

# Artemis SmartGARP Global Equity *Fund*

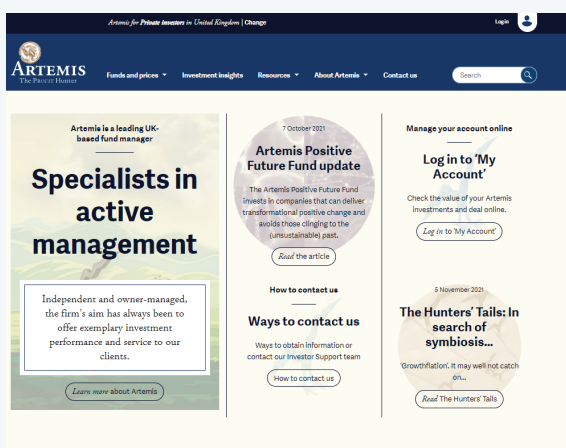
Manager's Report  
and Financial Statements

for the year ended 7 April 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 £23.9 billion\* across a range of funds, two investment trusts 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 2023

### Fund status

Artemis SmartGARP Global Equity Fund was constituted by a Trust Deed dated 1 May 1990 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>• Globally</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
<b>Investment strategy</b>	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
		<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>MSCI AC World NR GBP</b> A widely-used indicator of the performance of global stockmarkets, 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 Global NR</b> A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> </ul>	

## RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **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.

There was no change to the risk indicator in the year to 7 April 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 SmartGARP Global 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](https://www.artemisfunds.com). Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

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

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

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

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

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

## Tax information reporting

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

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

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

## Change of Appointed Depositary of the fund

With effect from 6 March 2023, Northern Trust Investor Services Limited has replaced J.P. Morgan Europe Limited as the Depositary 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](https://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 Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Artemis SmartGARP Global Equity Fund ("the Fund") for the period ended 3 March 2023.

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

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

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

The Depositary must ensure that:

- the fund's cash flows are properly monitored and that cash of the fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
- the fund'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 Depositary also has a duty to take reasonable care to ensure that the fund is managed in accordance with the Regulations and the Scheme documents of the fund in relation to the investment and borrowing powers applicable to the fund.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the Regulations and the Scheme documents of the fund.

J.P. Morgan Europe Limited  
London  
3 March 2023

### Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Artemis SmartGARP Global Equity Fund ("the Fund") for the period from 6 March 2023 to 7 April 2023.

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

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(ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the Regulations and the Scheme documents of the fund.

Northern Trust Investor Services Limited  
London  
9 June 2023

## Statement of the manager's responsibilities

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

In preparing the financial statements the manager is required to:

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

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

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

## Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis SmartGARP Global Equity Fund for the year ended 7 April 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  
9 June 2023

L E Cairney  
Director



## AUDITOR'S REPORT

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

#### Opinion

We have audited the financial statements of the Artemis SmartGARP Global Equity Fund ("the Fund") for the year ended 7 April 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 7 April 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  
9 June 2023

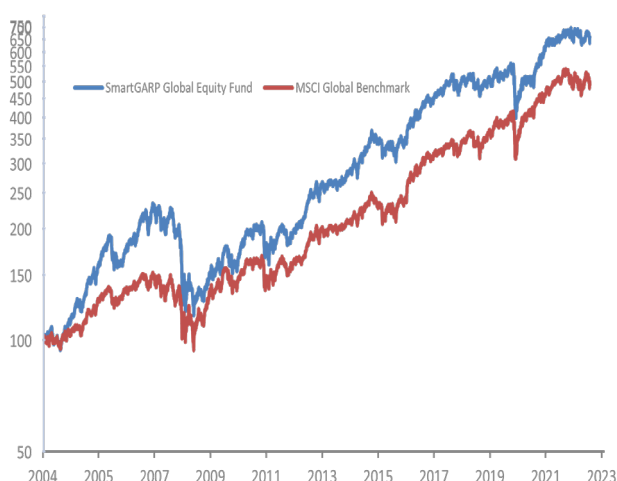
## INVESTMENT REVIEW

- Net asset value down 3.4%<sup>1</sup> versus benchmark's 1.6% fall.
- Strong long-term performance.
- Pronounced bias towards cheap shares coupled with reduced risk profile.

### Performance – Modestly lagging near term, strong longer term

In the year to 7 April 2023, the fund's net asset value fell by 3.4% compared with a 1.6% decline of its benchmark, the MSCI All Country World Index. Long-term performance is more favourable: since taking over the management of the fund at the start of 2004, the fund is up 553% versus 407% for the benchmark (see Chart 1).

