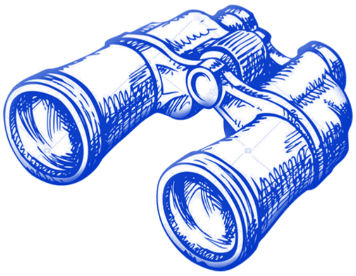
ARTEMIS
The PROFIT Hunter



Artemis Income *Fund*

Manager's Report and Financial Statements

for the year ended 30 April 2023

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 Income Fund was constituted by a Trust Deed dated 28 April and 4 May 2000 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website **artemisfunds.com**. Valuation of the fund takes place each dealing day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at www.artemisfunds.com/non-dealing-days. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

Objective and investment policy

Objective	To grow both income and capital over a five year period.	
Investment policy	**What the fund invests in**	• 80% to 100% in company shares. • 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.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: • reduce risk • manage the fund efficiently
	Where the fund invests	• At least 80% in the United Kingdom • Up to 20% in other countries
	Industries the fund invests in	• Any
	Other limitations specific to this fund	• None
Investment strategy	• The fund is actively managed. • The manager believes that a company's free cashflow yield drives its valuation. • Accordingly, the fund focuses on companies' free cashflow yield by taking into account current and prospective dividends and the likelihood of the dividend being maintained in the future.	
Benchmarks	• **FTSE All-Share Index TR** A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. • **IA UK Equity Income NR** A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.	

Risk and reward profile

Potentially lower rewards — Potentially higher rewards

Lower risk — Higher risk

1 2 3 4 5 **6** 7

- 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.
- **Income risk:** The payment of income and its level is not guaranteed.
- **Charges from capital risk:** Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

There was no change to the risk indicator in the year to 30 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 Income 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. 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.

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.

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

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 Income Fund for the period ended 3 March 2023.

The Depositary in its capacity as Trustee of the Artemis Income 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" or "the Manager"), which is the UCITS Management Company, 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 Income Fund ("the Fund") for the period from 6 March 2023 to 30 April 2023.

The Depositary in its capacity as Trustee of the Artemis Income 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.

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- 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.

Northern Trust Investor Services Limited
London
20 July 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 Income Fund for the year ended 30 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
20 July 2023

L E Cairney
Director

Auditor's report

Independent auditor's report to the unitholders of the Artemis Income Fund

Opinion

We have audited the financial statements of the Artemis Income Fund ("the Fund") for the year ended 30 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 30 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' 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
20 July 2023

Investment Review

Main changes to the fund

We are long-term investors. On average, we hold onto the stocks we buy for more than six years. So turnover within the fund over the year has been predictably modest. We did, however, add two new names. The first was NatWest. It pays its shareholders an attractive dividend and is also buying back its shares.

The second key addition was Dr Martens. We believe this iconic footwear brand has an opportunity to grow by expanding globally and increasing its 'direct-to-consumer' sales, where profit margins are higher.

We sold the holding in Cisco. It retains its dominant position in a structurally growing industry but we are wary of the potential for a cyclical slowdown in capital expenditure. Because we no longer regarded it as a 'best idea', we were happy to reinvest the capital elsewhere.

Explaining the fund's performance

The fund returned 5.8% over the year, broadly in line with the FTSE All-Share index, which returned 6.0%[1].

Private equity group 3i made the biggest contribution to this year's returns. 3i's largest asset is its majority holding in Action, a European discount retailer which continues to go from strength to strength. Over the last five years, Action has increased its sales at a compound annual growth rate of 21%, almost twice as quickly as its industry peers. It now boasts over 2,200 stores across Europe and expects that number to more than double. Its low prices, its discipline on costs and the efficiency of its logistics and distribution network give us confidence that its impressive growth trajectory can be maintained.

Direct Line was the biggest negative. In early 2023, it warned that its profits would be lower than previously indicated and scrapped its final dividend payment for 2022. Some of Direct Line's problems are company specific. Equally, however, its peers across the insurance industry are starting to feel similar cost pressures (inflation means the cost of replacing or repairing damaged vehicles has increased) and we believe Direct Line's discipline on pricing should stand it in good stead.

