

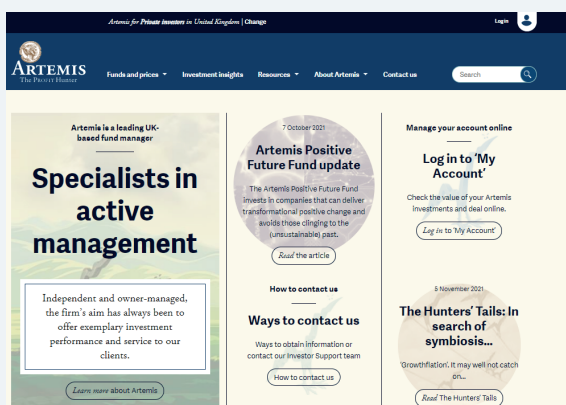
Artemis Strategic  
Bond *Fund*

Half-Yearly Report (unaudited)  
for the six months ended 30 September 2021

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- Daily fund prices
- Fund literature

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 £29.2 billion\* across a range of funds, two investment trusts and both pooled and segregated institutional portfolios.

Our managers invest in their own and their colleagues' funds. This has been a basic tenet of the Artemis approach since the firm started. It means that interests of our fund managers are directly aligned with those of our investors.

\* Source: Artemis as at 31 October 2021.

### Fund status

Artemis Strategic Bond Fund was constituted by a Trust Deed dated 26 May 2005 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

### Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website [artemisfunds.com](http://artemisfunds.com). Valuation of the fund takes place each business day at 12 noon on a forward pricing basis. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	To provide a combination of income and capital growth over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in bonds (of any credit quality).</li> <li>• Up to 20% in cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, company shares, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> <li>• reduce risk</li> <li>• manage the fund efficiently.</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• Globally</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• At least 80% of the fund will be invested in assets denominated in sterling or will be hedged back to sterling.</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• Bond returns are principally driven in four ways:               <ul style="list-style-type: none"> <li>- investing globally in government bonds, Investment Grade and High Yield bonds</li> <li>- Adjusting the portfolio duration</li> <li>- Allocation between different credit ratings and different economic sectors</li> <li>- Security selection including different levels of seniority</li> </ul> </li> <li>• When investing in corporate bonds, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile.</li> </ul>	
<b>Benchmark</b>	<ul style="list-style-type: none"> <li>• 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 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> </ul>	

## RISK AND REWARD PROFILE



- The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund have risen and fallen in the past). It may not be a reliable indication of the future risk profile of the fund.
- The risk category shown is not guaranteed and may change over time.
- 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.
- **Special situations risk:** The fund invests in companies that are in recovery, need re-financing or are suffering from lack of market attention (special situations). These companies are subject to higher-than-average risk of capital loss.
- **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.

There was no change to the risk indicator in the 6 months to 30 September 2021.

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](http://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 in response to newly introduced regulations. 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](http://artemisfunds.com).

## Manager

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

Dealing information:  
Artemis Fund Managers Limited  
PO Box 9688  
Chelmsford CM99 2AE  
Telephone: 0800 092 2051  
Website: artemisfunds.com

## Investment adviser

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

## Trustee and Depositary

J.P. Morgan Europe Limited †  
25 Bank Street  
Canary Wharf  
London E14 5JP

## Registrar

SS&C Financial Services International Limited \*  
SS&C House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS

## 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 Strategic Bond Fund for the six months ended 30 September 2021 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  
23 November 2021

L E Cairney  
Director

## INVESTMENT REVIEW

- The fund trails the peer group over the six months.
- Credit markets continue to perform well.
- We still see opportunities in credit but are cautious on some areas.

### Change in managers

After 16 years with us, James Foster, our head of fixed income, has decided to retire from Artemis and from fund management at the end of 2021. As a result, we have restructured our fixed income teams, and Juan Valenzuela and Rebecca Young have taken over the management of the Artemis Strategic Bond Fund.

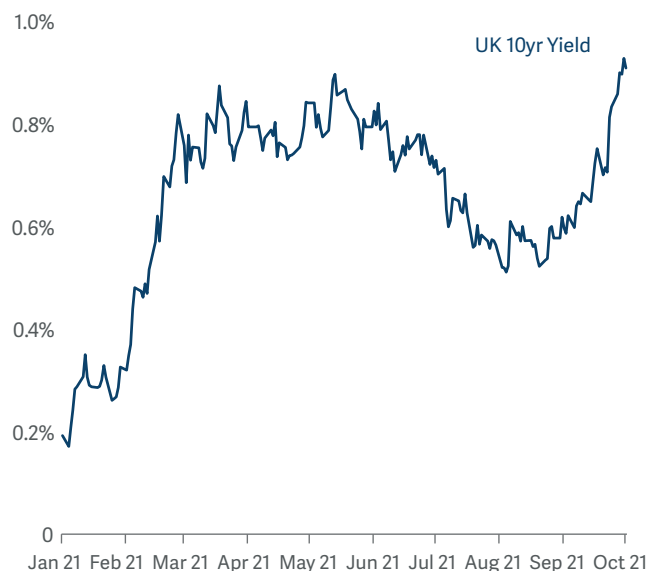
### Performance

The fund returned 1.6%\* over the six months. This was below the IA Strategic Bond Sector's average of 2.2%\*. Our high-yield and investment-grade bonds have all performed well. The biggest drawback has been our cautious response to government bond yields, where the fund's lower sensitivity to falling rates went against the market's moves.

### Macro (part 1): Inflation, interest rates and rising bond yields

In the summer of 2021, we saw a continuation of the downward trend in yields that began in April: 10-year gilt yields fell towards 0.5% – down from nearly 1% in May. As chart 1 shows, however, this downward move in yields fully unwound in September.

**Chart 1: The 10-year gilt yield.**



Source: Bloomberg.

The initial move lower in yields was primarily motivated by the global increase in Covid infection rates and by the persistent weakness of economic data relative to expectations.

This relative weakness in economic data was present across developed and emerging-market economies, with

Past performance is not a guide to the future.

\* Source: Artemis/ Lipper Limited, reflects class QI accumulation units, in sterling, with interest reinvested to 30 September 2021. 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. Sector is IA £ Strategic Bond NR.

developments in China appearing particularly troubling. That said, economic expectations have been lowered – so negative surprises are likely to moderate from here.

