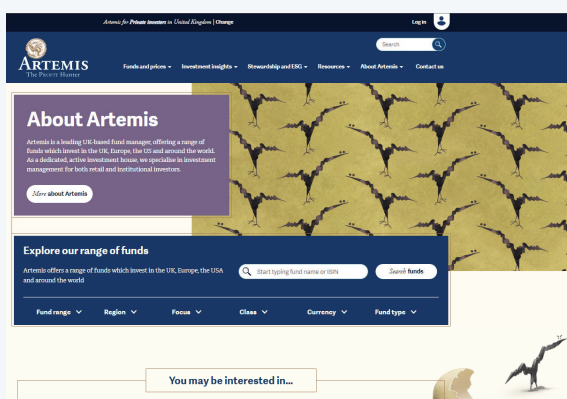


Artemis UK Special Situations *Fund*

Half-Yearly Report (unaudited)
for the six months ended 30 June 2024

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 £25.8 billion* across a range of funds, an investment trust 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 2024

Fund status

Artemis UK Special Situations Fund was constituted by a Trust Deed dated 25 and 28 February 2000 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website [artemisfunds.com](https://www.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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently
	Where the fund invests	<ul style="list-style-type: none"> • United Kingdom, including companies in other countries that are headquartered or have a significant part of their activities in the United Kingdom.
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • A research-driven, bottom-up stock selection process is used to identify unrecognised growth potential in companies that are often out-of-favour. • The manager seeks companies that are in recovery, need re-financing or are suffering from investor indifference ('special situations'). These companies often have the potential to deliver significant capital growth. • Companies are assessed on the basis of absolute and relative valuation with consideration to potential upside. 	
Benchmarks	<ul style="list-style-type: none"> • FTSE All-Share Index TR A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. • IA UK All Companies 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.
- **Special situations risk:** The fund invests in companies that are in recovery, need re-financing or are suffering from lack of market attention (special situations). These companies are subject to higher-than-average risk of capital loss.

There was no change to the risk indicator in the six months ended 30 June 2024.

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 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.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

In accordance with the FCA's requirements under the Environmental, Social and Governance Sourcebook, Artemis is required to publish disclosures consistent with the Taskforce on Climate-Related Financial Disclosures ("TCFD") for the period 1 January 2023 to 31 December 2023. The entity-level TCFD report contains information about how Artemis manages climate-related risks and opportunities in investment portfolios and across its business operations and the product-level TCFD report contains certain climate related metrics required to be published for Artemis UK Special Situations Fund. These TCFD reports, which were published on 30 June 2024, can be found here: www.artemisfunds.com/tcfd.

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

Northern Trust Investor Services Limited *
50 Bank Street
Canary Wharf
London E14 5NT

Registrar

Northern Trust UK Global Services SE †
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 Financial Conduct Authority.

†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 Special Situations Fund for the six months ended 30 June 2024 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
28 August 2024

S Dougall
Director

INVESTMENT REVIEW

Performance

Economic data for the UK is improving, with first-quarter GDP recently revised upwards. At the same time, inflation has continued to moderate, hitting the Bank of England's target of 2% and paving the way for interest rate cuts.

The UK market is lowly valued, so it is no surprise that M&A remains a key feature. There has, however, been a noticeable shift towards larger deals in recent months with those of more than £1bn in size becoming commonplace.

Against this backdrop, the Artemis UK Special Situations Fund returned 9.3% over the six-month period, ahead of the FTSE All-Share Index, which made 7.4%, and its UK All Companies sector average, which was up 6.9%¹.

Positives

Our holdings in UK banks Barclays and NatWest made a strong contribution to performance. UK interest rates currently sit in something of a sweet spot for banks – high enough to support net interest income but not high enough to trigger impairments in their loan books. Barclays' restructuring plans and refreshed strategy were well received as management aims to improve financial performance and return capital to shareholders. NatWest's new chief executive, Paul Thwaite, reassured on the outlook after a difficult 2023.

Britvic successfully navigated Covid and recent cost-inflation challenges. In June, the company turned down an unsolicited offer from Carlsberg at a 29% premium to the pre-offer price, which we felt undervalued the business and its prospects. An improved offer at a 36% premium has since been approved.

Defence company Babcock hosted a well-attended capital markets day at Devonport Royal Dockyard in February. The four divisional managing directors were all optimistic about growth and margin improvements, supported by recent contract announcements.

Negatives

Watches of Switzerland announced a surprise profit warning in January. Trading was weak over the key Christmas period, with the UK in particular experiencing poor sales. These have stabilised more recently, while the US remains the engine of growth. The acquisition of the US rights to Roberto Coin looks like an interesting move – branded jewellery was highlighted as a key component of the company's long-range plan to double sales and profits over the next five years. Certified pre-owned luxury watches were also cited as the other key growth driver and here the signs are also encouraging, with trading ahead of target.