**Chart 1: Artemis SmartGARP Global Equity Fund's performance vs. benchmark**



Source: Artemis, MSCI as at 7 April 2023.

### SmartGARP™ – Evidence-based investing ...

The SmartGARP Global Equity fund is one of five Artemis funds that rely heavily on SmartGARP, Artemis' proprietary stock screening tool (a Global Emerging Markets, Paris-Aligned Global, European and UK fund being the other four). SmartGARP screens a universe of 7000 global stocks for those whose valuation appears out of line with its growth prospects and who have a catalyst that might cause investors to re-appraise their views about the company. SmartGARP helps us partly by singling out potentially undervalued stocks, but also by monitoring whether the reasons for investing in our existing holdings are still valid.

### Review – Reducing fund's risk profile while maintaining its value bias

While global equities ended the last 12 months little changed overall, this hides significant volatility during the period. During the first six months, equities fell sharply as headline rates of inflation reached levels not seen in decades,

Past performance is not a guide to the future.

<sup>1</sup> Source: Lipper Limited, reflects class I accumulation units, in sterling, with dividends reinvested to 7 April 2023. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. Benchmark index is MSCI AC World NR GBP.

<sup>2</sup> Beta is a concept that measures the expected move in a stock relative to movements in the overall market. A beta greater than 1.0 suggests that the stock is more volatile than the broader market, and a beta less than 1.0 indicates a stock with lower volatility.

prompting aggressive monetary tightening by central banks around the world. More recently, however, markets recovered some of the prior losses on the back of investors' hopes that interest rates are about to peak and that the previous equity-friendly regime of low inflation and interest rates would soon return. Even the spectacular failures of Silicon Valley Bank in the US and Credit Suisse in Europe managed to dent investor confidence only briefly.

We do not share this renewed optimism. SmartGARP, our proprietary stock screening tool, continues to highlight the most attractive opportunities among fundamentally stable companies and in those parts of the stock market that are less exposed to the business cycle such as consumer staples. Accordingly, over the last 12 months the fund's exposure to food, beverages and tobacco stocks has risen by almost 10 percentage points. Significant purchases here include Procter & Gamble, Coca Cola, Hershey, Imperial Brands and Altria. These buys were funded by sales in the construction, energy and technology sectors.

Taken together, these changes have lowered the aggregate risk profile of the fund. For instance, its beta<sup>2</sup> versus the global stock market (admittedly an imperfect measure of a fund's riskiness) is now well below one. More importantly, on our own risk measures the fund also shows as having a risk profile at the lowest level since the 2008 Great Financial Crisis.

Meanwhile the fund's regional exposures have not changed dramatically. We continue to be overweight in emerging markets (22% of fund versus 11% benchmark weight) and Europe (24% versus 17%) and underweight in North America (42% versus 63%). At the sector level, we still prefer banks, insurance and now also consumer staples. We remain very underweight technology and, to a lesser extent, financial services (that is, real estate and asset management).

Last, but not least, the fund's tilt towards value stocks, that is, stocks trading on below market valuations, remains very pronounced. At the end of March, the fund was trading on an average price-earnings ratio of 7.9 versus the benchmark at 15.4. This 49% discount to the market remains very low in the context of the more than 19 years the present manager has managed the fund (see Chart 2).

**Chart 2 Relative price-earnings ratio of SmartGARP Global Equity Fund vs. market**



Source: Artemis as at 31 March 2023. 12m forward numbers.

### Outlook – Sticking to defensive positioning

While the market has taken comfort from the recent modest declines in headline rates of inflation and lowered expectations of peak central bank interest rates, we remain concerned about the delayed impact of earlier significant tightening of monetary policy as well as the knock-on effect of the banking crisis on the economy in general and corporate earnings in particular.

While the US labour market remains resilient, surveys of the activity of both the manufacturing and service sectors are showing signs of weakening. We will thus be watching the upcoming corporate results seasons particularly closely for signs of deterioration in companies' fortunes.

Economically, the only bright spot is China and, as a result, Asia more broadly. Here, inflation is much more contained and monetary and fiscal policy are stimulative, unlike in the West.

In short, we expect markets to stay volatile and for regional and sectoral performance divergence to remain significant. Still, volatile markets do also create opportunities for skilful active fund managers. While the outlook for equity indices may be muted, we continue to believe that there remain segments in the global stock market, such as emerging markets, where the gap between companies' valuations and their fundamentals remains wide and exceptional opportunities persist.