**Chart 2: Global economic surprises vs forecasts**

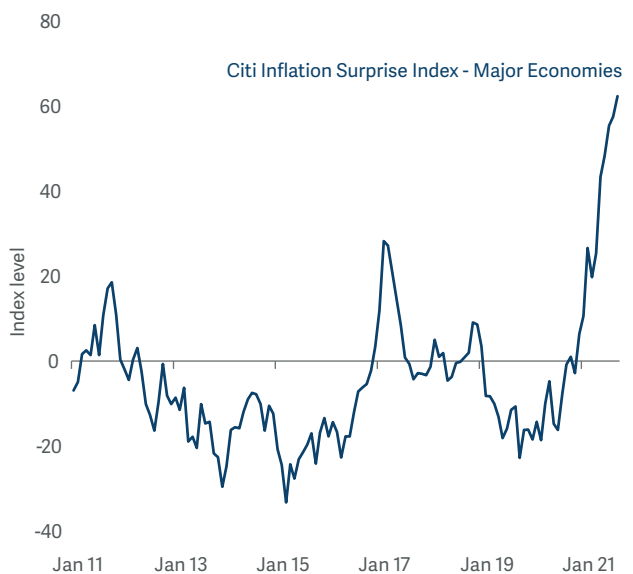


Source: Bloomberg.

The abrupt change in valuations seen in September was, in large part, a result of inflation readings persistently coming in above forecast (see Chart 3, showing Citigroup's Inflation Surprise Index).

This is a broad-based dynamic; it is affecting developed and emerging-market economies alike. The elevated absolute inflation numbers guarantee that headline (and core) inflation will, in most economies, be well above the targets of central banks for a considerable period of time to come.

**Chart 3: Inflation surprises in the G10 economies**

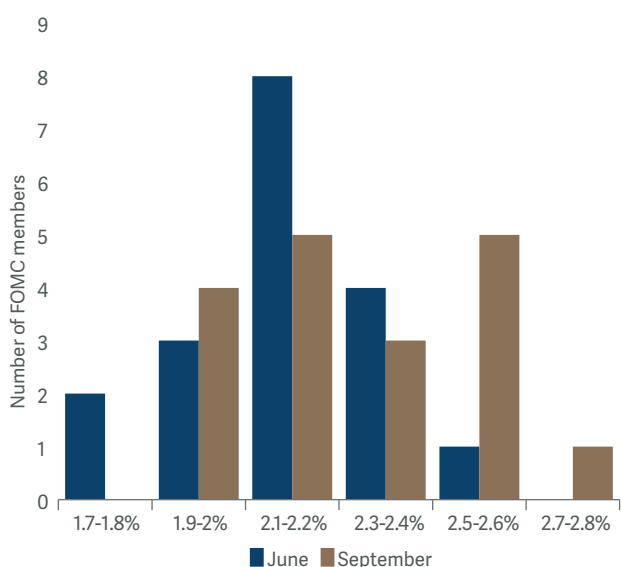


Source: Bloomberg.

These developments are causing market participants and (more importantly) central banks to question whether the current period of inflation will prove 'transitory'. Projections made in September indicate that nine members of the Federal Reserve's rate-setting committee now expect core Personal Consumption Expenditure ('PCE') for 2022 to be above 2.3%. Assuming that the median forecast proves correct, this would follow a 3.7% rise this year.

Clearly, the risk that elevated inflation begins to filter through to a rise in medium-and long-term inflation expectations is increasing. This would be a highly undesirable outcome: it could damage the credibility of central banks and have a lasting impact on the economy.

**Chart 4: Between June and September, the views of Federal Open Market Committee ('FOMC') member on where inflation will be next year have changed significantly.**



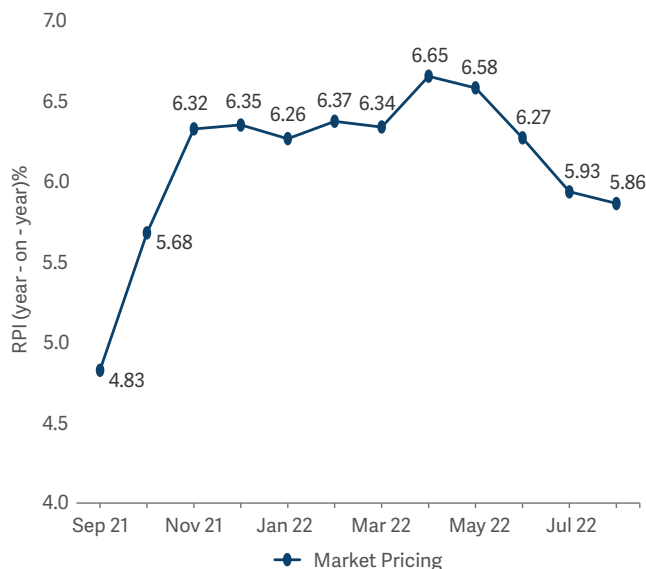
Source: Federal Reserve.

The question is: can inflation that is meaningfully above target for (at least) two years be defined as 'transitory'? That is highly debatable. And, irrespective of the answer, uncertainty about inflation won't dissipate for quite some time. This will require a greater inflation premium and therefore higher bond yields. Part of this readjustment took place in September. But a further increase, although modest in nature, seems likely as we progress through 2022.

Among the major government bond markets, UK gilts were particularly responsive to these inflationary pressures in September and meaningfully underperformed US Treasuries and German bunds. In its policy decision on 23 September, the Bank of England opened the door to the possibility that it would raise rates before the end of the year. Like the Federal Reserve in the US, the Bank of England is becoming more reactive to inflationary surprises.

The repricing in UK inflation expectations has been dramatic. As we can see in Chart 5, UK RPI is expected to average more than 6% over the coming months. Perhaps even more concerning is the fact that the market is now implying that RPI will average close to 4% for the next 10 years.

**Chart 5: The market anticipates RPI will approach 7% over the coming months.**



Source: Bloomberg.

Accordingly, market expectations for the first rise in UK interest rates have been brought forward dramatically. It is now pricing more than a 25bp rate increase in February 2022 and almost four rate hikes by the end of next year. In our opinion, valuations are more reasonable, particularly if we factor in that the effective lower bound in the UK is no longer zero (it is likely to be between minus 0.5-0.75%). We still expect a further increase in yields as we move through 2022 – but nothing too dramatic.

If we look beyond the 'big three' central banks, a tightening cycle (with the notable exception of China) is already in motion. Norway hiked rates in September and New Zealand followed in early October. Despite surprise rate cuts in Turkey, the hiking cycle is well underway in emerging markets, (China being the notable exception). Central banks in Latin America have been particularly forceful. High inflation requires a more aggressive response in jurisdictions whose inflation-fighting credentials are more questionable. Liquidity will grow at a much slower pace from its current levels. This could represent a challenge for markets that have grown addicted to it.

### Macro (part 2): The broader economic outlook

The outlook for the global economy remains positive, yet we must acknowledge that the peak of growth is now probably behind us.

The private sector – consumers and corporates alike – is in a healthy position. As the global economy continues to normalise, more jobs will be created, supporting incomes and spending. In aggregate, consumers in developed-market economies are in a very strong position. In fact, one of the most notable anomalies of the pandemic was that the sharp slowdown it triggered was the only recessionary period in history during which the finances of consumers, on aggregate, actually improved. Therefore, in stark contrast to the situation that followed the global financial crisis, there is no need to reduce leverage.

