

Artemis SmartGARP European Equity *Fund*

Half-Yearly Report (unaudited)

for the six months ended 30 September 2024

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[artemisfunds.com](https://www.artemisfunds.com)

GENERAL INFORMATION

Company profile

Artemis is a leading UK-based fund manager, offering a range of funds which invest in the UK, Europe, the US and around the world.

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors across Europe.

Independent and owner-managed, Artemis opened for business in 1997. Its aim was, and still is, exemplary investment performance and client service. All Artemis' staff share these two precepts – and the same flair and enthusiasm for fund management.

The firm now manages some £25.4 billion* across a range of funds, an investment trust and both pooled and segregated institutional portfolios.

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

* Source: Artemis as at 31 October 2024

Fund status

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

Buying and selling

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

OBJECTIVE AND INVESTMENT POLICY

Objective	To grow capital over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in company shares. • Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently
	Where the fund invests	<ul style="list-style-type: none"> • At least 80% in Europe (excluding the United Kingdom) • Up to 20% in other countries.
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
Investment strategy	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
	<ul style="list-style-type: none"> • The fund is actively managed. • A proprietary tool called 'SmartGARP' is used as the foundation of the investment process. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market. • The manager selects companies that in aggregate have good 'SmartGARP' characteristics. This tends to mean that the portfolio contains stocks that have lower valuations than the market average, upgrades to profit forecasts, and are under-owned by the investment community, while at the same time benefiting from helpful trends in the wider economy. 	
Benchmarks	<ul style="list-style-type: none"> • FTSE World Europe ex UK TR A widely-used indicator of the performance of European stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. • IA Europe Excluding UK NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. 	

RISK AND REWARD PROFILE



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

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

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.

There was no change to the risk indicator in the six months ended 30 September 2024.

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

OTHER INFORMATION

Prospectus

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

Tax information reporting

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

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

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

Value assessment

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

Taskforce for Climate-Related Financial Disclosures ("TCFD")

In accordance with the FCA's requirements under the Environmental, Social and Governance Sourcebook, Artemis is required to publish disclosures consistent with the Taskforce on Climate-Related Financial Disclosures ("TCFD") for the period 1 January 2023 to 31 December 2023. The entity-level TCFD report contains information about how Artemis manages climate-related risks and opportunities in investment portfolios and across its business operations and the product-level TCFD report contains certain climate related metrics required to be published for Artemis SmartGARP European Equity Fund. These TCFD reports, which were published on 30 June 2024, can be found here: www.artemisfunds.com/tcfd.

Manager

Artemis Fund Managers Limited *
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Dealing information:

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Telephone: 0800 092 2051
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Trustee and Depositary

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

Registrar

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

Auditor

Ernst & Young LLP
Atria One
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Edinburgh
EH3 8EX

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis SmartGARP European Equity Fund for the period ended 30 September 2024 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director
Artemis Fund Managers Limited
London
27 November 2024

S Dougall
Director

*Authorised and regulated by the Financial Conduct Authority.

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

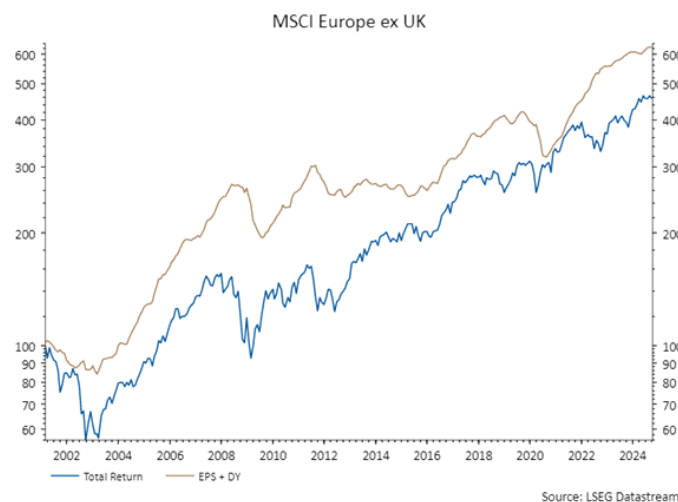
INVESTMENT REVIEW

Over the six months to 30 September the fund was up 2.1% compared to a 0.3% rise in the FTSE World Europe ex UK index and a 0.3% fall for its peer group the IA Europe-ex UK funds average*. Over the past one, three, five years and since inception, the fund is substantially ahead of the index.

