PROFIT *hunters*

ARTEMIS UK Smaller Companies *Fund*

Half-Yearly Report (unaudited)
for the six months ended
30 June 2018

ARTEMIS
The PROFIT Hunter

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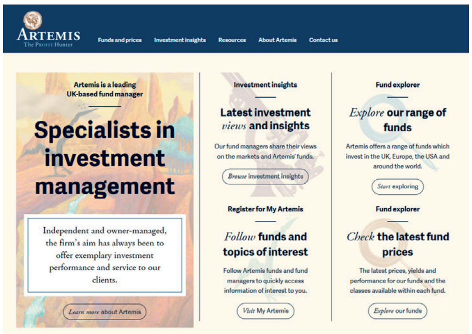

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artemisfunds.com

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 £29.9 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 31 July 2018.

Fund status

Artemis UK Smaller Companies Fund was constituted by a Trust Deed dated 17 March 1998 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. The emphasis of the fund will be investment in smaller companies listed, quoted and/or traded in the UK and in smaller companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

Investment policy

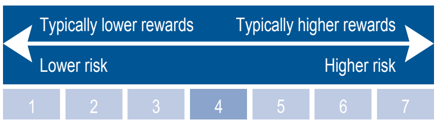
The manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of investments by industrial sectors. The securities of companies listed, quoted and/or traded in the UK but domiciled elsewhere and the securities of companies traded on ISDX may be included in 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



■ This indicator is based on historical data and 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 indicator is not a measure of the possibility of losing your investment.

The risk indicator for the fund is as above because:

■ The price of units, and the income from them, can fall and rise because of stock market and currency movements.

■ Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.

■ A portion of the fund's assets may be invested in a currency other than the fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.

■ Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.

Prospectus

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

General information (continued)

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.

Manager

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

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Chelmsford CM99 2AE
Telephone: 0800 092 2051
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Investment adviser

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

Trustee and Depositary

(to 15 January 2018)
National Westminster Bank Plc †
Trustee & Depositary Services
Younger Building
1st Floor, 3 Redheughs Avenue
Edinburgh EH12 9RH

(from 15 January 2018)
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.

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis UK Smaller Companies Fund for the six months ended 30 June 2018 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray — R J Turpin
Director — Director
Artemis Fund Managers Limited
London
28 August 2018

- The fund returned 5.2%* versus a 1.2%* fall in the benchmark.
- A wide range of our stocks performed well.
- With 'growth' expensive, we stick with 'dull-but-worthy' companies.

Performance – Broad-based strength …

A positive second quarter helped the fund to return 5.2% over the first half of 2018. While this was comfortably ahead of the 1.2% decline in the benchmark, it was only modestly ahead of the median fund in the small-cap sector.

Holdings in a wide variety of sectors performed well and we only had a few disappointments. This ties in with our approach of trying to run a diversified 'stockpicking' fund without any concentrated thematic bets.

Review – Positive momentum …

The fund's top contributor was Alliance Pharma, a supplier of specialist pharmaceuticals. It had two bits of positive news. The MHRA (the UK drug authority) has approved Diclectin, a drug for treating severe morning sickness. With a long history of safe usage in Canada, and more recently in the US, the prospects for Alliance being able to build substantial sales of Diclectin in the UK and Europe look promising. Alliance also announced the acquisition of the marketing rights to Nizoral, an anti-dandruff shampoo, in Asia. The company hopes to boost sales by paying more attention to the local distributors than Nizoral's previous owners. There will also be some opportunities to cross-sell its other recently acquired treatment for head lice (Vamousse) which is yet to break into the Asian market. We have been reducing our holding in Alliance Pharma as its share price moves closer to what we believe to be fair value.

Elsewhere, Somero, which makes machinery for levelling concrete, saw better growth in its core US market and improving trends in Europe and China. This is encouraging as it helps to diversify away the company's reliance on a single market. In addition, Somero will benefit from the changes to US corporation tax (and the effect could be magnified if this programme succeeds in stimulating corporate investment across the US as a whole).

