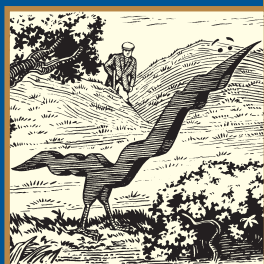


# ARTEMIS Global Growth *Fund*

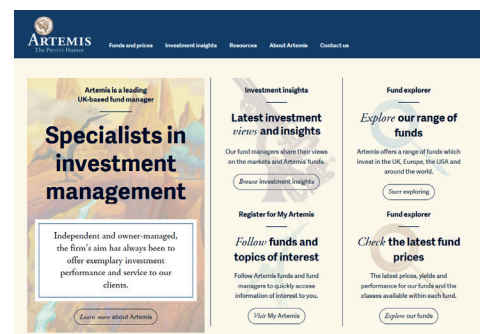
Manager's Report  
and Financial Statements  
for the year ended 7 April 2019



## Keep up to date ...

... with the performance of this and other Artemis funds throughout the year on Artemis' website

- Monthly fund commentaries and factsheets
- Artemis *Filmclub* videos by our fund managers
- Market and fund insights
- Fund briefings and research articles
- *The Hunters' Tails*, our weekly market newsletter
- Daily fund prices
- Fund literature



**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 Global Growth Fund was constituted by a Trust Deed dated 1 May 1990 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 from a diversified portfolio investing in any economic sector in any part of the world.

### Investment policy

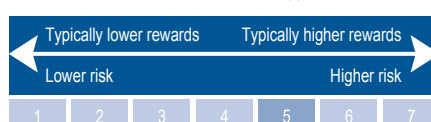
The manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

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](http://artemisfunds.com). Valuation of the fund takes place each business day at 12 noon on a forward pricing basis. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

### 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:

■ 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.

■ 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.

■ Investment in emerging markets can involve greater risk than that usually associated with more established markets. As a result, the fund may be subject to greater swings in value.

■ The fund can invest in China A-shares (shares traded on Chinese stock exchanges in Renminbi). There is a risk that the fund may suffer difficulties or delays in enforcing its rights in these shares, including title and assurance of ownership.

### 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 Global 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](http://artemisfunds.com). Remuneration levels are set to attract,

## General information (continued)

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 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.

### 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.

### 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.

## Tax information reporting

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

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

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

## 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 Global Growth Fund ('the Trust') for the year ended 7 April 2019

The Trustee of Artemis Global 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 are 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  
London  
4 June 2019

## General information (continued)

### 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 Global Growth Fund for the year ended 7 April 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	J L Berens
Director	Director
Artemis Fund Managers Limited	
London	
4 June 2019	



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

## Opinion

We have audited the financial statements of the Artemis Global Growth Fund ('the Fund') for the year ended 7 April 2019 which comprise the statement of total return, statement of change in net assets attributable to unitholders, balance sheet, distribution tables and the related notes 1 to 20, 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 7 April 2019 and of the net revenue and the net gains 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 4, 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](http://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  
4 June 2019

#### **Notes:**

1. The maintenance and integrity of the [artemisfunds.com](http://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

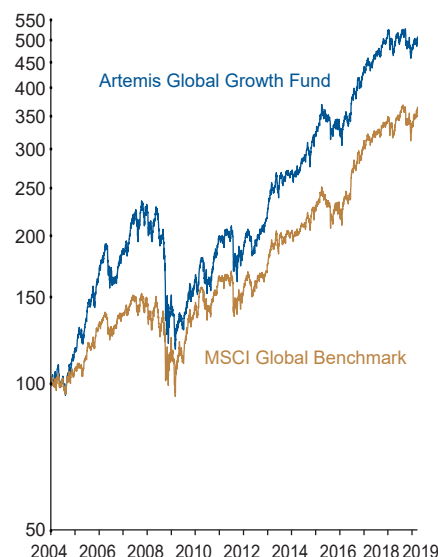
- The fund returns 5.8%\* versus the benchmark's 14.1%\*.
- Our underweight in US equities and technology stocks held the fund back.
- Our tilt to value is at an all-time high.

### Performance – Trailing a buoyant market ...

Global equities rose sharply this year, albeit with considerable volatility. With dividends reinvested, the MSCI All Country World Index rose by 14.1%. Our fund, meanwhile, trailed the market, rising by 5.8%.

The fund's relative performance over the longer-term, however, is more favourable: over the last five years, it has returned 85% versus a benchmark return of 79%. Since I began managing the fund at the start of 2004, it has returned 400% versus 260% for the market (see chart below).

#### Artemis Global Growth and benchmark



Source: Artemis, MSCI as at 7 April 2019.

#### SmartGARP® – Evidence-based investing ...

The Global Growth Fund is one of four Artemis funds that rely heavily on SmartGARP, Artemis' proprietary stock screening tool (Global Emerging Markets, European Growth and Capital being the other three). SmartGARP screens a universe of 6,000 global stocks for those whose valuation appears out of line with its growth prospects and who have a catalyst that might cause investors to re-appraise their views about the company. SmartGARP helps us partly by singling out potentially undervalued stocks, but also by monitoring whether the reasons for investing in our existing holdings are still valid.

In the 15 years we have used SmartGARP to manage the fund we have found having SmartGARP as an unemotional and objective yardstick very useful.

