

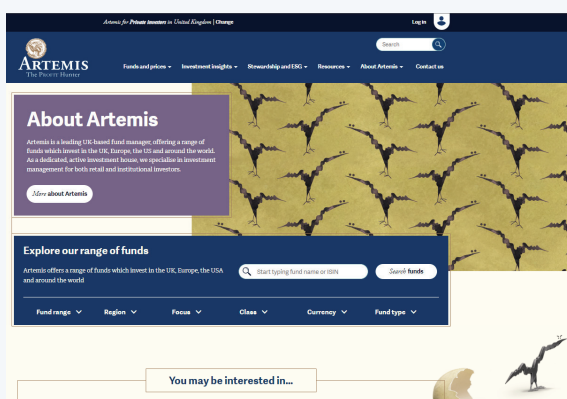
Artemis High Income *Fund*

Manager's Report
and Financial Statements

for the year ended 7 August 2024

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[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 £24.9 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 30 September 2024

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 UK 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 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	• 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: • reduce risk • manage the fund efficiently.
	Where the fund invests	• Globally
	Industries the fund invests in	• Any
	Other limitations specific to this fund	• At least 80% of the fund will be invested in assets denominated in sterling, or will be hedged back to sterling.
Investment strategy	• 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.
- **Income risk:** The payment of income and its level is not guaranteed.
- **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.
- **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.
- **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.
- **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 year ended 7 August 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.

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 High Income Fund (the "fund") is a UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to make these disclosures. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all non-executive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Risk and Compliance functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm. The payment of some of their variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 232 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 2023 is £916,539 of which £422,204 is fixed remuneration and £494,335 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 2023 is £331,326. 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 on 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 High Income 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.

STATEMENTS OF RESPONSIBILITIES

Statement of the Trustee's Responsibilities in respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis High Income Fund ("the Trust") for the year ended 7 August 2024

The Trustee in its capacity as Trustee of Artemis High Income Fund must ensure that the Trust 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 Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 Trustee also has a duty to take reasonable care to ensure that the Trust 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 Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the regulations and the Scheme documents of the Trust.

Northern Trust Investor Services Limited
London
7 October 2024

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 High Income Fund for the year ended 7 August 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
7 October 2024

S Dougall
Director

AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Artemis High Income Fund ("the Fund") for the year ended 7 August 2024, 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 7 August 2024 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's 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 6, 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 revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. In response to our fraud risk, we tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue 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
7 October 2024

INVESTMENT REVIEW

About the fund

The managers of the Artemis High Income Fund search for attractive sources of income across the bond market. They also invest in the shares (equities) of a small number of dividend-paying companies.

High-yield bonds – Holdings in high-yield bonds are at the heart of this fund. These are issued by companies that ratings agencies (such as S&P and Moody's) deem to be at greater risk of defaulting on their debts. As their name suggests, they offer a higher 'yield' (rate of interest) to compensate for the higher level of risk.

Investment-grade corporate bonds – These are issued by companies with higher credit ratings. These are businesses that independent agencies consider to be at relatively low risk of defaulting on their debts.

Government bonds – These are widely viewed as being among the safest bonds (governments in developed economies rarely default on their debts). The interest rate, or 'yield', available here is lower than it is on high-yield and investment-grade corporate bonds – but they can provide a useful counterweight to the fund's holdings in more economically sensitive bonds and shares.

Main changes to the fund

Over the last 12 months, our focus has been on identifying attractive sources of income towards the higher-quality end (BB and B-rated bonds) of the high-yield market. These are bonds that ratings agencies such as S&P and Fitch believe to be less risk of default than lower-quality CCC-rated bonds.

In particular, we continued to find particularly compelling opportunities among short-dated bonds. These are bonds that are due to mature in five years or less and their returns tend to be less volatile than the broader high-yield market. We have also seen a number of cases in which they are redeemed early, creating capital gains for their holders. In line with this theme, we recently added IMA's short-dated bonds to the portfolio. This is an Italian producer of specialist packaging machinery for pharmaceutical, dairy products and other consumer goods.

Elsewhere, we added newly issued bonds from companies such as Herc Rentals, a US equipment rental firm; BlueNord, a Norwegian oil & gas producer; MasterBrand, the market leader in household cabinetry in the US; and Bertrand Franchise, a French business which owns the master franchise agreement for Burger King in France.

We also added bonds of two cruise operators: TUI and Carnival. Both companies have strong market positions and should benefit from consumers' ongoing preference

for spending on experiences over physical goods. Both businesses have also begun taking steps designed to improve their credit quality.

To fund these purchases, we sold a number of bonds that had performed strongly and which, in our view, offered little further prospect of further outperformance. These included: La Doria, a manufacturer of canned and bottled foods; Consensus Cloud, a provider of online fax solutions; Teva, the global generic pharmaceuticals company; Legends Hospitality, an operator of sporting concessions; JB Poindexter, a truck parts manufacturer; Veritext, a legal services firm; and Dufry, the operator of duty-free stores. We still like these companies fundamentally and may invest in their bonds again if or when their relative valuations become more compelling.

Performance

Over the 12 months covered by this report, the Artemis High Income Fund delivered a total return of 12.7%. Over the same timeframe, its target benchmark, IA £ Strategic Bond NR, returned 10.0%¹.

While the fund's returns over the year have been good, we believe that it is its longer-term performance record that really sets it apart. It has delivered a 'top quartile' performance (meaning it is in the top 25% of the funds in its peer group) over one year, three years, five years and 10 years.

Key contributors over the year

The fund's performance this year was helped by its holdings in the shares of UK companies (particularly those of banks such as Barclays and NatWest) as well as by its holdings in high-yield bonds (particularly shorter-dated bonds).

Some of the biggest positive contributors to returns came from its holdings in bonds issued by CPI Property Group (European real estate), BCP Modular (Europe and Asia Pacific's leading specialist in modular services and infrastructure), the AA (UK roadside assistance) and Miller Homes (the British housebuilder). Our holdings in the shares of 3i (a private equity group), Vistry (a housebuilder) and Total Energies (the French energy company) also made useful contributions.

