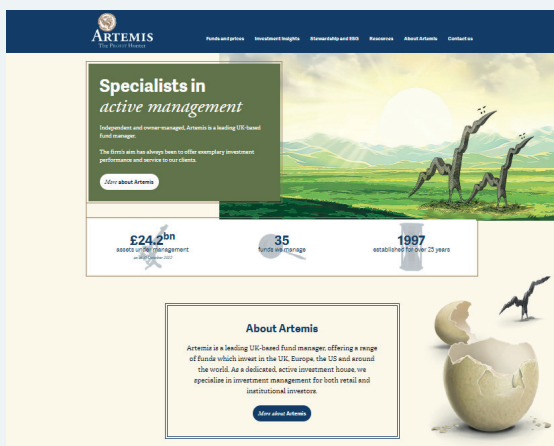


Artemis High
Income *Fund*

Half-Yearly Report (unaudited)
for the six months ended 7 February 2023

Keep up to date ...

... with the performance of this and other Artemis funds throughout the year on Artemis' website



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

[artemisfunds.com](https://www.artemisfunds.com)

GENERAL INFORMATION

Company profile

Artemis is a leading UK-based fund manager, offering a range of funds which invest in the UK, Europe, the US and around the world.

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors across Europe.

Independent and owner-managed, Artemis opened for business in 1997. Its aim was, and still is, exemplary investment performance and client service. All Artemis' staff share these two precepts – and the same flair and enthusiasm for fund management.

The firm now manages some £25.6 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 28 February 2023.

Fund status

Artemis High Income Fund was constituted by a Trust Deed dated 26 May 1995 as amended by a supplemental Trust Deed dated 6 September 2002 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 provide a combination of a high level of income and capital growth, before fees, over a rolling five year period. The manager defines a high level of income as equal to, or in excess of, the average yield of the funds in the fund's Investment Association sector, the Strategic Bond sector.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in bonds (of any credit quality). • Up to 20% in company shares. • The fund may also invest in 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: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently.
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • At least 80% of the fund will be invested in assets denominated in sterling, or will be hedged back to sterling.
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • The manager seeks investments that offer the best value free cashflow available, as cashflow evidenced by an above-average yield on bonds or shares. • On occasion, investments are made on the basis of future dividend growth. • The manager focuses on the ability of a bond issuer to pay the interest on a bond and to repay a bond at its expiry, and the valuation attached to a bond as a result. 	
Benchmark	IA £ Strategic Bond 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 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.	

RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **Higher-yielding bonds risk:** The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
- **Credit risk:** Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- **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.
- **Income risk:** The payment of income and its level is not guaranteed.
- **Emerging markets risk:** Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.

There was no change to the risk indicator in the six months to 7 February 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.

Tax information reporting

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

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

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

Value assessment

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

Manager

Artemis Fund Managers Limited *
Cassini House
57 St James's Street
London SW1A 1LD

Dealing information:
Artemis Fund Managers Limited
PO Box 9688
Chelmsford CM99 2AE
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

(to 6 March 2023)
J.P. Morgan Europe Limited †
25 Bank Street
Canary Wharf
London E14 5JP

(from 6 March 2023)
Northern Trust Investors Services Limited †
50 Bank Street
Canary Wharf
London E14 5NT

Registrar

SS&C Financial Services International Limited *
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

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.

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis High Income Fund for the six months ended 7 February 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
3 April 2023

L E Cairney
Director

INVESTMENT REVIEW

- A volatile period for bond markets.
- The fund returned 2.7%¹, against the sector's average of (0.9)%.
- Bonds now offer an attractive level of income.

Positive returns in a difficult market...

At the start of the six-month period, bond yields² rose sharply – pushing their prices lower – after the Fed's Jerome Powell and other central bankers reiterated at the Jackson Hole summit that their priority remained fighting inflation rather than supporting economic growth. Later on, as inflation moderated and investors saw beyond the interest rate hiking cycle, bond markets – particularly corporate bonds – rallied.

The fund returned 2.7% over the six months, against the IA £ Strategic Bond sector's average of (0.9)%. Its performance was helped by strong security selection, relatively shorter duration³ and its holdings in equities. Our positions in energy stocks were particularly helpful. The biggest contributors among our equities were TotalEnergies and 3i Group.