### Review – Explaining the fund's weaker performance in recent years ...

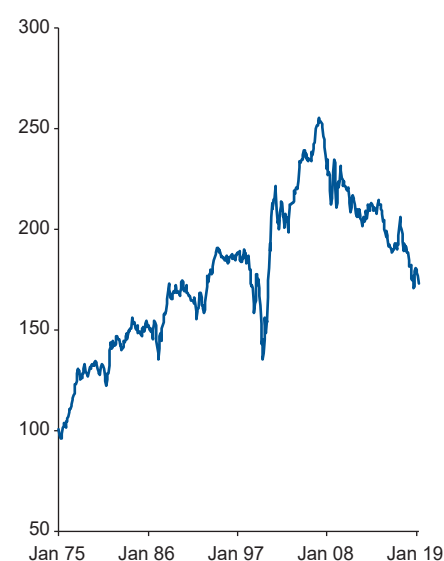
The Artemis Global Growth Fund remains in the top quartile of its peer group over the last five, 10 and 15 years. More recently, however, it has trailed the benchmark and its peers. Barring some small refinements, our investment process – SmartGARP – remains unchanged. And the investment team is the same. But the investment outcomes have clearly not been as good as they were previously.

In analysing the reasons for the fund's recent lacklustre performance, we could point to our overweight in emerging markets and offsetting underweight in North American equities. Or we could cite our persistent and pronounced underweight in the technology sector and our overweight in banks.

Fundamentally, however, both features are merely symptoms of a broader underlying trend that has run counter to our approach to picking stocks. Over the last five years, our investment process has led us to gradually increase the fund's exposure to stocks trading on below-market valuations, so-called 'value' stocks. These have underperformed the broader market in general, and particularly stocks with above-average growth characteristics ('growth' stocks).

Periods of extended underperformance by value are not unheard of. The six years running up to February 2000, for example, were characterised by consistently poor performance by value stocks, particularly during the bubble in technology-related share prices in the late 1990s (see chart). But over the very long term (the last 100-plus years), research by Elroy Dimson, Paul Marsh and Mike Staunton<sup>1</sup> shows that a bias towards value delivers market-beating returns. Going through painful and at times protracted periods of lacklustre short-term performance is the price we pay for longer-term outperformance.

#### Performance of value stocks versus growth stocks



Source: MSCI AC World Value and Growth Total Return Indices, Bloomberg.

\* Source: Lipper Limited, class I accumulation units, to 7 April 2019. All figures show total return with dividends and/or income reinvested, net of ongoing charges and portfolio costs.

<sup>1</sup> Credit Suisse's latest Global Investment Returns Yearbook.

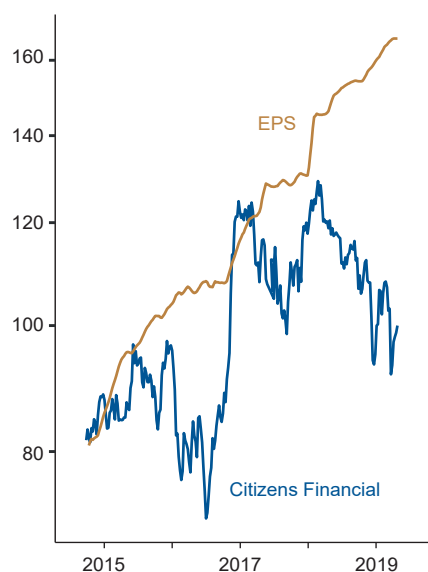
The following examples illustrate these points. They fall into one of two categories. First, the stocks that we owned are cheap and became even cheaper. Second, the high-growth stocks that we didn't own which became even more expensive.

### 1. The cheap stocks that became cheaper

Citizens Financial Group is a mid-sized US regional bank. We first invested in August 2016. At that time, forecast earnings per share (EPS) for 2017 were about \$2 and the shares were trading at around \$20, resulting in a forward price-to-earnings ratio of 10x. As can be seen in the chart below, forecast earnings per share subsequently rose steadily relative to the broader market. In contrast, the company's share price has oscillated widely relative to the market and has underperformed sharply in the last 12 months. Accordingly, the shares trade on a cheaper valuation today than they did when we first invested.

Usually, one finds that share prices go where fundamentals (such as earnings) lead. In this case, however, there appears to be a clear disconnect. That is why we are sitting tight even though our investment in Citizens Financial has hurt performance during the last 12 months.

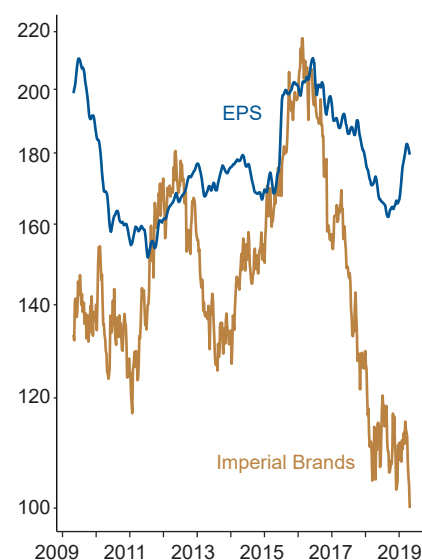
#### Citizens Financial



Citizens Financial's share price (blue) and earnings per share (bronze) relative to the MSCI All Country World Index Source: Artemis.

Another example of divergence between a company's share price and its financial performance is Imperial Brands, the UK tobacco company. This is a more recent investment for us: we initiated the holding in May 2018. At that time, the shares were trading at about £26 with forecast earnings per share for 2019 of about £2.67. Today, forecast profits are higher, but the shares have fallen. Again, there seems to be a disconnect between the company's profits and where its share price has gone (see chart).