Set against that, the biggest negatives were our holdings in bonds issued by At Home Group (US retail), Heimstaden (European real estate) and Dignity (UK funeral services). Our holdings in the shares of Entain (UK sports betting), BMW (the German auto company) and German chemicals group BASF also acted as modest drags on returns.

Past performance is not a guide to the future.

¹ Source: Lipper Limited/Artemis, class QI distribution units, in sterling with income reinvested to 7 August 2024, 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.

The wider context

As the year under review was ending, we saw a short, sharp spike in volatility across financial markets. In part, this seemed to be because some investors were being forced to close their positions due to a rise in Japanese interest rates and a rally in the yen. That this volatility came in August was not a coincidence: this tends to be the peak of the summer 'silly season', when key decision makers have departed for the beach and are away from their Bloomberg terminals.

The volatility was most pronounced in share prices of Japanese companies and US technology stocks. The response of the high-yield market, however, tended to be more muted. So, although we were alert for buying opportunities, in many cases, we simply didn't see large enough moves to merit changing the fund's composition.

Looking ahead

For the following reasons, we remain positive on the prospects for bond markets for the balance of 2024:

- Bond yields remain attractive – and are still at significantly higher levels than they were for much of the last decade prior to 2022.
- Central banks have started cutting interest rates, which should push bond yields lower (and thereby push their prices higher).
- Many companies have taken a conservative approach to borrowing in recent years, so the risk of widespread defaults would appear to be relatively modest.

Some volatility, of course, seems inevitable. Given the size of the recent inflation scare, markets will remain transfixed by monthly readings on inflation, growth and unemployment. Ahead of the US election, politicians have the potential to unsettle markets, particularly given concerns about government debt levels in the West. But given our view that the overall direction of travel remains clear, we would welcome any further episodes of volatility, regarding them as buying opportunities rather than as something to be feared.

David Ennett, Ed Legget and Jack Holmes

Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 7 August 2024

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury Inflation Indexed 0.25% 15/07/2029	31,790	US Treasury Inflation Indexed 0.75% 15/02/2045	54,672
UK Treasury 0.63% 07/06/2025	28,659	US Treasury Inflation Indexed 0.25% 15/07/2029	24,661
UK Treasury 0.50% 31/01/2029	22,347	US Treasury Inflation Indexed 3.88% 15/08/2033	15,221
UK Treasury Inflation Indexed 0.25% 22/03/2052	16,675	UK Treasury 1.00% 22/04/2024	14,826
US Treasury Inflation Indexed 1.25% 22/11/2054	15,687	3i Group	12,510
US Treasury Inflation Indexed 3.88% 15/08/2033	15,266	Vodafone Group 8.00% 30/08/2086	8,991
UK Treasury 1.00% 22/04/2024	14,772	Neptune Energy Bondco 6.63% 15/05/2025	8,001
US Treasury Inflation Indexed 0.75% 15/02/2045	12,452	UK Treasury 0.50% 31/01/2029	7,792
Telereal Securitisation 5.63% 10/12/2031	10,000	Canada Government Real Return Bond, FRN 1.50% 01/12/2044	7,775
CPI Property Group, FRN 1.75% 14/01/2030	9,126	UK Treasury 0.63% 07/06/2025	7,406

Portfolio statement as at 7 August 2024

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 15.32% (14.83%)			
France 1.99% (1.91%)			
Sanofi	38,500	3,095	0.38
TotalEnergies	250,000	13,008	1.61
		16,103	1.99
Germany 2.12% (2.52%)			
BASF	109,937	3,956	0.49
Bayerische Motoren Werke	65,589	4,560	0.56
Deutsche Telekom	419,916	8,613	1.07
		17,129	2.12
South Africa 0.25% (0.25%)			
Anglo American	90,000	1,993	0.25
		1,993	0.25
United Kingdom 10.96% (10.15%)			
3i Group	391,774	11,624	1.44
Barclays	5,775,000	12,364	1.53
British American Tobacco	125,000	3,434	0.43
DS Smith	1,280,000	5,678	0.70
Entain	343,544	1,802	0.22
Howden Joinery Group	500,000	4,403	0.55
Legal & General Group	3,050,000	6,673	0.83
Melrose Industries	1,525,000	7,528	0.93
National Grid	566,177	5,521	0.68
NatWest Group	3,220,000	10,719	1.33
New Finsaga ^	135,817	–	–
Speymill Deutsche Immobilien ^	5,803,310	–	–
Tesco	2,240,000	7,291	0.90
Vistry Group	875,000	11,445	1.42
		88,482	10.96
Equities total		123,707	15.32
Government Bonds 19.17% (14.26%)			
Canada 0.00% (0.95%)			
Germany 1.09% (0.00%)			
Bundesrepublik Deutschland Bundesanleihe 2.6% 15/08/2034	€10,000,000	8,831	1.09
		8,831	1.09