Our holding in investment manager Polar Capital Holdings also made a good contribution. The strong performance of its funds continued to attract substantial inflows, helping profits to double in the year to the end of March. It has recently hired a new emerging markets team, which bodes well for future growth.

The fund also benefited from continuing positive momentum in two of last year's biggest winners: Games Workshop Group and Computacenter. Games Workshop Group said that it had made at least £74m in profits, roughly double the previous year. More importantly, sales keep growing across every channel and country. Computacenter continued to trade well, with higher profits from its UK and German divisions. While both companies remain well set and have net cash which gives them options, we have taken profits on both holdings.

Shares in Strix Group, which makes controls for kettles, rose strongly after it announced solid annual results. The group floated last year and although the share price performed well on the day of the IPO, it had largely traded sideways since then. Even after the recent rise, we think Strix's valuation looks modest. It has a dominant position in its market, with a business model that doesn't need much capital to grow.

The steady rise in the oil price over the last year has coincided with our only holding in the sector, Hurricane Energy, moving closer to starting production from what could be the largest oil discovery in the Greater Lancaster Area for 20 years. The resulting cash generation from the higher oil price and increased resource should be highly attractive as long as production can be sustained.

It was interesting to see Zoopla (the owner of energy comparison site U-Switch) being bought for a 30% premium by Silver Lake, a venture capitalist. Both Moneysupermarket.com Group and Gocompare.com Group

are large holdings. We are attracted to their strong cash generation, high returns on capital and limited cyclicality. Gocompare.com Group's shares rose in expectation that Zoopla might bid for it (again) now that it has the backing of a private owner with deep pockets. While we think Gocompare.com's would be a good fit with Zoopla, the company's valuation stands up on its own – its margins will rise because of incremental improvements in technology made by the new management.

On the negative side, Ebiquity (a specialist in media measurement and analysis) was the biggest detractor from performance. Annual results showed that it had yet to break out of the investment phase of the growth plan put in place by the new chief executive two-and-a-half years ago. While we worry that the execution of this plan has been poor, Ebiquity's position in the media market is interesting. We think it has a great opportunity to help brand owners identify how much of their online advertising actually reaches their target customers. It was interesting to see both the senior non-executive and out-going chairman buying more of the company's shares. We hope the new chairman – who we know well from his turnaround of STV – can help the company seize this opportunity.

Vectura Group (asthma inhalers) announced that its partner, Hikma, was having to repeat a major clinical trial to satisfy the US Food and Drug Administration that its generic version of Advair (the blockbuster drug for treating asthma) was up to scratch. It looked to us like the problem was not Vectura's inhaler but that the FDA wanted more patients in the trial to give a

* Source: Lipper Limited, class I accumulation units, bid to bid basis, in sterling with dividends reinvested. Benchmark is the Numis Smaller Companies (excluding Investment Trusts) Index.

Investment review (continued)

conclusive result. Although this delays future royalties, we feel Vectura's valuation was already reflecting this. We added to our holding when the share price weakened as we think the cashflows from its other leading products – Ultibro, Seebri and Flutiform – are being masked by the £60m the company spends each year on research and development. This could make the group look attractive to an acquirer given the strong balance sheet (nearly 20% of the market valuation is cash).

Moss Bros Group, which sells and rents suits, had a major profit warning in which forecasts were cut by over 60%. UK retailing is undoubtedly tough at the moment with companies having to fight rising costs stemming from the national living wage, higher business rates and the increased cost of raw materials. Most of Moss's problems, however, were self-inflicted. In trying to get better prices from its suppliers in China, it concentrated its purchases into too few factories, which couldn't cope with the bigger volumes. We think this will be a short-lived problem, it has a strong balance sheet and significant net cash. So we are keeping the holding.

