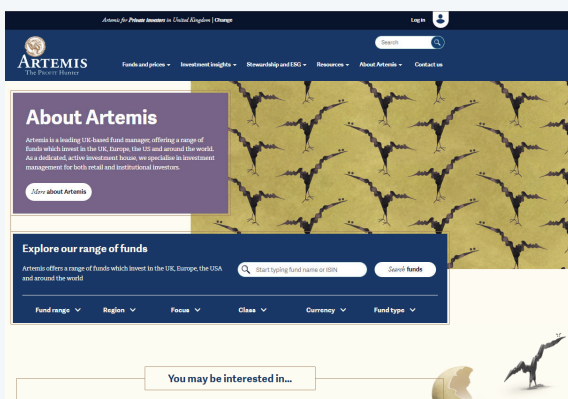


Artemis High
Income *Fund*

Half-Yearly Report (unaudited)
for the six months ended 7 February 2024

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

[artemisfunds.com](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 £23.5 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 29 February 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 UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website artemisfunds.com. Valuation of the fund takes place each dealing day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at www.artemisfunds.com/non-dealing-days. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

OBJECTIVE AND INVESTMENT POLICY

Objective	To provide a combination of a high level of Income and capital growth, before fees, over a rolling five year period. The manager defines a high level of income as equal to or in excess of, the average yield of the funds in the fund's Investment Association sector, the Strategic Bond sector.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in bonds (of any credit quality). • Up to 20% in company shares. • The fund may also invest in cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • At least 80% of the fund will be invested in assets denominated in sterling, or will be hedged back to sterling.
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • The manager seeks investments that offer the best value free cashflow available, as cashflow evidenced by an above-average yield on bonds or shares. • On occasion, investments are made on the basis of future dividend growth. • The manager focuses on the ability of a bond issuer to pay the interest on a bond and to repay a bond at its expiry, and the valuation attached to a bond as a result. 	
Benchmark	IA £ Strategic Bond NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.	

RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **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 six months ended 7 February 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 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.

Manager

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Canary Wharf
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Registrar

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Canary Wharf
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Auditor

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

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis High Income Fund for the six months ended 7 February 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 March 2024

L E Cairney
Director

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 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 last six months, our focus has been on identifying attractive sources of income towards the higher-quality end of the high-yield market (BB and B-rated bonds). 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. As such, recent additions have included:

- Ardagh Metal Packaging, a global manufacturer of beverage cans.
- Talos Production, an oil and gas producer focused on the Gulf of Mexico.
- Keepmoat, a UK housebuilder.

Set against this, we sold our positions in a number of high-yield bonds that had performed well but which were no longer looking attractive relative to other opportunities in the market. These sales included:

- Ithaca Energy, a North Sea oil and gas producer.
- Jaguar Land Rover, the car producer.
- Energia, an Irish energy company.

In the investment-grade market, we added some exposure to the French banking sector by buying Credit Agricole's bonds.

We believe current yields on government bonds are attractive. (This is not something we could have said for most of the last decade.) They also offer a useful source of

diversification; government bonds would be likely to perform better than the fund's more economically sensitive holdings in the event of a meaningful recession. Just over 19% of the fund is currently invested here.

In line with this view, we added some UK index-linked gilts to the fund after their prices fell in mid-January. (These are bonds issued by the UK government where both the interest payments and principal rise and fall with inflation.)

Performance

Bond markets enjoyed a strong rally through the final two months of 2023. That rally was driven by data releases pointing to an easing in inflationary pressures. Central bankers in the US responded by indicating that they would probably start cutting interest rates in 2024.

The resulting move higher in bond prices provided a helpful tailwind for the fund, which delivered a total return of 5.6% over the six months covered by this report. Over the same timeframe, its target benchmark, IA £ Strategic Bond NR, returned 5.5%¹. (This is a group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. Management of the fund is not restricted by this benchmark.)