	Holding/ nominal value	Valuation £'000	% of net assets
Government Bonds 19.17% (14.26%) (continued)			
New Zealand 0.61% (0.38%)			
New Zealand Government Inflation Linked Bond 3.26% 20/09/2035	\$8,000,000	4,920	0.61
		4,920	0.61
Sweden 0.00% (0.21%)			
United Kingdom 9.15% (0.00%)			
UK Treasury 0.50% 22/10/2061	£4,000,000	1,243	0.15
UK Treasury 3.75% 22/10/2053	£3,000,000	2,630	0.33
UK Gilt 0.50% 31/01/2029	£17,000,000	14,761	1.83
UK Gilt 0.63% 07/06/2025	£22,000,000	21,334	2.64
UK Treasury Inflation Indexed 0.39% 22/03/2052	£14,500,000	17,611	2.18
UK Treasury Inflation Indexed 1.28% 22/11/2054	£16,096,000	16,276	2.02
		73,855	9.15
United States of America 8.32% (12.72%)			
US Treasury Inflation Indexed 0.25% 15/07/2029	\$60,000,000	54,130	6.70
US Treasury Inflation Indexed 0.75% 15/02/2045	\$16,000,000	13,084	1.62
		67,214	8.32
Government Bonds total		154,820	19.17
Corporate Bonds 65.65% (68.35%)			
Australia 1.96% (1.33%)			
Mineral Resources 8.00% 01/11/2027	\$5,000,000	4,017	0.50
Mineral Resources 9.25% 01/10/2028	\$2,950,000	2,454	0.30
Nufarm Australia 5.00% 27/01/2030	\$7,000,000	5,082	0.63
Perenti Finance 6.50% 07/10/2025	\$1,359,061	1,067	0.13
Perenti Finance 7.50% 26/04/2029	\$4,000,000	3,225	0.40
		15,845	1.96
Austria 0.73% (0.85%)			
ams-OSRAM 0.00% 05/03/2025	€4,000,000	3,281	0.41
AT&S Austria Technologie & Systemtechnik, FRN 5.00% Perpetual	€3,500,000	2,586	0.32
		5,867	0.73
Belgium 0.00% (0.12%)			
Canada 0.64% (0.90%)			
GFL Environmental 3.75% 01/08/2025	\$6,700,000	5,206	0.64
		5,206	0.64
China 0.00% (0.19%)			
Czech Republic 1.68% (0.67%)			
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€4,200,000	3,792	0.47
Allwyn Entertainment Financing UK 7.88% 30/04/2029	\$2,500,000	2,042	0.25
CPI Property Group 1.75% 14/01/2030	€8,500,000	5,503	0.68
CPI Property Group, FRN 4.88% Perpetual	€4,000,000	2,271	0.28
		13,608	1.68
Denmark 0.52% (0.97%)			
Welltec International 8.25% 15/10/2026	\$5,256,000	4,220	0.52
		4,220	0.52
Egypt 0.00% (0.53%)			
France 4.42% (1.80%)			
Afflelou 6.00% 25/07/2029	€3,700,000	3,206	0.40
AXA, FRN 4.25% 10/03/2043	€5,000,000	4,272	0.53
Banque Federative du Credit Mutuel 5.00% 22/10/2029	£4,400,000	4,447	0.55
Bertrand Franchise Finance 6.50% 18/07/2030	€3,400,000	2,942	0.36
Bertrand Franchise Finance 7.49% 18/07/2030	€1,600,000	1,374	0.17
BNP Paribas 6.00% 18/08/2029	£6,400,000	6,658	0.82

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.65% (68.35%) (continued)			
France 4.42% (1.80%) (continued)			
Goldstory 6.75% 01/02/2030	€2,500,000	2,146	0.27
IM Group 8.00% 01/03/2028	€5,000,000	2,829	0.35
Picard Groupe 6.38% 01/07/2029	€3,800,000	3,304	0.41
SNF Group 3.13% 15/03/2027	\$6,200,000	4,517	0.56
		35,695	4.42
Germany 3.93% (4.82%)			
Cheplapharm Arzneimittel 5.50% 15/01/2028	\$5,000,000	3,672	0.46
CT Investment 6.38% 15/04/2030	€6,500,000	5,637	0.70
IHO Verwaltungs 6.00% 15/05/2027	\$6,000,000	4,632	0.57
ONE Hotels 7.75% 02/04/2031	€5,700,000	5,053	0.63
PCF 4.75% 15/04/2026	€9,000,000	6,800	0.84
TUI Cruises 6.25% 15/04/2029	€4,500,000	3,888	0.48
WEPA Hygieneprodukte 2.88% 15/12/2027	€2,500,000	2,045	0.25
		31,727	3.93
Hong Kong 1.09% (1.00%)			
Seaspan 5.50% 01/08/2029	\$12,400,000	8,779	1.09
		8,779	1.09
Ireland 0.00% (0.53%)			
Waterford Wedgwood 0.00% 31/12/2040 ^	€2,000,000	–	–
		–	–
Israel 0.00% (2.16%)			
Italy 1.44% (1.32%)			
Flos B&b Italia 10.00% 15/11/2028	€1,500,000	1,361	0.17
IMA Industria Macchine Automatiche 3.75% 15/01/2028	€4,800,000	3,981	0.49
Italmatch Chemicals 10.00% 06/02/2028	€4,000,000	3,653	0.45
Pachelbel Bidco 7.13% 17/05/2031	€3,000,000	2,655	0.33
		11,650	1.44
Japan 0.00% (0.50%)			
Luxembourg 2.20% (2.03%)			
Albion Financing 1 6.13% 15/10/2026	\$4,000,000	3,101	0.38
Albion Financing 2 8.75% 15/04/2027	\$3,000,000	2,380	0.30
Blackstone Property Partners Europe Holdings 4.88% 29/04/2032	£6,000,000	5,521	0.68
Prologis International Funding II 4.38% 01/07/2036	€2,800,000	2,466	0.31
Sani/Ikos Financial 1 7.25% 31/07/2030	€5,000,000	4,283	0.53
		17,751	2.20
Netherlands 2.09% (2.28%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$11,300,000	8,822	1.09
Cooperatieve Rabobank 4.63% 23/05/2029	£4,000,000	3,887	0.48
Q-Park Holding I 2.00% 01/03/2027	€5,200,000	4,208	0.52
		16,917	2.09
Norway 0.69% (0.00%)			
BlueNord 9.50% 02/07/2029	\$7,000,000	5,544	0.69
		5,544	0.69
Singapore 0.00% (0.41%)			
Slovenia 0.52% (0.00%)			
United Group 3.13% 15/02/2026	€5,000,000	4,229	0.52
		4,229	0.52
Spain 0.00% (0.83%)			
Sweden 1.17% (1.42%)			
Heimstaden 4.38% 06/03/2027	€5,000,000	2,971	0.37
Heimstaden, FRN 6.75% Perpetual	€7,600,000	2,295	0.29

