PROFIT *hunters*

ARTEMIS European Growth *Fund*

Manager's Report and Financial Statements for the year ended 31 March 2019

ARTEMIS

The PROFIT Hunter

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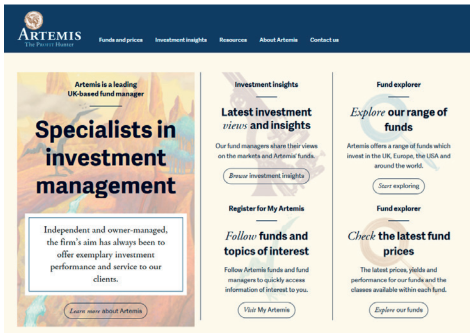

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artemisfunds.com

General information

About Artemis …

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 £28.6 billion* across a range of funds, two investment trusts, a venture capital 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 April 2019.

Fund status

Artemis European Growth 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').

Investment objective

The objective of the fund is to achieve long-term capital growth through investment principally in companies in Europe.

Investment policy

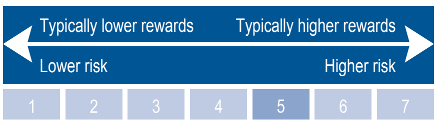
The manager actively manages the portfolio in order to achieve the objective and will not be restricted in the choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

The fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash, derivatives and forward transactions and other investments to the extent that each is permitted by the regulations.

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 2 or via the website **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.

Risk and reward profile



- The fund is in the category shown due to its 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: Some or all of the fund's assets may be invested in a currency other than the fund's accounting currency. The value of the assets, and the income from them, may decrease if the currency falls in relation to the accounting currency.

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 2.

Remuneration

Following an amendment to the UCITS Directive in the UK on 18 March 2016, all UCITS schemes are required to comply with the UCITS Remuneration Code. This includes a requirement to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its partners and staff for its financial year.

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

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all non-executive officers. The Remuneration Committee is responsible for setting and overseeing the implementation

General information (continued)

of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Compliance and Risk functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary. The Artemis remuneration period runs from 1 January to 31 December. As a consequence, for certain partners and staff who are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm, the payment of some of the variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff, before the end of the vesting period.

No staff are employed by AFML directly but are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 197 Artemis partners and staff in respect of AFML's duties performed for the UCITS schemes based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund within the fund for the year ended 31 December 2018 is £1,109,357 of which £289,903 is fixed remuneration and £819,454 is variable remuneration. No amount of remuneration, including any performance fees was paid directly by the fund.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the fund for the year ended 31 December 2018 is £271,698. Code and Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages. For the purposes of UCITS Remuneration Code the AFML Code staff are the members of Artemis's Management and Executive Committees, certain fund managers, the General Counsel, the Head of Compliance and the Head of Risk. This includes certain individuals who are partners in Artemis Investment Management LLP.

Tax information reporting

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

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

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

Removal of initial charge

The fund's prospectus includes the ability for Artemis to apply an initial charge on investments into the fund. The prospectus previously set out the maximum amount of this charge for different unit classes in the fund, although in almost all cases the initial charge has been waived in its entirety for a number of years. The prospectus was updated on 6 June 2018 to make it clear that no initial charge will be levied in respect of the existing unit classes.

For further information please contact our client services team on 0800 092 2051.

Changes to Artemis' funds from February 2019

With effect from 1 February 2019, Artemis made changes to how its funds operate:

- the way in which fund charges are calculated, moving from variable expenses to an administration fee with a discount applied based on fund size.
- how our unit trust funds are priced, changing from 'bid price' and 'offer price' to a 'single price'.

The prospectus was updated on 4 February 2019 as a result of the changes.

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

DST Financial Services International Limited *
DST 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.

Statement of the trustee's responsibilities in respect of the scheme and report of the trustee to the unitholders of Artemis European Growth Fund ('the Trust') for the year ended 31 March 2019

The trustee of Artemis European Growth Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together "the scheme documents") as detailed below.

The trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

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

The trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units is carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and the instructions of the Authorised Fund Manager (the "AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

J.P. Morgan Europe Limited
Bournemouth
28 May 2019

Statement of the manager's responsibilities

COLL requires the manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of its revenue and expenditure for the year.

In preparing the financial statements the manager is required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 ('SORP');

(iii) follow applicable accounting standards;

(iv) keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;

(v) make judgements and estimates that are reasonable and prudent; and

(vi) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation.

The manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and COLL requirements.

The manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis European Growth Fund for the year ended 31 March 2019 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
J L Berens — Director
Artemis Fund Managers Limited
London
28 May 2019

General information (continued)

Independent auditor's report to the unitholders of the Artemis European Growth Fund

Opinion

We have audited the financial statements of the Artemis European Growth Fund ("the Fund") for the year ended 31 March 2019 which comprise the statement of total return, statement of change in net assets attributable to unitholders, balance sheet, distribution table and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2019 and of the net revenue and the net losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the manager

As explained more fully in the manager's responsibilities statement set out on page 3, the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the unitholders of the Fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
28 May 2019

Notes:
1. The maintenance and integrity of the artemisfunds.com web site is the responsibility of the manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Investment review

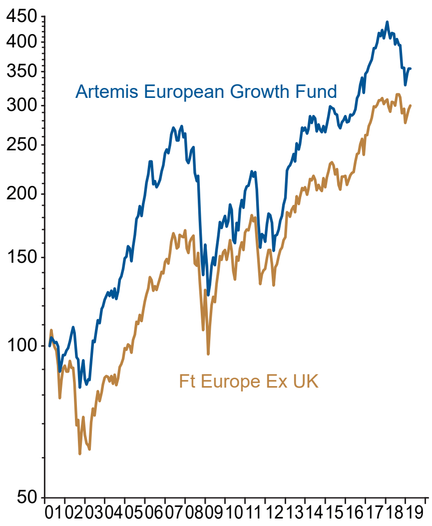
- The fund is down 13.2%*.
- Value continues to underperform.
- We are still confident in our process.

Performance – Growth in earnings goes unrecognised …

The fund performed poorly over the last year; it was down 13.2%* while the market was up 2.6%*. This begs the following questions: What have we been doing wrong? And is it a harbinger of bad things to come? After all, while the fund has outperformed the market since inception, the past few years have been more problematic.

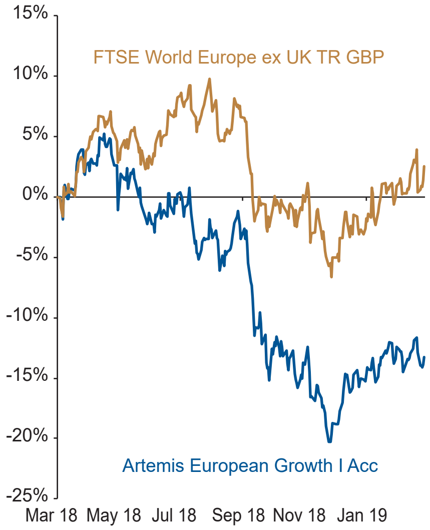
Over the long run, a stock's performance is a function of the growth of its earnings per share (EPS). Since inception, our fund has grown its EPS (and other measures of value) by about 3% per annum more than the market. Our process has not changed much over the 18 years we have been running the fund and we see no evidence that the rate of excess growth in EPS is slowing. As such, we think that the fund's recent performance is a poor predictor of future performance. If anything, future returns should be very good as we would expect share prices to catch up with the growth in profits that our stocks have been delivering.

Chart 1 – Outperformance over the long term



Source: Datastream.

Chart 2 – Underperformance over the short



Source: Artemis.

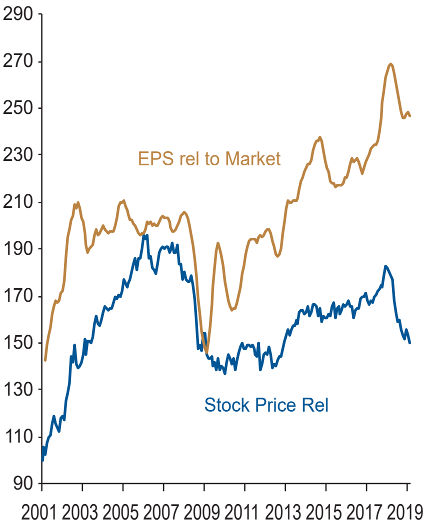
Review – Value still out of favour …

The recent performance of our fund has been puzzling us. Rather than focus on the detail of which stocks did well or badly over the past year, the intention of this note is to focus on the broad trends that drive the fund's performance. After all, if we understand the broad patterns of winning funds, it makes it easier to put things in perspective.