Ultimately, equity returns are driven not by sentiment but by the combination of income and growth. Over the past 23 and a half years (since we launched this fund), European fundamentals¹ have grown by 8.1% per annum while equity markets have returned 6.7% per annum. Returns lagged fundamentals because markets started off very expensive (a prospective price/earnings ratio of 18x) and ended up normally valued (14x). Over time we would expect returns to largely mimic the trend in income plus growth.

For the moment, markets appear to be priced about right, and growth continues to chug along. As such there are no obvious warning signs that European equities are dramatically exposed nor about to embark on a major bull market. That is not to say it cannot happen, but rather to say we should probably focus on the nuts and bolts of running money rather than forecasting major shifts.

Chart 1: Returns lagged fundamentals



Over the same period, our fund has seen its fundamentals grow by about 10% and returned 7.8% (net of fees) per annum. Basically, we have delivered higher returns because we ended up owning companies that grew 2% per annum faster than the market. This 2% gap does not seem huge, but it is a significant amount of 'alpha' over that time.

When we launched the fund in 2000, markets were expensive and investors were crowded into overpriced technology stocks (sounds familiar?). It turned out that owning dull but undervalued companies was less risky and more profitable

Past performance is not a guide to the future.

* Source: Artemis, I accumulation GBP to 30 September 2024. Data prior to 7 March 2008 reflects class R accumulation GBP. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

¹ 'Value per share' - a combined measure of earnings, cash flow, operating profits, dividends and asset value per share.

than owning the market. My sense is that the next few years may well be similar to that of the 2001-2003 period.

The major difference of now vs. then is that while most US stocks are 'expensive' and US growth stocks 'very expensive', markets outside the US are 'normally priced' and value stocks outside the US are 'abnormally cheap'.

It is not clear what markets will do over the next few years, but our portfolio should be capable of hugely outperforming the benchmark. It is on about half the market multiple, companies are buying back their shares, debt levels are low and profit forecasts are going up. This is a good starting point.

While the overall structure of the fund is largely unchanged from a few months ago, the holdings do shift. Over the past few months, we have raised our exposure to the pharmaceutical sector by buying Teva, Novartis and Roche. We have also bought other fairly economically insensitive stocks such as Lottomatica (Italian lottery), ACS (toll roads), Engie (French electric utility) and Essity (consumer paper products). Making way for this we sold holdings in various cyclical and oil stocks such as Heidelberg Materials (cement), Repsol (oil), Stellantis and Renault (autos).

The following two charts illustrate two of the more extreme features of financial markets right now. Chart 2 shows that European equities are very undervalued vs USA – especially since earnings growth is similar. Likewise, Chart 3 shows that within Europe, lowly priced (value) stocks are abnormally cheap and growing.

Chart 2: European versus US equities

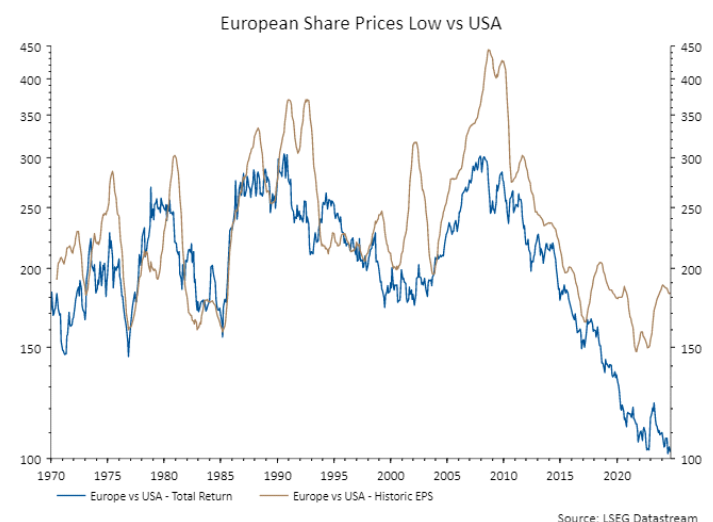
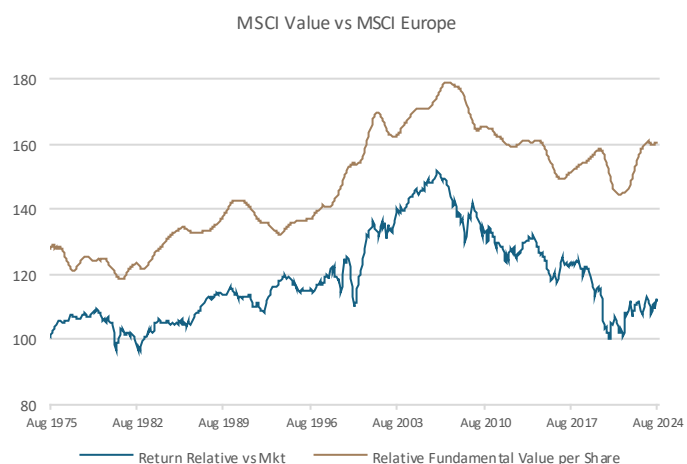