While the fund's returns over the last six months have been more than respectable, we believe that it is its longer-term performance record that really stands out. It has now 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 last six months

Some of the biggest positive contributors to returns came from our holdings in bonds issued by: BCP Modular (Modulaire Group; Europe and Asia Pacific's leading specialist in modular services and infrastructure); the AA (roadside assistance) and Miller Homes. 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 Heimstaden (European real estate) and Dignity (funeral services). Our holdings in the shares of Entain (sports betting), BMW and German chemicals group BASF also acted as drags on returns.

Past performance is not a guide to the future.

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

Our central expectation is that interest rates will move lower from here. There are two main ways that investors can seek to benefit from that process. One way is to take a 'long duration' position by buying government bonds with many years to maturity. (Generally, the higher a bond's duration, the more its value will rise as interest rates fall.) And, over the last six months, we have added some duration to the fund.

Overall, however, we prefer a different approach. We believe that the yields currently on offer towards the higher-quality end of the high-yield market are compelling. Buying them allows the fund to harvest those yields immediately while we await the rate cuts that we expect to occur at some point over the next year. To us, this appears preferable to buying lots of long-dated government bonds which would, in effect, represent an 'all-or-nothing' bet on rate cuts.

Looking ahead

We are not expecting bond yields to return to the levels we saw in the long era of quantitative easing (when central banks were buying bonds to drive down borrowing costs and stimulate growth). For the following reasons, however, we remain positive on the prospects for bond markets in 2024:

- Even after the sharp falls seen towards the end of 2023, bond yields remain elevated compared to much of the last decade.
- Hopes for a 'soft landing' in the economy (where growth slows without tipping over into outright recession) may yet prove to be misplaced.
- Central banks appear to be preparing to cut interest rates.
- 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. But given our view that the overall direction of travel remains clear, we would welcome any episodes of volatility, regarding them as buying opportunities rather than as something to be feared.

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 7 February 2024

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury 3.88% 15/08/2033	15,266	UK Treasury 1.00% 22/04/2024	14,826
UK Treasury Inflation Indexed 0.25% 22/03/2052	14,959	INEOS Quattro Finance 1 3.75% 15/07/2026	6,704
UK Treasury 1.00% 22/04/2024	14,772	Ithaca Energy North Sea 9.00% 15/07/2026	6,330
Credit Agricole 5.38% 15/01/2029	6,389	Bank of America, FRN 3.97% 05/03/2029	5,930
INEOS Quattro Finance 1 8.50% 15/03/2029	6,301	Barclays, FRN 8.41% 14/11/2032	5,805
Ardagh Metal Packaging Finance 2.00% 01/09/2028	6,110	Caterpillar Financial Services 5.72% 17/08/2026	5,540
Barclays, FRN 7.09% 06/11/2029	6,015	Vodafone Group 8.00% 30/08/2086	4,973
Realty Income 5.75% 05/12/2031	5,561	Bank of America 5.65% 18/08/2025	4,771
GTCR W-2 Merger Sub 8.5% 15/01/2031	5,493	Nationwide Building Society, FRN 6.12% 21/08/2028	4,712
Caterpillar Financial Services 5.72% 17/08/2026	5,400	MPT Operating Partnership, REIT 2.55% 05/12/2023	4,655