In the corporate sector, meanwhile, inventories need to be replenished (particularly in the manufacturing sector) and investment is likely to pick up. Together, this will support economic activity.

There are, however, areas of concern. Most notably, the impulse from fiscal policy will, in time, become negative. While fiscal deficits will remain large they will be smaller than they were in 2020 and 2021.

Meanwhile, questions are being raised about the outlook for China's economy and, indeed, for emerging markets more broadly. Irrespective of the problems at Evergrande, it is evident that China's transition from an investment-led economy to a consumer-led one is proving difficult. 'Common prosperity' might mean that its growth is healthier – but not necessarily faster. This will have important implications for the wider global economy. China's current contribution to global growth is around 30%. It will take time for the significance of China's ongoing economic transition to become clear.

In summary, then, our medium-term outlook has not dramatically changed. In broad terms, the economic outlook remains healthy. That is reflected in our asset allocation, where we favour credit versus government bonds and high-yield relative to investment-grade debt. It is also reflected in our duration position, which remains modest.

## How is the fund positioned?

### Bias towards credit

Our asset allocation is skewed towards credit markets relative to government bonds. At the end of the period, roughly 85% of the portfolio was invested in corporate bonds. Of this, 45% was in high yield and 40% in investment grade. Government bonds made up 10% of the portfolio.

We believe that in the current economic environment, credit spreads more than compensate for default risk. However, some caution is required. Valuations are relatively stretched. There are pockets where we would argue that fixed-income investors might not be adequately compensated for the credit risk undertaken. As a result, we are running little exposure to CCC-rated high yield, emerging markets and European peripheral risk across corporates and governments.

Early in the period, we added to some slightly more risky sectors through adding to hybrid bonds such as Vattenfall. We like hybrid bonds because they are less sensitive to government bonds.

### We expect high-yield bonds to remain resilient

The asset class should continue to benefit from a benign economic environment. Since the Global Financial Crisis, global growth has averaged roughly 3%. While activity in 2022 is likely to be slower than this year, growth will remain strong and above trend (private and official forecasts for global growth in 2022 range between 4.5% and 5%). This will underpin a low level of defaults. Fundamentally, the corporate sector is in sound health. While leverage is still elevated, the cost of servicing debt is very favourable and refinancing requirements are low as companies have termed out their debt.

We also need to highlight that high-yield bonds tend to perform

comparatively well in inflationary environments, such as the one we see today. We believe that pricing pressures will persist for the rest of 2021 and at least for the first half of 2022. High-yield is also much less duration-sensitive than investment-grade credit and so should be better insulated from a further increase in government bond yields.

Early in the period, we focused on Covid recovery names. This included companies such as Center Parcs (holiday parks), Dufry (airport duty free) and Jaguar (car manufacturer).

### We focus on higher-rated high-yield bonds

Within high yield, our exposure is primarily concentrated in 'BB' and 'B'-rated bonds with very little in 'CCC'. Although 'CCC'-rated credit is likely to continue outperforming well, we do not think the extra spread that it currently offers is providing sufficient compensation for the additional default risk. In other words, at current valuations, the risk/reward profile on CCC-rated debt is not particularly compelling.

### Cautious on emerging markets

We also maintain a cautious view of emerging markets. At current valuations, the upside appears limited while the downside could prove meaningful if the outlook were to deteriorate. And the risks are there: uncertainty about China, elevated food-price inflation and political uncertainty all have the potential to create challenging dynamics for emerging-market economies, particularly in Latin America. The asset class could also suffer if the Fed indicates it will act to stem inflation, which would push the US dollar higher.

Consistent with the above view, over the course of September we sold several positions. We sold Matalan (a CCC-rated high-yield bond), Gazprom and Burberry (both of the latter have exposure to emerging markets). We also reduced our risk in oil and gas, by selling Eni and Repsol hybrid bonds. We believe that ESG considerations – and regulation like the pension scheme act in the UK – could affect the sector negatively. This is something already observed with tobacco-related stocks. This negative technical dynamic is likely to overshadow even sound fundamentals for some time. As part of this, we have been adding more green bonds, which are linked to specific environmental projects, and sustainability bonds, which have coupon steps if particular criteria are not reached. Anglian Water is a good example of this and a trend we would not only encourage but expect to become more standard.

In financials, we sold Direct Line restricted Tier 1 notes. We also reduced some exposure in the telecoms sector across high yield (Ziggo and TDC) and investment grade (Comcast).

We added exposure to Ithaca Energy, Ford, Natura (cosmetics company) and Sotheby's (all in dollar denominated high yield). We also bought Goodyear (Euro high-yield) and Marstons (a pub company, £ high-yield) among others. In investment-grade financials, we bought Santander, Virgin Money and Macquarie (all in sterling bonds).

### Interest rate risk

Our positive outlook on the economy should translate into higher government bond yields over the medium term, so we are likely to continue running a relatively low duration position



(in a range between 3 and 4.5 years) unless valuations move dramatically.

Inflationary pressures will not dissipate any time soon. As an example, UK RPI is likely to be close to 7% in April 2022. At the same time, the market will have to come to terms with a reduction or the end of QE and potentially an increase in rates. A removal of accommodation is a process that is well underway in emerging economies – especially in those economies with questionable inflation credentials – and has already started in developed markets, with recent hikes in Norway and New Zealand. This dynamic is likely to increase the market's volatility. Ultimately a greater compensation – yield – will be required to hold long duration assets, especially in those jurisdictions with elevated financing requirements.

After the market's sell off in September, government bonds are trading at what we believe are more reasonable valuations. In the UK, the market is currently pricing a full rate hike by February 2022 and three by the end of 2022. We modestly increased the fund's duration towards 4yr (from 3.3yr in early September) by closing a short position we had in the gilt future.

## Outlook

From a broad asset-allocation point of view, we have a clear preference for credit relative to government bonds. Within credit, meanwhile, we favour high-yield relative to investment-grade. We take a cautious view of emerging markets.

As outlined above, there are areas of risk, in particular reduced fiscal stimulus and concerns about Chinese growth.

## On high yield

In the current benign economic environment, we believe high-yield bonds as an asset class will perform well and that defaults will remain low.

## On a sector level

On a sectoral level, we do not have any clear bias. We have, however, been reducing our exposure to the oil and gas sector and also to the telecom sector in high yield.

## Geographic exposure

We are limiting our risk exposure, across both corporate and financial credit, to peripheral Europe. Our view is that spreads on sovereign bonds issued by governments in peripheral Europe could be exposed to a removal of liquidity as we approach the expiration of the Pandemic Emergency Purchase Programme ('PEPP') at the end of March 2022. We are also pricing in some political risk around the French election in 2022.

## On government bonds

Our allocation to government bonds is currently around 10% and is likely to remain quite low for the foreseeable future. We expect yields to increase modestly over the course of 2022.