Chart 3: European value stocks



Source: Artemis

What will be the catalyst for change? Who knows... What I do believe is that investing is about doing sensible things in a diligent fashion. For large periods it might seem pointless, but over the years it makes a big difference. Having exposure to European value stocks at this juncture seems like a relatively low risk/high return strategy.

Philip Wolstencroft

Fund manager

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 30 September 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Novartis	7,523	Stellantis	6,382
H Lundbeck	4,781	Heidelberg Materials	5,292
Lottomatica	4,503	Renault	5,247
Betsson	4,399	SCOR	4,057
Evonik	4,274	Repsol	3,645
Henkel	4,169	Telekom Austria	2,662
TEVA Pharmaceutical	3,946	Laboratorios Farmaceuticos Rovi	2,521
Muenchener Rueckversicherungs	3,859	Jumbo	2,489
Ageas	3,840	Saipem	2,210
Repsol	3,622	Stolt-Nielsen	1,914

Portfolio statement as at 30 September 2024

	Holding	Valuation £'000	% of net assets
Equities 98.85% (98.41%)			
Austria 1.92% (2.72%)			
BAWAG Group	50,000	2,859	1.09
Raiffeisen Bank International	146,896	2,174	0.83
		5,033	1.92
Belgium 2.49% (1.32%)			
Ageas	150,000	6,005	2.29
Colruyt Group	15,000	526	0.20
		6,531	2.49
Bermuda 0.55% (1.45%)			
Conduit	280,000	1,453	0.55
		1,453	0.55
Denmark 1.99% (1.19%)			
H Lundbeck	1,070,000	5,234	1.99
		5,234	1.99
Finland 0.00% (0.34%)			
France 8.26% (14.70%)			
Amundi	57,000	3,169	1.21
Coface	231,329	2,836	1.08
Covivio	40,000	1,806	0.69
Engie	225,000	2,891	1.10
Eramet	31,000	1,836	0.70
Gaztransport Et Technigaz	22,000	2,292	0.87
Rubis	44,196	893	0.34
Television Francaise 1	338,811	2,258	0.86
Trigano	8,000	772	0.30
Vicat	26,048	764	0.29
Virbac SACA	5,000	1,602	0.61
Worldline	100,000	543	0.21
		21,662	8.26
Germany 13.49% (10.19%)			
Bilfinger	109,000	4,371	1.67
Evonik Industries	260,000	4,553	1.73
Freenet	130,000	2,897	1.10
Heidelberg Materials	9,517	783	0.30
Henkel	60,000	4,210	1.60