Against this backdrop, our fund's bias towards companies with resilient earnings and healthy balance sheets, which, as an additional layer of protection, trade on well below market valuations, continues to be warranted, in our view.

**Peter Saacke and Raheel Altaf**

Fund managers

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the year ended 7 April 2023

Purchases	Cost £'000	Sales	Proceeds £'000
United Airlines Holdings	12,236	Apple	25,697
AT&T	11,383	Microsoft	22,888
Coca-Cola	9,561	Alphabet 'A'	15,403
Altria Group	9,196	Shell	11,295
Wells Fargo	9,154	AT&T	10,881
Steel Dynamics	8,681	Verizon Communications	9,495
Bunge	8,547	Equinor	9,354
Philip Morris International	7,946	Wells Fargo	8,779
JPMorgan Chase & Co	7,941	Chevron	8,566
Cisco Systems	7,611	United Airlines Holdings	8,474

### Portfolio statement as at 7 April 2023

	Holding	Valuation £'000	% of net assets
<b>Equities 100.31% (98.98%)</b>			
<b>Australia 0.76% (0.00%)</b>			
Qantas Airways	1,094,836	3,864	0.76
		<b>3,864</b>	<b>0.76</b>
<b>Brazil 1.01% (0.00%)</b>			
Banco do Brasil	479,500	2,983	0.59
Cia Energetica de Minas Gerais	599,100	2,131	0.42
		<b>5,114</b>	<b>1.01</b>
<b>Canada 0.83% (3.08%)</b>			
Dundee Precious Metals	688,010	4,184	0.83
		<b>4,184</b>	<b>0.83</b>
<b>China 18.30% (21.33%)</b>			
Alibaba Holding	541,500	5,411	1.07
Bank of China 'H'	20,905,500	6,476	1.28
Bank of Communications 'H'	12,559,061	6,356	1.25
CGN Power 'H'	19,400,157	3,749	0.74
China CITIC Bank	2,518,000	1,025	0.20
China Construction Bank 'H'	11,175,536	5,873	1.16
China Mobile	476,500	3,210	0.63
China Petroleum & Chemical 'H'	2,062,000	993	0.20
China Railway Group 'H'	14,495,100	7,676	1.52
China Railway Construction 'H'	6,012,500	3,577	0.71
China Resources Pharmaceutical Group	3,400,000	2,197	0.43
CNOOC	3,396,000	4,236	0.84
Gree Electric Appliances of Zhuhai	1,177,600	5,120	1.01
Hello Group, ADR	364,112	2,574	0.51
Industrial & Commercial Bank of China 'H'	9,347,725	3,956	0.78
Muyuan Foods 'A'	142,200	820	0.16
PetroChina	5,672,000	2,778	0.55
PICC Property & Casualty 'H'	9,395,589	7,656	1.51
Ping An Insurance of China	671,000	3,495	0.69
Sinopharm 'H'	1,584,800	4,042	0.80
Sinotrans 'H'	24,086,074	5,959	1.18
Tongling Nonferrous Metals Group	3,876,100	1,433	0.28

