.25%	0.28%	0.31%	0.25%	0.28%	0.31%
<b>Prices</b>						
Highest unit price (p)	2,488.73	2,336.67	2,177.97	2,720.84	2,542.31	2,358.20
Lowest unit price (p)	2,087.48	1,904.97	1,784.99	2,274.54	2,066.38	1,933.35

	R accumulation		
	2024	2023	2022
<b>Change in net assets per unit (p)</b>			
<b>Opening net asset value per unit</b>	<b>2,166.34</b>	<b>2,037.00</b>	<b>1,803.40</b>
Return before operating charges *	292.44	162.96	265.31
Operating charges	(35.23)	(33.62)	(31.71)
<b>Return after operating charges *</b>	<b>257.21</b>	<b>129.34</b>	<b>233.60</b>
Distributions	(65.93)	(72.80)	(65.11)
Retained distributions on accumulation units	65.93	72.80	65.11
<b>Closing net asset value per units</b>	<b>2,423.55</b>	<b>2,166.34</b>	<b>2,037.00</b>
* after direct transaction costs of	(5.49)	(5.76)	(6.10)
<b>Performance</b>			
Return after charges	11.87%	6.35%	12.95%
<b>Other information</b>			
Closing net asset value (£'000)	67,355	87,353	89,353
Closing number of units	2,779,183	4,032,266	4,386,489
Operating charges	1.61%	1.61%	1.61%
Direct transaction costs	0.25%	0.28%	0.31%
<b>Prices</b>			
Highest unit price (p)	2,457.53	2,315.28	2,164.98
Lowest unit price (p)	2,065.92	1,891.33	1,773.97

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	7 April 2024
C accumulation	1.310%
I accumulation	0.860%
R accumulation	1.610%

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 accumulation performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis SmartGARP UK Equity Fund **	503.8	109.0	58.4	37.5	13.1	14.2
FTSE All-Share Index TR	369.8	73.7	26.6	22.2	6.6	8.2
IA UK All Companies NR	332.0	56.4	19.2	7.3	6.7	9.3
Position in sector	17/86	5/168	2/194	3/204	15/209	18/210
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

\* Source: Lipper Limited from 9 September 2002, when Artemis took over management of the fund, to 7 April 2024. Data prior to 1 September 2010 reflects class R accumulation GBP. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

\*\* Value at 12 noon valuation point.

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

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**Artemis Fund Managers Limited**

Cassini House, 57 St James's Street, London SW1A 1LD  
6th floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY

**Client Services** 0800 092 2051

**Facsimile** 0207 643 3708

**Website** [www.artemisfunds.com](http://www.artemisfunds.com)

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