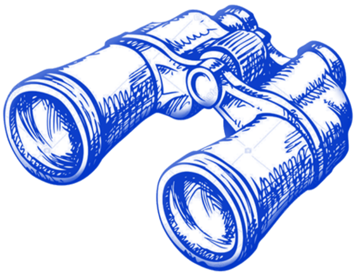
Artemis
The Profit Hunter



Artemis European Sustainable Growth *Fund*

Manager's Report
and Financial Statements

for the year ended 30 April 2023

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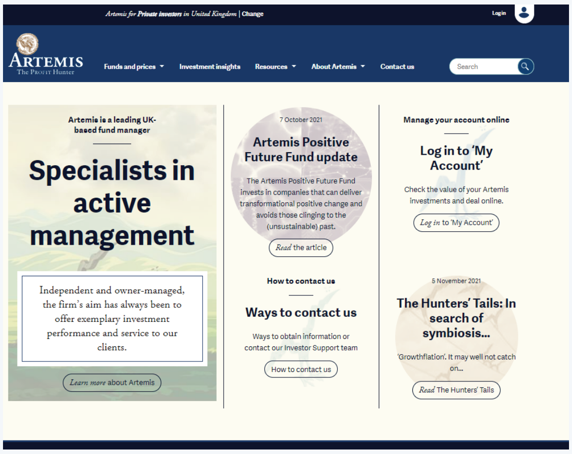

- Monthly fund commentaries and factsheets
- Market and fund insights
- Fund briefings and research articles
- Daily fund prices
- Fund literature

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 European Sustainable Growth Fund was constituted by a Trust Deed dated dated 16 September 2011 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 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 Europe (excluding the United Kingdom) • Up to 20% in other countries.
	Industries the fund invests in	• Any, except for those excluded at the sub-industry level below
	Other limitations specific to this fund	• Shares in the following types of company (held either directly or indirectly via derivatives) are automatically excluded: • Alcohol: companies which derive more than 10% revenue from alcoholic beverages; • Tobacco: companies which derive more than 10% revenue from tobacco; • Gambling: companies which derive more than 10% of revenue from gambling; • Nuclear power: companies which derive revenue from nuclear energy based power generation; • Weapons: companies: - involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons); or - which produce or sell civilian firearms; or - which manufacture armaments, nuclear weapons or associated strategic products; • Fossil fuels: companies which have reserves or engage in power generation or production related to thermal coal, oil or gas; • Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption.
Investment strategy	• The fund is actively managed. • A number of companies are removed from the investment universe at the outset of the investment process using the criteria set out in the investment policy above. • The manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. • The manager assesses the quality of environmental, social and governance (ESG) processes and seeks to invest in companies that use their resources efficiently, invest in their business, and build contingent assets that will eventually contribute to cash flows over time. The manager believes that growth of cash flows and capital are a consequence of a company's sustainable practices across the organisation. Consequently, the manager does not typically invest in companies with a track record of cash flow and/or capital growth if the company exhibits material sustainability weaknesses. Detailed assessment of the sustainability practices of companies is undertaken using proprietary and third-party research. • The manager takes a holistic view of a company's sustainability processes. Whenever relevant and material, this view includes: an analysis of a company's purpose; the impact of the products or services it sells; its sustainability governance; carbon intensity and plans to reduce Greenhouse Gas Emission targets; relationship with suppliers; waste management and recycling efforts; product quality and safety; customer satisfaction; employee health, safety and well-being; ethical behaviour; company culture; employee diversity; fair tax policies; data privacy; cyber-security; quality of the governance body; and management incentivisation. The material sustainability elements vary from company to company. For example, resource intensity and carbon emissions are much more important for industrial companies than service or software companies. Company purpose and corporate culture, employee well-being and diversity tend to be more important for service companies than industrial ones. The manager systematically looks into all of these areas but focuses on material sustainability, key performance indicators and corporate practices. The manager selects companies believed to be best-in-class in material sustainability areas; a company stock is not purchased where there are serious concerns on material sustainability processes / indicators. • The manager takes a three-to-five year view on investments and believes in the power of compounding returns. • The end result is a portfolio of companies that the manager believes to be 'best in class' with the ability to grow earnings and cash flows through sustainable business practices. The fund is concentrated, typically investing in 30 to 40 companies at any time. • Engagement with company management of existing and potential companies in the portfolio is a fundamental element of the fund's investment process. Having a concentrated portfolio enables regular, meaningful interactions with the companies. The manager monitors the ESG factors of the portfolio companies on an ongoing basis and votes accordingly, unless restricted to do so. If it is the manager's opinion that there has been a persistent deterioration of sustainability practices within an investee company, even if the financial key performance indicators remain strong, the manager will review whether the company should remain in the portfolio and, if decided to no longer hold the investment, the fund will seek to realise its investment as soon as practicable taking into account the best interests of investors.	
Benchmarks	• **FTSE World Europe ex UK TR** A widely-used indicator of the performance of European 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. • **IA Europe Excluding UK NR** A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.	