	Holding	Valuation £'000	% of net assets
Yadea Group	1,123,364	2,223	0.44
Zhejiang Expressway 'H'	2,835,866	1,844	0.36
		<b>92,679</b>	<b>18.30</b>
<b>Denmark 0.45% (1.02%)</b>			
Danske Bank	141,616	2,274	0.45
		<b>2,274</b>	<b>0.45</b>
<b>France 4.66% (5.59%)</b>			
AXA	215,266	5,404	1.07
Bouygues	46,962	1,292	0.25
LVMH Moët Hennessy Louis Vuitton	5,174	3,752	0.74
Renault	99,032	3,176	0.63
Rexel	166,789	2,832	0.56
Schneider Electric	15,691	1,958	0.39
Technip Energies	148,298	2,576	0.51
Thales	15,313	2,595	0.51
		<b>23,585</b>	<b>4.66</b>
<b>Germany 3.12% (2.54%)</b>			
Allianz	18,024	3,411	0.68
E.ON	248,614	2,548	0.50
Muenchener Rueckversicherungs-Gesellschaft	19,449	5,611	1.11
Siemens	34,134	4,213	0.83
		<b>15,783</b>	<b>3.12</b>
<b>Greece 1.27% (0.00%)</b>			
National Bank of Greece	706,227	2,836	0.56
OPAP	270,729	3,585	0.71
		<b>6,421</b>	<b>1.27</b>
<b>Indonesia 0.00% (0.30%)</b>			
<b>Ireland 0.61% (0.00%)</b>			
AIB Group	783,986	3,113	0.61
		<b>3,113</b>	<b>0.61</b>
<b>Israel 1.20% (0.00%)</b>			
Perion Network	188,335	6,065	1.20
		<b>6,065</b>	<b>1.20</b>
<b>Italy 0.86% (0.72%)</b>			
Intesa Sanpaolo	776,432	1,602	0.32
Poste Italiane	338,248	2,734	0.54
		<b>4,336</b>	<b>0.86</b>
<b>Japan 7.58% (4.62%)</b>			
BIPROGY	106,800	2,070	0.41
ITOCHU	268,400	6,740	1.33
Marubeni	519,400	5,572	1.10
Mitsubishi UFJ Financial Group	1,008,500	5,205	1.03
Nippon Telegraph & Telephone	86,500	2,074	0.41
Sekisui House	346,400	5,559	1.10
Sumitomo Mitsui Financial Group	45,100	1,472	0.29
Suzuki Motor	92,400	2,626	0.52
Toyota Tsusho	214,200	7,049	1.39
		<b>38,367</b>	<b>7.58</b>
<b>Netherlands 1.48% (3.09%)</b>			
ASR Nederland	50,303	2,587	0.51

	Holding	Valuation £'000	% of net assets
Prosus	80,160	4,930	0.97
		<b>7,517</b>	<b>1.48</b>
<b>Norway 1.29% (2.77%)</b>			
Equinor	41,882	977	0.19
TGS	236,735	3,553	0.70
Yara International	57,910	1,997	0.40
		<b>6,527</b>	<b>1.29</b>
<b>Russia 0.00% (0.00%)</b>			
Gazprom, ADR ^	180,460	–	–
LUKOIL, ADR ^	22,953	–	–
		–	–
<b>Singapore 2.05% (0.00%)</b>			
Oversea-Chinese Banking	675,800	5,190	1.02
Sembcorp Industries	1,970,300	5,211	1.03
		<b>10,401</b>	<b>2.05</b>
<b>South Africa 0.00% (0.48%)</b>			
<b>South Korea 0.62% (2.62%)</b>			
GS Holdings	30,037	561	0.11
Hyundai Marine & Fire Insurance	134,782	2,599	0.51
		<b>3,160</b>	<b>0.62</b>
<b>Spain 1.88% (2.16%)</b>			
Banco Bilbao Vizcaya Argentaria	831,261	4,785	0.94
Repsol	386,312	4,751	0.94
		<b>9,536</b>	<b>1.88</b>
<b>Sweden 0.00% (1.64%)</b>			
<b>Switzerland 1.69% (1.15%)</b>			
Cie Financiere Richemont	28,722	3,557	0.70
UBS Group	302,590	5,025	0.99
		<b>8,582</b>	<b>1.69</b>
<b>Taiwan 0.69% (0.00%)</b>			
Novatek Microelectronics	305,000	3,516	0.69
		<b>3,516</b>	<b>0.69</b>
<b>Thailand 0.73% (0.36%)</b>			
Kiatnakin Phatra Bank	2,471,212	3,689	0.73
		<b>3,689</b>	<b>0.73</b>
<b>Turkey 0.26% (0.78%)</b>			
Aselsan Elektronik Sanayi Ve Ticaret	607,896	1,330	0.26
		<b>1,330</b>	<b>0.26</b>
<b>United Arab Emirates 0.51% (0.00%)</b>			
Emirates NBD Bank	890,257	2,558	0.51
		<b>2,558</b>	<b>0.51</b>
<b>United Kingdom 7.89% (0.28%)</b>			
Associated British Foods	136,954	3,576	0.71
BAE Systems	730,052	7,388	1.46
BP	697,840	3,712	0.73
GSK	185,046	3,631	0.72
HSBC Holdings	1,263,339	7,110	1.40
Imperial Brands	323,462	6,149	1.21
QinetiQ Group	1,732,721	5,891	1.16