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.65% (68.35%) (continued)			
Sweden 1.17% (1.42%) (continued)			
Verisure Holdings 3.25% 15/02/2027	£5,000,000	4,145	0.51
		9,411	1.17
Switzerland 0.60% (0.69%)			
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	£5,000,000	4,826	0.60
		4,826	0.60
United Kingdom 22.26% (23.28%)			
AA Bond 7.38% 31/07/2050	£6,500,000	6,799	0.84
Amber Finco 6.63% 15/07/2029	£5,000,000	4,427	0.55
Annington Funding 4.75% 09/08/2033	£3,800,000	3,534	0.44
Aviva, FRN 4.00% 03/06/2055	£5,000,000	4,124	0.51
Barclays 7.09% 06/11/2029	£3,800,000	4,060	0.50
BCP V Modular Services Finance 6.75% 30/11/2029	£5,500,000	3,994	0.49
BCP V Modular Services Finance II 6.13% 30/11/2028	£4,500,000	4,164	0.52
BP Capital Markets, FRN 4.25% Perpetual	£4,500,000	4,325	0.54
Miller Homes Finco 7.00% 15/05/2029	£6,300,000	6,021	0.75
Centrica 6.50% 21/05/2055	£4,400,000	4,472	0.55
Constellation Automotive Financing 4.88% 15/07/2027	£6,000,000	5,085	0.63
Coventry Building Society 5.88% 12/03/2030	£3,100,000	3,151	0.39
Coventry Building Society 8.75% Perpetual	£1,600,000	1,617	0.20
Deuce Finco 5.50% 15/06/2027	£5,000,000	4,779	0.59
HSBC Holdings 6.80% 14/09/2031	£2,000,000	2,166	0.27
INEOS Quattro Finance 2 8.50% 15/03/2029	€7,000,000	6,282	0.78
International Distributions Services 7.38% 14/09/2030	£6,300,000	6,559	0.81
Kane Bidco 6.50% 15/02/2027	£6,300,000	6,143	0.76
Kier Group 9.00% 15/02/2029	£5,100,000	5,317	0.66
Maison Finco 6.00% 31/10/2027	£3,700,000	3,497	0.43
Marston's Issuer, FRN 5.18% 15/07/2032	£7,100,000	6,476	0.80
Meadowhall Finance 4.98% 12/07/2037	£3,328,902	3,151	0.39
Meadowhall Finance 4.99% 12/07/2037	£1,766,322	1,457	0.18
Mitchells & Butlers Finance 6.01% 15/12/2028	£3,272,774	3,210	0.40
Mitchells & Butlers Finance 6.47% 15/09/2032	£4,850,000	4,561	0.56
Mobico Group 4.88% 26/09/2031	€5,600,000	4,702	0.58
Motability Operations Group 4.25% 17/06/2035	€2,100,000	1,839	0.23
Ocado Group 3.88% 08/10/2026	£4,100,000	3,793	0.47
Pension Insurance 6.88% 15/11/2034	£4,500,000	4,513	0.56
Premier Foods Finance 3.50% 15/10/2026	£5,000,000	4,833	0.60
Quadgas Finance 3.38% 17/09/2029	£4,000,000	3,586	0.44
RAY Financing 6.50% 15/07/2031	€4,200,000	3,669	0.45
Santander UK Group Holdings, FRN 7.10% 16/11/2027	£5,200,000	5,401	0.67
SW Finance I 7.00% 16/04/2040	£7,200,000	5,981	0.74
Synthomer 7.38% 02/05/2029	€4,900,000	4,419	0.55
Telereal Securitisation 5.63% 10/12/2031	£10,000,000	10,107	1.25
Tesco 3.86% 24/03/2036	£1,750,000	2,985	0.37
TP ICAP Finance 7.88% 17/04/2030	£2,700,000	2,917	0.36
Unique Pub Finance 5.66% 30/06/2027	£3,400,234	3,358	0.42
Unique Pub Finance 6.46% 30/03/2032	£4,100,000	4,196	0.52
Victoria 3.63% 24/08/2026	€5,500,000	4,107	0.51
		179,777	22.26
United States of America 19.71% (19.72%)			
180 Medical 3.88% 15/10/2029	\$6,800,000	4,844	0.60
Albertsons 3.25% 15/03/2026	\$5,300,000	4,031	0.50
Alta Equipment 9.00% 01/06/2029	\$5,500,000	3,968	0.49
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€2,000,000	1,504	0.19

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.65% (68.35%) (continued)			
United States of America 19.71% (19.72%) (continued)			
Ardagh Metal Packaging Finance 3.25% 01/09/2028	\$6,600,000	4,583	0.57
At Home Group 4.88% 15/07/2028	\$6,000,000	1,746	0.22
Avis Budget Car Rental 4.75% 01/04/2028	\$6,000,000	4,302	0.53
BellRing Brands 7.00% 15/03/2030	\$5,000,000	4,037	0.50
Capstone Borrower 8.00% 15/06/2030	\$5,000,000	4,062	0.50
Carnival 5.75% 15/01/2030	€8,800,000	7,768	0.96
Catalent Pharma Solutions 2.38% 01/03/2028	€9,000,000	7,448	0.92
Citigroup 4.50% 03/03/2031	£3,400,000	3,203	0.40
Cloud Software Group 6.50% 31/03/2029	\$6,500,000	4,955	0.61
Dream Finders Homes 8.25% 15/08/2028	\$2,834,000	2,290	0.28
Emerald Borrower 6.63% 15/12/2030	\$8,000,000	6,388	0.79
Emerald Borrower 6.75% 15/07/2031	\$534,000	429	0.05
Encore Capital Group 4.25% 01/06/2028	£6,100,000	5,360	0.66
Energizer Holdings 4.38% 31/03/2029	\$3,200,000	2,325	0.29
Gap 3.63% 01/10/2029	\$7,000,000	4,821	0.60
GTCR W-2 Merger Sub 8.50% 15/01/2031	£5,400,000	5,786	0.72
Herc 6.63% 15/06/2029	\$5,000,000	3,999	0.50
Iron Mountain UK 3.875% 15/11/2025	£2,500,000	2,453	0.30
MasterBrand 7.00% 15/07/2032	\$7,548,000	6,084	0.75
Match Group Holdings II 3.63% 01/10/2031	\$5,000,000	3,401	0.42
Medline Borrower 3.88% 01/04/2029	\$6,100,000	4,476	0.55
Medline Borrower 6.25% 01/04/2029	\$452,000	362	0.05
MPT Operating Partnership, REIT 3.69% 05/06/2028	£8,500,000	6,077	0.75
New Home 9.25% 01/10/2029	\$5,880,000	4,637	0.57
Owens & Minor 6.63% 01/04/2030	\$7,408,000	5,393	0.67
Penske Automotive 3.50% 01/09/2025	\$7,900,000	6,070	0.75
Realty Income 5.75% 05/12/2031	£5,600,000	5,776	0.72
Sally Capital 6.75% 01/03/2032	\$6,100,000	4,729	0.59
SCIL IV 5.38% 01/11/2026	\$5,000,000	3,827	0.47
Sotheby's 5.88% 01/06/2029	\$6,200,000	3,534	0.44
Star 8.75% 01/08/2031	\$4,800,000	3,709	0.46
Wabash National 4.50% 15/10/2028	\$2,500,000	1,782	0.22
Williams Scotsman 4.63% 15/08/2028	\$5,000,000	3,708	0.46
ZipRecruiter 5.00% 15/01/2030	\$7,900,000	5,291	0.66
		159,158	19.71
Corporate Bonds total		530,210	65.65
Forward Currency Contracts (0.31%) ((0.12%))			
Buy Sterling 192,688,701, sell Euro 227,209,127 dated 08/08/2024		(2,393)	(0.30)
Buy Sterling 186,872,227, sell Euro 217,366,080 dated 09/09/2024		34	–
Buy Sterling 247,974,237, sell US Dollar 315,570,335 dated 08/08/2024		(194)	(0.02)
Buy Sterling 252,298,556, sell US Dollar 320,879,863 dated 09/09/2024		49	0.01
Buy Sterling 4,995,814, sell New Zealand Dollar 10,415,738 dated 08/08/2024		63	0.01
Buy Sterling 4,956,544, sell New Zealand Dollar 10,648,916 dated 09/09/2024		(86)	(0.01)
Forward Currency Contracts total		(2,527)	(0.31)
Investment assets (including investment liabilities)		806,210	99.83
Net other assets		1,385	0.17
Net assets attributable to unitholders		807,595	100.00