We use a quantitative process (SmartGARP®) to rank stocks according to their financial characteristics. We tend to buy stocks that are on low valuations, have good growth and keep delivering pleasant surprises. The logic of what we do is that this kind of stock tends to deliver superior subsequent growth in profits, which in turn is reflected in outperformance. But the proof of our process is of course in the eating.

Chart 3 illustrates the relative performance of our fund (before fees) and the forecast earnings per share (EPS) of the stocks in our portfolio at the end of each month since we launched the fund in 2001. Our fund's EPS has been trending up relative to the market by about 3% per annum. Over time, we would expect our fund to trend up against the index at a similar rate.

Chart 3: A (temporary) disconnection between earnings and share-price performance



Source: Factset.

Artemis European Growth Fund (before fees) vs FTSE World Europe ex UK Index

Nevertheless, the past year has seen the EPS of the fund's holdings relative to the European market dropping by 8%, so arguably we deserve to have underperformed (albeit not by so much). The EPS line, however, can be a bit volatile and we see that over the past two and five years, the fund's EPS is up by 7% and 17% respectively. The issue we have is that the fund's gross performance relative to the market over those periods was -10% and -3% (with net returns being worse by the amount of the ongoing fund charge). Of course, it could be that EPS overstates the profitability of our companies. However, growth in other value measures such as cashflow, book value, dividends or EBITDA shows even faster excess growth for our stocks than the wider market. The problem has not been that we have inadvertently picked poorly growing companies, rather it is that we have owned companies that the market has chosen to devalue.

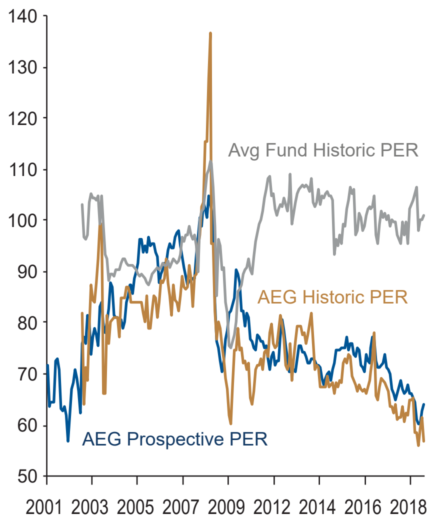
This is not illegal nor particularly abnormal. Share price and EPS

* Source: Artemis/Lipper Limited, data from 7 March 2001 to 7 March 2008 reflect class R accumulation units, and from 7 March 2008 to 31 March 2019 class I accumulation units, mid to mid in sterling. All performance figures show total return with dividends reinvested percentage growth. Benchmark is the FTSE World Europe (ex UK) Index.

relatives can diverge for a while. What would be abnormal would be for the gap that has opened up between the EPS relative and the performance relative never to close. If the stocks we owned were seeing poor growth or downgrades, then it could be that the EPS drops to catch up with the market price. But our portfolio is full of stocks that keep seeing excess growth, positive surprises and upgrades to forecasts. This suggests that it will be the relative share price of our holdings that will correct (upwards) in order to close the gap.

Chart 4 shows the prospective and historic p/e relative for our fund versus the average for the market, together with the historic p/e relative for the universe of Europe ex-UK unit trusts and mutual funds.

Chart 4 – The fund has grown progressively cheaper relative to its peers



Source: Factset and Morningstar.

There are a couple of points being made by this chart. First, the historic p/e and prospective p/e relative for our fund (labelled 'AEG') are very similar – so it is not as if one measure is giving a very different message to the other. But the p/e relative has been sharply de-rated compared to the average Europe ex-UK fund. In effect, many funds have a tendency to hug the index. We have no such tendency and the fund is currently on as big a discount to the market as it was in 2001 (prior to a period of strong outperformance.)

No doubt many will argue that value investing is no longer relevant because value stocks (that is, stocks that trade on below-market valuations) have underperformed for the past decade. This may be true, but is probably not. Value stocks have performed poorly over the past decade because their EPS has grown by less than the market. As it happens, value stocks have started to see their EPS rebound over the past couple of years and this may act as a catalyst for value investing to make its comeback. But this is not something we are relying on. The big difference between our fund and many value funds and indeed most other funds is that we have a combination of value and growth.

In effect we are out on a limb. After a period of underperformance this is clearly an uncomfortable position to be in. Nevertheless, it is a position that we are very happy with.

Do winners matter?