	Holding	Valuation £'000	% of net assets
Unilever	58,575	2,523	0.50
		<b>39,980</b>	<b>7.89</b>
<b>United States of America 40.57% (44.45%)</b>			
Altria Group	166,335	5,930	1.17
American International Group	70,709	2,898	0.57
Analog Devices	33,505	5,032	0.99
Archer-Daniels-Midland	55,575	3,511	0.69
Automatic Data Processing	10,055	1,744	0.35
Bank OZK	75,880	1,802	0.36
Belden	51,902	2,442	0.48
Bloomin' Brands	77,227	1,531	0.30
Bristol-Myers Squibb	123,919	7,036	1.39
Broadcom	11,924	5,957	1.18
Bunge	23,266	1,014	0.20
BWX Technologies	31,329	1,565	0.31
Catalyst Pharmaceuticals	342,274	4,777	0.94
Chubb	25,406	5,081	1.00
Cisco Systems	192,078	7,902	1.56
Coca-Cola	93,092	4,694	0.93
Commercial Metals	75,757	2,841	0.56
Conagra Brands	180,777	6,344	1.25
Exxon Mobil	34,911	3,223	0.64
First Commonwealth Financial	177,768	1,273	0.25
Gilead Sciences	102,424	6,854	1.35
Hartford Financial Services Group	113,417	6,358	1.26
Hershey	20,262	4,226	0.84
Hewlett Packard Enterprise	118,271	1,504	0.30
JPMorgan Chase	52,918	5,415	1.07
Juniper Networks	183,910	4,971	0.98
Kroger	179,774	7,000	1.38
Lincoln Electric Holdings	14,794	1,227	0.24
Marathon Petroleum	14,258	1,518	0.30
McKesson	12,001	4,517	0.89
Merck	58,163	5,243	1.04
Meta Platforms	32,537	5,643	1.11
MetLife	114,514	5,428	1.07
Microchip Technology	116,428	7,354	1.45
Netflix	18,629	5,072	1.00
ONEOK	28,673	1,522	0.30
PACCAR	61,512	2,530	0.50
PepsiCo	33,309	4,927	0.97
Philip Morris International	83,835	6,663	1.32
Procter & Gamble	38,491	4,701	0.93
Reinsurance of America	60,141	6,422	1.27
Sprouts Farmers Market	206,608	5,742	1.13
Steel Dynamics	33,819	2,807	0.56
Terex	105,933	2,997	0.59
United Airlines Holdings	68,659	1,541	0.31
UnitedHealth Group	8,048	3,312	0.65
Unum Group	214,987	6,701	1.32
Visa	22,559	4,092	0.81



	Holding	Valuation £'000	% of net assets
Voya Financial	45,489	2,593	0.51
		<b>205,477</b>	<b>40.57</b>
<b>Investment assets</b>		<b>508,058</b>	<b>100.31</b>
<b>Net other liabilities</b>		<b>(1,584)</b>	<b>(0.31)</b>
<b>Net assets attributable to unitholders</b>		<b>506,474</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 7 April 2022.

^ 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 2023

	Note	7 April 2023		7 April 2022	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	3		(36,805)		24,295
Revenue	5	24,454		22,971	
Expenses	6	(6,206)		(7,024)	
Interest payable and similar charges	7	(20)		(7)	
Net revenue before taxation		18,228		15,940	
Taxation	8	(2,444)		(2,055)	
Net revenue after taxation			15,784		13,885
<b>Total return before distributions</b>			(21,021)		38,180
Distributions	9		(15,785)		(13,900)
<b>Change in net assets attributable to unitholders from investment activities</b>			(36,806)		24,280

### Statement of change in net assets attributable to unitholders for the year ended 7 April 2023

	7 April 2023		7 April 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		586,939		614,123
Amounts receivable on issue of units	17,797		18,338	
Amounts payable on cancellation of units	(76,248)		(82,803)	
		(58,451)		(64,465)
Dilution adjustment		33		9
Change in net assets attributable to unitholders from investment activities		(36,806)		24,280
Retained distribution on accumulation units		14,759		12,992
<b>Closing net assets attributable to unitholders</b>		506,474		586,939

### Balance sheet as at 7 April 2023

	Note	7 April 2023	7 April 2022
		£'000	£'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments	10	508,058	580,977
<b>Current assets</b>			
Debtors	11	16,586	7,702
Cash and cash equivalents	12	4,169	92
<b>Total current assets</b>		20,755	7,794
<b>Total assets</b>		528,813	588,771
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdraft	13	4,168	46
Other creditors	14	18,171	1,786
<b>Total creditors</b>		22,339	1,832
<b>Total liabilities</b>		22,339	1,832
<b>Net assets attributable to unitholders</b>		506,474	586,939

# 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, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. There are no material events that 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. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

**(b) Valuation of investments.** All investments have been valued at 12 noon on the last working day of the accounting period, net of any accrued interest in the case of debt securities, which is included in the balance sheet as a revenue related item. Listed investments are valued at fair value which is deemed to be the bid or SETS 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. The last valuation point in the accounting 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.