Risk and reward profile

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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Concentration risk:** The fund may have investments concentrated in a limited number of holdings. This can be more risky than holding a wider range of investments.
- **Smaller companies risk:** Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies may not be as easy to sell, which can cause difficulty in valuing those shares.
- **ESG risk:** The fund may select, sell or exclude investments based on ESG criteria; this may lead to the fund underperforming the broader market or other funds that do not apply ESG criteria. If sold based on ESG criteria rather than solely on financial considerations, the price obtained might be lower than that which could have been obtained had the sale not been required.

The risk indicator changed from 5 to 6 in the year ended 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 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 European Sustainable Growth 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
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 European Sustainable Growth Fund for the period ended 3 March 2023.

The Depositary in its capacity as Trustee of the Artemis European Sustainable Growth 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"), 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 European Sustainable Growth Fund ("the Fund") for the period from 6 March 2023 to 30 April 2023

The Depositary in its capacity as Trustee of the Artemis European Sustainable Growth 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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- 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 European Sustainable Growth 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 European Sustainable Growth Fund

Opinion

We have audited the financial statements of the Artemis European Sustainable Growth 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

- Changes in the fund during the period were mainly the result of the appointment of a new manager and some evolution in the fund's investment process. The most significant change in the process is greater emphasis being placed on stocks' valuations.
- Key changes to the fund's positioning were the addition of infrastructure companies (Vinci, Aena, Ferrovial) and a material increase in the financials sector through the purchase of Munich Re, BBVA, ING, and Unicredit. Other new purchases were made in Essilorluxottica, Recordati, Amadeus, Ipsos and Dino Polska.
- The investment in the infrastructure sector provides exposure to companies with irreplicable physical assets (toll roads and airports) and inflation-linked revenue at attractive valuations. The investment in the financials sector provides exposure to companies whose earnings should rise in response to higher interest rates. Both changes have increased the fund's sensitivity to economic activity.
- Holdings in ASML, Tecan, Worldline and Hexagon were sold due to company-specific concerns. Holdings in the private equity sector (Partners Group / Antin) were sold due to the potential negative impact of higher interest rates on earnings growth. We reduced Novo Nordisk and SAP, taking profits after their share prices had risen.

Explaining the fund's performance

- The fund returned 10.2%, lagging the 13.2% return of the FTSE Europe ex-UK index [1].
- Underperformance was mainly due to the fund's underweight exposure to financials. The sector performed strongly as its earnings have benefitted from interest rates rising. An internal review of old withholding tax reclaims also led to a one-off reduction in the net asset value of 0.6%.
- Positive contributors to performance were luxury stocks (Hermes/Moncler) where revenue growth has been higher than expected. The sector has also benefited from the lifting of Covid restrictions in China. Strong performance also came from a range of holdings that have demonstrated their ability to continue growing earnings in the difficult current economic environment, including Novo Nordisk, Dino Polska, L'Oreal and Edenred.

The wider context

- Equities rebounded following the initial shock of Russia invading Ukraine. European equities were the strongest performer globally as energy prices fell back sharply in response to muted demand and policies taken to secure supply.
- Equity values rose despite persistently high levels of inflation, resulting in a rise in interest rates (and a fall in bond values). This may appear surprising, but in our view is understandable as corporate earnings grow by a multiple of real GDP over the long-term and listed companies contain a sub-selection of the world's best businesses. It is for this reason that public market equities have historically been the best long-term hedge against inflation.