The fund's performance also suffered from a fall of 45% in Proactis' Group share price. This specialist in software for procurement cut expectations for annual profits by 20% at its interim results. The reduction was mainly due to the loss of a couple of large customers and was compounded by the recent strengthening of sterling. Although the scale of the fall in its share price – certainly relatively to the size of the downgrade – feels excessive, it is important to understand the context. The company had raised £70m of new equity under a year ago to fund its largest-ever deal; the new chief executive previously ran the acquired company; and the two large customer losses were both from the acquired business (which did not have the same excellent track record that Proactis had established). But we should also remember why we invested in Proactis: it is one of the few remaining software companies of its type left in the UK small-cap market, with recurring earnings derived from monthly subscriptions. Their customers – thousands of small- and medium-sized companies – are diverse and their custom has historically been very 'sticky'. The business model, meanwhile, should be highly cash-generative. On less than 10x 2018 earnings and free cashflow yield of 8% this could potentially be an exceptionally cheap stock. After several meetings with the management following the profit warning, we added to our holding.

The other disappointment came when IFG Group announced that the extra costs of the new management and a strategic review would hold back profits. This was always a risk in sticking with this holding from the previous management. We think that the substantial costs of IFG's head office mask the high-quality recurring earnings generated by its two businesses, James Hay (a SIPP administrator) and Saunderson House (an investment adviser). If James Hay can resolve its dispute with HMRC over legacy issues (a maximum estimated liability of £20m, which is covered by the group's net cash), we think there is good scope for the shares to significantly rerate if the expensive holding structure can be addressed. James Hay is expected to make £7m this year and Saunderson House over £9m, yet central costs are huge at £7m. It was encouraging to see the new chairman, chief executive and finance director all buying shares after the announcement.

There was more disappointing news from Connect Group, the distributor of newspapers. The company has a long-standing two-pronged strategy. First, reduce costs to maintain profits in newspaper distribution in the face of a declining revenue base. Second, to use the strong cashflows to diversify the business and ensure its long-term future. The management has been commendably successful at the former – the newspaper business continues to deliver stable earnings – but has so far failed at the latter. Once again, the 'new' areas were the sources of disappointment. Losses at Pass My Parcel increased. There was margin pressure in mixed-freight parcel delivery brought on by a shortage of drivers and fierce competition. We sold our remaining small position.

Transactions – Taking profits and adding new ideas …

As previously mentioned, we continued to trim our large position in Games Workshop as the shares had risen sixfold over the last couple of years. We also cut back our position in Alliance Pharma as it had significantly re-rated. We had been concerned that the cash generation we were expecting from Charles Taylor, a specialist in insurance services, was not coming through. When the shares rose after the company won a contract with the Lloyds insurance market, we used the opportunity to cut our holding. While the Lloyds deal should be lucrative, we worry that the company's ambitions to grow an insurance software business in South America are risky.

We also sold our remaining holding in Focusrite, which makes audio equipment. The shares have nearly trebled in price since the IPO three years ago and we felt that a combination of the material re-rating, tough comparatives against a major product launch last year and a stronger pound meant that the shares were no longer offering us good value.

Most of our other sales came in the category of taking profits after the shares had had a decent run. These included Somero Enterprises, Keller, Polar Capital Holdings and Computacenter.

New holdings included RPS Group, Chemring Group, Morses Club, Greene King and Restore. We have been following these companies for several years and have met their managers many times.

Chemring Group is a defence company with a strong position in electronic countermeasures (used on aircraft and ships to confuse incoming missile attacks). It also makes high-tech sensors to thwart threats from cyber and electronic warfare, as well as producing military flares, smoke grenades and ammunition. The previous managers had an aggressive acquisition policy, poor execution of which left the business with too much debt just as defence budgets were coming under pressure in many Western economies. Over the past few years, the new managers have strengthened the balance sheet and put in place a self-help programme to boost margins. On current forecasts, the shares offer a 7% free-cashflow yield while also having a number of 'options' on possible new military programmes, which could make those numbers substantially higher.