Activity

Switches within bonds from the same issuer

As has always been our strategy as active investors, we switched between different bonds from the same issuer whenever we identified a better opportunity. An example of this was in BMC, the global server software provider. The majority of its borrowing is in US dollars, but it does have some euro bonds outstanding. These looked interesting in 2022 because they offered significantly higher spreads (the premium a corporate bond offers over and above government bond) versus their US dollar equivalents despite having identical fundamental risks (both in terms of credit risk and maturity). We made several trades in BMC's euro bonds.

Adding European high yield and inflation-linked bonds

In September, we opportunistically allocated to two markets where we believed short-term pressures had created significant opportunities. The first was the euro-denominated high-yield bond market. We did this by means of the iTraxx Crossover index, which tracks returns of a selection of the most liquid issues in that market. When it sold off, we added exposure. The market then rallied – so we sold the exposure.

Likewise, when long-dated UK government inflation-linked bonds sold off sharply towards the end of the month we took the opportunity to add a little exposure. As it turned

out, we happened to buy them immediately before the Bank of England announced it was stepping in to support the inflation-linked market. The bonds we owned then significantly outperformed, so we took the opportunity to take profits and reinvested the proceeds in US inflation-linked bonds, which we believe offer more attractive valuations to income investors.

Taking profits in the rally

We used the market rally from mid-October as an opportunity to switch into a number of less risky bonds without having to sacrifice too much yield. This included a move out of (higher-risk) subordinated debt issued by Together, the UK-based alternative financial services provider, into its (lower-risk) senior bonds. Similarly, we moved from Ford's 2032 maturity bonds into bonds due to mature in 2024. Alongside this, we trimmed a number of positions that had performed well in the credit rally and sold a number of 'additional Tier 1' bonds (these are issued by banks to help them meet the capital requirements imposed on them by regulators) that had performed particularly strongly. We added a short-dated position in TripAdvisor, the online booking and reviews platform, and in senior bonds issued by Santander UK.

Adding new issues and banks

Towards the end of the period, we bought a number of new issues that we believed offered compelling value. These included: ItalMatch, a producer of speciality chemicals with a unique and highly profitable niche; AA, the operator of UK breakdown services; and Verisure, a global alarms operator with very strong recurring cashflows and a strong record of paying down its debt.

We also bought some bonds issued by banks. We bought senior bank issues from Royal Bank of Canada, Bank of America and Citi. These bonds are rated in the 'A' bucket (i.e. two notches above high yield). We believed their yields looked compelling when compared to high-yield (BB-rated) bonds from non-financial issuers. For instance, at the time we bought Royal Bank of Canada's investment-grade bonds on a 5.1% yield, riskier, high-yield bonds from the likes of FirstEnergy and Occidental Petroleum were yielding only slightly more: 5.4-5.6%. While these are undoubtedly high-quality names, the additional yield they offered was simply not enough; we preferred to take exposure to (far) higher-quality bonds with only a slightly smaller yield.

A market environment that should suit this fund...

The Artemis High Income Fund has delivered strong returns over the last decade even though the wider economic and

Past performance is not a guide to the future.

¹Source: Artemis/Lipper Limited, class QI distribution units, in sterling with income reinvested to 7 February 2023, 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 sector benchmark. IA sector is IA £ Strategic Bond NR.

²A yield is the rate of return on a bond: a function of the bond's price and the interest it pays

³Bond prices move in inverse relation to interest-rate expectations; having a lower duration is helpful when rate expectations move higher but hurts when they fall.

market environment haven't particularly suited it. Looking forward, however, we have a market environment that we believe will perfectly suit this fund. We've spent much of the last decade being used to fixed income acting as a significant drag on investors' total returns relative to equities. Some bond investors sought to minimise that drag by stretching into more exotic assets, such as private credit or alternatives; others took a more tactical approach by only owning bonds when they expected equities to weaken. The environment, however, has changed. We believe investors can now enjoy the benefit of the lower volatility of bonds relative to equities without sacrificing significant total returns. We would argue that this, combined with an allocation to a select group of what we regard as undervalued equities, represents a compelling opportunity for income-seeking investors.

