

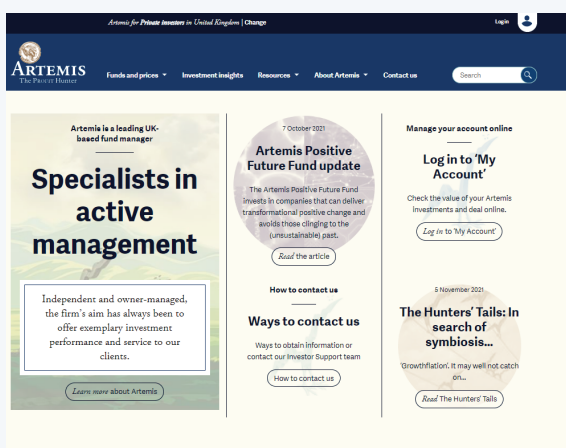
Artemis UK Select  
*Fund*

Half-Yearly Report (unaudited)  
for the six months ended 30 June 2023

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## 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 £24.2 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 July 2023

### Fund status

Artemis UK Select Fund was constituted by a Trust Deed dated 17 March 1998 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](http://artemisfunds.com). Valuation of the fund takes place each dealing day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at [www.artemisfunds.com/non-dealing-days](http://www.artemisfunds.com/non-dealing-days). Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	To grow capital over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	The fund may use derivatives: <ul style="list-style-type: none"> <li>• for investment purposes to achieve the fund objective, including by taking long and short positions</li> <li>• to produce additional income or growth</li> <li>• for efficient portfolio management purposes to reduce risk and manage the fund efficiently.</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• United Kingdom, including companies in other countries that are headquartered or have a significant part of their activities in the United Kingdom.</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• Total short exposures to equity derivatives will not exceed 10% of the fund.</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• The manager generates ideas from a number of sources of information, detailed financial analysis and wider economic analysis. A systematic approach is used to collect, assess, and cross-reference this information.</li> <li>• A company's valuation relative to the industry in which it operates is also considered.</li> <li>• While considering factors which are unique to a company, the manager seeks companies whose valuations are overly conservative in relation to their peers and that provide attractive opportunities for a future upgrade.</li> <li>• Short positions can be taken where stock-specific insight identifies an overvalued company.</li> </ul>	
<b>Benchmarks</b>	<ul style="list-style-type: none"> <li>• <b>FTSE All-Share Index TR</b> A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> <li>• <b>IA UK All Companies NR</b> A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> </ul>	

## RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in 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.
- **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.
- **Derivatives risk:** The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
- **Leverage risk:** The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.

There was no change to the risk indicator in the six months ended 30 June 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](https://gov.uk/government/publications/exchange-of-information-account-holders).

### Value assessment

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

### Change of Appointed Depositary of the fund

With effect from 6 March 2023, Northern Trust Investor Services Limited has replaced J.P. Morgan Europe Limited as the Depositary of the fund.

## Manager

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

### Dealing information:

Artemis Fund Managers Limited  
Sunderland SR43 4BH  
Telephone: 0800 092 2051  
Website: artemisfunds.com

## Investment adviser

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

## Trustee and Depositary

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

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

## Registrar

SS&C Financial Services International Limited \*  
(prior to 2 May 2023)  
SS&C House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS

Northern Trust UK Global Services SE †  
(from 2 May 2023)  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

## Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

\*Authorised and regulated by the FCA,  
12 Endeavour Square, London E20 1JN.

†Authorised by the Prudential Regulation Authority ('PRA'),  
20 Moorgate, London EC2R 6DA and regulated by the PRA and the FCA.

## Report of the manager

We hereby approve the Half-Yearly Report of the Artemis UK Select Fund for the six months ended 30 June 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  
24 August 2023

L E Cairney  
Director

## INVESTMENT REVIEW

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### Main changes to the fund

A period of weakness in the banking sector (sparked by the collapse of Silicon Valley Bank, a California-based lender focused on the technology sector) provided an opportunity to add to the fund's holdings in NatWest and Lloyds. Our view is that there is limited 'read across' from the problems at US regional banks (and at Credit Suisse) to banks in the UK, which have more diversified client bases – and sources of funding than SVB. Rising interest rates are resulting in a step change in profitability for UK banks and their financial strength should enable them to return those growing profits to their shareholders. We started a new holding in HSBC and added to our existing holding in Standard Chartered.