We also invested in Morses Club, a doorstep lender. The market leader, Provident Financial, had a huge profit warning last year as it moved from using self-employed agents to employed staff. Morses Club, the second-largest player in the market, has been exploiting this opportunity by hiring former Provident Financial agents and increasing its share in an area of the market that has historically offered very high returns on capital and relatively low cyclicality. We expect this to drive strong growth over the next few years and this is not reflected in the stock's current price/earnings ratio of 12.5x.

RPS Group is a consultant advising companies on infrastructure projects in areas like environmental-impact assessments. The shares have underperformed over the last 10 years, having been hit first by the banking crisis in 2008 and then by the collapse in the oil price in 2014-15. With the proportion of profits derived from energy-related projects having fallen from 50% at their peak to 10% now, we feel RPS Group offers an attractive play on global spending on infrastructure and also has the potential to benefit if the recovery in the oil price is sustained.

Restore has built a strong position in document storage by consolidating what was a fragmented market. In many industries (such as law or pharmaceuticals), regulators require documents to be retained for many years. This provides Restore with predictable, recurring and stable cashflows. This is exactly what we look for. We took part in a placing to fund what may well be the final large document-storage acquisition, one that will leave Restore as the clear number two in its market. Future growth is likely to come from consolidation of the ancillary document-shredding and document-scanning markets.

Another new addition was Miton Group, a fund management company. We were attracted by the strong performance of its funds and by the inflows this is bringing in. Despite these two factors having driven earnings forecasts more than 40% higher over the last year, the share price had been lacklustre. We felt that its growth potential, the fact that a quarter of the current market cap is accounted for by net cash, a p/e of 11x and a free cashflow yield of 8% more than compensate us for the liquidity risk we are taking. Aware of the increased exposure to the fortunes of the stockmarket we have taken on by adding another fund manager to our portfolio, we took some profits in Polar Capital Holdings.

We also started a small new position in Greene King, the pub operator. After a series of downgrades to earnings, the shares were trading at an all-time relative low (perhaps another example of how momentum-focussed the current market is). We felt that some of the pressures on costs (such as weak sterling and rising business rates) may be past their worst and that the valuation – on some measures cheaper than in the financial crisis – gives us a margin of safety in the event of further downgrades.

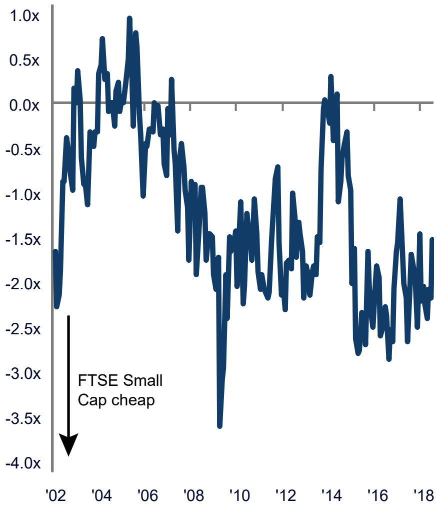
We added to 4imprint Group (promotional goods), whose share price had been hit by a negative report from a broker – a report with which we disagreed.

Biffa's share price had been depressed since a profit warning in early March. Increased Chinese regulation governing imports of recycled waste had meant lower prices for some of Biffa's recycled products. Following the warning, recycling prices started to recover but the share price remained depressed, so we added to our holding.

Outlook – Preferring 'dull-but-worthy' stocks …

The valuation multiples being awarded to 'growth' stocks are still extremely high and we have carried on trimming those that we hold, such as GB Group, and Alpha FX Group. We still prefer the middle way: dull-but-worthy companies, including Mears Group, RPS Group, Biffa and Chemring Group. Overall, valuations of small-cap companies look reasonable considering the length of the current bull market (Chart 1); they remain at a modest discount to large caps despite strong outperformance. On the question of whether recent political attempts to agree a softer Brexit offset increasing risks around global trade wars, we feel we can add little value. We remain happy with how the portfolio is positioned and the vast majority of our companies continue to trade well.