In the near term, however, we acknowledge that Q4 tends to be a very supportive period from a seasonal point of view, particularly in the UK gilt market. For the last two months of the year, net supply (supply minus redemptions and purchases by central banks) is very negative in both Europe

and the UK. So the technical dynamic in the later part of the year should be supportive for the asset class. We would use any meaningful rally going into the year end as an opportunity to reduce the fund's interest-rate sensitivity.

## Duration

Given the current economic outlook we are likely to continue running a relatively low headline duration (in a range between 3 and 4.5 years) unless valuations move dramatically.

We increased the fund's duration towards 4 years from 3.3 years in early September as 10-year yields in the US and UK moved to 1.5% and 1% respectively. Our duration contribution is primarily concentrated in euro and sterling; we have limited exposure in the US. We expect US Treasuries to underperform bonds and gilts if yields continue moving higher.

In our opinion, the yield curve in the UK is excessively flat relative both to the outright level of yields and to inflation valuations in the UK index-linked markets. Accordingly, we are avoiding long tenors in the UK gilt market. More broadly, a removal of central-bank support – either a reduction in or termination of QE - along with elevated and potentially persistent elevated inflation (a risk reflected in inflation markets) could translate into a reassessment of the term premium and so, in our view, represents a clear risk for long-term bonds.

## In summary

We see value in credit markets but are cautious in various areas of the market ('CCC'-rated high-yield, emerging-market debt and European peripheral risk) where the risk / reward profile does not look compelling at current valuations. Valuations of government bonds are still unappealing (albeit less so than in late August) so our allocation to them remains low and our overall duration modest.

## Juan Velazuela and Rebecca Young

Fund managers

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the six months ended 30 September 2021

Purchases	Cost £'000	Sales	Proceeds £'000
Macquarie Group 2.13% 01/10/2031	24,474	US Treasury 1.25% 31/08/2024	125,604
Banco Santander, FRN 0.00% 04/10/2032	23,889	US Treasury 1.63% 30/09/2026	37,609
UK Treasury 0.88% 31/07/2033	20,008	La Poste, FRN 3.13% Perpetual	16,454
Direct Line Insurance Group 4.00% 05/06/2032	14,726	Comcast 1.50% 20/02/2029	15,568
Vattenfall, FRN 2.50% 29/06/2083	14,087	Repsol International Finance, FRN 3.75% Perpetual	14,536
Enel, FRN 1.37% 31/12/2164	10,376	Western Power Distribution 3.50% 16/10/2026	13,868
Rothsay Life, FRN 6.88% 31/12/2164	10,364	Vattenfall, FRN 3.00% 19/03/2077	13,826
Canary Wharf Group Investment Holdings 3.38% 23/04/2028	10,313	Gazprom 4.25% 06/04/2024	13,813
Cellnex Finance 2.00% 15/09/2032	9,834	Burberry Group 1.13% 21/09/2025	12,328
eG Global Finance 6.25% 30/03/2026	9,291	BUPA Finance 5.00% 08/12/2026	11,779

### Portfolio statement as at 30 September 2021

	Holding/ nominal value	Valuation £'000	% of net assets
<b>Equities 0.00% (0.00%)</b>			
<b>Cayman Islands 0.00% (0.00%)</b>			
NVP ^	1,301	–	–
		–	–
<b>Norway 0.00% (0.00%)</b>			
Oceanteam	16,242	4	–
		4	–
<b>Equities total</b>		<b>4</b>	<b>–</b>
<b>Government Bonds 9.62% (17.19%)</b>			
<b>New Zealand 0.24% (0.00%)</b>			
New Zealand Government Bond 2.75% 15/05/2051	NZD 7,900,000	3,990	0.24
		<b>3,990</b>	<b>0.24</b>
<b>United Kingdom 0.58% (0.00%)</b>			
UK Treasury 0.88% 31/07/2033	£10,000,000	9,792	0.58
		<b>9,792</b>	<b>0.58</b>
<b>United States of America 8.80% (17.19%)</b>			
US Treasury 1.25% 31/08/2024	£120,000,000	91,215	5.40
US Treasury 1.63% 30/09/2026	£75,000,000	57,517	3.40
		<b>148,732</b>	<b>8.80</b>
<b>Government Bonds total</b>		<b>162,514</b>	<b>9.62</b>
<b>Corporate Bonds 87.43% (80.73%)</b>			
<b>Australia 3.09% (1.53%)</b>			
AusNet Services Holdings, FRN 1.62% 11/03/2081	€10,000,000	8,672	0.51
Australia & New Zealand Banking Group, FRN 0.36% Perpetual	£3,600,000	2,535	0.15
BHP Billiton Finance, FRN 6.50% 22/10/2077	£9,000,000	9,501	0.56
Macquarie Group 2.13% 01/10/2031	£24,700,000	24,391	1.45
Westpac Banking, FRN 0.34% Perpetual	£10,110,000	7,117	0.42
		<b>52,216</b>	<b>3.09</b>
<b>Austria 0.29% (0.61%)</b>			
ams 7.00% 31/07/2025	€6,200,000	4,950	0.29
		<b>4,950</b>	<b>0.29</b>
<b>Belgium 0.25% (0.39%)</b>			
Ontex Group 3.50% 15/07/2026	€5,000,000	4,296	0.25
		<b>4,296</b>	<b>0.25</b>