The wider context

After a long period of 'cheap money', higher interest rates mean the cost of capital has begun to normalise. This is making it more expensive for cash-hungry, lossmaking 'disruptors' to fund themselves. This, in our view, should be to the benefit of established, profitable businesses – particularly those that have reshaped their businesses in recent years by investing in technology and innovation.

Looking ahead

Conditions in the economy and in the market appear uncertain in the near term. At the same time, however, we are optimistic regarding the portfolio's potential to generate attractive returns for investors over longer time horizons. The pandemic saw excess capacity being removed from a number of sectors and higher borrowing costs should see that process continuing. This will be to the benefit of the survivors: sector-leading incumbents with strong balance sheets and predictable cashflows.

Past performance is not a guide to the future.

[1] Artemis/Lipper Limited, class I distribution units. All figures show total return with dividends and/or income reinvested, net of all charges. Our benchmark index is the FTSE All-Share. Our sector is the IA UK Equity Income sector

Investment Information

Ten largest purchases and sales for the year ended 30 April 2023

Purchases	Cost £'000	Sales	Proceeds £'000
NatWest Group	120,529	3i Group	93,962
RS Group	52,897	Cisco Systems	71,996
Dr Martens	46,828	Anglo American	67,171
M&G	44,418	Barclays	58,289
Spectris	44,001	Direct Line Insurance Group	51,585
Legal & General Group	41,721	Burberry Group	50,479
GSK	30,472	Vodafone Group	49,634
Segro, REIT	29,576	Secure Income	43,796
Travis Perkins	25,638	SSE	39,991
Informa	23,733	Smiths Group	30,213

Portfolio statement as at 30 April 2023

	Holding	Valuation £'000	% of net assets
Equities 98.39% (99.15%)			
Basic Materials 3.03% (5.72%)			
Anglo American	3,491,146	85,359	1.80
Boliden	2,066,192	58,655	1.23
		144,014	**3.03**
Consumer Discretionary 27.20% (22.45%)			
Burberry Group	2,405,971	62,315	1.31
Card Factory	16,946,526	18,573	0.39
Currys	45,956,248	25,912	0.55
Dr Martens	24,756,944	41,121	0.87
easyJet	12,177,704	60,584	1.28
Informa	24,706,017	178,476	3.76
ITV	132,017,330	106,617	2.25
Next	2,039,015	137,389	2.89
Nintendo	2,137,500	71,986	1.52
Pearson	18,188,899	161,299	3.40
RELX	7,078,839	187,235	3.95
SSP Group	31,876,751	82,115	1.73
Wolters Kluwer	1,478,524	156,564	3.30
		1,290,186	**27.20**
Consumer Staples 12.07% (11.49%)			
British American Tobacco	2,462,536	72,078	1.52
C&C Group	33,271,975	51,971	1.09
Corbion	2,271,091	56,965	1.20
Ebro Foods	3,553,526	52,740	1.11
Imperial Brands	7,578,969	149,078	3.14
Origin Enterprises #	7,992,530	27,859	0.59
Tesco	57,671,943	162,116	3.42
		572,807	**12.07**
Energy 6.10% (4.36%)			
BP	54,214,524	289,722	6.10
		289,722	**6.10**
Financials 29.87% (29.91%)			
3i Group	15,173,442	268,115	5.65
Aviva	33,519,408	141,754	2.99
Barclays	56,556,793	90,400	1.90