David Ennett, Ed Legget and Jack Holmes

Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 7 February 2023

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury Inflation Indexed 0.13% 10/08/2028	25,633	UK Treasury Inflation Indexed 0.13% 10/08/2028	14,483
US Treasury Inflation Indexed 0.75% 15/02/2045	25,217	UBS Group, FRN 7.00% Perpetual	12,697
US Treasury Inflation Indexed 0.25% 15/07/2029	15,048	UK Treasury 0.13% 31/01/2024	12,246
Ford Motor 6.10% 19/08/2032	11,321	US Treasury Inflation Indexed 0.75% 15/02/2045	10,520
Banff Merger Sub 8.38% 01/09/2026	6,397	Nationwide Building Society, FRN 5.88% Perpetual	8,451
Verisure Holding 7.13% 01/02/2028	6,198	Lloyds Banking Group, FRN 7.50% Perpetual	8,128
NatWest Markets 6.38% 08/11/2027	6,140	Ford Motor Credit 4.13% 17/08/2027	7,717
Credit Agricole 4.88% 23/10/2029	5,760	Finial Holdings 7.13% 15/10/2023	7,275
NatWest Group	5,740	Canada Government Real Return Bond, FRN 2% 01/12/2041	7,192
Barclays, FRN 8.41% 14/11/2032	5,711	Burford Capital Finance 6.13% 12/08/2025	6,965

Portfolio statement as at 7 February 2023

	Holding/Nominal value	Valuation £'000	% of net assets
Equities 15.89% (14.02%)			
France 2.07% (1.74%)			
Sanofi	38,500	2,974	0.39
TotalEnergies	250,000	12,684	1.68
		15,658	2.07
Germany 2.70% (2.15%)			
BASF	128,950	6,094	0.81
Bayerische Motoren Werke	82,000	7,151	0.94
Deutsche Telekom	400,000	7,180	0.95
		20,425	2.70
South Africa 0.41% (0.34%)			
Anglo American	90,000	3,053	0.41
		3,053	0.41
United Kingdom 10.71% (9.79%)			
3i Group	850,000	13,872	1.84
Aberforth Split Level Income Trust	5,049,277	3,847	0.51
Barclays	3,800,000	7,203	0.96
British American Tobacco	125,000	3,863	0.51
Entain	355,000	5,540	0.73
Howden Joinery Group	500,000	3,640	0.48
Legal & General Group	2,500,000	6,395	0.85
LondonMetric Property, REIT	1,200,000	2,360	0.31
M&G	2,825,000	5,766	0.76
Melrose Industries	3,750,000	5,514	0.73
NatWest Group	2,250,000	6,811	0.90
St. James's Place	375,000	4,671	0.62
Tesco	2,000,000	4,936	0.65
Vistry Group	855,000	6,494	0.86
		80,912	10.71
Equities total		120,048	15.89
Government Bonds 5.53% (3.10%)			
Canada 0.00% (0.47%)			
United Kingdom 1.56% (1.66%)			
UK Treasury Inflation Indexed 0.13% 10/08/2028	£9,000,000	11,782	1.56
		11,782	1.56