	Holding/ nominal value	Valuation £'000	% of net assets
<b>Bermuda 0.70% (0.65%)</b>			
XLIT, FRN 3.25% 29/06/2047	€12,250,000	11,845	0.70
		<b>11,845</b>	<b>0.70</b>
<b>Brazil 0.21% (0.00%)</b>			
Natura Cosméticos 4.13% 03/05/2028	€4,700,000	3,537	0.21
		<b>3,537</b>	<b>0.21</b>
<b>Canada 0.05% (0.00%)</b>			
Brookfield Residential Properties 4.88% 15/02/2030	€1,000,000	759	0.05
		<b>759</b>	<b>0.05</b>
<b>Denmark 2.21% (2.23%)</b>			
Danske Bank, FRN 2.25% 14/01/2028	€11,000,000	11,198	0.66
Danske Bank, FRN 6.13% Perpetual	€6,600,000	5,238	0.31
Nassa Topco 2.88% 06/04/2024	€12,000,000	10,656	0.63
Orsted, FRN 1.50% 31/12/2049	€12,000,000	10,319	0.61
		<b>37,411</b>	<b>2.21</b>
<b>France 9.96% (10.16%)</b>			
Air France-KLM 1.88% 16/01/2025	€10,000,000	8,186	0.48
Altice France 7.38% 01/05/2026	\$3,535,000	2,731	0.16
Altice France 5.50% 15/01/2028	\$12,100,000	9,117	0.54
BNP Paribas 1.88% 14/12/2027	€11,900,000	12,026	0.71
CAB SELAS 3.38% 01/02/2028	€9,800,000	8,523	0.50
Credit Agricole Assurances 2.00% 17/07/2030	€8,000,000	7,224	0.43
Electricite de France, FRN 6.00% Perpetual	€14,000,000	15,457	0.92
Elior Group 3.75% 15/07/2026	€3,500,000	3,123	0.19
Engie, FRN 1.50% Perpetual	€14,500,000	12,557	0.74
Goldstory 5.38% 01/03/2026	€9,300,000	8,292	0.49
Orange, FRN 1.75% Perpetual	€14,000,000	12,351	0.73
Paprec Holding 4.00% 31/03/2025	€7,104,000	6,226	0.37
Parts Europe 6.50% 16/07/2025	€7,900,000	7,090	0.42
SCOR, FRN 5.25% Perpetual	\$16,000,000	12,641	0.75
Societe Generale, FRN 4.75% 31/12/2164	\$6,000,000	4,575	0.27
SPCM 3.13% 15/03/2027	\$9,100,000	6,774	0.40
TotalEnergies, FRN 1.62% Perpetual	€14,700,000	12,693	0.75
Ubisoft Entertainment 0.88% 24/11/2027	€10,000,000	8,543	0.51
Veolia Environnement, FRN 2.25% Perpetual	€11,500,000	10,178	0.60
		<b>168,307</b>	<b>9.96</b>
<b>Germany 5.11% (4.47%)</b>			
Adler Group 2.25% 14/01/2029	€5,400,000	3,785	0.22
Bayer, FRN 2.38% 12/11/2079	€12,300,000	10,670	0.63
CT Investment 5.50% 15/04/2026	€10,000,000	8,843	0.52
Deutsche Bahn Finance GMBH, FRN 1.60% Perpetual	€10,200,000	8,992	0.53
EnBW Energie Baden-Wuerttemberg, FRN 3.38% 05/04/2077	€8,000,000	6,946	0.41
EnBW Energie Baden-Wuerttemberg, FRN 1.37% 31/08/2081	€7,100,000	6,051	0.36
Fresenius Medical Care 1.50% 29/05/2030	€10,500,000	9,573	0.57
Gruenthal 3.63% 15/11/2026	€5,200,000	4,646	0.28
Mahle 2.38% 14/05/2028	€8,400,000	7,121	0.42
TK Elevator Midco 4.38% 15/07/2027	€10,400,000	9,351	0.55
Volkswagen International Finance, FRN 3.50% Perpetual	€2,400,000	2,267	0.14
Volkswagen International Finance, FRN 3.88% Perpetual	€8,500,000	8,125	0.48
		<b>86,370</b>	<b>5.11</b>
<b>Greece 0.83% (0.82%)</b>			
Crystal Almond 4.25% 15/10/2024	€10,500,000	9,240	0.55

	Holding/ nominal value	Valuation £'000	% of net assets
Public Power 3.88% 30/03/2026	€5,285,000	4,746	0.28
		<b>13,986</b>	<b>0.83</b>
<b>Hong Kong 0.45% (0.00%)</b>			
Seaspan 5.50% 01/08/2029	£10,000,000	7,630	0.45
		<b>7,630</b>	<b>0.45</b>
<b>Ireland 0.68% (0.62%)</b>			
Bank of Ireland Group, FRN 4.12% 19/09/2027	£15,000,000	11,399	0.68
Lambay Capital Securities 6.25% Perpetual <sup>as</sup>	£12,000,000	–	–
		<b>11,399</b>	<b>0.68</b>
<b>Israel 0.54% (0.68%)</b>			
Energian Israel Finance 5.38% 30/03/2028	£12,000,000	9,145	0.54
		<b>9,145</b>	<b>0.54</b>
<b>Italy 4.11% (4.19%)</b>			
Assicurazioni Generali, FRN 6.42% Perpetual	£4,600,000	4,687	0.28
Autostrade per l'Italia 2.00% 04/12/2028	€8,000,000	7,236	0.43
Enel, FRN 1.37% 31/12/2164	€18,500,000	15,767	0.93
EVOCA, FRN 4.25% 01/11/2026	€1,400,000	1,175	0.07
Gamma Bidco 5.13% 15/07/2025	€6,300,000	5,547	0.33
Infrastrutture Wireless Italiane 1.63% 21/10/2028	€13,000,000	11,399	0.67
Intesa Sanpaolo 2.50% 15/01/2030	£14,600,000	14,880	0.88
Telecom Italia 1.63% 18/01/2029	€10,400,000	8,767	0.52
		<b>69,458</b>	<b>4.11</b>
<b>Luxembourg 0.68% (0.63%)</b>			
Eurofins Scientific, FRN 3.25% Perpetual	€4,100,000	3,769	0.22
Logicor Financing 0.88% 14/01/2031	€9,300,000	7,746	0.46
		<b>11,515</b>	<b>0.68</b>
<b>Netherlands 3.81% (4.33%)</b>			
ABN AMRO Bank, FRN 4.38% Perpetual	€8,500,000	7,867	0.46
Aegon, FRN 1.46% Perpetual	\$4,000,000	2,784	0.16
Athora Netherlands, FRN 6.25% Perpetual	\$10,000,000	7,807	0.46
Cooperatieve Rabobank 4.63% 23/05/2029	€9,350,000	10,961	0.65
Maxeda DIY Holding 5.88% 01/10/2026	€7,000,000	6,181	0.37
NN Group, FRN 4.38% Perpetual	€11,000,000	10,402	0.62
Sunshine Mid 6.50% 15/05/2026	€8,000,000	7,106	0.42
TenneT Holding, FRN 2.37% Perpetual	€12,500,000	11,278	0.67
		<b>64,386</b>	<b>3.81</b>
<b>Norway 0.00% (0.17%)</b>			
<b>Poland 0.51% (0.19%)</b>			
CANPACK 2.38% 01/11/2027	€3,900,000	3,427	0.20
InPost 2.25% 15/07/2027	€6,000,000	5,213	0.31
		<b>8,640</b>	<b>0.51</b>
<b>Portugal 0.54% (0.40%)</b>			
EDP - Energias de Portugal, FRN 1.88% 02/08/2081	€10,500,000	9,165	0.54
		<b>9,165</b>	<b>0.54</b>
<b>Romania 0.63% (0.58%)</b>			
RCS & RDS 2.50% 05/02/2025	€12,400,000	10,652	0.63
		<b>10,652</b>	<b>0.63</b>
<b>Russia 0.00% (0.76%)</b>			
<b>Spain 5.29% (4.61%)</b>			
Arena Luxembourg Finance 1.88% 01/02/2028	€10,000,000	8,152	0.48
Banco Santander, FRN 2.25% 04/10/2032	€24,000,000	23,917	1.42