#### Imperial Brands

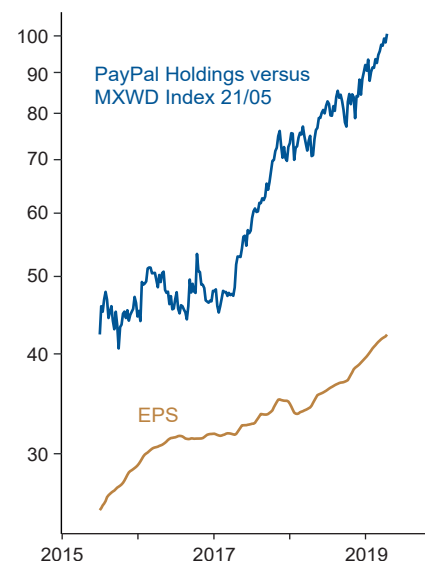


Imperial Brands' share price (bronze) and earnings per share (blue) relative to the MSCI All Country World Index Source: Artemis.

### 2. High growth stocks we didn't own for valuation reasons

Having looked at two stocks we own but which underperformed, we turn to stocks we didn't own and which have outperformed. One example is US online payments firm PayPal. Twelve months ago, the shares were trading at about \$75 and forecast earnings for 2019 were about \$2.75 per share, for a price-to-earnings ratio of 27x (about three times the p/e of Citizens Financial or Imperial Brands). Today, forecast profits for 2019 are about 5% higher, but the shares have risen by 43% (implying a price-to-earnings ratio of 38x, four times that of Citizens Financial or Imperial Brands).

#### Paypal



PayPal's share price (blue) and earnings per share (bronze) relative to the MSCI All Country World Index Source: Artemis.

PayPal is not an isolated or unusual case. In fact, our relatively low exposure to companies such as Microsoft, Amazon, Apple and Alphabet has been a significant drag on performance relative to the benchmark, as these stocks have risen strongly and have large weightings in the index.

So, looking for companies whose share prices diverge from (improving) fundamentals while reducing the fund's exposure to increasingly expensive growth stocks has held performance back. Given this, it is perhaps unsurprising that turnover within the fund over the last year has been lower than in the past.

At the margin, we used the continued underperformance in Europe as an opportunity to increase our exposure here. Examples of stocks we invested in following what we consider an unjustified de-rating included Swiss drug maker Roche, Imperial Brands, Spanish oil producer Repsol, Spanish utility Endesa and French construction firm Eiffage. More generally, as the global cycle slowed we reduced our exposure to chemicals, energy and basic resources and increased our weightings in utilities and healthcare. We also took profits in technology and used the proceeds to extend our overweight in (unloved) financials.

## Investment review (continued)

The low turnover meant that the fund's principal regional and sectoral exposures have not changed. We have roughly a quarter of the portfolio invested in each of Europe and emerging markets, two-fifths is invested in North America with the remaining 10% in Japan and developed Asia. At the sector level, the fund is most overweight banks, utilities and construction and is very underweight in technology and retail.

### Outlook – Our tilt to value creates significant long-term opportunity...

As ever, we are agnostic about the direction of the equity market in the near term. Easier monetary policy in the US and fiscal stimulus in China should help. Then again, markets have rallied much in recent years (not least in the last three months) and a lot of good news is priced in.

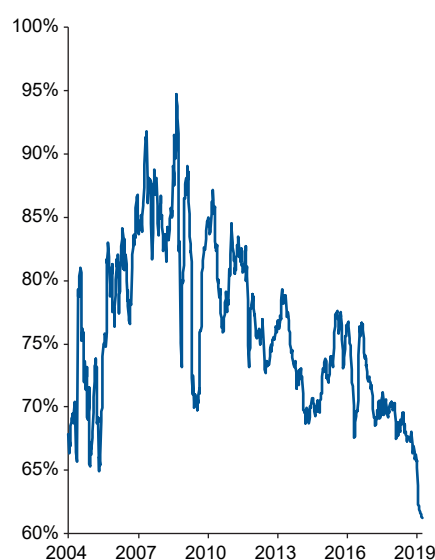
Much more important for the future of our fund, however, will be the quality of our stock-picking and the extent to which value stocks (finally) return to favour for an extended period. Regarding the latter, it is worth noting that the voices arguing that value investing is doomed because of the growing influence of disruptive businesses are getting louder. To us, these noises seem eerily familiar to the ones we heard during the TMT bubble in the late 1990s. Back then, companies' top-line growth seemed to be all that mattered and loss-making IPOs were two-a-penny.

We prefer to view things in a larger historical setting. As alluded to above, stocks trading on below-market valuations have delivered good relative returns in the long run. Compared to the TMT bubble, the current episode of underperformance by value is different only in its duration: almost 12 years versus six years back then.

Clearly, paying an ever-higher premium for companies delivering above-average growth has been a winning strategy for an extended period. Yet as this strategy has worked, valuations of growth stocks

have become ever more stretched. In our opinion, this makes the trade-off between risk and reward increasingly unattractive. Accordingly, our bias towards lowly valued companies has become ever more pronounced. This can be seen in the chart below, which shows the average discount the fund has traded at relative to its benchmark on a price-earnings ratio since the current manager assumed responsibility for it.

**Relative price-earnings ratio of Global Growth Fund**



Source: Factset, Artemis.