Poor results from bookmaker Entain in March confirmed the need for new management. The previous chief executive stepped down in December and the search for a permanent replacement remains ongoing. In the meantime, interim chief

executive Stella David is driving business improvements which we believe will translate into better long-term performance.

Activity

New idea generation has been strong, so the last six months have been characterised by profit taking in several of our holdings to recycle these gains into new positions. The three largest additions are detailed below.

- Whitbread, the owner of Premier Inn, continues to build on its reputation as the UK's leading budget hotel operator. Opportunities exist for new hotels, improved performance across its pub estate and its embryonic German business moving into profit. The company has a conservative balance sheet with limited debt and a substantial freehold estate that makes the risk/reward attractive.
- Pub operator Mitchells & Butlers, owner of All Bar One, has delivered a strong recovery since Covid. Profits have rebounded as the business has managed industry cost inflation. Like Whitbread, the company has a high-quality freehold estate that we expect to continue to outperform.
- Man Group, the alternative asset manager, has delivered strong investment performance with major funds near high watermarks that will likely trigger sizeable performance fees. A new chief executive continues to focus on building capabilities in the high-margin alternative asset management sector.

These additions were funded by disposals, including in the three companies below for the reasons specified.

- Ashtead, the equipment rental company, has grown strongly over the years, but external factors have led to reduced earnings forecasts. As a result, we feel upside from here is more dependent on earnings growth than a valuation re-rating. Ashtead is something of an outlier, with the shares trading on a valuation premium to its listed US peers.
- Private equity firm 3i's investment portfolio is dominated by European discount retailer Action, which remains in great health, but the valuation has become too rich for us. We see more upside elsewhere.
- Intermediate Capital Group has benefited from increased appreciation for its strong position and track record in private credit. We remain confident in its prospects, but we have reduced our holding following the strong performance in the year to date.

Past performance is not a guide to the future.

¹ Artemis/Lipper Limited, class I accumulation, in sterling. 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.

Looking ahead

A new Labour government has just been elected. We believe that a centrist, pro-business government with a large majority creates a more stable backdrop – an important ingredient in attracting international investors back to the UK market. We see early signs of renewed interest in UK equities and expect this to increase, so we are looking to the second half of the year with optimism.

Andy Gray and Henry Flockhart

Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 30 June 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Whitbread	15,020	Ashtead Group	10,976
Man Group	7,199	3i Group	10,512
Entain	6,359	Intermediate Capital Group	8,182
Mitchells & Butlers	6,345	Genuit Group	7,231
Dunelm Group	6,257	Burberry Group	7,045
B&M European Value Retail	5,500	NatWest Group	6,601
Unilever	5,213	Pearson	5,924
Morgan Advanced Materials	5,081	Oxford Instruments	5,419
Standard Chartered	4,439	Barclays	5,358
Smiths Group	4,198	AstraZeneca	5,192

Portfolio statement as at 30 June 2024

	Holding	Valuation £'000	% of net assets
Equities 98.34% (98.18%)			
Basic Materials 4.18% (5.57%)			
Anglo American	439,970	11,092	1.98
Hill & Smith	635,044	12,371	2.20
		23,463	4.18
Consumer Discretionary 20.94% (23.39%)			
DFS Furniture	3,051,000	3,356	0.60
Dunelm Group	572,000	6,149	1.10
Entain	1,796,314	11,479	2.04
Howden Joinery Group	493,064	4,334	0.77
Inchcape	1,912,866	14,480	2.58
JET2 *	1,393,986	18,233	3.25
Mitchells & Butlers	2,412,000	6,959	1.24
Next	219,558	20,019	3.57
Pearson	518,088	5,142	0.92
Watches of Switzerland Group	2,112,754	8,899	1.59
WH Smith	351,500	4,018	0.72
Whitbread	479,600	14,345	2.56
		117,413	20.94
Consumer Staples 12.06% (8.46%)			
B&M European Value Retail	2,988,353	13,295	2.37
Britvic	1,322,084	15,786	2.81
Imperial Brands	884,086	17,947	3.20
Tesco	2,863,877	8,838	1.57
Unilever	272,550	11,872	2.11
		67,738	12.06
Energy 8.62% (8.74%)			
BP	4,639,899	22,202	3.96
Shell	919,263	26,153	4.66
		48,355	8.62
Financials 22.78% (22.05%)			
AdvancedAdvT *	4,463,342	6,249	1.11
Barclays	13,017,966	27,481	4.90
Conduit Holdings	1,698,273	8,355	1.49
IG Group	1,914,142	15,696	2.80
Intermediate Capital Group	733,844	16,394	2.92
Man Group	2,774,000	6,796	1.21