	Nominal value	Valuation £'000	% of net assets
United States of America 3.97% (0.97%)			
US Treasury Inflation Indexed 0.25% 15/07/2029	\$17,000,000	15,347	2.03
US Treasury Inflation Indexed 0.75% 15/02/2045	\$16,500,000	14,659	1.94
		30,006	3.97
Government Bonds total		41,788	5.53
Corporate Bonds 75.54% (80.92%)			
Australia 1.39% (1.31%)			
Mineral Resources 8.00% 01/11/2027	\$5,000,000	4,295	0.57
Nufarm Australia 5.00% 27/01/2030	\$6,000,000	4,516	0.59
Perenti Finance 6.50% 07/10/2025	\$2,100,000	1,727	0.23
		10,538	1.39
Austria 0.65% (0.73%)			
ams-OSRAM 7.00% 31/07/2025	\$2,700,000	2,194	0.29
AT&S Austria Technologie & Systemtechnik, FRN 5.00% 31/12/2164	€3,500,000	2,721	0.36
		4,915	0.65
Canada 0.50% (0.00%)			
Royal Bank of Canada 5.00% 01/02/2033	\$4,500,000	3,785	0.50
		3,785	0.50
China 0.28% (0.00%)			
TI Automotive Finance 3.75% 15/04/2029	€3,000,000	2,124	0.28
		2,124	0.28
Denmark 0.58% (0.64%)			
Welltec International 8.25% 15/10/2026	\$5,200,000	4,380	0.58
		4,380	0.58
Egypt 0.60% (0.56%)			
Energean 6.50% 30/04/2027	\$5,800,000	4,520	0.60
		4,520	0.60
France 4.61% (5.53%)			
Altice France 5.13% 15/07/2029	\$4,000,000	2,653	0.35
AXA, FRN 4.25% 10/03/2043	€5,000,000	4,251	0.56
CAB SELAS 3.38% 01/02/2028	€3,100,000	2,320	0.31
Credit Agricole 4.88% 23/10/2029	€5,800,000	5,875	0.78
Electricite de France, FRN 6.00% Perpetual	€6,200,000	5,786	0.76
Goldstory 5.38% 01/03/2026	€6,000,000	4,997	0.66
IPD 3 5.50% 01/12/2025	€5,000,000	4,365	0.58
SPCM 3.13% 15/03/2027	\$6,200,000	4,599	0.61
		34,846	4.61
Germany 4.55% (4.50%)			
Adler Pelzer Holding 4.13% 01/04/2024	€6,100,000	4,509	0.60
Cheplapharm Arzneimittel 4.38% 15/01/2028	€4,500,000	3,728	0.49
CT Investment 5.50% 15/04/2026	€4,500,000	3,597	0.48
Ctec II 5.25% 15/02/2030	€3,000,000	2,221	0.29
Deutsche Bank, FRN 4.00% 24/06/2026	£4,500,000	4,341	0.57
Gruenenthal 3.63% 15/11/2026	€5,000,000	4,147	0.55
IHO Verwaltungs 6.00% 15/05/2027	\$4,000,000	3,162	0.42
PCF 4.75% 15/04/2026	€9,000,000	6,874	0.91
Standard Profil Automotive 6.25% 30/04/2026	€3,200,000	1,807	0.24
		34,386	4.55
Hong Kong 1.04% (0.53%)			
Seaspan 5.50% 01/08/2029	\$12,400,000	7,863	1.04
		7,863	1.04
Israel 2.18% (2.47%)			
Energean Israel Finance 5.38% 30/03/2028	\$9,000,000	6,965	0.92