Does it matter that a fund's EPS outgrows the market? The answer is an unequivocal 'yes'. In Chart 5, we illustrate the relative performance of the universe of Europe ex-UK funds (this time after fees) and the implied EPS growth that they have delivered since historic fund PE data became available in 2003. Basically, EPS growth does matter: if a fund delivers good excess EPS growth (as shown on the vertical axis), it tends to outperform (horizontal axis), while those funds whose relative EPS shrinks tend to underperform.

Chart 5 tells us about the past 15 years, but on a shorter time horizon there is more 'noise'. In effect, while variations do happen year to year, over time it is those funds that deliver superior EPS growth which deliver superior returns. If our fund continues delivering 3% per annum excess growth in EPS, then this is likely to be a good outcome for investors.

Chart 5 – The connection between earnings per share growth and fund performance

Source: Morningstar.

Summary

We started running this fund 18 years ago. Our process and personnel have not changed. We succeeded over time because our stocks delivered superior growth. The stocks we own are currently out of fashion and this has made for a miserable performance over the past year or so. However, our belief in our process is undimmed; and given that future returns should be higher because our stocks are abnormally cheap, we as managers have taken the opportunity to buy more units in this fund. If we continue to deliver 3% excess growth and our stocks move back to being cheap, rather than exceptionally cheap, then we believe the fund could outperform the market considerably (after all fees) over the next decade.

Philip Wolstencroft
Fund manager

Investment information

Five largest purchases and sales for the year ended 31 March 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Roche Holding	7,522	Deutsche Lufthansa	6,452
Wienerberger	5,541	Fiat Chrysler Automobiles	5,817
ACS Actividades de Construccion y Servicios	5,061	Renault	4,828
ArcelorMittal	4,650	Volvo B shares	4,814
Television Francaise 1	4,521	Arkema	4,595

Portfolio statement as at 31 March 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 99.39% (94.80%)			
Austria 4.58% (4.67%)			
Raiffeisen Bank International	123,531	2,157	1.41
Wienerberger	300,000	4,874	3.17
		7,031	**4.58**
Belgium 0.00% (1.19%)			
Czech Republic 0.29% (0.00%)			
CEZ	25,000	450	0.29
		450	**0.29**
Denmark 0.31% (1.09%)			
Scandinavian Tobacco Group	50,000	476	0.31
		476	**0.31**
Finland 1.22% (4.51%)			
Metso	50,000	1,299	0.85
Valmet	30,000	574	0.37
		1,873	**1.22**
France 18.11% (15.64%)			
Air France-KLM	80,000	690	0.45
Alten	20,000	1,627	1.06
Carrefour	120,000	1,701	1.11
Cie Generale des Etablissements Michelin	15,000	1,348	0.88
Eiffage	60,000	4,365	2.84
Electricite de France	120,000	1,251	0.82
Kering	7,000	3,063	2.00
Peugeot	210,000	3,898	2.54
Sanofi	12,000	805	0.52
Television Francaise 1	570,000	4,027	2.62
Trigano	47,000	2,777	1.81
Vinci	30,460	2,248	1.46
		27,800	**18.11**
Germany 11.85% (13.77%)			
Allianz	36,000	6,126	3.99
Deutsche Lufthansa	70,000	1,178	0.77
Deutz	520,000	3,324	2.16
HeidelbergCement	22,000	1,207	0.79
TAG Immobilien	100,000	1,882	1.22
Volkswagen Preference shares	24,000	2,895	1.88