	Holding	Valuation £'000	% of net assets
Direct Line Insurance Group	25,797,154	44,281	0.93
IG Group Holdings	13,470,344	98,805	2.08
Legal & General Group	52,291,335	122,414	2.58
London Stock Exchange Group	2,278,042	189,943	4.00
M&G	53,789,002	110,268	2.32
NatWest Group	46,266,671	121,172	2.55
NextEnergy Solar Fund	36,865,918	39,963	0.84
Nordea Bank	6,537,488	57,566	1.21
Phoenix Group Holdings	22,578,786	133,621	2.82
		1,418,302	**29.87**
Health Care 7.04% (7.77%)			
AstraZeneca	1,451,769	170,496	3.59
GSK	8,171,322	117,732	2.48
Haleon	3,254,560	11,424	0.24
Indivior	2,274,909	34,670	0.73
		334,322	**7.04**
Industrials 7.75% (5.87%)			
RS Group	7,773,632	71,611	1.51
Smiths Group	9,110,272	153,144	3.23
Spectris	1,786,022	67,119	1.41
Travis Perkins	7,948,365	76,145	1.60
		368,019	**7.75**
Real Estate 3.20% (5.83%)			
LXI REIT	66,688,083	70,223	1.48
Segro	9,765,449	81,502	1.72
		151,725	**3.20**
Technology 1.59% (1.63%)			
Sage Group	9,242,807	75,625	1.59
		75,625	**1.59**
Telecommunications 0.00% (2.63%)			
Utilities 0.54% (1.49%)			
SSE	1,397,288	25,668	0.54
		25,668	**0.54**
Equities total		**4,670,390**	**98.39**
Forward Currency Contracts 0.02% ((0.18%))			
Buy Sterling 262,229,000 Sell Euro 298,583,000 dated 09/05/2023		(984)	(0.02)
Buy Sterling 110,598,000 Sell Swedish Krona 1,426,722,000 dated 09/05/2023		(52)	–
Buy Sterling 64,589,000 Sell Japanese Yen 10,577,547,000 dated 09/05/2023		2,165	0.04
Forward Currency Contracts total		**1,129**	**0.02**
Investment assets (Including investment liabilities)		**4,671,519**	**98.41**
Net other assets		**75,114**	**1.59**
Net assets attributable to unitholders		**4,746,633**	**100.00**

The comparative percentage figures in brackets are as at 30 April 2022.
[#] Security listed on the Alternative Investment Market ('AIM').

Financial statements

Statement of total return for the year ended 30 April 2023

	Note	30 April 2023 £'000	30 April 2023 £'000	30 April 2022 £'000	30 April 2022 £'000
Income					
Net capital gains	3		**154,470**		174,249
Revenue	5	**189,213**		198,108	
Expenses	6	**(43,102)**		(45,198)	
Interest payable and similar charges	7	**(44)**		(17)	
Net revenue before taxation		**146,067**		152,893	
Taxation	8	**(1,912)**		(3,371)	
Net revenue after taxation			**144,155**		149,522
Total return before distributions			**298,625**		323,771
Distributions	9		**(184,959)**		(192,328)
Change in net assets attributable to unitholders from investment activities			**113,666**		131,443

Statement of change in net assets attributable to unitholders for the year ended 30 April 2023

	30 April 2023 £'000	30 April 2023 £'000	30 April 2022 £'000	30 April 2022 £'000
Opening net assets attributable to unitholders		**4,693,628**		4,771,059
Amounts receivable on issue of units	**210,007**		178,054	
Amounts payable on cancellation of units	**(368,545)**		(489,080)	
		(158,538)		(311,026)
Dilution adjustment		**(2)**		–
Change in net assets attributable to unitholders from investment activities		**113,666**		131,443
Retained distribution on accumulation units		**97,877**		102,151
Unclaimed distributions		**2**		1
Closing net assets attributable to unitholders		**4,746,633**		4,693,628

Balance sheet as at 30 April 2023

	Note	30 April 2023 £'000	30 April 2022 £'000
Assets			
Fixed assets			
Investments	10	**4,672,555**	4,659,195
Current assets			
Debtors	11	**54,343**	54,731
Cash and cash equivalents	12	**79,987**	60,408
Total current assets		**134,330**	115,139
Total assets		**4,806,885**	4,774,334
Liabilities			
Investment liabilities	10	**1,036**	13,693
Creditors			
Bank overdraft	13	**–**	4,160
Distribution payable		**46,019**	46,492
Other creditors	14	**13,197**	16,361
Total creditors		**59,216**	67,013
Total liabilities		**60,252**	80,706
Net assets attributable to unitholders		**4,746,633**	4,693,628

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 close of business on the last working day of the accounting period. 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.

(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) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any positions on such transactions open at the year end are reflected in the balance sheet at their marked to market value. Open forward currency contracts are shown in the Portfolio Statement at market value and the net gains are reflected within Forward currency contracts under net capital gains in the Notes to the financial statements.