The comparative percentage figures in brackets are as at 7 August 2023.

^ Unlisted, suspended or delisted security.

FINANCIAL STATEMENTS

Statement of total return for the year ended 7 August 2024

	Note	7 August 2024 £'000 £'000		7 August 2023 £'000 £'000	
Income					
Net capital gains/(losses)	3		52,189		(27,816)
Revenue	5	50,545		49,160	
Expenses	6	(6,428)		(6,262)	
Interest payable and similar charges	7	(60)		(200)	
Net revenue before taxation		44,057		42,698	
Taxation	8	(43)		(301)	
Net revenue after taxation			44,014		42,397
Total return before distributions			96,203		14,581
Distributions	9		(49,699)		(47,904)
Change in net assets attributable to unitholders from investment activities			46,504		(33,323)

Statement of change in net assets attributable to unitholders for the year ended 7 August 2024

		7 August 2024 £'000 £'000		7 August 2023 £'000 £'000	
Opening net assets attributable to unitholders			782,942		762,455
Amounts receivable on issue of units		202,304		158,938	
Amounts payable on cancellation of units		(229,207)		(108,495)	
			(26,903)		50,443
Dilution adjustment			147		–
Change in net assets attributable to unitholders from investment activities			46,504		(33,323)
Retained distribution on accumulation units			4,905		3,367
Closing net assets attributable to unitholders			807,595		782,942

Balance Sheet as at 7 August 2024

	Note	7 August 2024 £'000 £'000		7 August 2023 £'000 £'000	
Assets					
Fixed assets					
Investments	10		808,883		763,672
Current assets					
Debtors	11		17,930		13,729
Cash and cash equivalents	12		5,803		25,691
Total current assets			23,733		39,420
Total assets			832,616		803,092
Liabilities					
Investment liabilities	10		2,673		1,640
Creditors					
Bank overdraft	13		–		527
Distribution payable			10,238		10,044
Other creditors	14		12,110		7,939
Total creditors			22,348		18,510
Total liabilities			25,021		20,150
Net assets attributable to unitholders			807,595		782,942

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 and the Statement of Recommended Practice ("SORP") issued by the Investment Management Association in May 2014 and amended in June 2017 and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future. No material events 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.

(b) Valuation of investments. All investments, including any derivatives, have been valued at 12 noon on the last working day of the accounting period. The last valuation point in the period has been used for the purposes of preparing the report and financial statements and in the manager's opinion there have been no material movements in the fund between the last valuation point and close of business on the balance sheet date. Where a fund invests in markets that are closed for trading at the fund's valuation point, the manager will allow for the net asset value to be adjusted (based on movements of index futures or other suitable proxies in markets closed at the valuation point, since the last market close), to reflect more accurately the fair value of the fund's investments. Listed investments are valued at fair value which is generally deemed to be the bid 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. 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).

(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) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts ("REITs"), 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. Dividends are recognised gross of any overseas tax. Overseas tax is included as part of the tax charge. A provision is made for any overseas tax not considered recoverable at the balance sheet date, whether due to uncertainty as to receipt either due to circumstances or recovery experience in specific jurisdictions, or due to

the significant time lag since the receipt of the dividend. 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. Income from US REITs is split between revenue and capital depending on the composition of the distribution from the REIT. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Interest from debt securities bought or sold is excluded from the capital cost of such securities, and accounted for as part of revenue. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Net gains are reflected within derivative contracts under net capital gains/(losses) in the notes to the financial statements.

(e) Expenses. All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis. Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment and are made up of direct and indirect portfolio transaction costs. Direct portfolio transaction costs include Broker execution commission and taxes. Indirect portfolio transaction costs relate to the 'Dealing spread', which is the difference between the purchase and sale prices of the fund's investments. Some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

(f) 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. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

(g) Dilution adjustment. The fund is priced on a single swinging price basis. The manager has the discretion to charge a dilution adjustment 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 the application of a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the fund is to distribute all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout each distribution period and where applicable will pay an interest distribution. The manager and the trustee have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. The manager may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments and derivatives whether realised or unrealised, if taken to capital are not available for 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. All available net revenue accounted for in accordance with the above policies is distributed to holders of income units or retained and reinvested for holders of accumulation units. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund. Income equalisation applies to the fund. Equalisation applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the 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.