Investment	Holding	Valuation £'000	% of net assets
Vonovia	40,000	1,591	1.04
		18,203	**11.85**
Greece 1.03% (5.00%)			
FF Group ^	102,300	–	–
Motor Oil Hellas Corinth Refineries	25,300	450	0.29
Mytilineos Holdings	111,800	857	0.56
Safe Bulkers	234,536	270	0.18
		1,577	**1.03**
Hungary 2.65% (1.92%)			
OTP Bank	120,000	4,066	2.65
		4,066	**2.65**
Israel 0.00% (0.72%)			
Italy 21.07% (9.01%)			
ACEA	80,000	1,037	0.67
Azimut Holding	110,000	1,429	0.93
Enel	1,404,400	6,845	4.46
Interpump Group	50,000	1,231	0.80
Iren	1,293,000	2,517	1.64
Italgas	120,000	563	0.37
Leonardo	140,000	1,237	0.81
Mediobanca Banca di Credito Finanziario	475,000	3,750	2.44
Poste Italiane	450,000	3,326	2.17
Prysmian	60,000	854	0.56
Saras	600,000	851	0.55
Snam	150,000	591	0.38
Societa Iniziative Autostradali e Servizi	240,000	3,157	2.06
Terna Rete Elettrica Nazionale	240,000	1,158	0.75
Unipol Gruppo	1,000,000	3,806	2.48
		32,352	**21.07**
Netherlands 5.38% (6.30%)			
ASR Nederland	30,000	946	0.62
ING Groep	200,000	1,844	1.20
Koninklijke Ahold Delhaize	110,000	2,214	1.44
Koninklijke BAM Groep	600,000	1,986	1.29
NN Group	40,000	1,265	0.83
		8,255	**5.38**
Norway 1.36% (3.47%)			
Austevoll Seafood	54,200	496	0.32
Mowi	60,000	1,045	0.68
Salmar	15,000	553	0.36
		2,094	**1.36**
Poland 0.32% (0.25%)			
Tauron Polska Energia	1,200,000	484	0.32
		484	**0.32**
Portugal 0.90% (0.86%)			
Banco Comercial Portugues R shares	7,000,000	1,383	0.90
		1,383	**0.90**

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Russia 7.57% (5.38%)			
Gazprom, ADR	1,500,000	5,253	3.42
Lukoil, ADR	62,124	4,290	2.79
Surgutneftegas, ADR	724,900	2,086	1.36
		11,629	**7.57**
South Africa 0.66% (0.00%)			
Anglo American	50,000	1,016	0.66
		1,016	**0.66**
Spain 5.81% (2.41%)			
ACS Actividades de Construccion y Servicios	161,907	5,454	3.55
Almirall	35,000	452	0.29
Ence Energia y Celulosa	390,000	1,666	1.09
Iberdrola	125,000	841	0.55
Liberbank	1,568,039	507	0.33
		8,920	**5.81**
Sweden 6.11% (5.42%)			
Betsson	75,000	436	0.28
Dometic Group	420,000	2,514	1.64
Intrum	190,000	4,153	2.71
Lindab International	99,064	692	0.45
Peab	100,000	664	0.43
Sandvik	74,300	920	0.60
		9,379	**6.11**
Switzerland 6.46% (3.83%)			
Landis+Gyr Group	20,000	969	0.63
Roche Holding	39,500	8,198	5.34
Zurich Insurance Group	3,000	758	0.49
		9,925	**6.46**
Turkey 1.51% (3.68%)			
Eregli Demir ve Celik Fabrikalari	1,050,000	1,301	0.85
Soda Sanayii	500,000	511	0.33
Turkiye Sise ve Cam Fabrikalari	650,000	503	0.33
		2,315	**1.51**
United Kingdom 0.74% (4.20%)			
Concentric	40,000	486	0.32
OneSavings Bank	171,800	652	0.42
		1,138	**0.74**
United States of America 1.46% (1.48%)			
Mellanox Technologies	25,000	2,246	1.46
		2,246	**1.46**
Investment assets		152,612	99.39
Net other assets		933	0.61
Net assets attributable to unitholders		153,545	100.00

The comparative percentage figures in brackets are as at 31 March 2018.
^ Unlisted, suspended or delisted security.

Statement of total return for the year ended 31 March 2019

	Note	31 March 2019 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2018 £'000
Income					
Net capital (losses)/gains	3		(29,433)		18,195
Revenue	5	5,468		5,086	
Expenses	6	(2,150)		(2,367)	
Interest payable and similar charges	7	(1)		(5)	
Net revenue before taxation		3,317		2,714	
Taxation	8	(127)		(120)	
Net revenue after taxation			3,190		2,594
Total return before distributions			**(26,243)**		**20,789**
Distributions	9		(3,197)		(2,601)
Change in net assets attributable to unitholders from investment activities			(29,440)		18,188

Statement of change in net assets attributable to unitholders for the year ended 31 March 2019

	31 March 2019 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2018 £'000
Opening net assets attributable to unitholders		207,613		182,628
Amounts receivable on issue of units	4,128		16,093	
Amounts payable on cancellation of units	(31,547)		(11,985)	
		(27,419)		4,108
Change in net assets attributable to unitholders from investment activities		(29,440)		18,188
Retained distribution on accumulation units		2,791		2,689
Closing net assets attributable to unitholders		153,545		207,613