	Holding	Valuation £'000	% of net assets
Equities 98.85% (98.41%) (continued)			
Germany 13.49% (10.19%) (continued)			
KWS Saat SE	30,000	1,593	0.61
Muenchener Rueckversicherungs-Gesellschaftin Muenchen	10,000	4,161	1.59
SAF-Holland	100,000	1,387	0.53
Talanx	127,111	8,031	3.06
Traton	138,357	3,407	1.30
		35,393	13.49
Greece 4.79% (6.55%)			
FF Group ^	102,300	–	–
Metlen Energy & Metals	117,552	3,511	1.34
National Bank of Greece	571,329	3,782	1.44
OPAP	70,000	936	0.36
Piraeus Financial Holdings	1,329,371	4,335	1.65
		12,564	4.79
Hungary 3.80% (2.51%)			
OTP Bank	113,000	4,485	1.71
Richter Gedeon	235,000	5,478	2.09
		9,963	3.80
Ireland 0.88% (1.19%)			
Origin Enterprises *	809,628	2,298	0.88
		2,298	0.88
Israel 1.45% (0.00%)			
Teva Pharmaceutical Industries	290,000	3,810	1.45
		3,810	1.45
Italy 22.11% (20.25%)			
Anima	960,000	4,347	1.66
BPER Banca	1,697,272	7,123	2.71
Buzzi	163,357	4,900	1.87
Enel	496,294	2,966	1.13
Italgas	250,000	1,128	0.43
Lottomatica	470,000	4,425	1.68
Maire Tecnimont	814,980	4,952	1.89
MFE-MediaForEurope	350,000	1,254	0.48
Poste Italiane	457,657	4,798	1.83
UniCredit	468,252	15,422	5.88
Unipol Gruppo	698,461	6,174	2.35
Webuild	250,000	527	0.20
		58,016	22.11
Luxembourg 0.54% (0.42%)			
Eurofins Scientific	30,000	1,411	0.54
		1,411	0.54
Netherlands 4.98% (7.28%)			
Koninklijke Ahold Delhaize	55,000	1,430	0.55
Koninklijke BAM Groep	210,325	745	0.28
Koninklijke KPN	750,000	2,292	0.87
NN Group	67,000	2,505	0.96
Prosus	185,000	6,092	2.32
		13,064	4.98
Norway 2.31% (1.75%)			
Aker Solutions	1,150,000	3,277	1.25
Hoegh Autoliners	150,000	1,448	0.55

	Holding	Valuation £'000	% of net assets
Equities 98.85% (98.41%) (continued)			
Norway 2.31% (1.75%) (continued)			
Wallenius Wilhelmsen	150,000	1,341	0.51
		6,066	2.31
Poland 0.45% (0.00%)			
KGHM Polska Miedz	25,000	779	0.29
Powszechny Zaklad Ubezpieczen	50,000	414	0.16
		1,193	0.45
Portugal 3.04% (1.46%)			
Banco Comercial Portugues	15,098,589	5,086	1.94
Navigator	200,000	605	0.23
NOS	750,000	2,282	0.87
		7,973	3.04
Russia 0.00% (0.00%)			
Gazprom, ADR ^	815,000	–	–
Rosneft Oil, GDR ^	510,000	–	–
Sberbank of Russia, ADR ^	220,000	–	–
		–	–
Spain 10.82% (12.33%)			
ACS Actividades de Construccion y Servicios	90,000	3,122	1.19
Aena	13,000	2,158	0.82
Atresmedia de Medios de Comunicacion	888,881	3,513	1.34
Banco Bilbao Vizcaya Argentaria	398,217	3,268	1.25
CaixaBank	900,000	4,045	1.54
Logista Integral	54,000	1,222	0.47
Ebro Foods	155,000	2,047	0.78
Grupo Catalana Occidente	66,272	2,207	0.84
Indra Sistemas	260,035	3,577	1.36
Mapfre	620,980	1,243	0.47
Repsol	203,007	1,995	0.76
		28,397	10.82
Sweden 4.55% (3.15%)			
Betsson	606,853	5,587	2.13
Essity	120,000	2,771	1.06
Volvo	180,000	3,572	1.36
		11,930	4.55
Switzerland 5.06% (1.03%)			
Novartis	115,618	9,923	3.78
Roche	14,000	3,358	1.28
		13,281	5.06
Turkey 3.09% (5.43%)			
BIM Birlesik Magazalar	115,944	1,258	0.48
Coca-Cola Icecek	2,379,234	3,030	1.15
Dogus Otomotiv Servis ve Ticaret	130,000	622	0.24
Migros Ticaret	250,000	2,481	0.95
Turkcell Iletisim Hizmetleri	350,000	719	0.27
Turkiye Sinai Kalkinma Bankasi	1	–	–
		8,110	3.09
United Kingdom 2.28% (3.15%)			
GSK	238,392	3,631	1.39
Just Group	950,000	1,317	0.50
Lancashire Holdings	130,245	897	0.34

	Holding	Valuation £'000	% of net assets
Equities 98.85% (98.41%) (continued)			
United Kingdom 2.28% (3.15%) (continued)			
Man Group	65,394	141	0.05
		5,986	2.28
Investment assets		259,368	98.85
Net other assets		3,023	1.15
Net assets attributable to unitholders		262,391	100.00

The comparative percentage figures in brackets are as at 31 March 2024.