Portfolio statement as at 7 February 2024

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 14.71% (14.83%)			
France 1.90% (1.91%)			
Sanofi	38,500	2,870	0.36
TotalEnergies	250,000	12,448	1.54
		15,318	1.90
Germany 2.55% (2.52%)			
BASF	128,950	4,969	0.62
Bayerische Motoren Werke	82,000	6,968	0.86
Deutsche Telekom	450,000	8,611	1.07
		20,548	2.55
South Africa 0.20% (0.25%)			
Anglo American	90,000	1,612	0.20
		1,612	0.20
United Kingdom 10.06% (10.15%)			
3i Group	670,000	15,618	1.94
Aberforth Split Level Income Trust	5,049,219	3,716	0.46
Barclays	5,275,000	7,647	0.95
British American Tobacco	125,000	2,919	0.36
Entain	355,000	3,448	0.43
Howden Joinery Group	500,000	3,898	0.48
Legal & General Group	3,050,000	7,485	0.93
M&G	2,825,000	6,223	0.77
Melrose Industries	1,400,000	8,254	1.02
NatWest Group	3,220,000	7,049	0.87
New Finsaga ^	135,817	–	–
Speymill Deutsche Immobilien ^	5,803,310	–	–
Tesco	2,240,000	6,326	0.78
Vistry Group	875,000	8,667	1.07
		81,250	10.06
Equities total		118,728	14.71
Government Bonds 19.63% (14.26%)			
Canada 0.95% (0.95%)			
Canadian Government Real Return Bond 2.00% 01/12/2044	\$10,000,000	7,626	0.95
		7,626	0.95

	Holding/ nominal value	Valuation £'000	% of net assets
Government Bonds 19.63% (14.26%) (continued)			
Luxembourg 0.39% (0.00%)			
Logicor Financing 4.63% 25/07/2028	€3,700,000	3,161	0.39
		3,161	0.39
New Zealand 0.59% (0.38%)			
New Zealand Government Inflation Linked Bond 3.08% 20/09/2035	\$8,000,000	4,780	0.59
		4,780	0.59
Sweden 0.48% (0.21%)			
Vattenfall 6.88% 17/08/2083	£3,800,000	3,855	0.48
		3,855	0.48
United Kingdom 2.32% (0.00%)			
UK Treasury 0.50% 22/10/2061	£4,000,000	1,177	0.15
UK Treasury 3.75% 22/10/2053	£3,000,000	2,597	0.32
UK Treasury Inflation-Linked 0.39% 22/03/2052	£13,000,000	14,933	1.85
		18,707	2.32
United States of America 14.90% (12.72%)			
US Treasury 3.88% 15/08/2033	\$20,000,000	15,564	1.93
US Treasury Inflation Indexed 0.25% 15/07/2029	\$57,000,000	49,989	6.19
US Treasury Inflation Indexed 0.75% 15/02/2045	\$69,000,000	54,773	6.78
		120,326	14.90
Government Bonds total		158,455	19.63
Corporate Bonds 65.84% (68.35%)			
Australia 1.50% (1.33%)			
Mineral Resources 8.00% 01/11/2027	\$5,000,000	4,037	0.50
Mineral Resources 9.25% 01/10/2028	\$950,000	795	0.10
Nufarm Australia 5.00% 27/01/2030	\$7,000,000	5,044	0.62
Perenti Finance 6.50% 07/10/2025	\$2,900,000	2,256	0.28
		12,132	1.50
Austria 1.02% (0.85%)			
ams-OSRAM 0.00% 05/03/2025	€4,000,000	3,187	0.39
ams-OSRAM 12.25% 30/03/2029	\$2,800,000	2,384	0.30
AT&S Austria Technologie & Systemtechnik, FRN 5.00% Perpetual	€3,500,000	2,637	0.33
		8,208	1.02
Belgium 0.00% (0.12%)			
Canada 1.09% (0.90%)			
GFL Environmental 3.75% 01/08/2025	\$6,700,000	5,157	0.64
Ritchie Bros Holdings 6.75% 15/03/2028	\$4,500,000	3,659	0.45
		8,816	1.09
China 0.00% (0.19%)			
Czech Republic 0.95% (0.67%)			
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€4,200,000	3,761	0.46
Allwyn Entertainment Financing UK 7.88% 30/04/2029	\$2,500,000	2,024	0.25
CPI Property Group, FRN 4.88% Perpetual	€5,000,000	1,919	0.24
		7,704	0.95
Denmark 0.96% (0.97%)			
Danske Bank, FRN 4.63% 13/04/2027	£3,600,000	3,547	0.44
Welltec International 8.25% 15/10/2026	\$5,256,000	4,226	0.52
		7,773	0.96
Egypt 0.52% (0.53%)			
Energiean 6.50% 30/04/2027	\$5,800,000	4,167	0.52
		4,167	0.52