Chart 1 – Valuations of small caps look reasonable

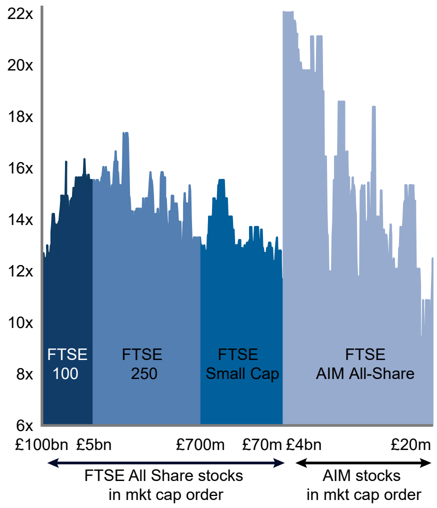


Source: Liberum, Datastream.

Investment review (continued)

It's interesting to note the wide dispersion of valuations on the AIM market (Chart 2). We are still finding opportunities here –stocks quoted on AIM make up around 25% of the fund – but we need to be mindful of the tax breaks available (for example inheritance tax and venture capital trusts). They may attract too much money into the index, which could drive up valuations. They may also be susceptible to future changes or restrictions, leading to sudden outflows. We will continue to be selective and currently hold 21 AIM stocks out of the 800 or so listed on the exchange.

Chart 2 – The dispersion of valuations



Source: Datastream.

Although not (yet) apparent in the official UK wage statistics, we hear a growing number of companies discussing the challenges of increased pressure from wage inflation and – in some cases – labour shortages. After a decade in which average growth in nominal wages has struggled to break 2%, it is easy to forget that in the previous decade wage inflation of 4-5% was common. We feel that many companies have reflected increasing labour costs in their budgets but have been reluctant to forecast any potential benefits to revenue from consumers who might start to feel a little better off. This could be an opportunity for some of our consumer stocks, many of which are as unloved as at any time that we can remember. We have kept position sizes modest, reflecting the risky nature of many of the companies, but continue to have some exposure in this area.

Mark Niznik & William Tamworth
Fund managers

Five largest purchases and sales for the six months ended 30 June 2018

Purchases	Cost £'000	Sales	Proceeds £'000
RPS Group	10,762	Alliance Pharma	11,352
Chemring Group	9,362	Games Workshop Group	5,959
Morses Club	7,074	Somero Enterprises	5,108
Miton Group	6,209	Telecom Plus	4,764
Moneysupermarket.com Group	5,782	Keller Group	3,406

Portfolio statement as at 30 June 2018

Investment	Holding	Valuation £'000	% of net assets
Equities 95.97% (96.05%)			
Basic Materials 1.25% (1.26%)			
Kenmare Resources Warrant 16/11/2019 ^	1,600	-	-
Thistle Mining ^	2,376,532	-	-
Victrex	225,438	6,502	1.25
		6,502	**1.25**
Consumer Goods 8.40% (9.88%)			
Bagir Group #	6,673,571	113	0.02
Bakkavor Group	6,295,758	11,962	2.30
Cranswick	71,463	2,417	0.46
Games Workshop Group	419,119	12,616	2.42
Headlam Group	703,658	3,494	0.67
Hilton Food Group	417,660	4,035	0.77
REA Holdings	2,022,530	6,674	1.28
Redrow	463,202	2,487	0.48
		43,798	**8.40**
Consumer Services 24.38% (23.68%)			
4imprint Group	638,981	10,895	2.09
Bonmarche Holdings	3,050,548	3,356	0.64
Centaur Media	12,765,155	5,949	1.14
DFS Furniture	1,953,293	4,014	0.77
Ebiquity #	7,198,924	4,535	0.87
Fuller Smith & Turner A shares	137,425	1,305	0.25
Global Market Group ^	1,138,309	-	-
Gocompare.com Group	10,085,547	13,474	2.58
Greene King	1,036,848	5,821	1.12
Lookers	7,064,950	7,644	1.47
Moneysupermarket.com Group	3,820,175	12,030	2.31
Moss Bros Group	7,117,000	3,281	0.63
National Express Group	3,242,600	12,957	2.49
Rank Group	1,365,764	2,565	0.49
Revolution Bars Group	4,478,265	6,359	1.22
ScS Group	2,138,733	4,748	0.91
Sportech	7,892,430	6,440	1.24
Tarsus Group	3,831,235	11,111	2.13
Wilmington	4,388,835	10,577	2.03
		127,061	**24.38**
Financials 15.47% (13.72%)			
Brooks Macdonald Group #	458,223	8,866	1.70
H&T Group #	2,770,384	9,447	1.81
Hansteen Holdings, REIT	2,746,151	2,881	0.55