The current discount is at its most extreme level since launch, even exceeding levels seen during the early stages of the bull run in value stocks that culminated in 2007<sup>2</sup>. And although we are unable to say when a sustained reversal of the performance of value versus growth stocks will take place, our firm belief remains that it will happen sooner or later. When it does, the potential for a re-rating of the fund will be very significant.

So while it is disappointing to have to report on a year of weak fund performance relative to the market, we remain optimistic about the fund's prospects.

**Peter Saacke**  
Fund manager

<sup>2</sup> At the end of March 2019, the fund was trading on an average price-earnings ratio of 9.0 versus benchmark at 14.8, a 39% discount.

## Investment information

### Five largest purchases and sales for the year ended 7 April 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Imperial Brands	16,261	Microsoft	17,465
Apple	13,706	Pfizer	15,490
Roche Holding	12,958	Eli Lilly	14,356
Bristol-Myers Squibb	12,062	Total	13,350
Repsol	11,838	Apple	12,997

### Portfolio statement as at 7 April 2019

Investment	Holding	Valuation £'000	% of net assets
<b>Equities 98.56% (97.86%)</b>			
<b>Argentina 0.00% (0.00%)</b>			
Agritech Inversora^	40,000	—	—
		—	—
<b>Australia 0.94% (0.00%)</b>			
Rio Tinto	164,000	7,630	0.94
		<b>7,630</b>	<b>0.94</b>
<b>Austria 0.00% (1.29%)</b>			
<b>Brazil 0.37% (0.86%)</b>			
Engie Brasil Energia	348,000	3,025	0.37
		<b>3,025</b>	<b>0.37</b>
<b>Cambodia 0.68% (0.00%)</b>			
NagaCorp	5,400,000	5,496	0.68
		<b>5,496</b>	<b>0.68</b>
<b>Canada 3.86% (2.91%)</b>			
Bank of Nova Scotia	130,300	5,317	0.66
National Bank of Canada	230,970	8,163	1.01
Open Text	84,000	2,439	0.30
Rogers Communications B shares	171,800	7,079	0.87
Royal Bank of Canada	139,500	8,252	1.02
		<b>31,250</b>	<b>3.86</b>
<b>China 15.11% (14.02%)</b>			
Anhui Conch Cement H shares	2,048,500	9,926	1.23
Bank of China H shares	23,270,000	8,485	1.05
Bank of Communications H shares	17,438,000	11,153	1.38
China CITIC Bank H shares	3,200,000	1,591	0.20
China Construction Bank H shares	11,920,000	8,089	1.00
China Railway Construction H shares	6,190,000	6,180	0.76
China Railway Group H shares	11,500,000	7,624	0.94
China Resources Land	2,498,000	8,621	1.06
China Resources Power Holdings	1,400,000	1,594	0.20
China Shenhua Energy H shares	1,330,000	2,339	0.29
China State Construction Engineering A shares	2,501,914	1,795	0.22
China State Construction Engineering (J.P. Morgan) Warrant 20/04/2020	4,160,800	2,981	0.37
China Suntien Green Energy H shares	25,600,000	6,115	0.76
Country Garden Holdings	4,040,000	4,797	0.59
Dongfeng Motor Group H shares	6,078,559	4,960	0.61

## Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Great Wall Motor H shares	4,400,000	2,767	0.34
Gree Electric Appliances, Inc. of Zhuhai A shares	1,927,774	10,367	1.28
Huadian Fuxin Energy H shares	14,100,000	2,378	0.29
Qudian, ADR	590,000	2,380	0.29
Shanghai Industrial Holdings	1,640,000	3,076	0.38
Shenzhen Overseas Chinese Town A shares	3,799,990	3,761	0.46
Weichai Power H shares	4,221,143	5,688	0.70
Zhejiang Expressway H shares	6,404,000	5,757	0.71
		<b>122,424</b>	<b>15.11</b>
<b>Finland 0.00% (0.74%)</b>			
<b>France 4.22% (4.40%)</b>			
Eiffage	123,300	9,347	1.15
Engie	330,000	3,805	0.47
LVMH Moët Hennessy Louis Vuitton	38,200	11,023	1.36
Vinci	131,400	10,029	1.24
		<b>34,204</b>	<b>4.22</b>
<b>Germany 2.98% (4.08%)</b>			
Allianz	64,100	11,363	1.40
Muenchener Rueckversicherungs-Gesellschaft	24,300	4,494	0.56
Volkswagen Preference shares	64,300	8,274	1.02
		<b>24,131</b>	<b>2.98</b>
<b>Hong Kong 0.00% (0.74%)</b>			
China Metal Recycling Holdings^	1,040,800	–	–
		<b>–</b>	<b>–</b>
<b>Hungary 0.46% (0.00%)</b>			
MOL Hungarian Oil & Gas	431,200	3,760	0.46
		<b>3,760</b>	<b>0.46</b>
<b>India 0.00% (0.35%)</b>			
<b>Indonesia 0.00% (0.41%)</b>			
<b>Ireland 0.65% (0.00%)</b>			
Glanbia	351,000	5,269	0.65
		<b>5,269</b>	<b>0.65</b>
<b>Italy 3.08% (0.99%)</b>			
Enel	1,685,000	8,209	1.01
Poste Italiane	620,000	4,668	0.58
Snam	1,530,000	5,991	0.74
Terna Rete Elettrica Nazionale	1,273,000	6,104	0.75
		<b>24,972</b>	<b>3.08</b>
<b>Japan 3.06% (8.22%)</b>			
Isuzu Motors	360,000	3,756	0.46
ITOCHU	699,100	9,675	1.19
Mitsubishi	373,600	8,089	1.00
Toyota Motor	70,400	3,296	0.41
		<b>24,816</b>	<b>3.06</b>
<b>Malaysia 0.00% (0.65%)</b>			
<b>Mexico 0.70% (0.00%)</b>			
Grupo Financiero Banorte O shares	1,257,000	5,703	0.70
		<b>5,703</b>	<b>0.70</b>