Looking ahead

- The economic environment remains difficult to assess or predict due to distortions arising from Covid and inflation shocks. Equity valuations remain attractive relative to bonds and European equities continue to trade at a historically wide discount to US equities.
- The fund's core holdings are in competitively advantaged businesses with strong barriers to entry, such as software (Amadeus/SAP) and pharmaceuticals (Novo Nordisk/Recordati). Many of them also benefit from inflation-protected cashflows, such as consumer staples (L'Oreal/Essilor) and infrastructure (Vinci/Aena). The fund also has a number of investments with idiosyncratic and varied profit drivers, such as holdings in speciality chemical distribution (Azelis/IMCD) and reinsurance (Munich Re). The fund's cyclical allocation (banks/industrials/luxury goods) provides exposure to a potential improvement in economic conditions.
- The fund's diversification should allow the portfolio to perform well in a range of market environments, whilst our flexible approach means we will constantly adapt to changes in opportunity as well as risk.

Past performance is not a guide to the future.

[1] Artemis/Lipper Limited, class I accumulation units. All figures show total return with dividends and/or income reinvested, net of all charges. Our benchmark index is the FTSE World Europe ex UK Index.

Investment information

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

Purchases	Cost £'000	Sales	Proceeds £'000
EssilorLuxottica	2,359	ASML Holding	3,625
Hermes International	2,229	Hermes International	2,755
Recordati Industria Chimica e Farmaceutica	1,990	Novo Nordisk 'B'	2,557
Amadeus IT Group	1,976	Tecan Group	2,453
Vinci	1,960	Worldline	2,408
CHR Hansen Holding	1,894	SAP	2,183
Straumann Holding	1,821	RELX	2,119
Dino Polska	1,646	Assa Abloy 'B'	2,004
IPSOS	1,637	SimCorp	1,644
Rational	1,567	Hexagon 'B'	1,635

Portfolio statement as at 30 April 2023

	Holding	Valuation £'000	% of net assets
Equities 97.73% (92.58%)			
Belgium 2.61% (2.72%)			
Azelis Group	75,632	1,430	2.61
		1,430	**2.61**
Denmark 6.91% (10.70%)			
Coloplast 'B'	8,043	923	1.68
Novo Nordisk 'B'	21,446	2,864	5.23
		3,787	**6.91**
France 31.95% (26.95%)			
BioMerieux	9,172	767	1.40
Dassault Systemes	42,607	1,376	2.51
Edenred	40,048	2,080	3.80
Elis	22,842	362	0.66
EssilorLuxottica	15,209	2,405	4.39
Hermes International	470	814	1.49
IPSOS	35,793	1,550	2.83
Legrand	22,941	1,733	3.16
L'Oreal	7,187	2,740	5.00
Sartorius Stedim Biotech	5,316	1,136	2.07
Teleperformance	2,281	363	0.66
Vinci	22,079	2,182	3.98
		17,508	**31.95**
Germany 7.34% (4.50%)			
Muenchener Rueckversicherungs-Gesellschaft	4,739	1,419	2.59
Rational	1,525	878	1.60
SAP	15,943	1,726	3.15
		4,023	**7.34**
Ireland 0.00% (2.99%)			
Italy 10.96% (7.05%)			
FinecoBank Banca Fineco	152,755	1,846	3.37
Moncler	26,945	1,594	2.91
Recordati Industria Chimica e Farmaceutica	46,776	1,719	3.14
UniCredit	53,482	846	1.54
		6,005	**10.96**