**(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, 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. 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 is recognised 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 price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing unitholders interest in the fund. In order to counter this and to protect unitholders' interests, the manager will apply "swing pricing" 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 a dilution adjustment will be applied systematically and on a consistent basis.

## 2. Distribution Policy

The fund shall distribute all available revenue, after deduction of expenses and taxation chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund is not more than 60% invested in qualifying investments (as defined in Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19) and where applicable will pay a dividend 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 (losses)/gains

	7 April 2023 £'000	7 April 2022 £'000
Forward currency contracts	(5)	10
Currency losses	(186)	(323)
Non-derivative securities	(36,614)	24,608
<b>Net capital (losses)/gains</b>	<b>(36,805)</b>	<b>24,295</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 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	916,665	191	615	917,470	0.02	0.07
<b>Sales</b>						
Equities	980,487	188	273	980,948	0.02	0.03
<b>Total</b>		<b>379</b>	<b>888</b>			
<b>Percentage of fund average net assets</b>		<b>0.07%</b>	<b>0.16%</b>			

Year ended 7 April 2022						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	771,949	165	485	772,599	0.02	0.06
<b>Sales</b>						
Equities	830,642	192	154	830,296	0.02	0.02
<b>Total</b>		<b>357</b>	<b>639</b>			
<b>Percentage of fund average net assets</b>		<b>0.06%</b>	<b>0.11%</b>			

### Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.12% (2022: 0.11%). 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 2023 £'000	7 April 2022 £'000
Overseas dividends	22,757	21,403
UK dividends	1,640	1,568
Bank interest	57	–
<b>Total revenue</b>	<b>24,454</b>	<b>22,971</b>

## 6. Expenses

	7 April 2023 £'000	7 April 2022 £'000
<b>Payable to the manager, associates of the manager and agents of either of them:</b>		
Annual management charge	5,445	6,180
Administration fees	761	844
<b>Total expenses</b>	<b>6,206</b>	<b>7,024</b>

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

The audit fee (excluding VAT) accrued during the period was £9,000 (2022: £8,000). This fee is paid by the manager via the administration fee.

## 7. Interest payable and similar charges

	7 April 2023 £'000	7 April 2022 £'000
Interest payable	20	7
<b>Total interest payable and similar charges</b>	<b>20</b>	<b>7</b>

## 8. Taxation

	7 April 2023 £'000	7 April 2022 £'000
<b>a) Analysis of the tax charge for the year</b>		
Irrecoverable overseas tax	2,444	2,055
<b>Total taxation (note 8b)</b>	<b>2,444</b>	<b>2,055</b>
<b>b) Factors affecting the tax charge for the year</b>		
Net revenue before taxation	18,228	15,940
Corporation tax of 20% (2022: 20%)	3,646	3,188
<b>Effects of:</b>		
Irrecoverable overseas tax	2,444	2,055
Unutilised management expenses	1,228	1,330
Utilisation of non-trade deficit carried forward	–	1
Overseas withholding tax expensed	–	(9)
Non-taxable UK dividends	(11)	(314)
Tax on franked dividends	(328)	–
Non-taxable overseas dividends	(4,535)	(4,196)
<b>Tax charge for the year (note 8a)</b>	<b>2,444</b>	<b>2,055</b>

### c) Provision for deferred tax

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

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

The fund has not recognised a deferred tax asset of £13,286,000 (2022: £12,056,000) arising as a result of having unutilised management expenses of £66,416,000 (2022: £60,278,000) and non-trade loan relationship deficits of £11,000 (2022: £11,000). 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 2023 £'000	7 April 2022 £'000
Final dividend distribution	14,759	12,992
Add: amounts deducted on cancellation of units	1,389	1,255
Deduct: amounts added on issue of units	(363)	(347)
<b>Distributions</b>	<b>15,785</b>	<b>13,900</b>
<b>Movement between net revenue and distributions</b>		
Net revenue after taxation	15,785	13,885
Revenue received on conversion of units	–	15
	<b>15,785</b>	<b>13,900</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 26.

