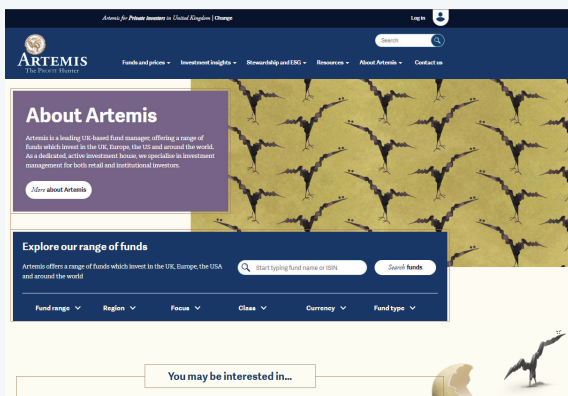


Artemis Income
Fund

Half-Yearly Report (unaudited)
for the six months ended 31 October 2023

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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 £22.9 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 November 2023

Fund status

Artemis Income Fund was constituted by a Trust Deed dated 28 April and 4 May 2000 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

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

OBJECTIVE AND INVESTMENT POLICY

Objective	To grow both income and capital over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in company shares. • Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently
	Where the fund invests	<ul style="list-style-type: none"> • At least 80% in the United Kingdom • Up to 20% in other countries
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • The manager believes that a company's free cashflow yield drives its valuation. • Accordingly, the fund focuses on companies' free cashflow yield by taking into account current and prospective dividends and the likelihood of the dividend being maintained in the future. 	
Benchmarks	<ul style="list-style-type: none"> • FTSE All-Share Index TR A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. • IA UK Equity Income NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. 	

RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Income risk:** The payment of income and its level is not guaranteed.
- **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.

There was no change to the risk indicator in the six months ended 31 October 2023.

Please refer to the fund's prospectus for full details of these and other risks which are applicable to this fund.

OTHER INFORMATION

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 5.

Tax information reporting

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

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

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

Value assessment

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

Manager

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Sunderland SR43 4BH
Telephone: 0800 092 2051
Website: artemisfunds.com

Investment adviser

Artemis Investment Management LLP *
Cassini House
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London SW1A 1LD

Trustee and Depositary

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

Registrar

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(prior to 2 May 2023)
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Northern Trust UK Global Services SE †
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50 Bank Street
Canary Wharf
London
E14 5NT

Auditor

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

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

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

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis Income Fund for the six months ended 31 October 2023 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director
Artemis Fund Managers Limited
London
21 December 2023

L E Cairney
Director

INVESTMENT REVIEW

Main changes to the fund

We added two new holdings to the fund over the period: Lloyds Bank and Shell.

In our view, the market is underestimating the degree to which higher interest rates will enhance Lloyds' ability to return capital – cash – to its shareholders. Those returns will come both in the form of dividends (the annual or semi-annual payments through which companies directly share a portion of their profits with their shareholders) and through share buybacks. (When companies buy back their own shares and cancel them, it reduces the number of shares in issue and so pushes up their earnings per share. That, in turn, should push their share prices higher).

In Shell, meanwhile, we see a company that has a strong competitive position in liquefied natural gas (LNG), relatively low debts and, as with Lloyds, the potential for high capital returns to its shareholders. We funded this purchase by trimming our holding in BP.

We sold the holding in Nordea, a Nordic financial services group. Its share price had doubled from its March 2020 lows and, although it remains well positioned as a business, we now see greater potential in UK banks such as Lloyds, where valuation multiples (their share prices expressed as a multiple of their profits) are lower. We reduced the holding in 3i given its strong share-price performance.

The wider context

The last six months have been a challenging period for stockmarkets worldwide as a consensus formed that stubborn inflation and robust economic growth meant that interest rates would need to remain 'higher for longer' than financial markets once hoped.

Explaining the fund's performance

The fund fell by 5.3%, marginally less than the decline in the FTSE All-Share index, which fell by 5.9% over the same period¹.

Private equity group 3i made the biggest contribution to returns. 3i's largest asset is its majority holding in Action, a European discount retailer which continues to go from strength to strength. Meanwhile, in a world where interest rates are expected to remain 'higher for longer', 3i should derive a significant competitive advantage from employing lower levels of debt compared to many of its peers' private-equity business. The holding in educational publisher Pearson also contributed: it raised its earnings forecast yet again. We continue to believe this company has an array of growth opportunities before it.

On the negative side, NatWest was the biggest detractor. Its share price fell sharply due to some lacklustre news on earnings. Despite this, we believe that UK banks, including

NatWest, will reap the benefits of higher interest rates over several years. And while NatWest may now buy back fewer of its own shares than was once hoped, its shareholders should still see a high level of capital returns through both dividends and share buybacks.

Looking ahead

Higher interest rates remain a challenge for businesses with a lot of debt; borrowing has a cost once again. In this environment, companies with strong finances and those that can fund their own growth (rather than depending on external sources of funding) would seem to be well placed relative to their indebted, cash-hungry peers. The former group of companies are well represented among this fund's holdings.

Past performance is not a guide to the future.