	Holding	Valuation £'000	% of net assets
Netherlands 9.78% (12.03%)			
IMCD	4,493	539	0.99
ING Groep	114,045	1,125	2.05
Universal Music Group	92,031	1,607	2.93
Wolters Kluwer	19,740	2,090	3.81
		5,361	**9.78**
Poland 3.61% (0.00%)			
Dino Polska	24,356	1,981	3.61
		1,981	**3.61**
Spain 11.63% (0.00%)			
Aena SME	10,242	1,380	2.52
Amadeus IT Group	38,959	2,188	3.99
Banco Bilbao Vizcaya Argentaria	233,451	1,368	2.50
Ferrovial	57,333	1,436	2.62
		6,372	**11.63**
Sweden 3.04% (9.40%)			
Epiroc 'B'	122,546	1,667	3.04
		1,667	**3.04**
Switzerland 8.43% (11.63%)			
Sika	7,986	1,756	3.20
Sonova Holding	5,275	1,332	2.43
Straumann Holding	12,804	1,532	2.80
		4,620	**8.43**
United Kingdom 1.47% (4.61%)			
Allfunds Group	152,492	806	1.47
		806	**1.47**
Equities total		**53,560**	**97.73**
Options 0.00% (1.44%)			
Forward Currency Contracts 0.06% (0.03%)			
I accumulation (hedged) 0.05% (0.02%)			
Buy Sterling 521,000 Sell Swiss Franc 576,000 dated 31/05/2023		3	0.01
Buy Sterling 449,000 Sell Danish Krone 3,772,000 dated 31/05/2023		2	–
Buy Sterling 4,585,000 Sell Euro 5,176,000 dated 31/05/2023		19	0.04
Buy Sterling 217,000 Sell Polish Zloty 1,130,000 dated 31/05/2023		1	–
		25	**0.05**
I distribution (hedged) 0.01% (0.01%)			
Buy Sterling 190,000 Sell Swiss Franc 211,000 dated 31/05/2023		2	–
Buy Sterling 1,710,000 Sell Euro 1,931,000 dated 31/05/2023		6	0.01
		8	**0.01**
Forward Currency Contracts total		**33**	**0.06**
Investment assets		**53,593**	**97.79**
Net other assets		**1,213**	**2.21**
Net assets attributable to unitholders		**54,806**	**100.00**

The comparative percentage figures in brackets are as at 30 April 2022.

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/(losses)	3		**5,005**		(2,249)
Revenue	5	**969**		1,447	
Expenses	6	**(529)**		(832)	
Interest payable and similar charges	7	**(7)**		(6)	
Net revenue before taxation		**433**		609	
Taxation	8	**(308)**		(162)	
Net revenue after taxation			**125**		447
Total return before distributions			**5,130**		(1,802)
Distributions	9		**(125)**		(447)
Change in net assets attributable to unitholders from investment activities			**5,005**		(2,249)

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		**71,061**		117,807
Amounts receivable on issue of units	**1,450**		2,752	
Amounts payable on cancellation of units	**(22,757)**		(47,477)	
		(21,307)		(44,725)
Dilution adjustment		**4**		12
Change in net assets attributable to unitholders from investment activities		**5,005**		(2,249)
Retained distribution on accumulation units		**43**		216
Closing net assets attributable to unitholders		**54,806**		71,061

Balance sheet as at 30 April 2023

	Note	**30 April 2023** £'000	30 April 2022 £'000
Assets			
Fixed assets			
Investments	10	**53,593**	66,839
Current assets			
Debtors	11	**1,540**	958
Cash and cash equivalents	12	**989**	3,626
Total current assets		**2,529**	4,584
Total assets		**56,122**	71,423
Liabilities			
Investment liabilities	10	**–**	8
Creditors			
Distribution payable		**16**	96
Other creditors	13	**1,300**	258
Total creditors		**1,316**	354
Total liabilities		**1,316**	362
Net assets attributable to unitholders		**54,806**	71,061

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 values 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 (losses)/gains are reflected within Forward currency contracts under Net capital gains/(losses) 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.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis. Costs arising from the filing of European withholding tax reclaims are charged to revenue but deducted from capital for the purpose of calculating the distribution. On receipt of any withholding tax reclaims, relevant costs are transferred back to revenue and deducted from the distribution.