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.84% (68.35%) (continued)			
France 3.02% (1.80%)			
AXA, FRN 4.25% 10/03/2043	€5,000,000	4,140	0.51
AXA, FRN 6.38% Perpetual	€2,700,000	2,334	0.29
Credit Agricole, FRN 5.38% 15/01/2029	£6,400,000	6,399	0.79
Electricite de France, FRN 6.00% Perpetual	£5,000,000	4,862	0.60
Goldstory 6.75% 01/02/2030	€2,500,000	2,134	0.27
SNF Group 3.13% 15/03/2027	\$6,200,000	4,552	0.56
		24,421	3.02
Germany 4.95% (4.82%)			
Adler Pelzer Holdings 9.50% 01/04/2027	€2,000,000	1,723	0.21
Aroundtown, FRN 2.88% Perpetual	€1,000,000	375	0.05
Aroundtown, FRN 3.38% Perpetual	€3,500,000	1,531	0.19
Bayer 7.00% 25/09/2083	€1,900,000	1,597	0.20
Cheplapharm Arzneimittel 4.38% 15/01/2028	€2,100,000	1,726	0.21
Cheplapharm Arzneimittel 7.50% 15/05/2030	€2,900,000	2,599	0.32
CT Investment 5.50% 15/04/2026	€4,500,000	3,806	0.47
Ctec II 5.25% 15/02/2030	€3,000,000	2,290	0.28
Deutsche Bank, FRN 6.13% 12/12/2030	£1,400,000	1,385	0.17
Gruenenthal 3.63% 15/11/2026	€2,300,000	1,922	0.24
IHO Verwaltungs 6.00% 15/05/2027	\$6,000,000	4,659	0.58
IHO Verwaltungs 8.75% 15/05/2028	€2,750,000	2,537	0.32
PCF 4.75% 15/04/2026	€9,000,000	6,210	0.77
Standard Profil Automotive 6.25% 30/04/2026	€1,600,000	1,119	0.14
Volkswagen Financial Services 6.50% 18/09/2027	£3,400,000	3,500	0.43
WEPA Hygieneprodukte 2.88% 15/12/2027	€2,500,000	1,993	0.25
WEPA Hygieneprodukte 5.63% 15/01/2031	€1,150,000	986	0.12
		39,958	4.95
Hong Kong 1.04% (1.00%)			
Seaspan 5.50% 01/08/2029	\$12,400,000	8,381	1.04
		8,381	1.04
Ireland 0.00% (0.53%)			
Waterford Wedgwood 0.00% 31/12/2040 ^	€2,000,000	–	–
		–	–
Israel 1.57% (2.16%)			
Energiean Israel Finance 5.38% 30/03/2028	\$4,300,000	3,013	0.38
Leviathan Bond 6.13% 30/06/2025	\$4,000,000	3,082	0.38
Teva Pharmaceutical Finance Netherlands II 7.38% 15/09/2029	€4,200,000	3,890	0.48
Teva Pharmaceutical Finance Netherlands III 6.00% 15/04/2024	\$3,395,000	2,684	0.33
		12,669	1.57
Italy 1.12% (1.32%)			
International Design Group 10.00% 15/11/2028	€1,500,000	1,320	0.16
Italmatch Chemicals 10.00% 06/02/2028	€4,000,000	3,590	0.45
Itelyum Regeneration 4.63% 01/10/2026	€5,000,000	4,121	0.51
		9,031	1.12
Japan 0.00% (0.50%)			
Luxembourg 1.64% (2.03%)			
Albion Financing 1 6.13% 15/10/2026	\$4,000,000	3,149	0.39
Albion Financing 2 8.75% 15/04/2027	\$6,000,000	4,757	0.59
Blackstone Property Partners Europe Holdings 4.88% 29/04/2032	£6,000,000	5,286	0.66
		13,192	1.64
Netherlands 2.65% (2.28%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$11,300,000	8,846	1.10
Cooperatieve Rabobank 4.63% 23/05/2029	£3,500,000	3,322	0.41