	Nominal value	Valuation £'000	% of net assets
Teva Pharmaceutical Finance Netherlands II 4.50% 01/03/2025	€3,900,000	3,437	0.46
Teva Pharmaceutical Finance Netherlands III 6.00% 15/04/2024	\$7,300,000	6,060	0.80
		16,462	2.18
Italy 1.84% (0.74%)			
Enel Finance International 7.50% 14/10/2032	\$4,000,000	3,725	0.49
Italmatch Chemicals 10.00% 06/02/2028	€4,000,000	3,676	0.49
Verde Bidco 4.63% 01/10/2026	€8,000,000	6,483	0.86
		13,884	1.84
Luxembourg 1.41% (1.47%)			
Albion Financing 1 6.13% 15/10/2026	\$4,000,000	3,006	0.40
Albion Financing 2 8.75% 15/04/2027	\$6,000,000	4,305	0.57
Blackstone Property Partners Europe Holdings 4.88% 29/04/2032	€4,000,000	3,356	0.44
		10,667	1.41
Mexico 0.50% (0.00%)			
Food Service Project 5.50% 21/01/2027	€4,400,000	3,739	0.50
		3,739	0.50
Netherlands 0.97% (1.48%)			
Cooperatieve Rabobank 4.63% 23/05/2029	€3,500,000	3,376	0.45
Highbury Finance 7.02% 20/03/2023	€3,961,354	3,966	0.52
		7,342	0.97
Spain 1.38% (2.28%)			
Cellnex Finance 1.25% 15/01/2029	€3,000,000	2,238	0.30
Cellnex Finance 2.00% 15/09/2032	€6,000,000	4,262	0.56
Grupo Antolin-Irausa 3.50% 30/04/2028	€6,000,000	3,948	0.52
		10,448	1.38
Sweden 1.70% (0.96%)			
Heimstaden 4.38% 06/03/2027	€5,000,000	3,088	0.41
Heimstaden, FRN 6.75% Perpetual	€7,600,000	3,489	0.46
Verisure Holding 7.13% 01/02/2028	€7,000,000	6,301	0.83
		12,878	1.70
Switzerland 3.22% (4.62%)			
Credit Suisse Group, FRN 6.25% Perpetual	\$11,800,000	8,615	1.14
Swiss Re, FRN 5.75% 15/08/2050	\$12,000,000	9,870	1.30
Zurich Finance Ireland Designated Activity, FRN 3.00% 19/04/2051	\$5,500,000	3,694	0.49
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	€2,300,000	2,188	0.29
		24,367	3.22
United Kingdom 29.01% (34.26%)			
AA Bond 6.27% 02/07/2043	£4,000,000	3,934	0.52
AA Bond 8.45% 31/07/2050	£4,000,000	4,105	0.54
Annington Funding 4.75% 09/08/2033	£3,300,000	3,046	0.40
Aviva, FRN 4.00% 03/06/2055	£5,000,000	4,086	0.54
Barclays, FRN 8.41% 14/11/2032	£5,700,000	6,197	0.82
BCP V Modular Services Finance II 6.13% 30/11/2028	£9,000,000	7,853	1.04
BP Capital Markets, FRN 4.25% Perpetual	£3,500,000	3,251	0.43
Canary Wharf Group Investment Holdings 3.38% 23/04/2028	£6,500,000	4,817	0.64
Castle UK Finco 7.00% 15/05/2029	£5,600,000	4,165	0.55
Church Commissioners for England 3.25% 14/07/2032	£4,000,000	3,705	0.49
Constellation Automotive Financing 4.88% 15/07/2027	£6,000,000	4,322	0.57
CPUK Finance 4.50% 28/08/2027	£6,000,000	5,123	0.68
Deuce Finco 5.50% 15/06/2027	£8,500,000	7,229	0.96
Dignity Finance 4.70% 31/12/2049	£5,199,000	3,428	0.45
Drax Finco 6.63% 01/11/2025	\$7,000,000	5,750	0.76
eG Global Finance 4.38% 07/02/2025	€3,000,000	2,392	0.32
Energia Group NI FinanceCo 4.75% 15/09/2024	£6,000,000	5,784	0.77