## 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 2023 Assets £'000	7 April 2022 Assets £'000
Level 1	508,058	580,977
Level 3*	–	–
<b>Total</b>	<b>508,058</b>	<b>580,977</b>

\* Depositary Receipts on Russian shares 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 2023 £'000	7 April 2022 £'000
Sales awaiting settlement	14,043	5,047
Accrued revenue	1,635	1,277
Overseas withholding tax recoverable	852	1,009
Amounts receivable for issue of units	56	369
<b>Total debtors</b>	<b>16,586</b>	<b>7,702</b>

## 12. Cash and cash equivalents

	7 April 2023 £'000	7 April 2022 £'000
Amounts held in liquidity funds	4,125	–
Cash and bank balances	44	92
<b>Total cash and cash equivalents</b>	<b>4,169</b>	<b>92</b>

## 13. Bank Overdraft

	7 April 2023 £'000	7 April 2022 £'000
Bank overdrafts	4,168	46
<b>Total bank overdraft</b>	<b>4,168</b>	<b>46</b>

## 14. Other creditors

	7 April 2023 £ '000	7 April 2022 £ '000
Purchases awaiting settlement	15,848	660
Amounts payable for cancellation of units	1,758	435
Accrued annual management charge	493	607
Accrued administration fee payable to manager	72	84
<b>Total other creditors</b>	<b>18,171</b>	<b>1,786</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 2023 do not reflect any further amounts that may be received (2022: nil).

## 17. Reconciliation of unit movements

	Units in Issue at 7 April 2022	Units issued	Units cancelled	Units converted	Units In Issue at 7 April 2023
C accumulation	4,637,864	216,631	(273,574)	–	4,580,921
I accumulation	93,660,058	3,534,477	(7,017,638)	1,156	90,178,053
R accumulation	60,089,463	1,170,618	(14,864,686)	(1,292)	46,394,103

## 18. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, 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. The loss on forward currency contracts for the year was £5,000 (2022: gain of £10,000).

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.

	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
<b>7 April 2023</b>			
US Dollar	214,117	552	214,669
Hong Kong Dollar	82,732	165	82,897
Euro	70,291	675	70,966
Japanese Yen	38,367	633	39,000
Sterling	39,979	(5,962)	34,017
Singapore Dollar	10,401	–	10,401
Swiss Franc	8,582	–	8,582
Chinese Yuan Renminbi	7,373	–	7,373
Brazilian Real	5,114	1,499	6,613
Norwegian Krone	6,527	3	6,530
Canadian Dollar	4,184	19	4,203
Australian Dollar	3,864	–	3,864
South-Korean Won	3,160	575	3,735
Thai Baht	3,689	–	3,689
Taiwan Dollar	3,516	55	3,571
UAE Dirham	2,558	–	2,558
Danish Kroner	2,274	42	2,316
Turkish Lira	1,330	–	1,330
Swedish Krona	–	160	160
<b>7 April 2022</b>			
US Dollar	244,602	152	244,754
Hong Kong Dollar	120,400	1,045	121,445
Euro	77,802	815	78,617
Japanese Yen	27,104	389	27,493
Sterling	17,297	2,546	19,843
Canadian Dollar	18,086	53	18,139
Norwegian Krone	16,226	52	16,278
South Korean Won	15,369	463	15,832
Swedish Krona	9,610	314	9,924
Swiss Franc	6,726	–	6,726
Danish Krone	5,980	38	6,018
Australian Dollar	5,663	–	5,663
Chinese Yuan	4,795	–	4,795
Turkish Lira	4,585	–	4,585
South Africa Rand	2,819	–	2,819
Thai Baht	2,133	–	2,133
Indonesian Rupiah	1,780	–	1,780
Taiwan Dollar	–	95	95

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 £23,623,000 (2022: £28,355,000). 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 per cent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £25,403,000 (2022: £29,049,000). A five per cent 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 2023 and 7 April 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	113.7	102.0
Commitment	102.5	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. 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 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 requirement stipulated in COLL and the Prospectus.

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 2023 or 7 April 2022.

### (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 2023 or 7 April 2022.

## 17. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 17 and notes 6, 9, 11 and 13 on pages 20 to 21 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 7 April 2023 in respect of these transactions was £2,267,000 (2022: £757,000).

## 18. Unit classes

The annual management charges 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 27.

The distributions per unit class are given in the distribution tables on page 26. All classes have the same rights on winding up.