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.84% (68.35%) (continued)			
Netherlands 2.65% (2.28%) (continued)			
ING Groep, FRN 6.25% 20/05/2033	€6,500,000	6,458	0.80
Q-Park Holding I 2.00% 01/03/2027	€3,500,000	2,787	0.34
		21,413	2.65
Singapore 0.00% (0.41%)			
Slovenia 0.07% (0.00%)			
United Group 6.75% 15/02/2031	€700,000	593	0.07
		593	0.07
Spain 0.29% (0.83%)			
Grupo Antolin-Irausa 3.38% 30/04/2026	€3,000,000	2,315	0.29
		2,315	0.29
Sweden 1.26% (1.42%)			
Heimstaden 4.38% 06/03/2027	€5,000,000	2,324	0.29
Heimstaden, FRN 6.75% Perpetual	€7,600,000	1,623	0.20
Verisure Holdings 7.13% 01/02/2028	€7,000,000	6,224	0.77
		10,171	1.26
Switzerland 0.59% (0.69%)			
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	€5,000,000	4,733	0.59
		4,733	0.59
United Kingdom 22.73% (23.38%)			
AA Bond 7.38% 31/07/2050	€6,500,000	6,618	0.82
Annington Funding 4.75% 09/08/2033	€3,800,000	3,516	0.44
Arqiva Financing 7.21% 30/06/2045	€3,100,000	3,299	0.41
Aviva, FRN 4.00% 03/06/2055	€5,000,000	4,008	0.50
B&M European Value Retail 8.13% 15/11/2030	€1,100,000	1,168	0.14
Barclays, FRN 7.09% 06/11/2029	€6,000,000	6,297	0.78
BCP V Modular Services Finance II 6.13% 30/11/2028	€9,000,000	8,190	1.01
BP Capital Markets, FRN 4.25% Perpetual	€4,500,000	4,228	0.52
Castle UK Finco 7.00% 15/05/2029	€6,300,000	5,670	0.70
Constellation Automotive Financing 4.88% 15/07/2027	€6,000,000	5,047	0.63
CPUK Finance 4.50% 28/08/2027	€6,000,000	5,355	0.66
Deuce Finco 5.50% 15/06/2027	€6,500,000	6,094	0.75
Drax Finco 6.63% 01/11/2025	\$7,000,000	5,472	0.68
Harbour Energy 5.50% 15/10/2026	\$6,000,000	4,631	0.57
Heathrow Finance 3.88% 01/03/2027	€3,948,000	3,736	0.46
HSBC Holdings 6.80% 14/09/2031	€2,000,000	2,124	0.26
Inchcape 6.50% 09/06/2028	€2,300,000	2,345	0.29
INEOS Quattro Finance 2 8.50% 15/03/2029	€7,000,000	6,308	0.78
International Distributions Services 7.38% 14/09/2030	€3,800,000	3,934	0.49
Investec, FRN 1.88% 16/07/2028	€2,400,000	2,038	0.25
Kane Bidco 6.50% 15/02/2027	€7,800,000	7,433	0.92
Legal & General Group, FRN 4.50% 01/11/2050	€3,000,000	2,716	0.34
Maison Finco 6.00% 31/10/2027	€3,700,000	3,315	0.41
Marston's Issuer, FRN 5.18% 15/07/2032	€5,200,000	4,556	0.56
Mitchells & Butlers Finance 6.01% 15/12/2028	€3,102,262	2,953	0.37
Mobico Group 4.88% 26/09/2031	€3,600,000	3,082	0.38
Motion Finco 7.38% 15/06/2030	€3,100,000	2,722	0.34
NatWest Markets 6.38% 08/11/2027	€6,100,000	6,325	0.78
Neptune Energy Bondco 6.63% 15/05/2025	\$8,000,000	6,314	0.78
NGG Finance, FRN 5.63% 18/06/2073	€2,500,000	2,463	0.31
Ocado Group 3.88% 08/10/2026	€4,100,000	3,547	0.44
Premier Foods Finance 3.50% 15/10/2026	€6,700,000	6,365	0.79
RAC Bond 5.25% 04/11/2046	€4,800,000	4,413	0.55