	Holding/ nominal value	Valuation £'000	% of net assets
Cellnex Finance Co. 2.00% 15/09/2032	€11,500,000	9,717	0.57
eDreams ODIGEO 5.50% 01/09/2023	€7,000,000	6,044	0.36
Iberdrola International, FRN 1.83% Perpetual	€15,000,000	12,969	0.77
Naturgy Finance, FRN 4.12% Perpetual	€15,000,000	13,456	0.80
Telefonica Europe, FRN 2.38% 31/12/2164	€18,000,000	15,097	0.89
		<b>89,352</b>	<b>5.29</b>
<b>Sweden 2.32% (2.03%)</b>			
Heimstaden Bostad, FRN 3.38% 31/12/2164	€14,800,000	13,064	0.77
Samhallsbyggnadsbolaget i Norden, FRN 2.63% Perpetual	€14,000,000	12,059	0.72
Vattenfall, FRN 2.50% 29/06/2083	€14,000,000	13,983	0.83
		<b>39,106</b>	<b>2.32</b>
<b>Switzerland 3.94% (3.25%)</b>			
Credit Suisse Group, FRN 6.25% Perpetual	\$16,400,000	13,164	0.78
Dufry One 3.38% 15/04/2028	€7,000,000	5,988	0.35
ELM BV for Firmenich International, FRN 3.75% Perpetual	€4,000,000	3,702	0.22
Swiss Re Ltd., FRN 5.75% 15/08/2050	\$16,000,000	13,518	0.80
Syngenta Finance 3.38% 16/04/2026	€10,600,000	10,035	0.59
Zurich Finance Ireland Designated Activity, FRN 3.00% 19/04/2051	\$10,400,000	7,712	0.46
Zurich Insurance, FRN 4.25% 01/10/2045	\$15,500,000	12,479	0.74
		<b>66,598</b>	<b>3.94</b>
<b>United Kingdom 31.47% (30.06%)</b>			
Anglian Water Osprey Financing 2.00% 31/07/2028	£7,000,000	6,962	0.41
Arqiva Broadcast Finance 6.75% 30/09/2023	£9,750,000	9,946	0.59
Assura Financing, REIT 3.00% 19/07/2028	£13,000,000	14,209	0.84
Aviva, FRN 6.12% 14/11/2036	£2,500,000	2,998	0.18
Aviva, FRN 3.37% 04/12/2045	€10,700,000	10,236	0.61
B&M European Value Retail 3.63% 15/07/2025	£7,000,000	7,196	0.43
Bellis Acquisition 3.25% 16/02/2026	£10,800,000	10,611	0.63
BP Capital Markets, FRN 4.25% Perpetual	£13,850,000	14,716	0.87
Bunzl Finance 1.50% 30/10/2030	£13,900,000	13,399	0.79
Burford Capital 6.13% 26/10/2024	£2,000,000	2,110	0.13
Burford Capital 5.00% 01/12/2026	£3,700,000	3,843	0.23
Canary Wharf Group Investment Holdings 3.38% 23/04/2028	£10,000,000	10,177	0.60
CPUK Finance 4.50% 28/08/2027	£3,550,000	3,607	0.21
Direct Line Insurance Group 4.00% 05/06/2032	£13,000,000	14,332	0.85
Drax Finco 6.63% 01/11/2025	\$2,500,000	1,924	0.11
eG Global Finance 6.25% 30/03/2026	£9,000,000	9,270	0.55
Energia Group NI FinanceCo 4.75% 15/09/2024	£8,600,000	8,656	0.51
Fidelity International 7.13% 13/02/2024	£8,100,000	9,189	0.54
Galaxy Bidco 6.50% 31/07/2026	£6,700,000	7,003	0.41
GKN Holdings 5.38% 19/09/2022	£5,600,000	5,819	0.34
Grainger 3.38% 24/04/2028	£10,300,000	11,053	0.65
Heathrow Finance, STEP 4.38% 01/03/2027	£9,000,000	9,137	0.54
Hiscox, FRN 6.12% 24/11/2045	£9,000,000	10,327	0.61
HSBC Bank, FRN 0.42% Perpetual	\$17,300,000	12,195	0.72
HSBC Holdings, FRN 1.75% 24/07/2027	£7,300,000	7,291	0.43
Iceland Bondco 4.63% 15/03/2025	£6,000,000	5,580	0.33
InterContinental Hotels Group 2.13% 24/08/2026	£6,500,000	6,560	0.39
Investec Bank, FRN 4.25% 24/07/2028	£6,700,000	6,989	0.41
Ithaca Energy North Sea 9.00% 15/07/2026	\$12,000,000	9,123	0.54
Jaguar Land Rover Automotive 5.88% 15/01/2028	\$12,000,000	8,977	0.53