	Nominal value	Valuation £'000	% of net assets
EnQuest 11.63% 01/11/2027	\$4,650,000	3,817	0.51
Gatwick Airport Finance 4.38% 07/04/2026	£5,900,000	5,468	0.72
Harbour Energy 5.50% 15/10/2026	\$6,000,000	4,665	0.62
INEOS Quattro Finance 1 3.75% 15/07/2026	€8,100,000	6,473	0.86
Investec, FRN 9.13% 06/03/2033	£1,700,000	1,811	0.24
Investec Bank, FRN 4.25% 24/07/2028	£497,000	492	0.06
Ithaca Energy North Sea 9.00% 15/07/2026	\$8,100,000	6,653	0.88
Jaguar Land Rover Automotive 5.88% 15/01/2028	\$5,900,000	4,248	0.56
Jerrold Finco 4.88% 15/01/2026	£5,000,000	4,400	0.58
Kane Bidco 5.00% 15/02/2027	€4,000,000	3,287	0.43
Kane Bidco 6.50% 15/02/2027	£5,100,000	4,584	0.61
Legal & General Group, FRN 4.50% 01/11/2050	£3,000,000	2,717	0.36
National Express Group, FRN 4.25% Perpetual	£6,500,000	5,785	0.77
Nationwide Building Society, FRN 6.18% 07/12/2027	£2,800,000	2,916	0.39
NatWest Markets 6.38% 08/11/2027	£6,100,000	6,489	0.86
Neptune Energy Bondco 6.63% 15/05/2025	\$10,000,000	8,204	1.09
NGG Finance, FRN 5.63% 18/06/2073	£5,500,000	5,397	0.71
NIE Finance 5.88% 01/12/2032	£1,700,000	1,841	0.24
Northumbrian Water Finance 6.38% 28/10/2034	£3,300,000	3,686	0.49
Ocado Group 3.88% 08/10/2026	£7,100,000	5,556	0.74
Pension Insurance, FRN 7.38% Perpetual	£6,100,000	5,871	0.78
Premier Foods Finance 3.50% 15/10/2026	£4,100,000	3,694	0.49
Quilter, FRN 4.48% 28/02/2028	£2,176,000	2,171	0.29
RAC Bond 5.25% 04/11/2046	£6,000,000	4,937	0.65
Rentokil Initial 5.00% 27/06/2032	£7,000,000	6,947	0.92
Rothsay Life, FRN 6.88% 31/12/2164	£9,300,000	8,567	1.13
Santander UK Group Holdings, FRN 7.10% 16/11/2027	£5,200,000	5,478	0.72
Sherwood Financing 6.00% 15/11/2026	£4,400,000	3,555	0.47
Tesco Corp. Treasury Services 1.88% 02/11/2028	£4,000,000	3,422	0.45
TP ICAP Finance 2.63% 18/11/2028	£626,000	500	0.07
TP ICAP Finance, FRN 5.25% 29/05/2026	£2,400,000	2,305	0.30
Victoria 3.63% 24/08/2026	€5,500,000	4,054	0.54
		219,177	29.01
United States of America 19.13% (18.84%)			
Arches Buyer 4.25% 01/06/2028	\$1,200,000	848	0.11
Arches Buyer 6.13% 01/12/2028	\$4,300,000	3,067	0.41
Asbury Automotive Group 4.63% 15/11/2029	\$4,000,000	2,990	0.40
At Home Group 4.88% 15/07/2028	\$6,000,000	3,692	0.49
Ball 4.00% 15/11/2023	\$5,000,000	4,114	0.54
Ball 6.88% 15/03/2028	\$300,000	257	0.03
Banff Merger Sub 8.38% 01/09/2026	€8,000,000	6,609	0.88
Bank of America, FRN 3.97% 05/03/2029	\$4,800,000	3,814	0.51
BCPE Ulysses Intermediate 7.75% 01/04/2027	\$2,500,000	1,575	0.21
Catalent Pharma Solutions 2.38% 01/03/2028	€2,400,000	1,945	0.26
Catalent Pharma Solutions 3.13% 15/02/2029	\$2,400,000	1,793	0.24
Citigroup, FRN 4.41% 31/03/2031	\$4,800,000	3,830	0.51
Cloud Software Group Holdings 6.50% 31/03/2029	\$4,000,000	2,954	0.39
Compass Group Diversified Holdings 5.25% 15/04/2029	\$6,900,000	5,284	0.70
Consensus Cloud Solutions 6.50% 15/10/2028	\$5,900,000	4,626	0.61
Encore Capital Group 5.38% 15/02/2026	£4,300,000	3,897	0.52
Energizer Holdings 4.38% 31/03/2029	\$5,600,000	4,022	0.53
Ford Motor 6.10% 19/08/2032	\$7,000,000	5,686	0.75
Ford Motor Credit 4.87% 03/08/2027	€1,100,000	982	0.13
Goodyear Europe 2.75% 15/08/2028	€1,000,000	729	0.10