We sold the remaining holding in British American Tobacco as the outlook for the economy continued to improve. Its shares outperformed the wider UK market significantly in 2022 as investors attempted to position themselves for a recession (tobacco sales tend to hold up during downturns). And while our views have not changed materially on BAT itself, we struggle to see it outperforming the UK market further from here – particularly if other investors come to share our growing optimism on the economic outlook.

Elsewhere, the fund received takeover bids for its holdings in Numis, the investment bank, and Lookers, the motor retailer. We sold the entirety of the former holding and reduced the second significantly. We reinvested the majority of the proceeds in banks, particularly Lloyds, whose share price has lagged its peers.

### Explaining the fund's performance

The fund returned 11.2% over the six months to 30 June 2023 versus a return of 2.6% from the FTSE All-Share index<sup>1</sup>.

While a broad range of holdings contributed to the fund's wide margin of outperformance, the gains were led by two of its long-term holdings: 3i and Melrose. 3i reported another set of strong results from Action, its low-cost discount retailer, which continues to go from strength to strength. Melrose, meanwhile, returned 63% after the company confirmed it would focus on being a 'pure-play' aerospace company and reported that trading had been "materially ahead of expectations with significant growth in revenue, profit and margin".

In the consumer discretionary area, we have a number of holdings in judiciously selected businesses operating in sectors where supply has contracted significantly, allowing the survivors to enjoy market-share gains. Mitchells & Butlers, for example, posted strong results as improved consumer confidence drove performance. Similarly, Jet2 is enjoying robust growth in what was once seen as a mature industry.

### The wider context

Despite the seemingly all-pervasive bearishness towards the UK economy and towards its consumer-focused stocks, we struggle to see a scenario in which the prospects for consumers do not get markedly better from here. Although newspaper headlines have become ever more pessimistic and sensational as the focus has moved from the cost-of-living crisis to the pain caused by rising interest rates, consumer confidence rose for the fifth consecutive month in June. It is worth remembering that only about 30% of households in the UK have a mortgage. In addition, a significant number of homeowners fixed their mortgages when rates were low, meaning it will take time for the impact of monetary tightening to filter through. And the rise in interest rates is not bad for everyone: anyone with cash in the bank and no debt to service will be better off in nominal terms.

### Looking ahead

The UK remains distinctly cheap compared to other markets and relative to its own history. Furthermore, the Artemis UK Select portfolio is trading on 7.8x forward earnings versus 10.3x for the FTSE All-Share. This is despite the fund's strong performance over the year to date.

We remain optimistic about the earnings outlook for our holdings and note that corporates have the appetite to buy back their own shares or to buy each other. We continue to stick to our process, focusing on strong cash-generating businesses with good capital allocation and widening economic moats.

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Past performance is not a guide to the future.

<sup>1</sup> Source: Artemis/Lipper Limited, class I accumulation units, in sterling with income reinvested to 30 June 2023, net of all charges. The fund's benchmark index is the FTSE All-Share NR and its peer-group benchmark is IA UK All Companies sector. Stated returns do not take account of any costs incurred when investors buy or sell the fund.

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the six months ended 30 June 2023

Purchases	Cost £'000	Sales	Proceeds £'000
Lloyds Banking Group	39,550	British American Tobacco	42,545
HSBC Holdings	28,039	Lookers	8,759
NatWest Group	12,223	Shell	8,427
Legal & General Group	12,055	Numis	6,861
Workspace Group	11,644	BP	6,647
888 Holdings	9,972	Anglo American	6,412
Vistry Group	8,795	3i Group	5,765
Barclays	8,762	Hiscox	5,749
Bodycote	7,279	Virgin Money UK	3,840
Standard Chartered	6,105	888 Holdings	3,318