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.84% (68.35%) (continued)			
United Kingdom 22.73% (23.38%) (continued)			
Santander UK Group Holdings, FRN 7.10% 16/11/2027	£5,200,000	5,339	0.66
Tesco 3.86% 24/03/2036	£1,750,000	2,844	0.35
Thames Water Utilities Finance 7.75% 30/04/2044	£4,800,000	4,949	0.61
TP ICAP Finance 2.63% 18/11/2028	£1,600,000	1,341	0.17
TP ICAP Finance 7.88% 17/04/2030	£4,200,000	4,492	0.56
Unique Pub Finance 5.66% 30/06/2027	£1,140,481	1,121	0.14
Unique Pub Finance 6.46% 30/03/2032	£4,100,000	4,041	0.50
Victoria 3.63% 24/08/2026	€5,500,000	3,961	0.49
Vodafone Group 8.00% 30/08/2086	£3,800,000	4,076	0.51
Weir Group 6.88% 14/06/2028	£2,500,000	2,592	0.32
Yorkshire Building Society 7.38% 12/09/2027	£2,400,000	2,462	0.31
		183,500	22.73
United States of America 18.87% (19.72%)			
180 Medical 3.88% 15/10/2029	\$6,800,000	4,816	0.60
Adient Global Holdings 7.00% 15/04/2028	\$4,500,000	3,644	0.45
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€2,000,000	1,479	0.18
Ardagh Metal Packaging Finance 3.25% 01/09/2028	\$6,600,000	4,471	0.55
At Home Group 4.88% 15/07/2028	\$6,000,000	2,090	0.26
Brundage-Bone Concrete Pumping Holdings 6.00% 01/02/2026	\$3,000,000	2,333	0.29
Capstone Borrower 8.00% 15/06/2030	\$3,400,000	2,793	0.35
Catalent Pharma Solutions 2.38% 01/03/2028	€8,600,000	7,104	0.88
Cloud Software Group 6.50% 31/03/2029	\$5,000,000	3,694	0.46
Consensus Cloud Solutions 6.00% 15/10/2026	\$1,402,000	1,049	0.13
Consensus Cloud Solutions 6.50% 15/10/2028	\$5,298,000	3,764	0.47
Coty 4.75% 15/01/2029	\$5,500,000	4,144	0.51
Crocs 4.13% 15/08/2031	\$6,000,000	4,038	0.50
CVR Energy 8.50% 15/01/2029	\$1,000,000	798	0.10
Emerald Debt Merger Sub 6.38% 15/12/2030	€4,400,000	3,920	0.49
EMRLD Borrower 6.63% 15/12/2030	\$2,900,000	2,319	0.29
Encore Capital Group 4.25% 01/06/2028	£5,000,000	4,205	0.52
Energizer Holdings 4.38% 31/03/2029	\$3,200,000	2,277	0.28
Ford Motor Credit 6.86% 05/06/2026	£3,300,000	3,384	0.42
Fortrea Holdings 7.50% 01/07/2030	\$2,500,000	2,024	0.25
GTCR W-2 Merger Sub 7.50% 15/01/2031	\$270,000	223	0.03
GTCR W-2 Merger Sub 8.50% 15/01/2031	£5,400,000	5,792	0.72
JB Poindexter 8.75% 15/12/2031	\$4,000,000	3,238	0.40
Legends Hospitality Holding 5.00% 01/02/2026	\$4,000,000	3,112	0.38
LKQ 6.25% 15/06/2033	\$9,100,000	7,471	0.92
Match Group Holdings II 3.63% 01/10/2031	\$5,000,000	3,368	0.42
Medline Borrower 3.88% 01/04/2029	\$6,100,000	4,382	0.54
MIWD Holdco II 5.50% 01/02/2030	\$4,300,000	3,085	0.38
MPT Operating Partnership, REIT 3.69% 05/06/2028	£8,500,000	5,653	0.70
Owens & Minor 4.50% 31/03/2029	\$1,000,000	697	0.09
Owens & Minor 6.63% 01/04/2030	\$5,408,000	4,101	0.51
Penske Automotive Group 3.50% 01/09/2025	\$1,100,000	844	0.10
Raising Cane's Restaurants 9.38% 01/05/2029	\$3,500,000	2,953	0.37
Realty Income 5.75% 05/12/2031	£5,600,000	5,724	0.71
SCIL IV 5.38% 01/11/2026	\$5,000,000	3,869	0.48
Sotheby's 5.88% 01/06/2029	\$6,200,000	4,274	0.53
Talos Production 9.00% 01/02/2029	\$5,000,000	3,988	0.49
TripAdvisor 7.00% 15/07/2025	\$5,400,000	4,275	0.53
Verizon Communications 4.75% 17/02/2034	£3,300,000	3,194	0.40
VT Topco 8.50% 15/08/2030	\$3,700,000	3,032	0.38
Wabash National 4.50% 15/10/2028	\$2,500,000	1,793	0.22