(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 unit holders' interest in the fund. In order to counter this and to protect shareholders' 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 and taxation. Gains and losses on investments, derivatives and forward currency contracts, whether realised or unrealised, are taken to capital and 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/(losses)

	30 April 2023 £'000	30 April 2022 £'000
Non-derivative securities	**4,716**	(3,323)
Derivative contracts	**690**	528
Capital transaction charges	**(2)**	–
Forward currency contracts	**(94)**	402
Currency (losses)/gains	**(305)**	144
Net capital gains/(losses)	**5,005**	(2,249)

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	35,382	8	44	35,434	0.02	0.13
Sales						
Equities	50,703	10	1	50,692	0.02	–
Derivative purchases and sales		–	–			
Total		**18**	**45**			
Percentage of fund average net assets		**0.03%**	**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	39,492	9	21	39,522	0.02	0.05
Sales						
Equities	84,624	23	–	84,601	0.03	–
Derivative purchases and sales		13	13			
Total		**45**	**34**			
Percentage of fund average net assets		**0.05%**	**0.03%**			

During the year, the fund incurred £2,000 (2022: £nil) in capital transaction charges.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.06% (2022: 0.10%). 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
Overseas dividends	**903**	1,383
Overseas stock dividend	**40**	–
Bank interest	**26**	5
Revenue from other derivatives	**–**	(1)
UK dividends	**–**	60
Total revenue	**969**	1,447

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	**456**	717
Administration fees	**73**	115
Total expenses	**529**	832

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	**7**	6
Total interest payable and similar charges	**7**	6

8. Taxation

	30 April 2023 £'000	30 April 2022 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	**308**	162
Total taxation (note 7b)	**308**	162
b) Factors affecting the tax charge for the year		
Net revenue before taxation	**433**	609
Corporation tax of 20% (2022: 20%)	**87**	122
Effects of:		
Irrecoverable overseas tax	**308**	162
Unutilised management expenses	**102**	167
Taxable stock dividends	**(8)**	–
Non-taxable UK dividends	**–**	(12)
Non-taxable overseas dividends	**(181)**	(277)
Tax charge for the year (note 7a)	**308**	162

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 £3,523,000 (2022: £3,421,000) arising as a result of having unutilized management expenses of £17,617,000 (2022: £17,107,000) and non-trade loan relationship deficits of £1,000 (2022: £1,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognized.

9. Distributions

	30 April 2023 £'000	30 April 2022 £'000
Final dividend distribution	**59**	313
Add: amounts deducted on cancellation of units	**71**	142
Deduct: amounts added on issue of units	**(5)**	(8)
Distributions	**125**	447
Movement between net revenue and distributions		
Net revenue after taxation	**125**	447
	125	447

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

10. Fair value hierarchy

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

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	30 April 2023		30 April 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	**53,560**	**–**	66,808	–
Level 2	**33**	**–**	31	8
Total	**53,593**	**–**	66,839	8

11. Debtors

	30 April 2023 £'000	30 April 2022 £'000
Sales awaiting settlement	**1,216**	–
Overseas withholding tax recoverable	**252**	865
Accrued revenue	**43**	77
Amounts receivable for issue of units	**29**	16
Total debtors	**1,540**	958

12. Cash and cash equivalents

	30 April 2023 £'000	30 April 2022 £'000
Cash and bank balances	**980**	1,090
Amounts held at futures clearing houses and brokers	**9**	8
Amounts held in liquidity funds	**–**	2,528
Total cash and cash equivalents	**989**	3,626

13. Other creditors

	30 April 2023 £ '000	30 April 2022 £ '000
Purchases awaiting settlement	**1,174**	–
Amounts payable for cancellation of units	**88**	208
Accrued annual management charge	**33**	43
Accrued administration fee payable to the manager	**5**	7
Total other creditors	**1,300**	258

14. Contingent liabilities and commitments

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

15. 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 30 April 2023 do not reflect any further amounts that may be received (2022: nil).

16. Reconciliation of unit movements

	Units in Issue at 30 April 2022	Units issued	Units cancelled	**Units In Issue at 30 April 2023**
I distribution	17,316,861	429,121	(6,878,897)	**10,867,085**
I accumulation	34,691,477	749,891	(9,680,688)	**25,760,679**
I distribution (hedged)	2,914,542	71,465	(1,021,544)	**1,964,462**
I accumulation (hedged)	7,166,744	52,371	(2,565,463)	**4,653,652**

17. 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 £94,000 (2022: gain of £402,000).

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.