[^] Unlisted, suspended or delisted security. Depositary receipts with underlying exposure to Russian assets have been valued at nil. The manager continues to monitor and assess the valuation as information becomes available.

[#] Security traded on the Alternative Investment Market ('AIM').

FINANCIAL STATEMENTS

Statement of total return for the six months ended 30 September 2024

	30 September 2024 £'000	30 September 2023 £'000
Income		
Net capital (losses)/gains	(2,752)	4,711
Revenue	7,793	4,946
Expenses	(1,095)	(785)
Interest payable and similar charges	(7)	–
Net revenue before taxation	6,691	4,161
Taxation	(635)	(403)
Net revenue after taxation	6,056	3,758
Total return before distributions	3,304	8,469
Distributions	1,904	(29)
Change in net assets attributable to unitholders from investment activities	5,208	8,440

Statement of change in net assets attributable to unitholders for the six months ended 30 September 2024

	30 September 2024 £'000	30 September 2023 £'000
Opening net assets attributable to unitholders	180,881	147,173
Amounts receivable on issue of units	100,041	7,733
Amounts payable on cancellation of units	(23,811)	(12,514)
	76,230	(4,781)
Dilution adjustment	72	–
Change in net assets attributable to unitholders from investment activities	5,208	8,440
Closing net assets attributable to unitholders	262,391	150,832

Balance sheet as at 30 September 2024

	30 September 2024 £'000	31 March 2024 £'000
Assets		
Fixed assets		
Investments	259,368	178,009
Current assets		
Debtors	2,495	6,282
Cash and cash equivalents	1,188	1,299
Total current assets	3,683	7,581
Total assets	263,051	185,590
Liabilities		
Creditors		
Bank overdraft	–	1
Other creditors	660	4,708
Total creditors	660	4,709
Total liabilities	660	4,709
Net assets attributable to unitholders	262,391	180,881

1. Basis of preparation

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2024 as set out therein.

2. Post balance sheet events

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

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 March 2022	134,185,395		
C accumulation		366.17	3,551,102
I accumulation		404.24	21,647,505
R accumulation		363.88	9,253,930
31 March 2023	147,172,519		
C accumulation		406.76	3,545,805
I accumulation		451.08	21,815,697
R accumulation		403.01	8,521,867
31 March 2024	180,880,544		
C accumulation		498.54	3,301,308
I accumulation		555.37	25,278,950
R accumulation		492.45	4,880,014
30 September 2024	262,390,862		
C accumulation		507.99	3,157,142
I accumulation		567.16	39,229,312
R accumulation		501.02	4,762,127

Ongoing charges

Class	30 September 2024
C accumulation	1.320%
I accumulation	0.870%
R accumulation	1.620%

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 accumulation performance

	Since launch *	10 years	5 Years	3 years	1 Year	6 months
Artemis SmartGARP European Equity Fund **	496.9	129.6	57.8	36.1	18.5	2.1
Artemis SmartGARP European Equity Fund ***	494.0	127.8	57.3	35.6	18.1	1.8
FTSE World Europe ex UK TR	349.2	136.4	48.4	21.2	15.3	0.3
IA Europe Ex UK NR	318.4	122.8	43.1	12.9	14.3	(0.3)
Position in sector	8/34	30/65	14/80	2/88	10/91	16/91
Quartile	1	2	1	1	1	1

Past performance is not a guide to the future.

* Since launch data from 7 March 2001 to 7 March 2008 reflects class R accumulation units, and from 7 March 2008 to 30 September 2024 reflects class I accumulation units, in sterling. All figures show total returns with income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

** Value at 12 noon valuation point.

*** Value at close of business.

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

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