Investment	Holding	Valuation £'000	% of net assets
Harworth Group	4,571,113	5,714	1.10
Helical	1,255,955	4,289	0.82
IFG Group	3,254,329	4,279	0.82
Miton Group #	14,671,026	8,274	1.59
Morses Club #	5,438,046	8,239	1.58
Park Group #	12,092,011	8,888	1.71
Polar Capital Holdings #	1,213,308	8,760	1.68
ROK Entertainment Group ^	410,914	-	-
ROK Global ^	66,097	-	-
U & I Group	2,499,843	5,875	1.13
XPS Pensions Group	2,790,589	5,135	0.98
		80,647	**15.47**
Healthcare 6.52% (8.79%)			
Advanced Medical Solutions Group #	1,224,322	4,016	0.77
Alliance Pharma #	9,623,683	9,315	1.79
Consort Medical	948,337	11,361	2.18
Medica Group	1,667,366	2,111	0.40
Vectura Group	9,075,461	7,206	1.38
		34,009	**6.52**
Industrials 28.07% (26.43%)			
Biffa	5,390,162	13,529	2.59
Charles Taylor	804,879	2,471	0.47
Chemring Group	4,788,660	10,774	2.07
Clipper Logistics	536,227	2,252	0.43
Diploma	207,509	2,689	0.52
Hargreaves Services #	2,136,069	7,433	1.43
Keller Group	803,718	8,214	1.58
Mears Group	4,181,089	14,425	2.77
Norcros	2,856,329	6,284	1.21
Northbridge Industrial Services #	2,150,663	2,796	0.54
Pressure Technologies #	2,197,250	2,637	0.51
Restore #	705,881	3,614	0.69
RPS Group	4,095,698	10,526	2.02
Sanne Group	296,161	1,964	0.38
Senior	1,975,914	5,967	1.14
Severfield	7,891,224	6,692	1.28
Somero Enterprises #	2,206,123	8,163	1.57
Strix Group #	5,616,459	9,188	1.76
Tyman	1,692,930	5,654	1.08
Volution Group	4,597,716	8,989	1.72
WYG #	8,996,172	4,858	0.93
XP Power	202,411	7,186	1.38
		146,305	**28.07**
Oil & Gas 1.65% (1.44%)			
Energy Equity Resources (Norway) ^	14,000	-	-
Hurricane Energy #	15,134,291	7,189	1.38
Mycelx Technologies #	1,225,223	1,409	0.27
Timan Oil & Gas ^	1,431,667	-	-
		8,598	**1.65**
Technology 9.50% (9.20%)			
Computacenter	1,039,245	15,069	2.89
GB Group #	943,561	5,737	1.10

Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
NCC Group	1,793,763	3,666	0.70
Proactis Holdings #	6,310,206	7,888	1.52
RM	5,670,622	12,362	2.37
SDL	1,121,019	4,787	0.92
		49,509	**9.50**
Telecommunications 0.73% (1.65%)			
Telecom Plus	329,920	3,807	0.73
		3,807	**0.73**
Investment assets		500,236	95.97
Net other assets		20,997	4.03
Net assets attributable to unitholders		521,233	100.00

The comparative precentage figures in brackets are as at 31 December 2017.