All non-hedged classes

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
30 April 2023			
Euro	**35,214**	**86**	**35,300**
Swiss Franc	**3,919**	**7**	**3,926**
Danish Kroner	**3,213**	**38**	**3,251**
Polish Zloty	**1,681**	**–**	**1,681**
Swedish Krona	**1,414**	**60**	**1,474**
Sterling	**–**	**838**	**838**
30 April 2022			
Euro	36,887	(519)	36,368
Swiss Franc	6,889	(80)	6,809
Danish Krone	6,338	199	6,537
Swedish Krona	5,564	144	5,708
Sterling	–	3,760	3,760
Norwegian Krone	–	21	21

A five percent increase in the value of the non-hedged unit classes foreign currency exposure would have the effect of increasing the return and net assets by £2,282,000 (2022: £2,772,000). A five percent decrease would have an equal and opposite effect.

For the hedged unit classes, hedging transactions may be entered into to reduce the effect of a decrease in the value of sterling relative to the currency or currencies in which the assets of the portfolio are denominated. However, it should also be noted that such hedging may also preclude investors from benefiting from an increase in the value of sterling.

Class I distribution (hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £ '000	Total £'000
30 April 2023				
Sterling	**–**	**40**	**2,173**	**2,213**
Euro	**1,681**	**4**	**(1,672)**	**13**
Swiss Franc	**187**	**–**	**(184)**	**3**
Polish Zloty	**80**	**–**	**(79)**	**1**
Swedish Krona	**68**	**3**	**(72)**	**(1)**
Danish Kroner	**153**	**2**	**(158)**	**(3)**
30 April 2022				
Sterling	–	196	2,854	3,050
Euro	1,919	(27)	(1,872)	20
Danish Krone	330	10	(331)	9
Swedish Krona	289	8	(296)	1
Norwegian Krone	–	1	–	1
Swiss Franc	358	(4)	(349)	5

Class I accumulation (hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £ '000	Total £'000
30 April 2023				
Sterling	**–**	**110**	**5,934**	**6,044**
Euro	**4,611**	**11**	**(4,563)**	**59**
Swiss Franc	**513**	**1**	**(503)**	**11**
Polish Zloty	**220**	**–**	**(216)**	**4**
Danish Kroner	**421**	**5**	**(430)**	**(4)**
Swedish Krona	**185**	**8**	**(197)**	**(4)**
30 April 2022				
Sterling	–	556	8,111	8,667
Euro	5,455	(77)	(5,322)	56
Danish Krone	937	30	(939)	28
Swedish Krone	823	21	(841)	3
Norwegian Krone	–	3	–	3
Swiss Franc	1,019	(12)	(992)	15

A five percent increase in the value of the hedged unit classes foreign currency exposure would have the effect of increasing the return and net assets by £4,000 (2022: £7,000). 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 £2,680,000 (2022: £3,342,000). 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 30 April 2023 and 30 April 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	**107.3**	102.4
Commitment	**100.0**	102.4

(b) Credit and counterparty risk

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

Aside from the custodian and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 30 April 2023 or 30 April 2022.

Counterparty exposure

	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
30 April 2023			
Northern Trust	**33**	**33**	**–**
30 April 2022			
J.P. Morgan	23	23	–

(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.

17. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 13 and notes 6, 9, 11 and 13 on pages 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 £97,000 (2022: £242,000).

18. Unit classes

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

I distribution	0.75%
I accumulation	0.75%
I distribution (hedged)	0.75%
I accumulation (hedged)	0.75%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 23.
The distributions per unit class are given in the distribution tables on page 22. All classes have the same rights on winding up.

19. Post balance sheet event

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

DISTRIBUTION TABLES

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

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.

Annual Distribution period	Start	End	Ex-dividend date	Pay date
Final	1 May 2022	30 April 2023	1 May 2023	30 June 2023

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)
Final	0.0796	0.0424	0.1220	100.00%	0.00%	0.4841

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)
Final	0.0706	0.0687	0.1393	100.00%	0.00%	0.5205

I distribution (hedged)

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)
Final	0.0905	0.0269	0.1174	100.00%	0.00%	0.4216

I accumulation (hedged)

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)
Final	0.1551	0.0045	0.1596	100.00%	0.00%	0.5010