3. Net capital gains/(losses)

	7 August 2024 £'000	7 August 2023 £'000
Non-derivative securities	51,017	(39,440)
Currency gains/(losses)	3,498	(1,046)
Derivative contracts	–	3,124
Forward currency contracts	(2,326)	9,546
Net capital gains/(losses)	52,189	(27,816)

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 7 August 2024						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	14,591	3	67	14,661	0.02	0.46
Bonds	658,772	–	–	658,772	–	–
Sales						
Equities	28,263	5	5	28,253	0.02	0.02
Bonds	655,467	–	–	655,467	–	–
Total		8	72			
Percentage of fund average net assets		0.00%	0.01%			

Year ended 7 August 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	16,549	3	70	16,622	0.02	0.42
Bonds	666,064	–	–	666,064	–	–
Sales						
Equities	14,022	2	–	14,020	0.01	–
Bonds	618,210	–	–	618,210	–	–
Total		5	70			
Percentage of fund average net assets		0.00%	0.01%			

During the year, the fund incurred £nil (2023: £nil) in capital transaction charges.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.41% (2023: 0.59%). 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

	7 August 2024 £'000	7 August 2023 £'000
Interest on debt securities	44,232	42,866
UK dividends	3,784	3,768
Overseas dividends	1,842	2,013
Bank interest	687	399
Revenue from UK REITs	–	114
Total revenue	50,545	49,160

6. Expenses

	7 August 2024 £'000	7 August 2023 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	5,685	5,508
Administration fees	743	754
Total expenses	6,428	6,262

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

The audit fee (excluding VAT) accrued during the period was £10,150 (2023: £9,650). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	7 August 2024 £'000	7 August 2023 £'000
Interest payable	60	127
Interest payable on interest rate swaps	–	45
Interest payable on short futures	–	28
Total interest payable and similar charges	60	200

8. Taxation

	7 August 2024 £'000	7 August 2023 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	43	281
Tax on PID Income	–	20
Total taxation (note 8b)	43	301
Net revenue before taxation	44,057	42,698
Corporation tax of 20% (2023: 20%)	8,811	8,540
Effects of:		
Irrecoverable overseas tax	43	281
Tax on PID Income	–	20
Non-taxable overseas dividends	(369)	(403)
Tax on franked dividends	(757)	(756)
Tax deductible interest distributions	(7,685)	(7,361)
Tax charge for the year (note 8a)	43	301

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 (2023: £nil).

9. Distributions

	7 August 2024 £'000	7 August 2023 £'000
Interim gross interest distribution - September 2023	1,180	1,079
Interim gross interest distribution – October 2023	1,094	931
Interim gross interest distribution – November 2023	10,054	9,806
Interim gross interest distribution – December 2023	930	893
Interim gross interest distribution – January 2024	934	1,003
Interim gross interest distribution – February 2024	8,360	9,223
Interim gross interest distribution – March 2024	951	940
Interim gross interest distribution – April 2024	1,408	1,085
Interim gross interest distribution – May 2024	11,703	11,010
Interim gross interest distribution – June 2024	1,406	1,182
Interim gross interest distribution – July 2024	1,199	1,086
Final gross interest distribution – August 2024	10,437	10,076
	49,656	48,314
Add: amounts deducted on cancellation of units	1,285	877
Deduct: amounts added on issue of units	(1,242)	(1,287)
Distributions	49,699	47,904
Movement between net revenue and distributions		
Net revenue after taxation	44,014	42,397
Annual management charge paid from capital	5,685	5,508
Undistributed revenue brought forward	1	–
Undistributed revenue carried forward	(1)	(1)
	49,699	47,904

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 26 and 27.

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).

	7 August 2024		7 August 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	278,527	–	123,601	–
Level 2	530,356	2,673	640,071	1,640
Total	808,883	2,673	763,672	1,640

11. Debtors

	7 August 2024 £'000	7 August 2023 £'000
Accrued revenue	9,414	9,393
Amounts receivable for issue of units	4,276	2,391
Sales awaiting settlement	3,998	1,761
Overseas withholding tax recoverable	242	178
Income tax recoverable from UK REITs	–	6
Total debtors	17,930	13,729

12. Cash and cash equivalents

	7 August 2024 £'000	7 August 2023 £'000
Collateral held with brokers	2,930	1,100
Amounts held in liquidity funds	2,738	24,478
Cash and bank balances	122	100
Amounts held at brokers	13	13
Total cash and cash equivalents	5,803	25,691

13. Bank overdraft

	7 August 2024 £'000	7 August 2023 £'000
Bank overdrafts	–	527
Total bank overdraft	–	527

14. Other creditors

	7 August 2024 £'000	7 August 2023 £'000
Purchases awaiting settlement	8,930	4,917
Amounts payable for cancellation of units	2,452	2,340
Accrued annual management charge	642	588
Accrued administration fee payable to the manager	83	74
Interest payable	3	–
Corporation tax payable	–	20
Total other creditors	12,110	7,939

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in issue at 7 August 2023	Units issued	Units cancelled	Units converted	Units in issue at 7 August 2024
MI distribution	308,356,168	94,492,474	(119,351,608)	89,804	283,586,838
QC distribution	45,828,655	1,928,595	(4,181,494)	669,736	44,245,492
QI distribution	578,196,035	128,247,919	(141,276,768)	7,080,139	572,247,325
QI accumulation	67,112,548	34,185,801	(26,816,975)	69,113	74,550,487
QR distribution	135,194,439	10,669,244	(21,702,400)	(8,747,341)	115,413,942

17. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the fund's 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 bonds and 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. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, governments' fiscal positions, short-term interest rates and international market comparisons.

As part of the continuing review of the portfolio, the manager monitors and reviews these factors.

Currency	Floating Rate financial assets [†] £'000	Fixed Rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
7 August 2024				
Sterling	5,744	274,189	84,467	364,400
US Dollar	8,822	240,934	3,058	252,814
Euro	1,374	154,791	31,718	187,883
New Zealand Dollar	–	4,920	105	5,025
7 August 2023				
US Dollar	22,307	300,825	(318)	322,814
Sterling	89,348	133,291	74,204	296,843
Euro	11,765	104,037	37,960	153,762
Canadian Dollar	–	7,447	22	7,469
New Zealand Dollar	–	2,927	10	2,937
Norwegian Krone	–	–	22	22

[†] Includes cash and bank balances.