(e) 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. Any annual management charge rebates from underlying funds are recognised on an accruals basis when the entitlement arises in accordance with the treatment of the annual management charge on the underlying collective investment scheme.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis. As the fund aims to maximise the generation of income, the Manager and the Trustee have agreed that to protect the income distribution, some or all of the annual management charge will be taken from the capital of the fund. Charges deducted from capital will increase distributable income by the amount charged and the capital of the fund will be reduced by the same amount. Accordingly, capital growth may be constrained.

(g) 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.

(h) 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 properly chargeable against revenue. The manager and the trustee have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. The manager may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments, derivatives and forward currency contracts, 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 gains

	30 April 2023 £'000	30 April 2022 £'000
Non-derivative securities	**152,744**	160,119
Forward currency contracts	**1,092**	14,593
Currency gains/(losses)	**634**	(463)
Net capital gains	**154,470**	174,249

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 30 April 2023
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	677,934	188	3,352	681,474	0.03	0.49
Sales						
Equities	805,982	249	16	805,717	0.03	–
Total		**437**	**3,368**			
Percentage of fund average net assets		**0.01%**	**0.07%**			

						Year ended 30 April 2022
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	733,364	214	3,347	736,925	0.03	0.46
Sales						
Equities	967,467	327	1	967,139	0.03	–
Total		**541**	**3,348**			
Percentage of fund average net assets		**0.01%**	**0.07%**			

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

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.05% (2022: 0.09%). 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

	30 April 2023 £'000	30 April 2022 £'000
UK dividends	**155,975**	165,219
Overseas dividends	**25,101**	25,083
Revenue from UK REITs	**6,874**	7,787
Bank interest	**1,263**	19
Total revenue	**189,213**	198,108

6. Expenses

	30 April 2023 £'000	30 April 2022 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	**40,804**	42,806
Administration fees	**2,298**	2,392
Total expenses	**43,102**	45,198

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

The audit fee (excluding VAT) accrued during the period was £9,650 (2022: £8,800). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	30 April 2023 £'000	30 April 2022 £'000
Interest payable	**44**	17
Total interest payable and similar charges	**44**	17

8. Taxation

	30 April 2023 £'000	30 April 2022 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	**1,912**	3,371
Total taxation (note 8b)	**1,912**	3,371
b) Factors affecting the tax charge for the year		
Net revenue before taxation	**146,067**	152,893
Corporation tax of 20% (2022: 20%)	**29,213**	30,579
Effects of:		
Unutilised management expenses	**7,357**	7,482
Irrecoverable overseas tax	**1,912**	3,371
Non-taxable overseas dividends	**(5,020)**	(5,017)
Non-taxable UK dividends	**(31,550)**	(33,044)
Tax charge for the year (note 8a)	**1,912**	3,371

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 £143,837,591 (2022: £136,480,485) arising as a result of having unutilised management expenses of £719,187,955 (2022: £682,402,426). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	30 April 2023 £'000	30 April 2022 £'000
Interim dividend distribution	**84,384**	90,151
Final dividend distribution	**98,718**	100,762
	183,102	190,913
Add: amounts deducted on cancellation of units	**2,902**	3,249
Deduct: amounts added on issue of units	**(1,045)**	(1,834)
Distributions	**184,959**	192,328
Movement between net revenue and distributions		
Net revenue after taxation	**144,155**	149,522
Expenses paid from capital	**40,805**	42,806
Undistributed revenue brought forward	**–**	1
Undistributed revenue carried forward	**(1)**	(1)
	184,959	192,328

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 22 and 23.

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).