Balance sheet as at 31 March 2019

	Note	31 March 2019 £'000	31 March 2018 £'000
Assets			
Fixed assets			
Investments	10	152,612	196,814
Current assets			
Debtors	11	609	2,430
Cash and cash equivalents	12	784	8,822
Total current assets		**1,393**	**11,252**
Total assets		**154,005**	**208,066**
Liabilities			
Creditors			
Bank overdraft	13	-	205
Other creditors	14	460	248
Total creditors		**460**	**453**
Total liabilities		**460**	**453**
Net assets attributable to unitholders		153,545	207,613

Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the investment manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board. The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the Manager's opinion there have been no material movements in the fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for efficient portfolio management and investment purposes. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any positions on such transactions open at the year end are reflected in the balance sheet at their marked to market value.

(e) Revenue. Dividends receivable from equity and non-equity shares, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis. Costs arising from the filing of European withholding tax reclaims are charged to revenue but deducted from capital for the purpose of calculating the distribution. On receipt of any withholding tax reclaims, the relevant costs will be transferred back to revenue and deducted from the distribution.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund is not more than 60% invested in qualifying investments (as defined in Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19) and where applicable will pay a dividend distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised.

For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund.

3. Net capital (losses)/gains

	31 March 2019 £'000	31 March 2018 £'000
Capital transaction charges	(19)	(17)
Currency losses	(123)	(44)
Non-derivative securities	(29,291)	18,256
Net capital (losses)/gains	(29,433)	18,195

4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the fund on each transaction and are summarised below:

	Year ended 31 March 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	166,797	45	118	166,960	0.03	0.07
Sales						
Equities	181,922	48	1	181,873	0.03	0.00
Total		93	119			
Percentage of fund average net assets		0.05%	0.07%			

	Year ended 31 March 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	225,050	75	154	225,279	0.03	0.07
Sales						
Equities	228,144	77	2	228,065	0.03	0.00
Total		152	156			
Percentage of fund average net assets		0.07%	0.08%			

During the year the fund incurred £19,000 (2018: £17,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.08% (2018: 0.09%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Notes to the financial statements (continued)

5. Revenue

	31 March 2019 £'000	31 March 2018 £'000
Overseas dividends	5,318	4,970
UK dividends	77	62
Interest on Denkavit tax reclaims	57	17
Bank interest	16	3
Stock dividends	-	34
Total revenue	5,468	5,086

6. Expenses

	31 March 2019 £'000	31 March 2018 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	1,882	2,124
Administration fees *	29	-
Other expenses:		
Registration fees	83	76
Administration fees	50	61
Operational fees	47	39
Safe custody fees	23	28
Trustee fees	15	22
Professional fees	12	6
Auditor's remuneration: audit fees **	7	8
Auditor's remuneration: non-audit fees (taxation)	1	2
Price publication fees	1	1
Total expenses	2,150	2,367

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the period was £7,250 (2018: £7,000).

7. Interest payable and similar charges

	31 March 2019 £'000	31 March 2018 £'000
Interest payable	1	5
Total interest payable and similar charges	1	5

8. Taxation

	31 March 2019 £'000	31 March 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	360	241
Denkavit tax reclaims	(233)	(121)
Total taxation (note 8b)	127	120
b) Factors affecting the tax charge for the year		
Net revenue before taxation	3,317	2,714
Corporation tax at 20% (2018: 20%)	663	543
Effects of:		
Irrecoverable overseas tax	360	241
Unutilised management expenses	325	416
Non-taxable stock dividends	-	(7)
Overseas tax expensed	(10)	(6)
Non-taxable UK dividends	(15)	(12)
Denkavit tax reclaims	(233)	(121)
Non-taxable overseas dividends	(963)	(934)
Tax charge for the year (note 8a)	127	120

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £24,657,000 (2018: £23,032,000) arising as a result of having unutilised management expenses of £4,931,000 (2018: £4,606,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	31 March 2019 £'000	31 March 2018 £'000
Final dividend distribution	2,791	2,689
Add: amounts deducted on cancellation of units	453	123
Deduct: amounts added on issue of units	(47)	(211)
Distributions	3,197	2,601
Movement between net revenue and distributions		
Net revenue after taxation	3,190	2,594
Add: revenue received on conversion of units	6	7
Expenses paid from capital	1	-
	3,197	2,601

The distribution takes account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distribution per unit are set out in the distribution table on page 20.