Investment	Holding	Valuation £'000	% of net assets
<b>Netherlands 1.61% (1.48%)</b>			
ASR Nederland	269,000	8,865	1.10
Koninklijke Ahold Delhaize	210,000	4,155	0.51
		<b>13,020</b>	<b>1.61</b>
<b>Norway 0.61% (1.07%)</b>			
DNB	340,000	4,955	0.61
		<b>4,955</b>	<b>0.61</b>
<b>Russia 3.71% (3.58%)</b>			
Gazprom, ADR	1,136,000	4,186	0.52
LUKOIL, ADR	184,199	12,650	1.56
MMC Norilsk Nickel, ADR	389,000	6,603	0.82
Tatneft, ADR	129,000	6,589	0.81
		<b>30,028</b>	<b>3.71</b>
<b>Singapore 0.72% (1.69%)</b>			
Wilmar International	2,950,000	5,801	0.72
		<b>5,801</b>	<b>0.72</b>
<b>South Africa 1.14% (0.58%)</b>			
Kumba Iron Ore	204,000	4,897	0.61
Naspers N shares	22,800	4,306	0.53
		<b>9,203</b>	<b>1.14</b>
<b>South Korea 0.95% (1.94%)</b>			
DB Insurance	48,000	2,221	0.27
Shinhan Financial Group	178,700	5,475	0.68
		<b>7,696</b>	<b>0.95</b>
<b>Spain 4.02% (0.00%)</b>			
ACS Actividades de Construcción y Servicios	216,421	7,400	0.91
Cia de Distribucion Integral Logista Holdings	280,000	5,086	0.63
Endesa	501,000	9,743	1.20
Repsol	789,314	10,384	1.28
		<b>32,613</b>	<b>4.02</b>
<b>Sweden 1.84% (1.00%)</b>			
Intrum	293,000	6,229	0.77
Volvo B shares	729,000	8,698	1.07
		<b>14,927</b>	<b>1.84</b>
<b>Switzerland 2.30% (0.73%)</b>			
Roche Holding	62,600	13,067	1.61
Zurich Insurance Group	22,900	5,558	0.69
		<b>18,625</b>	<b>2.30</b>
<b>Taiwan 0.54% (0.00%)</b>			
TCI	424,000	4,378	0.54
		<b>4,378</b>	<b>0.54</b>
<b>Thailand 1.54% (4.07%)</b>			
Kiatnakin Bank	2,745,000	4,595	0.57
Tisco Financial Group	3,695,400	7,870	0.97
		<b>12,465</b>	<b>1.54</b>



## Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
<b>Turkey 0.92% (1.86%)</b>			
KOC Holding	2,120,000	5,054	0.62
Tofas Turk Otomobil Fabrikasi	938,863	2,394	0.30
		<b>7,448</b>	<b>0.92</b>
<b>United Kingdom 3.77% (1.92%)</b>			
Barclays	4,490,000	7,340	0.91
British American Tobacco	224,000	6,960	0.86
Imperial Brands	467,000	11,925	1.47
Legal & General Group	1,500,000	4,303	0.53
		<b>30,528</b>	<b>3.77</b>
<b>United States of America 38.46% (37.61%)</b>			
AbbVie	64,100	4,062	0.50
AES	762,000	10,497	1.30
Alaska Air Group	81,000	3,584	0.44
Allegiant Travel	23,000	2,391	0.29
Arista Networks	31,800	7,619	0.94
Asbury Automotive Group	44,000	2,452	0.30
AT&T	320,000	7,829	0.97
Athene Holding A shares	189,900	6,210	0.77
Best Buy	156,000	8,901	1.10
Biogen	22,100	3,974	0.49
Bristol-Myers Squibb	310,000	11,074	1.37
Broadcom	40,300	9,312	1.15
Cisco Systems	265,500	11,202	1.38
Citigroup	181,000	9,117	1.13
Citizens Financial Group	382,100	10,150	1.25
Comcast A shares	143,000	4,421	0.55
Continental Building Products	177,000	3,488	0.43
Crane	72,000	4,801	0.59
CSX	94,000	5,379	0.66
Cummins	91,300	11,419	1.41
Dana	400,000	5,899	0.73
Delta Air Lines	130,000	5,692	0.70
Foot Locker	124,000	6,115	0.75
General Motors	187,000	5,553	0.69
Great Western Bancorp	199,000	5,030	0.62
Hartford Financial Services Group	65,000	2,487	0.31
Hewlett Packard Enterprise	560,000	6,883	0.85
HP	600,000	9,073	1.12
Intel	263,000	11,253	1.39
ITT	192,100	8,857	1.09
JPMorgan Chase	169,500	13,692	1.69
Kinder Morgan	160,000	2,438	0.30
M&T Bank	71,200	8,897	1.10
Malibu Boats A shares	122,000	3,771	0.47
Mastercard A shares	48,700	8,796	1.09
McKesson	39,000	3,431	0.42