	Holding/ nominal value	Valuation £'000	% of net assets
Legal & General Group, FRN 5.38% 27/10/2045	£10,500,000	11,958	0.71
Liverpool Victoria Friendly Society, FRN 6.50% 22/05/2043	£7,800,000	8,327	0.49
Lloyds Banking Group, FRN 1.99% 15/12/2031	£4,500,000	4,497	0.27
London Power Networks 2.63% 01/03/2029	£8,000,000	8,523	0.50
M&G, FRN 6.50% 20/10/2048	\$8,700,000	7,917	0.47
Marston's Issuer, FRN 5.18% 15/07/2032	£5,500,000	5,674	0.34
Miller Homes Group Holdings, FRN 5.33% 15/10/2023	£1,900,621	1,898	0.11
National Express Group, FRN 4.25% Perpetual	£11,700,000	12,122	0.72
NatWest Group, FRN 2.10% 28/11/2031	£3,700,000	3,698	0.22
NatWest Group, FRN 4.60% 31/12/2164	\$7,500,000	5,604	0.33
Neptune Energy Bondco 6.63% 15/05/2025	\$10,000,000	7,658	0.45
NGG Finance, FRN 5.63% 18/06/2073	£18,000,000	19,930	1.18
Pension Insurance, FRN 7.38% Perpetual	£8,800,000	10,758	0.64
Phoenix Group Holdings 4.13% 20/07/2022	£8,200,000	8,407	0.50
Phoenix Group Holdings 5.87% 13/06/2029	£7,000,000	8,478	0.50
Premier Foods Finance 3.50% 15/10/2026	£5,200,000	5,233	0.31
Punch Finance 6.13% 30/06/2026	£5,400,000	5,521	0.33
Quilter, FRN 4.48% 28/02/2028	£8,000,000	8,300	0.49
RAC Bond 4.87% 06/05/2046	£4,000,000	4,415	0.26
Rothesay Life, FRN 6.88% 31/12/2164	£9,000,000	10,439	0.62
RSA Insurance Group, FRN 5.12% 10/10/2045	£6,500,000	7,394	0.44
Sage Group 1.63% 25/02/2031	£10,300,000	9,923	0.59
Santander UK Group Holdings 4.75% 15/09/2025	\$6,200,000	5,138	0.30
Society of Lloyd's 4.75% 30/10/2024	£4,100,000	4,488	0.27
Southern Water Services Finance 1.63% 30/03/2027	£13,400,000	13,321	0.79
Synthomer 3.88% 01/07/2025	€11,700,000	10,429	0.62
TalkTalk Telecom Group 3.88% 20/02/2025	£10,500,000	10,295	0.61
Tritax EuroBox 0.95% 02/06/2026	€3,000,000	2,615	0.15
Victoria 3.63% 24/08/2026	€10,000,000	8,807	0.52
Virgin Money UK, FRN 5.13% 11/12/2030	£8,000,000	8,840	0.52
Vmed O2 UK Financing I 4.00% 31/01/2029	£11,000,000	11,094	0.66
Vodafone Group, FRN 3.00% 27/08/2080	€14,000,000	12,420	0.74
Whitbread Group 3.00% 31/05/2031	£14,000,000	14,111	0.84
		<b>531,667</b>	<b>31.47</b>
<b>United States of America 9.76% (7.37%)</b>			
Alliance Data Systems 4.75% 15/12/2024	\$9,100,000	6,943	0.41
Ardagh Metal Packaging Finance USA 3.00% 01/09/2029	€6,700,000	5,781	0.34
Burford Capital Finance 6.13% 12/08/2025	\$3,900,000	3,066	0.18
Catalent Pharma Solutions 2.38% 01/03/2028	€13,000,000	11,326	0.67
Consensus Cloud Solutions 6.50% 15/10/2028	\$5,000,000	3,857	0.23
Dana Financing Luxembourg 3.00% 15/07/2029	€4,500,000	3,954	0.23
Encore Capital Group 5.38% 15/02/2026	£7,200,000	7,550	0.45
Ford Motor 9.63% 22/04/2030	\$8,500,000	8,974	0.53
Goodyear Europe 2.75% 15/08/2028	€10,000,000	8,678	0.51
IQVIA 2.25% 15/03/2029	€7,200,000	6,233	0.37
Kraton Polymers 5.25% 15/05/2026	€10,000,000	8,850	0.52
Mauser Packaging Solutions Holding 4.75% 15/04/2024	€11,050,000	9,524	0.56
MPT Operating Partnership, REIT 0.99% 15/10/2026	€10,000,000	8,627	0.51
Organon & Co. 2.88% 30/04/2028	€9,700,000	8,535	0.51
Paysafe Finance 3.00% 15/06/2029	€6,200,000	5,153	0.31
Roller Bearing Co. of America 4.38% 15/10/2029	\$11,800,000	8,982	0.53

	Holding/ nominal value	Global exposure* £'000	Valuation £'000	% of net assets
Seagate HDD Cayman 4.09% 01/06/2029	\$6,883,000		5,367	0.32
Sotheby's 5.88% 01/06/2029	\$10,000,000		7,611	0.45
Standard Industries 2.25% 21/11/2026	€9,700,000		8,240	0.49
Verizon Communications 1.13% 03/11/2028	£13,500,000		12,982	0.77
Wells Fargo 2.50% 02/05/2029	£14,000,000		14,612	0.87
			<b>164,845</b>	<b>9.76</b>
<b>Corporate Bonds total</b>			<b>1,477,235</b>	<b>87.43</b>
<b>Forward currency contracts (0.69)% ((0.08)%)</b>				
Buy Sterling 620,996,392 sell Euro 722,220,000 dated 10/12/2021			(1,901)	(0.12)
Buy Sterling 4,079,773 sell New Zealand Dollar 7,930,000 dated 10/12/2021			32	-
Buy Sterling 389,797,340 sell US Dollar 536,730,000 dated 10/12/2021			(9,702)	(0.57)
<b>Forward currency contracts total</b>			<b>(11,571)</b>	<b>(0.69)</b>
<b>Futures 0.08% (0.01%)</b>				
US 10 Year Note 21/12/2021	(1,300)	(127,322)	1,414	0.08
<b>Futures total</b>		<b>(127,322)</b>	<b>1,414</b>	<b>0.08</b>
<b>Investment assets (including investment liabilities)</b>			<b>1,629,596</b>	<b>96.44</b>
<b>Net other assets</b>			<b>60,110</b>	<b>3.56</b>
<b>Net assets attributable to unitholders</b>			<b>1,689,706</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 March 2021.

^ Unlisted, suspended or delisted security.

§ Security is currently in default.

## Bond rating \*

	30 September 2021		31 March 2021	
	Valuation £'000	% of net assets	Valuation £'000	% of net assets
Investment grade securities	<b>840,734</b>	<b>49.77</b>	1,017,200	56.37
Below investment grade securities	<b>775,343</b>	<b>45.88</b>	725,233	40.25
Unrated securities	<b>23,672</b>	<b>1.40</b>	23,552	1.30
	<b>1,639,749</b>	<b>97.05</b>	1,765,985	97.92

\* Source of credit ratings: Artemis Investment Management LLP.

## FINANCIAL STATEMENTS

### Statement of total return for the six months ended 30 September 2021

	30 September 2021		30 September 2020	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		6,963		116,432
Revenue	28,590		25,418	
Expenses	(5,802)		(5,498)	
Interest payable and similar charges	(742)		(11)	
Net revenue before taxation	22,046		19,909	
Taxation	(15)		(29)	
Net revenue after taxation		22,031		19,880
<b>Total return before distributions</b>		28,994		136,312
Distributions		(22,032)		(19,879)
<b>Change in net assets attributable to unitholders from investment activities</b>		6,962		116,433

### Statement of change in net assets attributable to unitholders for the six months ended 30 September 2021

	30 September 2021		30 September 2020	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		1,803,533		1,569,907
Amounts receivable on issue of units	62,142		150,712	
Amounts payable on cancellation of units	(197,575)		(80,525)	
		(135,433)		70,187
Dilution adjustment		128		142
Change in net assets attributable to unitholders from investment activities		6,962		116,433
Retained distributions on accumulation units		14,516		12,854
<b>Closing net assets attributable to unitholders</b>		1,689,706		1,769,523

### Balance sheet as at 30 September 2021

	30 September 2021	31 March 2021
	£'000	£'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	1,641,199	1,768,801
<b>Current assets</b>		
Debtors	44,715	20,970
Cash and cash equivalents	104,157	30,399
<b>Total current assets</b>	148,872	51,369
<b>Total assets</b>	1,790,071	1,820,170
<b>Liabilities</b>		
Investment liabilities	11,603	3,997
<b>Creditors</b>		
Bank overdraft	159	-
Distribution payable	1,711	1,833
Other creditors	86,892	10,807
<b>Total creditors</b>	88,762	12,640
<b>Total liabilities</b>	100,365	16,637
<b>Net assets attributable to unitholders</b>	1,689,706	1,803,533



## 1. Basis of preparation

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021 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 periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2021	30 April 2021	1 May 2021	28 May 2021
Second interim	1 May 2021	31 May 2021	1 June 2021	30 June 2021
Third interim	1 June 2021	30 June 2021	1 July 2021	30 July 2021
Fourth interim	1 July 2021	31 July 2021	1 August 2021	31 August 2021
Fifth interim	1 August 2021	31 August 2021	1 September 2021	30 September 2021
Sixth interim	1 September 2021	30 September 2021	1 October 2021	29 October 2021

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2021	30 June 2021	1 July 2021	30 July 2021
Second interim	1 July 2021	30 September 2021	1 October 2021	29 October 2021

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.