## 19. Post balance sheet event

There were no significant post balance sheet events subsequent to the period 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 2022	7 April 2023	8 April 2023	7 June 2023

### C accumulation

Dividend distributions for the year ended 7 April 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	2.1557	6.9535	9.1092	100.00%	0.00%	7.1793

### I accumulation

Dividend distributions for the year ended 7 April 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	4.1279	7.6516	11.7795	100.00%	0.00%	9.5897

### R accumulation

Dividend distributions for the year ended 7 April 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Final	2.3216	5.6949	8.0165	100.00%	0.00%	6.1201

## COMPARATIVE TABLES

	C accumulation			I accumulation		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>349.91</b>	<b>329.06</b>	<b>235.93</b>	<b>386.27</b>	<b>361.62</b>	<b>258.12</b>
Return before operating charges*	(8.87)	25.44	96.80	(9.82)	28.01	106.15
Operating charges	(4.60)	(4.59)	(3.67)	(3.38)	(3.36)	(2.65)
<b>Return after operating charges</b>	<b>(13.47)</b>	<b>20.85</b>	<b>93.13</b>	<b>(13.20)</b>	<b>24.65</b>	<b>103.50</b>
Distributions	(9.11)	(7.18)	(5.73)	(11.78)	(9.59)	(7.63)
Retained distributions on accumulation units	9.11	7.18	5.73	11.78	9.59	7.63
<b>Closing net asset value per units</b>	<b>336.44</b>	<b>349.91</b>	<b>329.06</b>	<b>373.07</b>	<b>386.27</b>	<b>361.62</b>
*after direct transaction costs of	(0.78)	(0.58)	(0.47)	(0.87)	(0.64)	(0.51)
<b>Performance</b>						
Return after charges	(3.85)%	6.34%	39.47%	(3.42)%	6.82%	40.10%
<b>Other information</b>						
Closing net asset value (£'000)	15,412	16,228	13,051	336,429	361,780	376,921
Closing number of units	4,580,921	4,637,864	3,966,089	90,178,053	93,660,058	104,230,172
Operating charges	1.34%	1.34%	1.34%	0.89%	0.89%	0.89%
Direct transaction costs	0.23%	0.17%	0.17%	0.23%	0.17%	0.17%
<b>Prices</b>						
Highest unit price (p)	358.64	361.20	329.23	396.82	398.45	361.81
Lowest unit price (p)	325.48	325.22	228.77	359.65	357.56	250.29

	R accumulation		
	2023	2022	2021
<b>Change in net assets per unit (p)</b>			
<b>Opening net asset value per unit</b>	<b>347.70</b>	<b>327.97</b>	<b>235.85</b>
Return before operating charges*	(8.80)	25.31	96.58
Operating charges	(5.59)	(5.58)	(4.46)
<b>Return after operating charges</b>	<b>(14.39)</b>	<b>19.73</b>	<b>92.12</b>
Distributions	(8.02)	(6.12)	(4.90)
Retained distributions on accumulation units	8.02	6.12	4.90
<b>Closing net asset value per units</b>	<b>333.31</b>	<b>347.70</b>	<b>327.97</b>
*after direct transaction costs of	(0.78)	(0.58)	(0.46)
<b>Performance</b>			
Return after charges	(4.14)%	6.02%	39.06%
<b>Other information</b>			
Closing net asset value (£'000)	154,633	208,931	224,151
Closing number of units	46,394,103	60,089,463	68,345,595
Operating charges	1.64%	1.64%	1.64%
Direct transaction costs	0.23%	0.17%	0.17%
<b>Prices</b>			
Highest unit price (p)	356.29	359.08	328.14
Lowest unit price (p)	323.22	324.05	228.69

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 2023
C accumulation	1.34%
I accumulation	0.89%
R accumulation	1.64%

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 Global Equity Fund	568.0	168.1	36.8	44.5	(3.4)	(1.0)
MSCI AC World NR GBP	477.0	164.1	53.3	40.6	1.6	2.8
IA Global NR	460.7	147.4	49.4	42.1	(2.2)	2.7
Position in sector	18/53	48/138	139/194	93/228	180/265	238/269
Quartile	2	2	3	2	3	4

Past performance is not a guide to the future.

\*Source: Artemis/Lipper Limited, data from 9 September 2002 (when Artemis took over management of the fund) to 7 March 2008 reflects class R accumulation units, and from 7 March 2008 to 7 April 2023 reflects class I accumulation units, in sterling. As at 1 January 2011 the benchmark for the Artemis SmartGARP Global Equity Fund changed to MSCI AC World Index. Returns up to 1 January 2011 reflect those of the MSCI World Index. All figures show total returns with 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. Class I accumulation is disclosed as it is the primary unit class.

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