Notes to the financial statements (continued)

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 March 2019 £'000	31 March 2018 £'000
Level 1	152,612	196,814
Total	152,612	196,814

11. Debtors

	31 March 2019 £'000	31 March 2018 £'000
Overseas withholding tax recoverable	541	870
Accrued revenue	68	401
Amounts receivable for issue of units	-	580
Sales awaiting settlement	-	578
Prepaid expenses	-	1
Total debtors	609	2,430

12. Cash and cash equivalents

	31 March 2019 £'000	31 March 2018 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	774	8,789
Cash and bank balances	10	33
Total cash and cash equivalents	784	8,822

13. Bank overdraft

	31 March 2019 £'000	31 March 2018 £'000
Bank overdraft	-	205
Total bank overdraft	-	205

14. Other creditors

	31 March 2019 £'000	31 March 2018 £'000
Amounts payable for cancellation of units	280	-
Accrued annual management charge	125	170
Accrued other expenses	40	78
Accrued administration fee payable to the manager	15	-
Total other creditors	460	248

15. Contingent liabilities and commitments

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

16. Contingent assets

Following the ruling on Denkavit's case with the European Court of Justice regarding taxation withheld on overseas dividends, the manager has taken steps to make claims with certain European tax authorities for repayment of taxation suffered by the fund on dividend revenue. During the year, the fund received repayments from the Spanish Tax Authorities which have been recognised in the statement of total return and also in notes 5 and 8. These amounts have been included within the net revenue available for distribution.

Due to uncertainty regarding the likely success of further claims made in other countries, it is not possible to estimate the potential amount of overseas tax that may be received by the fund, if any. Therefore, the financial statements presented for the year ended 31 March 2019 do not reflect any further amounts that may be received.

17. Reconciliation of unit movements

Class	Units in issue at 31 March 2018	Units issued	Units cancelled	Units converted	Units in issue at 31 March 2019
I accumulation	33,566,694	1,009,159	(6,375,449)	284,199	28,484,603
R accumulation	23,214,985	152,004	(2,985,108)	(308,156)	20,073,725

18. Risk disclosures

In pursuing their investment objectives, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the funds' operations. The fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the manager.

The manager has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the funds' positions and their contribution to the overall risk profile of the fund. In addition, our Investment Committee and Risk and Compliance Committee meet monthly and quarterly respectively, and as required to evaluate risk across each of our funds. These policies have been consistent for both the current and prior period to which these financial statements relate.

In the normal course of business, the fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk, arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in bonds and equities and maintains an appropriate spread of investments in accordance with COLL, the Trust Deed and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The manager's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the fund's financial assets are non-interest bearing, the fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been presented.

Notes to the financial statements (continued)

(ii) Currency risk

A portion of the net assets of the fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced. There were no forward currency contracts opened in the year or prior year.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. No hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

Currency	Investments £'000	Net other assets £'000	Total £'000
31 March 2019			
Euro	107,124	322	107,446
US Dollar	14,145	-	14,145
Swiss Franc	9,925	34	9,959
Swedish Krona	9,865	-	9,865
Hungarian Forint	4,066	-	4,066
Turkish Lira	2,315	-	2,315
Norwegian Krone	2,094	148	2,242
Sterling	1,668	361	2,029
Danish Krone	476	40	516
Polish Zloty	484	-	484
Czech Koruna	450	-	450
Israeli New Shekel	-	28	28
31 March 2018			
Euro	133,888	956	134,844
US Dollar	18,384	-	18,384
Sterling	2,259	9,525	11,784
Swedish Krona	11,257	-	11,257
Swiss Franc	9,432	3	9,435
Turkish Lira	7,636	127	7,763
Norwegian Krone	7,212	120	7,332
Hungarian Forint	3,977	-	3,977
Danish Krone	2,254	41	2,295
Polish Zloty	515	-	515
Israeli New Shekel	-	27	27

A five per cent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £7,576,000 (2018: £9,791,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five per cent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £7,631,000 (2018: £9,841,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The manager is required to calculate and monitor the level of leverage of a fund, expressed as a percentage of the exposure of the fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The fund can use cash borrowing (subject to restrictions as set out in its Prospectus and COLL) and financial derivatives as sources of leverage. The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 31 March 2019 and 31 March 2018 the leverage ratios of the fund were:

	31 March 2019 %	31 March 2018 %
Sum of the notionals	100.87	104.23
Commitment	100.00	100.00

(b) Credit and counterparty risk

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

Aside from the custodian and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 March 2019 or 31 March 2018.