¹ Source: Artemis/Lipper Limited, class I distribution units to 31 October 2023. All figures show total return with dividends and/or income reinvested, net of all charges. Our benchmark index is the FTSE All-Share index. Our sector is the IA UK Equity Income sector.

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 31 October 2023

Purchases	Cost £'000	Sales	Proceeds £'000
Shell	86,341	BP	81,446
Lloyds Banking Group	73,157	3i Group	68,949
Haleon	59,211	Nordea Bank	56,721
NatWest Group	23,126	Phoenix Group Holdings	49,905
RS Group	12,319	AstraZeneca	25,881
Anglo American	10,500	Tesco	23,096
Pearson	8,823	RELX	21,521
GSK	8,605	NatWest Group	16,707
LXI REIT	7,052	Direct Line Insurance Group	16,189
Boliden	6,853	Sage Group	15,836

Portfolio statement as at 31 October 2023

	Holding	Valuation £'000	% of net assets
Equities 99.38% (98.39%)			
Basic Materials 3.10% (3.03%)			
Anglo American	3,845,760	81,376	1.95
Boliden	2,271,173	47,981	1.15
		129,357	3.10
Consumer Discretionary 28.45% (27.20%)			
Burberry Group	2,352,610	40,112	0.96
Card Factory	16,570,627	15,908	0.38
Currys	20,330,894	9,246	0.22
Dr Martens	28,692,680	33,829	0.81
easyJet	13,125,768	48,788	1.17
Informa	24,157,998	173,551	4.15
ITV	129,088,943	82,849	1.98
Next	1,993,795	137,971	3.30
Nintendo	2,089,900	70,818	1.69
Pearson	18,869,611	182,054	4.36
RELX	6,319,177	181,740	4.35
SSP Group	31,900,750	58,442	1.40
Wolters Kluwer	1,445,738	153,724	3.68
		1,189,032	28.45
Consumer Staples 11.35% (12.07%)			
British American Tobacco	2,407,920	59,391	1.42
C&C Group	32,533,947	45,157	1.08
Corbion	2,220,721	31,542	0.75
Ebro Foods	3,851,775	53,866	1.29
Imperial Brands	7,410,861	131,209	3.14
Origin Enterprises *	7,815,248	21,647	0.52
Tesco	48,522,316	131,544	3.15
		474,356	11.35
Energy 6.75% (6.10%)			
BP	38,599,854	195,740	4.68
Shell	3,241,120	86,619	2.07
		282,359	6.75
Financials 28.24% (29.87%)			
3i Group	11,779,115	230,871	5.52
Aviva	33,426,879	133,741	3.20

	Holding	Valuation £'000	% of net assets
Equities 99.38% (98.39%) (continued)			
Financials 28.24% (29.87%) (continued)			
Barclays	58,396,079	77,165	1.85
Direct Line Insurance Group	16,691,490	25,738	0.62
IG Group Holdings	13,171,554	85,615	2.05
Legal & General Group	51,131,422	108,603	2.60
Lloyds Banking Group	160,345,358	64,499	1.54
London Stock Exchange Group	2,106,767	174,820	4.18
M&G	52,595,867	104,850	2.51
NatWest Group	47,714,535	85,075	2.04
NextEnergy Solar Fund	36,048,169	28,406	0.68
Phoenix Group Holdings	13,348,041	60,427	1.45
		1,179,810	28.24
Health Care 8.39% (7.04%)			
AstraZeneca	1,206,388	124,234	2.97
GSK	8,605,019	125,358	3.00
Haleon	20,834,533	68,962	1.65
Indivior	2,026,422	32,180	0.77
		350,734	8.39
Industrials 7.64% (7.75%)			
RS Group	9,300,832	63,301	1.51
Smiths Group	8,908,196	144,179	3.45
Spectris	1,746,415	54,348	1.30
Travis Perkins	7,772,062	57,669	1.38
		319,497	7.64
Real Estate 3.14% (3.20%)			
LXI REIT	72,981,675	63,056	1.51
Segro	9,548,840	68,083	1.63
		131,139	3.14
Technology 1.78% (1.59%)			
Sage Group	7,637,828	74,454	1.78
		74,454	1.78
Utilities 0.54% (0.54%)			
SSE	1,366,302	22,373	0.54
		22,373	0.54
Equities total		4,153,111	99.38
Forward Currency Contracts (0.03%) (0.02%)			
Buy Sterling 65,656,621 Sell Japanese Yen 11,889,529,839 dated 08/11/2023		820	0.02
Buy Sterling 231,916,387 Sell Euro 267,946,136 dated 08/11/2023		(2,625)	(0.06)
Buy Sterling 43,509,456 Sell Swedish Krona 583,373,487 dated 08/11/2023		376	0.01
Forward Currency Contracts total		(1,429)	(0.03)
Investment assets (Including investment liabilities)		4,151,682	99.35
Net other assets		27,150	0.65
Net assets attributable to unitholders		4,178,832	100.00

The figures in brackets show allocations as at 30 April 2023.