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 65.84% (68.35%) (continued)			
United States of America 18.87% (19.72%) (continued)			
Warnermedia Holdings 4.28% 15/03/2032	\$5,000,000	3,596	0.44
Williams Scotsman 4.63% 15/08/2028	\$5,000,000	3,712	0.46
ZipRecruiter 5.00% 15/01/2030	\$7,900,000	5,594	0.69
		152,316	18.87
Corporate Bonds total		531,493	65.84
Forward Currency Contracts 0.34% ((0.12%))			
Buy Euro 2,500,000 sell Sterling 2,137,658 dated 14/02/2024		(6)	–
Buy Sterling 147,233,334 sell Euro 170,671,761 dated 08/02/2024		1,693	0.21
Buy Sterling 149,933,669 sell Euro 175,112,991 dated 08/03/2024		459	0.06
Buy Sterling 330,485,583 sell US Dollar 414,380,340 dated 08/03/2024		2,489	0.31
Buy Sterling 333,157,798 sell US Dollar 423,367,526 dated 08/02/2024		(2,010)	(0.25)
Buy Sterling 4,832,064 sell New Zealand Dollar 10,010,824 dated 08/03/2024		(10)	–
Buy Sterling 4,916,726 sell New Zealand Dollar 9,979,512 dated 08/02/2024		89	0.01
Buy Sterling 7,598,447 sell Canadian Dollar 12,892,938 dated 08/03/2024		24	–
Buy Sterling 7,664,383 sell Canadian Dollar 12,970,292 dated 08/02/2024		45	0.01
Forward Currency Contracts total		2,773	0.34
Investment assets (including investment liabilities)		811,449	100.52
Net other liabilities		(4,237)	(0.52)
Net assets attributable to unitholders		807,212	100.00

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

^ Unlisted, suspended or delisted security.

Debt security credit analysis

	7 February 2024		7 August 2023	
	Valuation £'000	% of net assets	Valuation £'000	% of net assets
Investment grade securities	319,152	39.54	270,620	34.56
Below investment grade securities	364,973	45.21	372,156	47.53
Unrated securities	5,824	0.72	4,006	0.51
Debt securities total	689,949	85.47	646,782	82.61

Source of credit ratings: Artemis Investment Management LLP.