	30 April 2023		30 April 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	**4,670,390**	**–**	4,653,616	–
Level 2	**2,165**	**1,036**	5,579	13,693
Total	**4,672,555**	**1,036**	4,659,195	13,693

11. Debtors

	30 April 2023 £'000	30 April 2022 £'000
Accrued revenue	**46,038**	43,367
Overseas withholding tax recoverable	**6,791**	5,858
Amounts receivable for issue of units	**1,117**	2,025
Sales awaiting settlement	**358**	3,481
Income tax recoverable	**39**	–
Total debtors	**54,343**	54,731

12. Cash and cash equivalents

	30 April 2023 £'000	30 April 2022 £'000
Amounts held in liquidity funds	**70,133**	38,488
Cash and bank balances	**9,194**	8,470
Collateral held with brokers	**660**	13,450
Total cash and cash equivalents	**79,987**	60,408

13. Bank overdraft

	30 April 2023 £'000	30 April 2022 £'000
Collateral pledged with brokers	–	4,160
Total bank overdraft	–	4,160

14. Other creditors

	30 April 2023 £ '000	30 April 2022 £ '000
Amounts payable for cancellation of units	**9,699**	4,910
Accrued annual management charge	**3,303**	3,295
Accrued administration fee payable to the manager	**195**	191
Purchases awaiting settlement	–	7,965
Total other creditors	**13,197**	16,361

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in Issue at 30 April 2022	Units issued	Units cancelled	Units converted	Units In Issue at 30 April 2023
C distribution	13,957,665	480,176	(936,315)	643,400	**14,144,926**
C accumulation	12,614,599	200,363	(854,380)	813,779	**12,774,361**
E distribution	602,852,695	120,160,975	(47,913,150)	334,736	**675,435,256**
I distribution	538,825,054	15,747,579	(44,393,016)	1,042,943	**511,222,560**
I accumulation	299,911,138	6,911,055	(20,064,726)	212,859	**286,970,326**
R distribution	65,140,722	554,750	(4,929,299)	(1,051,591)	**59,714,582**
R accumulation	165,772,472	2,732,004	(17,346,773)	(1,465,918)	**149,691,785**

17. Risk disclosures

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

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

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

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in 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 gain on forward currency contracts for the year was £1,092,000 (2022: £14,593,000).

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.

Currency	Investments £'000	Net other assets £'000	Forward currency contracts £ '000	Total £'000
30 April 2023				
Sterling	**4,188,053**	**65,200**	**437,419**	**4,690,672**
Euro	**294,129**	**121**	**(263,213)**	**31,037**
Swedish Krona	**116,221**	**8,695**	**(110,651)**	**14,265**
Japanese Yen	**71,986**	**1,089**	**(62,425)**	**10,650**
US Dollar	**–**	**9**	**–**	**9**
30 April 2022				
Sterling	4,098,638	38,964	494,320	4,631,922
Euro	236,045	5,250	(212,001)	29,294
Swedish Krona	161,077	2,661	(147,740)	15,998
US Dollar	81,221	–	(71,906)	9,315
Japanese Yen	76,635	1,251	(70,787)	7,099

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 £2,798,000 (2022: £3,085,000). A five percent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five percent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £233,576,000 (2022: £232,275,000). 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 30 April 2023 and 30 April 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	**118.7**	123.2
Commitment	**100.0**	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 worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

The derivatives held at the year end are disclosed in the portfolio statement and Northern Trust is the counterparty for the forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 30 April 2023 or 30 April 2022.

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were forward currency contracts. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

Currency	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
30 April 2023			
Northern Trust	**1,129**	**1,129**	**660**
30 April 2022			
Goldman Sachs	5,364	5,364	(4,160)
J.P. Morgan	52	52	–
UBS	(13,530)	(13,530)	13,450

Only cash collateral is pledged or held by the fund.

(c) Liquidity risk

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

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

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

There was no significant concentration of liquidity risk as at 30 April 2023 or 30 April 2022.

18. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 13 and notes 6, 9, 11 and 14 on pages 16 to 18 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 30 April 2023 in respect of these transactions was £12,080,000 (2022: £6,368,000). Management fee rebates receivable for the year was £nil (2022: £nil) and the balance outstanding at the year end was £nil (2022: £3,000).

19. Unit classes

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

C distribution	1.20%
C accumulation	1.20%
E distribution	0.60%
I distribution	0.75%
I accumulation	0.75%
R distribution	1.50%
R accumulation	1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 24 and 25. The distributions per unit class are given in the distribution tables on pages 22 and 23. 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 period end.