### Portfolio statement as at 30 June 2023

	Holding	Valuation £'000	% of net assets
<b>Equities 98.37% (99.05%)</b>			
<b>Basic Materials 3.35% (4.51%)</b>			
Anglo American	747,000	16,681	1.02
Bodycote	4,950,000	31,705	1.93
Synthomer	8,835,966	6,534	0.40
		<b>54,920</b>	<b>3.35</b>
<b>Consumer Discretionary 25.73% (22.63%)</b>			
888 Holdings	19,494,148	18,978	1.16
Crest Nicholson Holdings	3,000,000	5,721	0.35
Dowlais Group	11,333,333	14,422	0.88
Entain	2,489,012	31,038	1.89
Flutter Entertainment	125,000	19,387	1.18
Howden Joinery Group	4,279,728	27,621	1.68
International Consolidated Airlines Group	29,053,995	47,009	2.86
JET2 *	3,300,000	40,953	2.49
Lookers	27,350,000	32,601	1.98
Mitchells & Butlers	18,000,000	37,332	2.27
Next	400,000	27,608	1.68
Redrow	3,133,674	13,951	0.85
Ryanair Holdings	1,150,000	16,901	1.03
Vistry Group	5,300,000	34,688	2.11
WH Smith	1,800,000	28,224	1.72
Whitbread	780,000	26,348	1.60
		<b>422,782</b>	<b>25.73</b>
<b>Consumer Staples 2.19% (5.54%)</b>			
Tesco	14,500,000	36,018	2.19
		<b>36,018</b>	<b>2.19</b>
<b>Energy 9.71% (12.25%)</b>			
BP	17,890,600	82,538	5.02
Shell	3,288,291	77,045	4.69
		<b>159,583</b>	<b>9.71</b>
<b>Financials 40.19% (37.53%)</b>			
3i Group	5,270,000	101,922	6.20
Barclays	52,828,218	80,933	4.93
Conduit Holdings	4,700,000	21,643	1.32
Hiscox	4,228,699	46,135	2.81

	Holding	Global exposure <sup>^</sup> £'000	Valuation £'000	% of net assets
HSBC Holdings	4,823,472		30,007	1.83
Intermediate Capital Group	2,350,000		32,559	1.98
International Personal Finance	14,345,860		16,283	0.99
Legal & General Group	16,050,000		36,562	2.23
Lloyds Banking Group	77,000,000		33,433	2.04
M&G	10,250,000		19,700	1.20
Man Group	16,550,000		36,211	2.20
NatWest Group	30,297,348		73,047	4.45
Prudential	3,300,000		36,201	2.20
St. James's Place	1,900,000		20,454	1.25
Standard Chartered	6,350,000		43,637	2.66
Vanquis Banking Group	10,203,004		19,590	1.19
Virgin Money UK	7,787,000		11,599	0.71
			<b>659,916</b>	<b>40.19</b>
<b>Health Care 0.69% (0.80%)</b>				
AstraZeneca	100,000		11,326	0.69
			<b>11,326</b>	<b>0.69</b>
<b>Industrials 15.79% (15.67%)</b>				
Ashtead Group	770,000		41,580	2.53
DS Smith	11,922,000		32,511	1.98
Melrose Industries	12,033,333		60,961	3.71
Morgan Sindall Group	1,610,989		29,578	1.80
Oxford Instruments	2,290,000		62,059	3.78
Tyman	6,946,797		17,888	1.09
Weir Group	840,000		14,797	0.90
			<b>259,374</b>	<b>15.79</b>
<b>Real Estate 0.72% (0.12%)</b>				
Workspace Group	2,512,267		11,818	0.72
			<b>11,818</b>	<b>0.72</b>
<b>Equities total</b>			<b>1,615,737</b>	<b>98.37</b>
<b>Contracts for Difference 0.00% (0.01%)</b>				
<b>Basic Materials 0.00% (0.00%)</b>				
Rio Tinto	(135,000)	(6,746)	9	–
		<b>(6,746)</b>	<b>9</b>	<b>–</b>
<b>Industrials 0.00% (0.01%)</b>				
Spirax-Sarco Engineering	(80,000)	(8,300)	(80)	–
		<b>(8,300)</b>	<b>(80)</b>	<b>–</b>
<b>Contracts for Difference total</b>		<b>(15,046)</b>	<b>(71)</b>	<b>–</b>
<b>Investment assets (Including investment liabilities)</b>			<b>1,615,666</b>	<b>98.37</b>
<b>Net other assets</b>			<b>26,913</b>	<b>1.63</b>
<b>Net assets attributable to unitholders</b>			<b>1,642,579</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.

<sup>#</sup> Security listed on the Alternative Investment Market ('AIM').

<sup>^</sup> Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.