^ Unlisted, suspended or delisted security.

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

Financial statements

Statement of total return for the six months ended 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		18,499		49,163
Revenue	7,169		6,504	
Expenses	(2,837)		(2,459)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	4,332		4,044	
Taxation	(40)		(39)	
Net revenue after taxation		4,292		4,005
Total return before distributions		**22,791**		**53,168**
Distributions		231		(28)
Change in net assets attributable to unitholders from investment activities		23,022		53,140

Statement of change in net assets attributable to unitholders for the six months ended 30 June 2018

	30 June 2018		30 June 2017	
		£'000		£'000
Opening net assets attributable to unitholders		474,317		372,467
Amounts receivable on issue of units	36,778		6,170	
Amounts payable on cancellation of units	(12,884)		(17,618)	
		23,894		(11,448)
Change in net assets attributable to unitholders from investment activities		23,022		53,140
Closing net assets attributable to unitholders		521,233		414,159

Balance sheet as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
Assets		
Fixed assets		
Investments	500,236	455,573
Current assets		
Debtors	4,333	1,064
Cash and bank balances	19,567	18,365
Total current assets	**23,900**	**19,429**
Total assets	**524,136**	**475,002**
Liabilities		
Creditors		
Distribution payable	-	25
Other creditors	2,903	660
Total creditors	**2,903**	**685**
Total liabilities	**2,903**	**685**
Net assets attributable to unitholders	521,233	474,317

Notes to the financial statements

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 December 2017, as set out therein.

2. Post balance sheet events

Since 30 June 2018, the net asset values per unit, on a bid basis, have changed as follows:

	Net asset value per unit (p)		
	24 August 2018	30 June 2018	Movement
I distribution	1,760.18	1,805.18	(2.5)%
I accumulation	1,844.94	1,892.11	(2.5)%
R accumulation	1,736.76	1,783.22	(2.6)%

Comparative tables

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 December 2015	362,833,433		
I accumulation		1,226.58	12,277,533
R accumulation		1,177.82	18,019,746
31 December 2016	372,466,760		
I distribution *		1,355.17	900
I accumulation		1,384.11	12,842,075
R accumulation		1,319.17	14,759,785
31 December 2017	474,317,162		
I distribution		1,716.31	56,476
I accumulation		1,799.38	12,920,223
R accumulation		1,702.19	14,150,221
30 June 2018	521,232,561		
I distribution		1,805.18	67,803
I accumulation		1,892.11	14,344,350
R accumulation		1,783.22	13,940,989

* Launched 14 September 2016.

Ongoing charges

Class	30 June 2018
I distribution	0.82%
I accumulation	0.82%
R accumulation	1.57%

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 UK Smaller Companies Fund	1,885.7	112.4	64.7	19.2	5.2
Numis Smaller Companies (ex-Inv Trust) Index	531.9	72.3	29.8	7.6	(1.2)
Sector average	628.6	100.5	49.9	17.1	5.4
Position in sector	2/17	20/44	13/45	18/46	20/48
Quartile	1	2	2	2	2

* Data from 3 April 1998. Source: Lipper Limited, data from 3 April 1998 to 1 September 2010 reflects class R accumulation units, and from 1 September 2010 reflects class I accumulation units, bid to bid in sterling to 30 June 2018. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA UK Smaller Companies.

Class R performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis UK Smaller Companies Fund	1,771.5	104.5	61.0	18.3	4.8
Numis Smaller Companies (ex-Inv Trust) Index	531.9	72.3	29.8	7.6	(1.2)

* Data from 3 April 1998. Source: Lipper Limited, class R accumulation units, bid to bid in sterling to 30 June 2018. All figures show total returns with dividends reinvested, percentage growth.

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The Profit Hunter