Distribution tables

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

Semi-annual distribution periods	Start	End	Ex-dividend date	Pay date
Interim	1 May 2022	31 October 2022	1 November 2022	30 December 2022
Final	1 November 2022	30 April 2023	1 May 2023	30 June 2023

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

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

C distribution

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	2.1674	1.9479	4.1153	100.00%	0.00%	4.2180
Final	1.4775	3.3473	4.8248	100.00%	0.00%	4.8793

C accumulation

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	5.0055	4.2017	9.2072	100.00%	0.00%	9.0635
Final	2.2147	8.7899	11.0046	100.00%	0.00%	10.6832

E distribution

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	1.2404	0.6209	1.8613	100.00%	0.00%	1.8965
Final	0.9816	1.2084	2.1900	100.00%	0.00%	2.2014

I distribution

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	2.4920	2.1158	4.6078	100.00%	0.00%	4.7018
Final	1.8714	3.5450	5.4164	100.00%	0.00%	5.4528

I accumulation

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	5.1057	5.0626	10.1683	100.00%	0.00%	9.9655
Final	3.5161	8.6691	12.1852	100.00%	0.00%	11.7763

R distribution

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	2.3352	1.7499	4.0851	100.00%	0.00%	4.1995
Final	2.2810	2.500	4.7810	100.00%	0.00%	4.8497

R accumulation

Dividend distributions for the year ended 30 April 2023	Group 2 Net revenue per unit(p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2022 Distribution per unit (p)
Interim	5.3466	3.7938	9.1404	100.00%	0.00%	9.0243
Final	5.1901	5.7156	10.9057	100.00%	0.00%	10.6191

Comparative Tables

	C distribution			C accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	**224.54**	**219.20**	**179.75**	**502.31**	**471.07**	**371.14**
Return before operating charges*	16.45	17.29	49.67	37.88	37.42	105.13
Operating charges	(2.76)	(2.85)	(2.47)	(6.22)	(6.18)	(5.20)
Return after operating charges	**13.69**	**14.44**	**47.20**	**31.66**	**31.24**	**99.93**
Distributions	(8.94)	(9.10)	(7.75)	(20.21)	(19.75)	(16.18)
Retained distributions on accumulation units	–	–	–	20.21	19.75	16.18
Closing net asset value per units	**229.29**	**224.54**	**219.20**	**533.97**	**502.31**	**471.07**
*after direct transaction costs of	(0.18)	(0.18)	(0.18)	(0.41)	(0.39)	(0.37)
Performance						
Return after charges	6.10%	6.59%	26.26%	6.30%	6.63%	26.93%
Other information						
Closing net asset value (£'000)	32,433	31,341	27,902	68,212	63,365	54,884
Closing number of units	14,144,925	13,957,665	12,729,153	12,774,361	12,614,599	11,650,768
Operating charges	1.25%	1.26%	1.25%	1.25%	1.26%	1.25%
Direct transaction costs	0.08%	0.08%	0.09%	0.08%	0.08%	0.09%
Prices						
Highest unit price (p)	236.42	236.33	228.24	539.24	517.45	481.31
Lowest unit price (p)	200.44	208.93	170.41	448.45	457.44	352.17

	E distribution			I distribution		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	**101.41**	**98.40**	**80.18**	**251.12**	**244.04**	**199.22**
Return before operating charges*	7.47	7.78	22.28	18.48	19.27	55.15
Operating charges	(0.65)	(0.67)	(0.59)	(1.98)	(2.04)	(1.72)
Return after operating charges	**6.82**	**7.11**	**21.69**	**16.50**	**17.23**	**53.43**
Distributions	(4.05)	(4.10)	(3.47)	(10.02)	(10.15)	(8.61)
Retained distributions on accumulation units	–	–	–	–	–	–
Closing net asset value per units	**104.18**	**101.41**	**98.40**	**257.60**	**251.12**	**244.04**
*after direct transaction costs of	(0.08)	(0.08)	(0.08)	(0.21)	(0.20)	(0.19)
Performance						
Return after charges	6.73%	7.23%	27.05%	6.57%	7.06%	26.82%
Other information						
Closing net asset value (£'000)	703,685	611,339	693,368	1,316,925	1,353,123	1,420,741
Closing number of units	675,435,256	602,852,695	704,642,309	511,222,560	538,825,054	582,167,856
Operating charges	0.65%	0.66%	0.65%	0.80%	0.81%	0.80%
Direct transaction costs	0.08%	0.08%	0.09%	0.08%	0.08%	0.09%
Prices						
Highest unit price (p)	107.29	106.56	102.44	265.37	263.98	254.08
Lowest unit price (p)	90.76	94.27	76.06	224.61	233.51	188.91