## FINANCIAL STATEMENTS

### Statement of total return for the six months ended 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		133,481		(239,460)
Revenue	32,707		29,129	
Expenses	(6,745)		(6,156)	
Interest payable and similar charges	(221)		(355)	
Net revenue before taxation	25,741		22,618	
Taxation	–		(3)	
Net revenue after taxation		25,741		22,615
<b>Total return before distributions</b>		159,222		(216,845)
Distributions		1,017		(493)
<b>Change in net assets attributable to unitholders from investment activities</b>		160,239		(217,338)

### Statement of change in net assets attributable to unitholders for the six months ended 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		1,406,036		1,418,054
Amounts receivable on issue of units	227,874		229,892	
Amounts payable on cancellation of units	(151,570)		(151,863)	
		76,304		78,029
Dilution adjustment		–		300
Change in net assets attributable to unitholders from investment activities		160,239		(217,338)
<b>Closing net assets attributable to unitholders</b>		1,642,579		1,279,045

### Balance sheet as at 30 June 2023

	30 June 2023	31 December 2022
	£'000	£'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	1,615,746	1,392,871
<b>Current assets</b>		
Debtors	8,425	4,686
Cash and cash equivalents	27,337	19,797
<b>Total current assets</b>	35,762	24,483
<b>Total assets</b>	1,651,508	1,417,354
<b>Liabilities</b>		
Investment liabilities	80	–
<b>Creditors</b>		
Bank overdraft	470	–
Distribution payable	–	8,776
Other creditors	8,379	2,542
<b>Total creditors</b>	8,849	11,318
<b>Total liabilities</b>	8,929	11,318
<b>Net assets attributable to unitholders</b>	1,642,579	1,406,036

## 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 31 December 2022 as set out therein.

## 2. Post balance sheet event

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

## Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
<b>31 December 2020</b>	<b>975,894,570</b>		
C accumulation		620.82	3,320,689
G distribution		596.92	29,485,852
I distribution		577.70	6,337,567
I accumulation		668.95	83,719,338
R accumulation		619.24	29,490,270
<b>31 December 2021</b>	<b>1,418,053,502</b>		
C accumulation		735.30	4,496,934
G distribution		694.38	33,679,592
G accumulation*		98.55	96,973,370
I distribution		670.19	8,459,789
I accumulation		795.87	100,551,893
R accumulation		731.22	27,159,518
<b>31 December 2022</b>	<b>1,406,036,452</b>		
C accumulation		660.63	4,401,016
G distribution		604.48	26,193,555
G accumulation		89.18	185,493,784
I distribution		581.83	10,248,170
I accumulation		718.26	115,308,374
R accumulation		654.99	25,245,889
S distribution**		95.98	5,000
S accumulation**		97.30	5,000
<b>30 June 2023</b>	<b>1,642,579,144</b>		
C accumulation		733.43	4,247,957
G distribution		673.93	30,173,327
G accumulation		99.36	181,436,006
I distribution		647.79	10,914,572
I accumulation		799.21	122,401,763
R accumulation		726.08	24,629,753
S distribution		106.88	5,000
S accumulation		108.32	5,000

\* Launched 13 September 2021.

\*\* Launched 15 August 2022.

## Ongoing charges

Class	30 June 2023
C accumulation	1.29%
G distribution	0.57%
G accumulation	0.57%
I distribution	0.84%
I accumulation	0.84%
R accumulation	1.59%
S distribution	0.74%
S accumulation	0.74%

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 UK Select Fund**	738.8	117.5	34.1	55.8	17.2	11.2
Artemis UK Select Fund***	740.5	117.6	34.5	56.8	16.8	11.5
FTSE All-Share TR	236.8	78.0	16.5	33.2	7.9	2.6
UK All Companies average	240.2	67.9	7.4	23.5	6.0	1.8
Position in sector	2/61	11/160	4/191	5/201	3/206	2/206
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

\* Source: Artemis/Lipper Limited, data from 3 April 1998 to 1 September 2010 reflects class R accumulation units and from 1 September 2010 reflects class I accumulation units, in sterling with dividends reinvested to 30 June 2023. All performance figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the UK All Companies sector benchmarks.

\*\* Value at 12 noon valuation point

\*\*\* Value at close of business

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

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**Artemis Fund Managers Limited**

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