	Holding/Nominal value	Valuation £'000	% of net assets
Graphic Packaging International 4.75% 15/07/2027	\$1,000,000	798	0.11
Graphic Packaging International 2.63% 01/02/2029	€5,900,000	4,617	0.61
LBM Acquisition 6.25% 15/01/2029	\$5,000,000	3,196	0.42
Legends Hospitality Holding 5.00% 01/02/2026	\$400,000	307	0.04
Match Group Holdings II 3.63% 01/10/2031	\$5,700,000	3,876	0.51
McAfee 7.38% 15/02/2030	\$4,500,000	3,110	0.41
McDonald's 3.60% 01/07/2030	\$4,000,000	3,124	0.41
Medline Borrower 3.88% 01/04/2029	\$6,100,000	4,357	0.58
Medline Borrower 5.25% 01/10/2029	\$2,000,000	1,412	0.19
Metropolitan Life Global Funding I 4.13% 02/09/2025	£2,500,000	2,485	0.33
MIWD Holdco II 5.50% 01/02/2030	\$3,933,000	2,740	0.36
Morgan Stanley, FRN 5.79% 18/11/2033	£3,300,000	3,496	0.46
MPT Operating Partnership, REIT 2.55% 05/12/2023	£4,655,000	4,376	0.58
MPT Operating Partnership, REIT 3.69% 05/06/2028	£8,500,000	6,118	0.81
Owens & Minor 6.63% 01/04/2030	\$5,408,000	4,099	0.54
Roller Bearing Co. of America 4.38% 15/10/2029	\$4,250,000	3,186	0.42
SCIL IV 5.38% 01/11/2026	\$5,000,000	3,793	0.50
Sotheby's 5.88% 01/06/2029	\$10,500,000	7,656	1.01
TripAdvisor 7.00% 15/07/2025	\$4,400,000	3,715	0.49
Warnermedia Holdings 4.28% 15/03/2032	\$5,000,000	3,685	0.49
White Cap Buyer 6.88% 15/10/2028	\$4,000,000	3,085	0.41
Wolverine World Wide 4.00% 15/08/2029	\$6,000,000	4,105	0.54
ZipRecruiter 5.00% 15/01/2030	\$6,000,000	4,459	0.59
		144,509	19.13
Corporate Bonds total		570,830	75.54
Swaps 0.00% (0.01%)			
Forward Currency Contracts (0.99)% ((0.77)%)			
Buy Sterling 152,307,393 sell Euro 175,260,000 dated 08/03/2023		(4,403)	(0.58)
Buy Sterling 265,370,778 sell US Dollar 321,890,000 dated 08/03/2023		(3,074)	(0.41)
Forward Currency Contracts total		(7,477)	(0.99)
Futures 0.03% (0.00%)			
Euro-BTP 08/03/2023	(175)	316	0.04
Euro-OAT 08/03/2023	(75)	(48)	0.00
US 10 Year Note 22/03/2023	400	(49)	(0.01)
Futures total		219	0.03
Investment assets (including investment liabilities)		725,408	96.00
Net other assets		30,198	4.00
Net assets attributable to unitholders		755,606	100.00

FINANCIAL STATEMENTS

Statement of total return for the six months ended 7 February 2023

	7 February 2023		7 February 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(1,166)		(39,109)
Revenue	23,529		19,607	
Expenses	(3,116)		(3,717)	
Interest payable and similar charges	(155)		(10)	
Net revenue before taxation	20,258		15,880	
Taxation	41		97	
Net revenue after taxation		20,299		15,977
Total return before distributions		19,133		(23,132)
Distributions		(23,019)		(19,290)
Change in net assets attributable to unitholders from investment activities		(3,886)		(42,422)

Statement of change in net assets attributable to unitholders for the six months ended 7 February 2023

	7 February 2023		7 February 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		762,455		917,729
Amounts receivable on issue of units	32,322		23,821	
Amounts payable on cancellation of units	(36,382)		(64,396)	
		(4,060)		(40,575)
Change in net assets attributable to unitholders from investment activities		(3,886)		(42,422)
Retained distributions on accumulation units		1,097		509
Closing net assets attributable to unitholders		755,606		835,241

Balance sheet as at 7 February 2023

	7 February 2023	7 August 2022
	£'000	£'000
Assets		
Fixed assets		
Investments	732,982	749,777
Current assets		
Debtors	18,629	10,785
Cash and cash equivalents	23,686	29,115
Total current assets	42,315	39,900
Total assets	775,297	789,677
Liabilities		
Investment liabilities	7,574	7,708
Creditors		
Bank overdraft	-	3,800
Distribution payable	9,673	9,526
Other creditors	2,444	6,188
Total creditors	12,117	19,514
Total liabilities	19,691	27,222
Net assets attributable to unitholders	755,606	762,455

1. Basis of preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 7 August 2022 as set out therein.

2. Post balance sheet events

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

DISTRIBUTION TABLES

This fund pays monthly and quarterly interest distributions. The following tables set out the distribution periods.