### MC distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0803	0.0288	0.1091	0.0860
Second interim	0.0898	-	0.0898	0.1107
Third interim	0.0663	0.0441	0.1104	0.1006
Fourth interim	0.0663	0.0268	0.0931	0.0880
Fifth interim	0.0890	0.0087	0.0977	0.0757
Sixth interim	0.1059	0.0025	0.1084	0.0971

### MC accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.1915	0.0051	0.1966	0.1525
Second interim	0.0630	0.0998	0.1628	0.1965
Third interim	0.1782	0.0220	0.2002	0.1792
Fourth interim	0.1608	0.0084	0.1692	0.1569
Fifth interim	0.1618	0.0160	0.1778	0.1352
Sixth interim	0.1930	0.0048	0.1978	0.1736

### MI distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0479	0.0827	0.1306	0.1042
Second interim	0.0480	0.0622	0.1102	0.1329
Third interim	0.0547	0.0797	0.1344	0.1231
Fourth interim	0.0527	0.0622	0.1149	0.1100
Fifth interim	0.0681	0.0530	0.1211	0.0958
Sixth interim	0.0731	0.0573	0.1304	0.1207

## MI accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0749	0.0907	0.1656	0.1292
Second interim	0.0698	0.0702	0.1400	0.1649
Third interim	0.0808	0.0902	0.1710	0.1532
Fourth interim	0.0783	0.0685	0.1468	0.1371
Fifth interim	0.0777	0.0771	0.1548	0.1195
Sixth interim	0.0787	0.0884	0.1671	0.1510

## QC distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.1682	0.1416	0.3098	0.2973
Second interim	0.1179	0.1815	0.2994	0.2609

## QC accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.2112	0.3497	0.5609	0.5293
Second interim	0.4111	0.1349	0.5460	0.4666

## QI distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.2729	0.2915	0.5644	0.5424
Second interim	0.2915	0.2601	0.5516	0.4912

## QI accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.3582	0.3587	0.7169	0.6728
Second interim	0.3628	0.3419	0.7047	0.6134

## MR distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0642	0.0421	0.1063	0.0839
Second interim	0.0437	0.0439	0.0876	0.1083
Third interim	0.0565	0.0512	0.1077	0.0980
Fourth interim	0.0425	0.0482	0.0907	0.0856
Fifth interim	0.0426	0.0525	0.0951	0.0735
Sixth interim	0.0671	0.0390	0.1061	0.0944

## MR accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0625	0.1297	0.1922	0.1487
Second interim	0.0860	0.0726	0.1586	0.1926
Third interim	0.0703	0.1249	0.1952	0.1748
Fourth interim	0.0666	0.0982	0.1648	0.1525
Fifth interim	0.0797	0.0933	0.1730	0.1312
Sixth interim	0.0906	0.1027	0.1933	0.1690

## QR distribution

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.2089	0.0925	0.3014	0.2902
Second interim	0.1551	0.1368	0.2919	0.2535

## QR accumulation

Interest distributions for the six months ended 30 September 2021	Group 2		Group 1 & 2 Distribution per unit (p)	2020 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.2211	0.3257	0.5468	0.5167
Second interim	0.2683	0.2635	0.5318	0.4536

## Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 March 2019	1,490,876,079		
MC distribution		55.49	705,817,632
MC accumulation		66.84	261,908,442
QI distribution		83.35	134,263,194
QI accumulation		100.54	558,336,774
MR distribution		55.39	162,905,596
MR accumulation		96.04	37,434,946
QR distribution		55.32	15,217,235
QR accumulation		96.22	120,904,569
31 March 2020	1,569,906,569		
MC distribution		53.38	1,043,435
MC accumulation		94.72	273,773
MI distribution		53.48	699,357,057
MI accumulation		66.25	296,104,383
QC distribution		53.31	1,647,365
QC accumulation		94.89	1,669,691
QI distribution		80.32	162,254,953
QI accumulation		99.64	622,209,270
MR distribution		53.38	144,744,939
MR accumulation		94.71	48,086,387
QR distribution		53.31	11,399,570
QR accumulation		94.88	123,620,790
31 March 2021	1,803,533,494		
MC distribution		57.99	1,121,183
MC accumulation		104.85	248,605
MI distribution		58.09	635,097,274
MI accumulation		73.66	316,489,356
QC distribution		57.92	1,933,299
QC accumulation		105.04	1,950,015
QI distribution		87.26	172,694,801
QI accumulation		110.79	705,865,732
MR distribution		57.99	138,011,865
MR accumulation		104.79	55,314,889
QR distribution		57.92	8,895,794
QR accumulation		104.98	115,711,450
30 September 2021	1,689,706,486		
MC distribution		58.19	1,167,054
MC accumulation		106.32	251,786
MI distribution		58.30	560,547,223
MI accumulation		74.86	312,104,490
QC distribution		58.12	2,280,921
QC accumulation		106.51	2,043,506
QI distribution		87.57	145,888,263
QI accumulation		112.60	653,577,769
MR distribution		58.19	137,479,901
MR accumulation		106.23	56,405,469
QR distribution		58.12	7,222,068
QR accumulation		106.42	109,971,271

## Ongoing charges

Class	30 September 2021
MC distribution	1.02%
MC accumulation	1.02%
MI distribution	0.57%
MI accumulation	0.57%
QC distribution	1.02%
QC accumulation	1.02%
QI distribution	0.57%
QI accumulation	0.57%
MR distribution	1.07%
MR accumulation	1.07%
QR distribution	1.07%
QR accumulation	1.07%

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 accumulation performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis Strategic Bond Fund **	124.5	21.4	13.2	3.8	1.6
Artemis Strategic Bond Fund ***	128.8	21.5	13.1	3.8	1.5
IA £ Strategic Bond average	95.4	18.8	15.5	4.8	2.2
Position in sector	7/20	23/58	48/65	42/72	52/74
Quartile	2	2	3	3	3

Past performance is not a guide to the future.

\* Source: Artemis/Lipper Limited, data from 30 June 2005 to 7 March 2008 reflects class QR accumulation units and from 7 March 2008 to 30 September 2021 reflects class QI accumulation units, in sterling. All figures show total returns with income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

\*\* Value at 12 noon valuation point

\*\*\* Value at close of business

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

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