Investment	Holding	Valuation £'000	% of net assets
Merck	72,000	4,509	0.56
NetApp	162,800	8,908	1.10
NextEra Energy	17,000	2,451	0.30
PPL	352,000	8,534	1.05
Synchrony Financial	243,000	6,042	0.75
TPG Specialty Lending	279,000	4,302	0.53
Union Pacific	20,000	2,583	0.32
United Continental Holdings	129,000	8,356	1.03
UnitedHealth Group	38,100	7,214	0.89
Verizon Communications	187,500	8,465	1.04
Viacom B shares	200,000	4,480	0.55
		<b>311,593</b>	<b>38.46</b>
<b>Vietnam 0.32% (0.67%)</b>			
Hoa Phat Group	2,416,000	2,586	0.32
		<b>2,586</b>	<b>0.32</b>
<b>Equities total</b>		<b>798,546</b>	<b>98.56</b>
Investment assets		798,546	98.56
Net other assets		11,704	1.44
Net assets attributable to unitholders		810,250	100.00

The comparative percentage figures in brackets are as at 7 April 2018.

^ Unlisted, suspended or delisted security.

## Financial statements

### Statement of total return for the year ended 7 April 2019

	Note	7 April 2019		7 April 2018	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	3		27,087		30,617
Revenue	5	27,985		20,462	
Expenses	6	(9,018)		(8,072)	
Interest payable and similar charges	7	(2)		(2)	
Net revenue before taxation		18,965		12,388	
Taxation	8	(2,890)		(1,804)	
Net revenue after taxation			16,075		10,584
<b>Total return before distributions</b>			<b>43,162</b>		<b>41,201</b>
Distributions	9		(16,099)		(10,593)
Change in net assets attributable to unitholders from investment activities			27,063		30,608

### Statement of change in net assets attributable to unitholders for the year ended 7 April 2019

	7 April 2019		7 April 2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		802,272		677,836
Amounts receivable on issue of units	37,594		105,459	
Amounts payable on cancellation of units	(72,125)		(23,158)	
		(34,531)		82,301
Change in net assets attributable to unitholders from investment activities		27,063		30,608
Retained distribution on accumulation units		15,446		11,527
Closing net assets attributable to unitholders		810,250		802,272

### Balance sheet as at 7 April 2019

	Note	7 April 2019	7 April 2018
		£'000	£'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments	10	798,546	785,102
<b>Current assets</b>			
Debtors	11	3,944	7,518
Cash and cash equivalents	12	10,623	10,754
<b>Total current assets</b>		<b>14,567</b>	<b>18,272</b>
<b>Total assets</b>		<b>813,113</b>	<b>803,374</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Other creditors	13	2,863	1,102
<b>Total creditors</b>		<b>2,863</b>	<b>1,102</b>
<b>Total liabilities</b>		<b>2,863</b>	<b>1,102</b>
Net assets attributable to unitholders		810,250	802,272

## 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, 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.

**(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. Gains and losses 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, including Real Estate Investment Trusts, 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. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. 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, 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 and taxation. 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.

## Notes to the financial statements (continued)

### 3. Net capital gains

	7 April 2019 £'000	7 April 2018 £'000
Non-derivative securities	27,373	30,746
Capital transaction charges	(27)	(14)
Currency losses	(259)	(115)
Net capital gains	27,087	30,617

### 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 7 April 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	814,752	190	456	815,398	0.02	0.06
Sales						
Equities	829,700	216	161	829,323	0.03	0.02
Total		406	617			
Percentage of fund average net assets		0.05%	0.07%			

	Year ended 7 April 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	887,995	282	463	888,740	0.03	0.05
Sales						
Equities	802,195	265	203	801,727	0.03	0.03
Total		547	666			
Percentage of fund average net assets		0.07%	0.09%			

During the year the fund incurred £27,000 (2018: £14,000) in capital transaction charges.

#### Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.08% (2018: 0.08%). This spread represents the difference between the bid and offer values of each underlying investment of the fund expressed as a percentage of its offer price.

## 5. Revenue

	7 April 2019 £'000	7 April 2018 £'000
Overseas dividends	26,644	18,415
UK dividends	1,308	1,678
Bank interest	33	17
Overseas stock dividends	-	344
Interest on Denkavit tax reclaims	-	8
<b>Total revenue</b>	<b>27,985</b>	<b>20,462</b>

## 6. Expenses

	7 April 2019 £'000	7 April 2018 £'000
<b>Payable to the manager, associates of the manager and agents of either of them:</b>		
Annual management charge	8,315	7,567
Administration fees *	168	-
<b>Other expenses:</b>		
Registration fees	133	120
Administration fees	111	130
Operational fees	100	50
Safe custody fees	96	109
Trustee fees	69	83
Auditor's remuneration: non-audit fees (taxation)	14	4
Auditor's remuneration: audit fees **	11	8
Price publication fees	1	1
<b>Total expenses</b>	<b>9,018</b>	<b>8,072</b>

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 £8,750 (2018: £7,000).