Comparative Tables

	I distribution			I accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	**103.25**	**109.83**	**88.19**	**119.17**	**126.25**	**101.30**
Return before operating charges*	12.19	(5.11)	22.55	14.10	(5.94)	25.94
Operating charges	(0.89)	(0.99)	(0.86)	(1.04)	(1.14)	(0.99)
Return after operating charges*	**11.30**	**(6.10)**	**21.69**	**13.06**	**(7.08)**	**24.95**
Distributions	(0.12)	(0.48)	(0.05)	(0.14)	(0.52)	(0.06)
Retained distributions on accumulation units	–	–	–	0.14	0.52	0.06
Closing net asset value per units	**114.43**	**103.25**	**109.83**	**132.23**	**119.17**	**126.25**
*after direct transaction costs of	(0.10)	(0.09)	(0.13)	(0.12)	(0.11)	(0.15)
Performance						
Return after charges	10.94%	(5.55)%	24.59%	10.96%	(5.61)%	24.63%
Other information						
Closing net asset value (£'000)	12,435	17,879	30,550	34,062	41,342	67,897
Closing number of units	10,867,085	17,316,861	27,815,328	25,760,680	34,691,477	53,781,068
Operating charges	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Direct transaction costs	0.10%	0.08%	0.13%	0.10%	0.08%	0.13%
Prices						
Highest unit price (p)	116.35	124.64	111.75	134.29	143.21	128.39
Lowest unit price (p)	91.57	96.00	84.56	105.70	110.28	97.16

	I distribution (hedged)			I accumulation (hedged)		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	**105.72**	**108.99**	**87.00**	**122.21**	**125.49**	**100.00**
Return before operating charges*	8.29	(1.84)	22.85	9.66	(2.12)	26.44
Operating charges	(0.90)	(1.01)	(0.81)	(1.04)	(1.16)	(0.95)
Return after operating charges*	**7.39**	**(2.85)**	**22.04**	**8.62**	**(3.28)**	**25.49**
Distributions	(0.12)	(0.42)	(0.05)	(0.16)	(0.50)	(0.05)
Retained distributions on accumulation units	–	–	–	0.16	0.50	0.05
Closing net asset value per units	**112.99**	**105.72**	**108.99**	**130.83**	**122.21**	**125.49**
*after direct transaction costs of	(0.10)	(0.09)	(0.12)	(0.12)	(0.11)	(0.14)
Performance						
Return after charges	6.99%	(2.61)%	25.33%	7.05%	(2.61)%	25.49%
Other information						
Closing net asset value (£'000)	2,220	3,081	6,655	6,089	8,759	12,705
Closing number of units	1,964,463	2,914,542	6,106,495	4,653,652	7,166,744	10,124,331
Operating charges	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Direct transaction costs	0.10%	0.08%	0.13%	0.10%	0.08%	0.13%
Prices						
Highest unit price (p)	114.37	125.18	110.79	132.29	144.09	127.52
Lowest unit price (p)	91.96	99.63	81.88	106.34	114.70	94.13

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**
I distribution	0.87%
I accumulation	0.87%
I distribution (hedged)	0.87%
I accumulation (hedged)	0.87%

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 European Sustainable Growth Fund**	176.3	109.9	19.3	29.6	10.2	14.3
Artemis European Sustainable Growth Fund***	177.5	109.7	20.2	32.0	10.5	14.8
FTSE World Europe ex UK TR	187.4	136.6	44.9	52.7	13.2	19.2
IA Europe Ex UK NR	173.3	122.7	34.3	45.5	10.1	17.1
Position in sector	32/60	53/64	70/80	78/86	51/94	78/94
Quartile	3	4	4	4	3	4

Past performance is not a guide to the future.

* Data from 28 October 2011. Source: Artemis/Lipper Limited, class I accumulation units, in sterling to 30 April 2023. 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 investors 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 accumulation is disclosed as it is the primary unit class.

Class I accumulation (hedged) performance

	Since launch*	10 years	5 years	3 years	1 year	6 months
Artemis European Sustainable Growth Fund	173.3	103.7	20.3	29.9	6.3	12.4
FT FTSE World Europe ex UK TR SE (hedged to GBP)	198.6	136.8	45.6	52.9	9.3	17.8

Past performance is not a guide to the future.

* Data from 28 October 2011. Source: Artemis/Lipper Limited, class I accumulation units, in sterling to 30 April 2023. 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 investors 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.

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