	Holding	Valuation £'000	% of net assets
Equities 98.34% (98.18%) (continued)			
Financials 22.78% (22.05%) (continued)			
NatWest Group	6,008,642	19,005	3.39
Prudential	639,046	4,664	0.83
Rok Entertainment Group ^	410,914	–	–
ROK Global ^	66,096	–	–
Standard Chartered	3,207,411	23,196	4.13
		127,836	22.78
Health Care 4.12% (5.03%)			
GSK	1,510,128	23,090	4.12
		23,090	4.12
Industrials 23.81% (22.30%)			
Babcock International Group	3,144,781	16,589	2.96
Bodycote	1,609,551	10,945	1.95
Dyson Group ^	518,632	–	–
Firstgroup	8,190,546	13,129	2.34
Grafton Group	1,366,948	12,815	2.28
Johnson Service Group #	8,548,659	13,541	2.41
MBA Polymers ^	2,105,625	–	–
Morgan Advanced Materials	4,085,034	12,745	2.27
Oxford Instruments	467,580	11,666	2.08
Zigup	2,203,878	9,289	1.65
Ryanair Holdings	358,085	5,011	0.89
Smiths Group	1,276,068	21,885	3.90
Spectris	218,113	6,081	1.08
		133,696	23.81
Technology 1.83% (1.87%)			
Computacenter	353,003	10,258	1.83
Intechnology ^	25,361,944	–	–
		10,258	1.83
Telecommunication 0.00% (0.77%)			
Investment assets		551,849	98.34
Net other assets		9,320	1.66
Net assets attributable to unitholders		561,169	100.00

The comparative percentage figures in brackets are as at 31 December 2023.

Security listed on the Alternative Investment Market ('AIM').

^ Unlisted, suspended or delisted security.

FINANCIAL STATEMENTS

Statement of total return for the six months ended 30 June 2024

	30 June 2024		30 June 2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		40,880		25,773
Revenue	9,745		8,428	
Expenses	(3,157)		(3,235)	
Net revenue before taxation	6,588		5,193	
Taxation	(102)		(59)	
Net revenue after taxation		6,486		5,134
Total return before distributions		47,366		30,907
Distributions		(91)		(126)
Change in net assets attributable to unitholders from investment activities		47,275		30,781

Statement of change in net assets attributable to unitholders for the six months ended 30 June 2024

	30 June 2024		30 June 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		531,182		481,523
Amounts receivable on issue of units	23,779		14,325	
Amounts payable on cancellation of units	(41,067)		(27,600)	
		(17,288)		(13,275)
Change in net assets attributable to unitholders from investment activities		47,275		30,781
Closing net assets attributable to unitholders		561,169		499,029

Balance sheet as at 30 June 2024

	30 June 2024	31 December 2023
	£'000	£'000
Assets		
Fixed assets		
Investments	551,849	521,522
Current assets		
Debtors	2,445	2,091
Cash and cash equivalents	8,020	11,288
Total current assets	10,465	13,379
Total assets	562,314	534,901
Liabilities		
Creditors		
Distribution payable	–	369
Other creditors	1,145	3,350
Total creditors	1,145	3,719
Total liabilities	1,145	3,719
Net assets attributable to unitholders	561,169	531,182

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 2023 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
31 December 2021	570,584,495		
C accumulation		730.69	6,220,934
I distribution		663.55	1,161,322
I accumulation		805.84	29,796,481
R accumulation		726.63	38,163,956
31 December 2022	481,522,548		
C accumulation		659.91	6,239,722
I distribution		590.44	1,139,323
I accumulation		731.05	27,581,447
R accumulation		654.28	35,456,443
31 December 2023	531,182,046		
C accumulation		746.63	5,920,311
I distribution		655.70	2,378,704
I accumulation		830.87	33,115,751
R accumulation		738.03	26,588,499
30 June 2024	561,168,540		
C accumulation		813.97	5,647,390
I distribution		716.44	2,357,805
I accumulation		907.82	33,036,096
R accumulation		803.40	24,694,943

Ongoing charges

Class	30 June 2024
C accumulation	1.310%
I distribution	0.860%
I accumulation	0.860%
R accumulation	1.610%

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 Special Situations Fund**	855.0	74.8	49.1	13.8	16.6	9.3
Artemis UK Special Situations Fund***	848.9	72.8	47.7	12.7	15.5	8.5
FTSE All-Share Index	228.2	77.8	30.9	23.9	13.0	7.4
IA UK All Companies average	220.3	66.0	23.4	8.9	12.5	6.9
Position in sector	1/65	70/157	8/185	95/195	33/199	27/200
Quartile	1	2	1	2	1	1

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 9 March 2000 to 7 March 2008 reflects class R accumulation units, and from 7 March 2008 reflects class I accumulation units, in sterling with dividends reinvested to 30 June 2024. All figures show total returns with income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

** Value at 12 noon valuation point.

*** Value at close of business.

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

Artemis Fund Managers Limited

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

Client Services 0800 092 2051

Facsimile 0207 643 3708

Website www.artemisfunds.com