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	8 August 2022	7 September 2022	8 September 2022	7 November 2022
Second interim	8 September 2022	7 October 2022	8 October 2022	7 December 2022
Third interim	8 October 2022	7 November 2022	8 November 2022	6 January 2023
Fourth interim	8 November 2022	7 December 2022	8 December 2022	7 February 2023
Fifth interim	8 December 2022	7 January 2023	8 January 2023	7 March 2023
Sixth interim	8 January 2023	7 February 2023	8 February 2023	6 April 2023

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	8 August 2022	7 November 2022	8 November 2022	6 January 2023
Second interim	8 November 2022	7 February 2023	8 February 2023	6 April 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.

MI distribution

Interest distributions for the period ended 7 February 2023	Group 2		Group 1 & 2	2021 -22
	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p)	Distribution per unit (p)
First interim	0.2570	0.1663	0.4233	0.3693
Second interim	0.1926	0.1735	0.3661	0.2662
Third interim	0.0849	0.2320	0.3169	0.2452
Fourth interim	0.1962	0.1402	0.3364	0.3197
Fifth interim	0.1902	0.1821	0.3723	0.2710
Sixth interim	0.1529	0.1753	0.3282	0.2708

QC distribution

Interest distributions for the period ended 7 February 2023	Group 2		Group 1 & 2	2021 -22
	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p)	Distribution per unit (p)
First interim	0.3277	0.6859	1.0136	0.8095
Second interim	0.3681	0.5802	0.9483	0.7910

QI distribution

Interest distributions for the period ended 7 February 2023	Group 2		Group 1 & 2	2021 -22
	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p)	Distribution per unit (p)
First interim	0.4954	0.6164	1.1118	0.8839
Second interim	0.4251	0.6163	1.0414	0.8648

QI accumulation

Interest distributions for the period ended 7 February 2023	Group 2		Group 1 & 2	2021 -22
	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p)	Distribution per unit (p)
First interim	0.4981	1.1490	1.6471	1.2439
Second interim	0.7644	0.8048	1.5692	1.2306

QR accumulation

Interest distributions for the period ended 7 February 2023	Group 2		Group 1 & 2	2021 -22
	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p)	Distribution per unit (p)
First interim	0.3771	0.6318	1.0089	0.8072
Second interim	0.3618	0.5817	0.9435	0.7884

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
7 August 2020	1,003,620,057		
MI distribution		74.75	215,639,381
QC distribution		68.79	25,951,023
QI distribution		74.74	879,543,456
QI accumulation		100.48	6,251,706
QR distribution		68.73	234,173,191
7 August 2021	917,728,942		
MI distribution		80.86	238,907,353
QC distribution		74.09	42,028,893
QI distribution		80.86	657,239,591
QI accumulation		113.83	15,954,992
QR distribution		73.89	194,649,472
7 August 2022	762,454,871		
MI distribution		70.65	254,037,057
QC distribution		64.40	45,889,237
QI distribution		70.61	585,193,460
QI accumulation		104.65	28,818,859
QR distribution		64.12	171,686,803
7 February 2023	755,605,530		
MI distribution		70.34	274,969,411
QC distribution		63.99	46,381,848
QI distribution		70.32	556,406,462
QI accumulation		107.55	35,090,491
QR distribution		63.65	162,620,757

Ongoing charges

Class	7 February 2023
MI distribution	0.73%
QC distribution	1.18%
QI distribution	0.73%
QI accumulation	0.73%
QR distribution	1.36%

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 QI distribution performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis High Income Fund **	225.6	50.0	7.9	0.8	(2.9)	2.7
IA £ Strategic Bond NR Average	148.2	28.5	4.4	(3.4)	(6.2)	(0.9)
Position in sector	2/11	4/44	17/56	20/66	21/72	7/72
Quartile	1	1	2	2	2	1

Past performance is not a guide to the future.

* Source: Lipper Limited, data from 9 September 2002, when Artemis took over management of the fund, to 7 March 2008 reflects class QR distribution units and from 7 March 2008 to 7 February 2023 reflects class QI distribution units. All figures show total returns with interest 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 sector benchmark.

** Value at 12 noon valuation point.

Class QI distribution is disclosed as it is the representative 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

Contact us 0800 092 2051

Website www.artemisfunds.com