Forward currency contracts for Euro, New Zealand Dollar, Sterling and US Dollar are not included within this table. These can be found in the portfolio statement on page 15.

As at 7 August 2024 if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 5.1% fall in the prices of the underlying bonds it holds (2023: 5.4%). A 1% fall in government bond yields would have an equal and opposite impact. This calculation has been prepared on a modified duration basis. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The calculation has been used to serve as an indication of the possible impact to the fund from changes to government bond yields. This concept relies on a large number of assumptions, in particular, that all bonds are equally sensitive to government bond yields. In practice, this is not the case as many bonds with higher credit risk have lower correlation with government bond yields and in some cases even negative correlation. The fund contains a high and varying proportion of bonds with sometimes a high degree of credit risk. Furthermore, this makes the assumption of a parallel shift in yields. In practice, when interest rates change, longer dated government bond yields do not usually move in parallel with short-term interest rates. It is not unusual to see a negative correlation to short-term interest rate movements. The calculation also includes the impact of any futures positions, which are priced according to the yield of 10 year government bonds.

(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 £2,326,000 (2023: gain of £9,546,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the table below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £ '000	Total £'000
7 August 2024				
Sterling	364,663	(452,575)	889,787	801,875
Euro	189,398	197,780	(381,921)	5,257
New Zealand Dollar	4,920	4,954	(9,976)	(102)
US Dollar	249,756	251,226	(500,417)	565
7 August 2023				
Sterling	278,920	(478,467)	981,592	782,045
US Dollar	323,132	330,873	(651,591)	2,414
Norwegian Krone	–	22	–	22
New Zealand Dollar	2,927	2,964	(5,901)	(10)
Canadian Dollar	7,447	7,685	(15,144)	(12)
Euro	150,511	157,833	(309,861)	(1,517)

A five percent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £286,000 (2023: £45,000). 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 and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five percent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £40,311,000 (2023: £38,102,000). A five percent decrease would have an equal and opposite effect.

Returns from bonds are fixed at the time of purchase, the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date may have a different price to its purchase level and a gain or loss may be realised.

Bond investments are exposed to credit rating risk which reflects the ability of a bond issuer to meet its obligations (i.e. pay interest on a bond and return the capital on the redemption date). Generally, the higher the credit rating of the bond issuer, the rate at which they can borrow money may be lower than a bond issuer with a lower credit rating reflecting the potentially higher risk. Additionally, the credit rating of a bond is likely to impact upon the market price of a bond with a higher credit rating reflecting the greater expectation that the bond will be redeemed by the issuer on the maturity date at the nominal amount. An element of the market price of a bond will reflect this.

(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 7 August 2024 and 7 August 2023 the leverage ratios of the fund were:

	2024 %	2023 %
Sum of the notionals	262.2	474.0
Commitment	100.2	100.0

(b) Credit and counterparty risk

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

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. The derivatives are disclosed in the portfolio statement, Northern Trust is the counterparty for forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 7 August 2024 or 7 August 2023.

Debt Security credit analysis*

At the reporting date, the credit analysis of the fund's debt securities was as follows:

	7 August 2024 £'000	7 August 2023 £'000
Investment grade securities	290,901	270,620
Below investment grade securities	382,718	372,156
Unrated securities	11,411	4,006
Total of debt securities	685,030	646,782

*Source of credit ratings: Artemis Investment Management LLP.

Counterparty and collateral exposure

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

Currency	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
7 August 2024			
Northern Trust	(2,527)	(2,527)	2,943
7 August 2023			
Northern Trust	(905)	(905)	1,113

Only cash collateral is pledged or held by the fund. The balance includes cash held at brokers.

(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 7 August 2024 or 7 August 2023.

18. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on 16 and notes 6, 9, 11 and 13 on 20 to 21 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 7 August 2024 in respect of these transactions was £1,099,000 (2023: £611,000).

19. Unit classes

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

MI distribution	0.625%
QC distribution	1.075%
QI distribution	0.625%
QI accumulation	0.625%
QR distribution	1.250%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 28 and 29.

The distributions per unit class are given in the distribution tables on pages 26 and 27. All classes have the same rights on winding up.

20. Post balance sheet event

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

DISTRIBUTION TABLES

This fund pays monthly and quarterly interest distributions. The following table sets out the distribution periods.

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	8 August 2023	7 September 2023	8 September 2023	7 November 2023
Second interim	8 September 2023	7 October 2023	8 October 2023	7 December 2023
Third interim	8 October 2023	7 November 2023	8 November 2023	5 January 2024
Fourth interim	8 November 2023	7 December 2023	8 December 2023	7 February 2024
Fifth interim	8 December 2023	7 January 2024	8 January 2024	7 March 2024
Sixth interim	8 January 2024	7 February 2024	8 February 2024	5 April 2024
Seventh interim	8 February 2024	7 March 2024	8 March 2024	7 May 2024
Eighth interim	8 March 2024	7 April 2024	8 April 2024	7 June 2024
Ninth interim	8 April 2024	7 May 2024	8 May 2024	5 July 2024
Tenth interim	8 May 2024	7 June 2024	8 June 2024	7 August 2024
Eleventh interim	8 June 2024	7 July 2024	8 July 2024	7 September 2024
Final	8 July 2024	7 August 2024	8 August 2024	7 October 2024

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	8 August 2023	7 November 2023	8 November 2023	5 January 2024
Second interim	8 November 2023	7 February 2024	8 February 2024	5 April 2024
Third interim	8 February 2024	7 May 2024	8 May 2024	5 July 2024
Final	8 May 2024	7 August 2024	8 August 2024	7 October 2024

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 year ended 7 August 2024	Net revenue per unit(p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Interest per unit (p)	2022-23 Distribution per unit (p)
First interim	0.1936	0.1871	0.3807	0.4233
Second interim	0.1772	0.1724	0.3496	0.3661
Third interim	0.1916	0.1556	0.3472	0.3169
Fourth interim	0.1649	0.1419	0.3068	0.3364
Fifth interim	0.1583	0.1464	0.3047	0.3723
Sixth interim	0.1371	0.1388	0.2759	0.3282
Seventh interim	0.1485	0.1560	0.3045	0.3361
Eighth interim	0.2438	0.2018	0.4456	0.3860
Ninth interim	0.2721	0.1888	0.4609	0.4219
Tenth interim	0.2473	0.1880	0.4353	0.3860
Eleventh interim	0.2088	0.1593	0.3681	0.3531
Final	0.1691	0.1559	0.3250	0.3272