## 7. Interest payable and similar charges

	7 April 2019 £'000	7 April 2018 £'000
Interest payable	2	2
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>2</b>



## Notes to the financial statements (continued)

### 8. Taxation

	7 April 2019 £'000	7 April 2018 £'000
<b>a) Analysis of the tax charge for the year</b>		
Irrecoverable overseas tax	2,890	1,841
Denkavit tax reclaims	-	(37)
<b>Total taxation (note 8b)</b>	<b>2,890</b>	<b>1,804</b>
<b>b) Factors affecting the tax charge for the year</b>		
Net revenue before taxation	18,965	12,388
Corporation tax at 20% (2018: 20%)	3,793	2,478
<b>Effects of:</b>		
Irrecoverable overseas tax	2,890	1,841
Unutilised management expenses	1,382	1,470
Denkavit tax reclaims	-	(37)
Non-taxable stock dividends	-	(69)
Overseas withholding tax expensed	(48)	(12)
Non-taxable UK dividends	(261)	(336)
Non-taxable overseas dividends	(4,866)	(3,531)
<b>Tax charge for the year (note 8a)</b>	<b>2,890</b>	<b>1,804</b>
<b>c) Provision for deferred tax</b>		
No provision for deferred tax has been made in the current or prior accounting year.		
<b>d) Factors that may affect future tax charges</b>		
The fund has not recognised a deferred tax asset of £8,321,000 (2018: £6,939,000) arising as a result of having unutilised management expenses of £41,605,000 (2018: £34,695,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.		

### 9. Distributions

	7 April 2019 £'000	7 April 2018 £'000
Final dividend distribution	15,446	11,527
Add: amounts deducted on cancellation of units	931	147
Deduct: amounts added on issue of units	(278)	(1,081)
<b>Distributions</b>	<b>16,099</b>	<b>10,593</b>
Movement between net revenue and distributions		
Net revenue after taxation	16,075	10,584
Add: revenue received on conversion of units	24	9
	<b>16,099</b>	<b>10,593</b>

The distribution take 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 25.

## 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 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).

	7 April 2019 Assets £'000	7 April 2018 Assets £'000
Level 1	795,565	778,194
Level 2	2,981	6,908
Level 3	-	-
Total	798,546	785,102

## 11. Debtors

	7 April 2019 £'000	7 April 2018 £'000
Accrued revenue	3,065	2,549
Overseas withholding tax recoverable	539	508
Sales awaiting settlement	306	1,815
Amounts receivable for issue of units	34	2,645
Prepaid expenses	-	1
Total debtors	3,944	7,518

## 12. Cash and cash equivalents

	7 April 2019 £'000	7 April 2018 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	10,408	10,361
Cash and bank balances	215	393
Total cash and cash equivalents	10,623	10,754

## 13. Other creditors

	7 April 2019 £'000	7 April 2018 £'000
Amounts payable for cancellation of units	1,923	-
Accrued annual management charge	766	798
Accrued administration fee payable to the manager	94	-
Accrued other expenses	80	167
Purchases awaiting settlement	-	137
Total other creditors	2,863	1,102

## 14. Contingent liabilities and commitments

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

## 15. 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 French Tax Authority 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 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 7 April 2019 do not reflect any further amounts that may be received.

## 16. Reconciliation of unit movements

Class	Units in issue at 7 April 2018	Units issued	Units cancelled	Units converted	Units in issue at 7 April 2019
I accumulation	195,483,910	6,128,169	(16,827,590)	1,284,816	186,069,305
R accumulation	106,252,382	7,671,568	(9,801,706)	(1,394,218)	102,728,026

## 17. Risk disclosures

In pursuing its investment objectives, the fund may hold a number of financial instruments. These financial instruments comprise equities, 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, other price risk and leverage 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 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.

### (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 used in the current year or prior year.

## Notes to the financial statements (continued)

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.

The exposure to each currency is shown in the tables below:

Currency	Investments £'000	Net other assets £'000	Total £'000
<b>7 April 2019</b>			
US Dollar	346,982	447	347,429
Euro	134,209	367	134,576
Hong Kong Dollar	106,636	-	106,636
Sterling	38,158	8,716	46,874
Canadian Dollar	31,250	128	31,378
Japanese Yen	24,816	526	25,342
Swiss Franc	18,625	321	18,946
Chinese Yuan	15,923	-	15,923
Swedish Krona	14,927	601	15,528
Thai Baht	12,465	59	12,524
South African Rand	9,203	-	9,203
Korean Won	7,696	241	7,937
Turkish Lira	7,448	-	7,448
Singapore Dollar	5,801	-	5,801
Mexican Peso	5,703	-	5,703
Norwegian Krone	4,955	110	5,065
Taiwan Dollar	4,378	26	4,404
Hungarian forint	3,760	-	3,760
Brazilian Real	3,025	123	3,148
Vietnamese Dong	2,586	-	2,586
Danish Krone	-	39	39
<b>7 April 2018</b>			
US Dollar	341,445	215	341,660
Euro	104,127	587	104,714
Hong Kong Dollar	98,361	-	98,361
Japanese Yen	65,964	750	66,714
Sterling	21,257	14,083	35,340
Thai Baht	32,655	461	33,116
Canadian Dollar	19,282	99	19,381
Korean Won	15,593	581	16,174
Turkish Lira	14,888	-	14,888
Singapore Dollar	13,557	-	13,557
Chinese Yuan	13,145	-	13,145
Norwegian Krone	8,612	59	8,671
Swedish Krona	8,027	236	8,263
Brazilian Real	6,858	-	6,858
Vietnamese Dong	5,396	-	5,396
Malaysian Ringgit	5,206	-	5,206
South African Rand	4,633	-	4,633
Indonesian Rupiah	3,276	-	3,276
Indian Rupee	2,820	-	2,820
Taiwan Dollar	-	42	42
Danish Krone	-	40	40
Swiss Franc	-	17	17

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 £38,169,000 (2018: £38,347,000). 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 as detailed in the portfolio statement 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 £39,927,000 (2018: £39,255,000). 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 commitment method.