(c) Liquidity risk

Some of the fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. As a result, the fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the fund that is realisable within a redemption cycle measured against the largest unitholder.

19. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 11 and notes 6, 9, 11 and 14 on pages 14 to 16 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 31 March 2019 in respect of these transactions was £420,000 (2018: due from the manager £410,000).

20. Unit classes

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

I accumulation: 0.75%
R accumulation: 1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 21. The distribution per unit class is given in the distribution table on page 20. All classes have the same rights.

21. Post balance sheet event

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

Distribution table

Final dividend distribution for the year ended 31 March 2019 (payable on 31 May 2019) in pence per unit.

Group 1 – Units purchased prior to 1 April 2018.
Group 2 – Units purchased from 1 April 2018 to 31 March 2019.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 31 May 2019	Distribution per unit (p) 31 May 2018
I accumulation				
Group 1	6.9662		6.9662	5.9675
Group 2	2.3100	4.6562	6.9662	5.9675
R accumulation				
Group 1	4.0204		4.0204	2.9567
Group 2	0.5312	3.4892	4.0204	2.9567

Corporate unitholders should note that:
1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.
Equalisation applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Comparative tables

	I accumulation			R accumulation		
	2019	2018	2017	2019	2018	2017
Change in net assets per unit (p)						
Opening net asset value per unit	**376.77**	**336.05**	**267.12**	**349.52**	**314.08**	**251.52**
Return before operating charges *	(46.65)	44.01	71.50	(43.11)	41.11	67.09
Operating charges	(3.20)	(3.29)	(2.57)	(5.40)	(5.67)	(4.53)
Return after operating charges	(49.85)	40.72	68.93	(48.51)	35.44	62.56
Distributions	(6.97)	(5.97)	(5.36)	(4.02)	(2.96)	(2.96)
Retained distributions on accumulation units	6.97	5.97	5.36	4.02	2.96	2.96
Closing net asset value per unit	**326.92**	**376.77**	**336.05**	**301.01**	**349.52**	**314.08**
* after direct transaction costs of	(0.39)	(0.53)	(0.46)	(0.36)	(0.49)	(0.44)
Performance						
Return after charges	(13.23)%	12.12%	25.80%	(13.88)%	11.28%	24.87%
Other information						
Closing net asset value (£'000)	93,122	126,471	104,130	60,423	81,142	78,498
Closing number of units	28,484,603	33,566,694	30,986,086	20,073,725	23,214,985	24,992,934
Operating charges	0.91%	0.88%	0.89%	1.66%	1.63%	1.64%
Direct transaction costs	0.11%	0.14%	0.16%	0.11%	0.14%	0.16%
Prices **						
Highest unit price (p)	401.16	417.40	345.10	387.43	404.07	336.21
Lowest unit price (p)	300.44	323.97	254.30	277.16	302.67	239.21

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of units and subtracted from the cancellation of units.
**With effect from 4 February 2019, the pricing basis of the fund changed from bid price and offer price to a single mid price.

Ongoing charges

Class	31 March 2019
I accumulation	0.91%
R accumulation	1.66%

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 performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis European Growth Fund	244.0	25.8	22.4	(13.2)	(10.1)
FTSE World Europe (ex UK) Index	173.8	40.8	36.7	2.6	(3.8)
Sector average	167.8	35.5	29.0	(1.7)	(6.6)
Position in sector	8/40	70/83	77/92	98/100	94/101
Quartile	1	4	4	4	4

* Data from 7 March 2001. Source: Artemis/Lipper Limited, data from 7 March 2001 to 7 March 2008 reflect class R accumulation units, and from 7 March 2008 to 31 March 2019 class I accumulation units, mid to mid in sterling. All performance figures show total return with dividends reinvested percentage growth. Sector is IA Europe (ex-UK), universe of funds is those reporting net of UK taxes.

Class R performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis European Growth Fund	216.7	21.2	19.7	(13.9)	(10.4)
FTSE World Europe (ex UK) Index	173.8	40.8	36.7	2.6	(3.8)

* Data from 7 March 2001. Source: Artemis/Lipper Limited, class R accumulation units, mid to mid in sterling to 31 March 2019. All performance figures show total return with dividends reinvested percentage growth.

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