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

FINANCIAL STATEMENTS

Statement of total return for the six months ended 31 October 2023

	31 October 2023		31 October 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(356,179)		(302,363)
Revenue	86,665		86,975	
Expenses	(20,463)		(21,338)	
Interest payable and similar charges	(52)		(16)	
Net revenue before taxation	66,150		65,571	
Taxation	(593)		(559)	
Net revenue after taxation		65,557		65,012
Total return before distributions		(290,622)		(237,351)
Distributions		(84,899)		(85,266)
Change in net assets attributable to unitholders from investment activities		(375,521)		(322,617)

Statement of change in net assets attributable to unitholders for the six months ended 31 October 2023

	31 October 2023		31 October 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		4,746,633		4,693,628
Amounts receivable on issue of units	234,665		99,292	
Amounts payable on cancellation of units	(471,226)		(188,482)	
		(236,561)		(89,190)
Dilution adjustment		–		(2)
Change in net assets attributable to unitholders from investment activities		(375,521)		(322,617)
Retained distribution on accumulation units		44,280		45,178
Unclaimed distributions		1		1
Closing net assets attributable to unitholders		4,178,832		4,326,998

Balance sheet as at 31 October 2023

	31 October 2023	30 April 2023
	£'000	£'000
Assets		
Fixed assets		
Investments	4,154,307	4,672,555
Current assets		
Debtors	35,644	54,343
Cash and cash equivalents	48,672	79,987
Total current assets	84,316	134,330
Total assets	4,238,623	4,806,885
Liabilities		
Investment liabilities	2,625	1,036
Creditors		
Distribution payable	37,698	46,019
Other creditors	19,468	13,197
Total creditors	57,166	59,216
Total liabilities	59,791	60,252
Net assets attributable to unitholders	4,178,832	4,746,633

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 30 April 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 semi-annual dividend distributions. The following table sets out the distribution period.

Semi-annual distribution period	Start	End	Ex-dividend date	Pay date
Interim	1 May 2023	31 October 2023	1 November 2023	29 December 2023

Group 1 units are those purchased prior to a distribution period and therefore their net revenue rate is the same as the distribution rate.

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

C distribution

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	1.2480	2.9279	4.1759	100.00%	0.00%	4.1153

C accumulation

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	4.7034	5.0237	9.7271	100.00%	0.00%	9.2072

E distribution

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	1.0820	0.8182	1.9002	100.00%	0.00%	1.8613

I distribution

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	2.6023	2.0947	4.6970	100.00%	0.00%	4.6078

I accumulation

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	6.5289	4.2629	10.7918	100.00%	0.00%	10.1683

R distribution

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	2.7775	1.3549	4.1324	100.00%	0.00%	4.0851

R accumulation

Dividend distributions for the six months ended 31 October 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	5.5706	4.0568	9.6274	100.00%	0.00%	9.1404

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
30 April 2021	4,771,059,391		
C distribution		219.20	12,729,153
C accumulation		471.07	11,650,768
E distribution		98.40	704,642,309
I distribution		244.04	582,167,856
I accumulation		517.34	301,629,654
R distribution		218.41	70,793,094
R accumulation		469.42	183,014,328
30 April 2022	4,693,627,917		
C distribution		224.54	13,957,665
C accumulation		502.31	11,650,768
E distribution		101.41	602,852,695
I distribution		251.12	538,825,054
I accumulation		554.12	299,911,138
R distribution		223.06	65,140,722
R accumulation		499.05	165,772,472
30 April 2023	4,746,632,638		
C distribution		229.29	14,144,925
C accumulation		533.97	12,774,361
E distribution		104.18	675,435,256
I distribution		257.60	511,222,560
I accumulation		591.71	286,970,326
R distribution		227.09	59,714,582
R accumulation		528.91	149,691,785
31 October 2023	4,178,832,352		
C distribution		210.42	13,979,510
C accumulation		499.86	12,205,837
E distribution		95.90	602,192,245
I distribution		236.95	536,383,131
I accumulation		555.17	302,884,842
R distribution		208.08	11,553,380
R accumulation		494.36	108,087,836

Ongoing charges

Class	31 October 2023
C distribution	1.25%
C accumulation	1.25%
E distribution	0.65%
I distribution	0.80%
I accumulation	0.80%
R distribution	1.55%
R accumulation	1.55%

Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Class I distribution performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis Income Fund **	529.1	66.9	25.8	39.5	5.5	(5.3)
Artemis Income Fund ***	526.2	65.8	25.1	38.1	4.6	(6.8)
FTSE All-Share Index TR	184.4	58.0	21.1	39.4	5.9	(5.9)
IA UK Equity Income NR	218.8	46.2	14.5	36.3	4.7	(6.1)
Position in sector	2/22	8/58	8/68	29/69	39/71	29/71
Quartile	1	1	1	2	3	2

Past performance is not a guide to the future.

* Data from 6 June 2000. Source: Artemis/Lipper Limited, data from 6 June 2000 to 7 March 2008 reflects class R distribution units and from 7 March 2008 reflects class I distribution units. 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.

*** Value at close of business.

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

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