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 7 April 2019 and 7 April 2018 the leverage ratios of the fund were:

	7 April 2019 %	7 April 2018 %
Sum of the notionals	101.7	100.0
Commitment	100.0	100.0

### (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 J.P. Morgan Chase N.A. ('JPMorgan'), the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The trustee receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The fund is also exposed to counterparty risk through holding specific financial instruments.

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the creditworthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirement stipulated in COLL and the Prospectus. The derivatives are disclosed in the portfolio statement and J.P. Morgan Securities plc ('J.P. Morgan') is the counterparty for the warrants (2018: J.P. Morgan).

Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 7 April 2019 or 7 April 2018.

## Notes to the financial statements (continued)

### Counterparty exposure

The fund also uses warrants issued by counterparties to provide exposure to certain investments. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

	Warrants £'000	Total exposure £'000
7 April 2019		
J.P. Morgan	2,981	2,981
7 April 2018		
J.P. Morgan	6,908	6,908

### (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.

## 18. Related party transactions

The manager is deemed to be 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 15 and notes 6, 9, 11 and 13 on pages 18 to 20 including all issues and cancellations where the manager acted as principal.

The balance due to the manager as at 7 April 2019 in respect of these transactions was £2,749,000 (2018 :due from the manager £1,847,000).

## 19. 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 26. The distribution per unit class is given in the distribution table on page 25. All classes have the same rights.

## 20. 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 7 April 2019 (payable on 7 June 2019) in pence per unit.

Group 1 - Units purchased prior to 8 April 2018.

Group 2 - Units purchased from 8 April 2018 to 7 April 2019.

	Net revenue per unit (p)	Equalisation per unit (p)	Distribution per unit (p) 7 June 2019	Distribution per unit (p) 7 June 2018
I accumulation				
Group 1	6.2117	-	6.2117	4.5988
Group 2	3.0424	3.1693	6.2117	4.5988
R accumulation				
Group 1	3.7847	-	3.7847	2.3874
Group 2	2.0204	1.7643	3.7847	2.3874

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
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>272.84</b>	<b>255.89</b>	<b>199.39</b>	<b>253.09</b>	<b>239.15</b>	<b>187.74</b>
Return before operating charges *	18.24	19.18	58.39	16.89	17.91	54.77
Operating charges	(2.37)	(2.23)	(1.89)	(4.17)	(3.97)	(3.36)
Return after operating charges	15.87	16.95	56.50	12.72	13.94	51.41
Distributions	(6.21)	(4.60)	(3.98)	(3.78)	(2.39)	(2.14)
Retained distributions on accumulation units	6.21	4.60	3.98	3.78	2.39	2.14
<b>Closing net asset value per unit</b>	<b>288.71</b>	<b>272.84</b>	<b>255.89</b>	<b>265.81</b>	<b>253.09</b>	<b>239.15</b>
* after direct transaction costs of	(0.34)	(0.41)	(0.57)	(0.31)	(0.38)	(0.53)
<b>Performance</b>						
Return after charges	5.82%	6.62%	28.34%	5.03%	5.83%	27.38%
<b>Other information</b>						
Closing net asset value (£'000)	537,193	533,362	434,514	273,057	268,910	243,322
Closing number of units	186,069,305	195,483,910	169,802,621	102,728,026	106,252,382	101,746,430
Operating charges	0.84%	0.82%	0.83%	1.59%	1.57%	1.58%
Direct transaction costs	0.12%	0.15%	0.25%	0.12%	0.15%	0.25%
<b>Prices **</b>						
Highest unit price (p)	300.48	301.86	264.78	285.91	292.23	257.98
Lowest unit price (p)	261.01	246.06	189.76	240.80	229.90	178.52

\* Direct transaction costs are stated after deducting the amounts collected in relation to estimated 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	7 April 2019
I accumulation	0.84%
R accumulation	1.59%

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 Global Growth Fund	416.9	84.9	44.9	5.8	(2.5)
MSCI All Country World Index	344.9	79.3	52.6	14.1	2.3
Sector average	349.6	67.5	45.8	10.0	0.8
Position	16/61	30/168	99/184	163/210	187/220
Quartile	2	1	3	4	4

\* Data from 9 September 2002 (when Artemis took over management of the fund). Source: Lipper Limited, data from 9 September 2002 to 7 March 2008 reflects class R accumulation units, and from 7 March 2008 to 7 April 2019 reflects class I accumulation units, mid to mid in sterling. All figures show total returns with dividends reinvested. As at 1 January 2011 the benchmark for the Artemis Global Growth Fund changed to MSCI AC World Index. Returns up to 1 January 2011 reflect those of the MSCI World Index. Sector is IA Global.

## Class R performance

	Since launch *	5 years	3 years	1 year	6 months
Artemis Global Growth Fund	375.9	78.1	41.6	5.0	(2.9)
MSCI All Country World Index	344.9	79.3	52.6	14.1	2.3

\* Data from 9 September 2002, when Artemis took over management of the fund. Source: Lipper Limited, class R accumulation units, mid to mid in sterling to 7 April 2019. All figures show total returns with dividends reinvested. As at 1 January 2011 the benchmark for the Artemis Global Growth Fund changed to MSCI AC World Index. Returns up to 1 January 2011 reflect those of the MSCI World Index.