FINANCIAL STATEMENTS

Statement of total return for the six months ended 7 February 2024

	7 February 2024		7 February 2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		27,716		(1,166)
Revenue	22,873		23,529	
Expenses	(3,136)		(3,116)	
Interest payable and similar charges	(26)		(155)	
Net revenue before taxation	19,711		20,258	
Taxation	70		41	
Net revenue after taxation		19,781		20,299
Total return before distributions		47,497		19,133
Distributions		(22,551)		(23,019)
Change in net assets attributable to unitholders from investment activities		24,946		(3,886)

Statement of change in net assets attributable to unitholders for the six months ended 7 February 2024

	7 February 2024		7 February 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		782,942		762,455
Amounts receivable on issue of units	94,617		32,322	
Amounts payable on cancellation of units	(97,332)		(36,382)	
		(2,715)		4,060
Dilution adjustment		(34)		–
Change in net assets attributable to unitholders from investment activities		24,946		(3,886)
Retained distribution on accumulation units		2,073		1,097
Closing net assets attributable to unitholders		807,212		755,606

Balance Sheet as at 7 February 2024

	7 February 2024	7 August 2023
	£'000	£'000
Assets		
Fixed assets		
Investments	813,475	763,672
Current assets		
Debtors	12,447	13,729
Cash and cash equivalents	1,893	25,691
Total current assets	14,340	39,420
Total assets	827,815	803,092
Liabilities		
Investment liabilities	2,026	1,640
Creditors		
Bank overdraft	4,678	527
Distribution payable	8,321	10,044
Other creditors	5,578	7,939
Total creditors	18,577	18,510
Total liabilities	20,603	20,150
Net assets attributable to unitholders	807,212	782,942

1. Basis of preparation

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 7 August 2023 as set out therein.

2. Post balance sheet events

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

DISTRIBUTION TABLES

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

Monthly distribution period	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

Quarterly distribution period	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

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 six months ended 7 February 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

QC distribution

Interest distributions for the six months ended 7 February 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

QI distribution

Interest distributions for the six months ended 7 February 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

QI accumulation

Interest distributions for the six months ended 7 February 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

QR distribution

Interest distributions for the six months ended 7 February 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

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
7 August 2021	917,728,942		
MI distribution		80.86	238,907,353
QC distribution		74.09	42,028,893
QI distribution		80.86	657,239,591
QI accumulation		113.83	15,954,992
QR distribution		73.89	194,649,472
7 August 2022	762,454,871		
MI distribution		70.65	254,037,057
QC distribution		64.40	45,889,237
QI distribution		70.61	585,193,460
QI accumulation		104.65	28,818,859
QR distribution		64.12	171,686,803
7 August 2023	782,941,557		
MI distribution		67.74	308,356,168
QC distribution		61.48	45,828,655
QI distribution		67.71	578,196,035
QI accumulation		106.95	67,112,548
QR distribution		61.10	135,194,439
7 February 2024	807,212,013		
MI distribution		69.96	310,597,926
QC distribution		63.36	45,244,669
QI distribution		69.94	583,527,938
QI accumulation		113.70	68,044,755
QR distribution		62.91	120,455,127

Ongoing charges

Class	7 February 2024
MI distribution	0.719%
QC distribution	1.169%
QI distribution	0.719%
QI accumulation	0.719%
QR distribution	1.344%

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 **	244.0	41.9	16.4	5.7	6.7	5.6
IA £ Strategic Bond NR Average	157.8	28.3	9.3	(3.9)	4.2	5.5
Position in sector	2/11	6/44	13/56	9/65	11/69	36/70
Quartile	1	1	1	1	1	3

Past performance is not a guide to the future.

* Source: Lipper Limited from 9 September 2002 (when Artemis took over management of the fund) to 7 February 2024. Data prior to 7 March 2008 reflects class R quarterly distribution GBP. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the 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.

Class QI distribution is disclosed as it is the representative unit class.

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