	I accumulation			R distribution		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	**554.12**	**517.34**	**405.78**	**223.06**	**218.41**	**179.65**
Return before operating charges*	41.99	41.15	115.10	16.29	17.20	49.50
Operating charges	(4.40)	(4.37)	(3.54)	(3.39)	(3.50)	(3.01)
Return after operating charges	**37.59**	**36.78**	**111.56**	**12.90**	**13.70**	**46.49**
Distributions	(22.35)	(21.74)	(17.74)	(8.87)	(9.05)	(7.73)
Retained distributions on accumulation units	22.35	21.74	17.74	–	–	–
Closing net asset value per units	**591.71**	**554.12**	**517.34**	**227.09**	**223.06**	**218.41**
*after direct transaction costs of	(0.46)	(0.43)	(0.40)	(0.18)	(0.18)	(0.18)
Performance						
Return after charges	6.78%	7.11%	27.49%	5.78%	6.27%	25.88%
Other information						
Closing net asset value (£'000)	1,698,042	1,661,874	1,560,442	135,604	145,304	154,621
Closing number of units	286,970,326	299,911,138	301,629,654	59,714,582	65,140,722	70,793,094
Operating charges	0.80%	0.81%	0.79%	1.55%	1.56%	1.55%
Direct transaction costs	0.08%	0.08%	0.09%	0.08%	0.08%	0.09%
Prices						
Highest unit price (p)	597.01	570.12	528.51	234.30	234.97	227.45
Lowest unit price (p)	495.66	504.30	385.10	198.87	207.64	170.30

	R accumulation		
	2023	2022	2021
Change in net assets per unit (p)			
Opening net asset value per unit	**499.05**	**469.42**	**370.96**
Return before operating charges*	37.51	37.23	104.80
Operating charges	(7.65)	(7.60)	(6.34)
Return after operating charges	**29.86**	**29.63**	**98.46**
Distributions	(20.05)	(19.64)	(16.15)
Retained distributions on accumulation units	20.05	19.64	16.15
Closing net asset value per units	**528.91**	**499.05**	**469.42**
*after direct transaction costs of	(0.41)	(0.39)	(0.37)
Performance			
Return after charges	5.98%	6.31%	26.54%
Other information			
Closing net asset value (£'000)	791,732	827,281	859,101
Closing number of units	149,691,785	165,772,472	183,014,328
Operating charges	1.55%	1.56%	1.55%
Direct transaction costs	0.08%	0.08%	0.09%
Prices			
Highest unit price (p)	534.44	514.51	479.66
Lowest unit price (p)	444.96	454.67	351.95

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	**30 April 2023**
C distribution	1.25%
C accumulation	1.25%
E distribution	0.65%
I distribution	0.80%
I accumulation	0.80%
R distribution	1.55%
R accumulation	1.55%

Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Class I distribution performance

	Since launch*	10 years	5 years	3 years	1 year	6 months
Artemis Income Fund **	564.1	92.6	24.2	44.4	5.8	11.3
Artemis Income Fund ***	571.8	94.4	25.7	49.3	6.7	12.2
FTSE All-Share Index TR	202.1	80.7	24.2	45.2	6.0	12.5
IA UK Equity Income NR	239.5	71.8	16.0	38.3	2.6	11.5
Position in sector	2/23	12/61	15/72	23/75	23/77	49/77
Quartile	1	1	1	2	2	3

Past performance is not a guide to the future.

* Data from 6 June 2000. Source: Artemis/Lipper Limited, data from 6 June 2000 to 7 March 2008 reflects class R distribution units and from 7 March 2008 reflects class I distribution units. 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.
*** Value at close of business.

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

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

Fund Service Centre 0800 092 2051
Facsimile 0207 643 3708

Website www.artemisfunds.com

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