QC distribution

Interest distributions for the year ended 7 August 2024	Net revenue per unit(p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-23 Distribution per unit (p)
First interim	0.1757	0.8069	0.9826	1.0136
Second interim	0.1252	0.6822	0.8074	0.9483
Third interim	0.2488	0.8535	1.1023	1.0455
Final	0.3183	0.7071	1.0254	0.9735

QI distribution

Interest distributions for the year ended 7 August 2024	Net revenue per unit(p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-23 Distribution per unit (p)
First interim	0.1936	0.8892	1.0828	1.1118
Second interim	0.1382	0.7527	0.8909	1.0414
Third interim	0.2749	0.9427	1.2176	1.1497
Final	0.5216	0.6123	1.1339	1.0714

QI accumulation

Interest distributions for the year ended 7 August 2024	Net revenue per unit(p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-23 Distribution per unit (p)
First interim	0.3059	1.4044	1.7103	1.6471
Second interim	0.2218	1.2082	1.4300	1.5692
Third interim	0.4468	1.5325	1.9793	1.7582
Final	0.8710	1.0037	1.8747	1.6660

QR distribution

Interest distributions for the year ended 7 August 2024	Net revenue per unit(p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-23 Distribution per unit (p)
First interim	0.1745	0.8020	0.9765	1.0089
Second interim	0.1243	0.6776	0.8019	0.9435
Third interim	0.2469	0.8474	1.0943	1.0398
Final	0.3622	0.6554	1.0176	0.9677

COMPARATIVE TABLES

	MI distribution			QC distribution		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	67.74	70.65	80.86	61.48	64.40	74.09
Return before operating charges *	8.89	1.94	(5.82)	8.09	1.80	(5.35)
Operating charges	(0.50)	(0.50)	(0.55)	(0.74)	(0.74)	(0.82)
Return after operating charges *	8.39	1.44	(6.37)	7.35	1.06	(6.17)
Distributions	(4.30)	(4.35)	(3.84)	(3.92)	(3.98)	(3.52)
Retained distributions on accumulation units	–	–	–	–	–	–
Closing net asset value per units	71.83	67.74	70.65	64.91	61.48	64.40
* after direct transaction costs of	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Performance						
Return after charges	12.39%	2.04%	(7.88)%	11.96%	1.65%	(8.33)%
Other information						
Closing net asset value (£'000)	203,694	208,876	179,475	28,719	28,176	29,554
Closing number of units	283,586,838	308,356,168	254,037,057	44,245,492	45,828,655	45,889,237
Operating charges	0.72%	0.73%	0.72%	1.17%	1.18%	1.17%
Direct transaction costs	(0.01)%	0.01%	0.02%	(0.01)%	0.01%	0.02%
Prices						
Highest unit price (p)	72.91	71.72	81.28	66.63	65.54	74.50
Lowest unit price (p)	65.32	63.43	68.38	59.88	58.47	62.71

	QI distribution			QI accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	67.71	70.61	80.86	106.95	104.65	113.83
Return before operating charges *	8.94	1.97	(5.84)	14.47	3.06	(8.40)
Operating charges	(0.51)	(0.50)	(0.55)	(0.82)	(0.76)	(0.78)
Return after operating charges *	8.43	1.47	(6.39)	13.65	2.30	(9.18)
Distributions	(4.33)	(4.37)	(3.86)	(6.99)	(6.64)	(5.53)
Retained distributions on accumulation units	–	–	–	6.99	6.64	5.53
Closing net asset value per units	71.81	67.71	70.61	120.60	106.95	104.65
* after direct transaction costs of	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Performance						
Return after charges	12.45%	2.08%	(7.90)%	12.76%	2.20%	(8.06)%
Other information						
Closing net asset value (£'000)	410,951	391,504	413,182	89,911	71,779	30,158
Closing number of units	572,247,325	578,196,035	585,193,460	74,550,487	67,112,548	28,818,859
Operating charges	0.72%	0.73%	0.72%	0.72%	0.73%	0.72%
Direct transaction costs	(0.01)%	0.01%	0.02%	(0.01)%	0.01%	0.02%
Prices						
Highest unit price (p)	73.71	72.02	81.36	121.86	108.54	114.57
Lowest unit price (p)	66.01	64.15	68.72	104.26	95.08	100.43

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.

COMPARATIVE TABLES

	QR distribution		
	2024	2023	2022
Change in net assets per unit (p)			
Opening net asset value per unit	61.10	64.12	73.89
Return before operating charges *	8.02	1.78	(5.32)
Operating charges	(0.84)	(0.84)	(0.94)
Return after operating charges *	7.18	0.94	(6.26)
Distributions	(3.89)	(3.96)	(3.51)
Closing net asset value per units	64.39	61.10	64.12
* after direct transaction costs of	(0.01)	(0.01)	(0.01)
Performance			
Return after charges	11.75%	1.47%	(8.47)%
Other information			
Closing net asset value (£'000)	74,320	82,607	110,086
Closing number of units	115,413,942	135,194,439	171,686,803
Operating charges	1.34%	1.35%	1.34%
Direct transaction costs	(0.01)%	0.01%	0.02%
Prices			
Highest unit price (p)	66.10	65.20	74.29
Lowest unit price (p)	59.49	58.19	62.44

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	7 August 2024
MI distribution	0.715%
QC distribution	1.165%
QI distribution	0.715%
QI accumulation	0.715%
QR distribution	1.340%

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 **	264.6	44.9	18.7	5.9	12.7	6.0
IA £ Strategic Bond NR Average	168.1	30.3	8.3	(1.6)	10.0	3.9
Position in sector	2/11	6/41	12/55	10/62	10/68	4/69
Quartile	1	1	1	1	1	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 August 2024 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.

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