

Artemis SmartGARP
UK Equity *Fund*

Half-Yearly Report (unaudited)
for the six months ended 7 October 2024

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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 UK Equity Fund was constituted by a Trust Deed dated 20 November 1986 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**. 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 the United Kingdom • Up to 20% in other countries.
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<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 All-Share Index TR A widely-used indicator of the performance of the UK stock market, 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 UK All Companies 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 stock markets, 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 7 October 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 UK Equity Fund. These TCFD reports, which were published on 30 June 2024, can be found here: www.artemisfunds.com/tcfd.

Manager

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Registrar

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*Authorised and regulated by Financial Conduct Authority.

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

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis SmartGARP UK Equity Fund for the six months ended 7 October 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
4 December 2024

S Dougall
Director

INVESTMENT REVIEW

- Fund up in the past six months.
- Very strong long and mid-term returns.
- UK Value is where you should be positioned.

Explaining the fund's performance

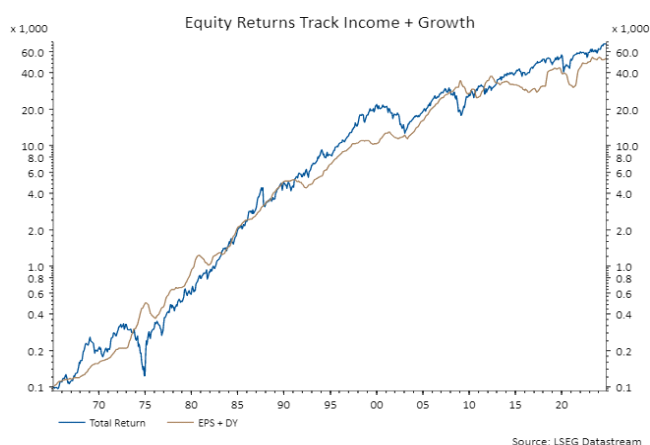
The fund ended the six months to early October up 6.1% compared to a 7.3% rise in its benchmark the FTSE All-Share Index and a 6.8% rise for its peer group, the IA UK All Companies sector. Over the past one, three, five and 10 years and since inception, the fund is comfortably ahead of the index*.

Although markets ended the period in positive territory, there were upsets along the way. Investors had a mini panic attack in August when fears of a US slowdown took hold and shares sold off. In September, the situation reversed as markets got positively excited by easier monetary and fiscal policy in China.

Ultimately equity returns are driven not by sentiment but by income plus growth (see Chart 1). Over the past 60 years, UK fundamentals have grown by 11.1% pa (4.1% dividend yield plus 7.0% growth per annum) while equity markets have slightly exceeded this, returning 11.7% per annum. Over time, I 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 UK 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: Income plus growth



Past performance is not a guide to the future.

* Source: Artemis, class I accumulation GBP from 9 September 2002 (when Artemis took over management of the fund) to 7 October 2024. Data prior to 1 September 2010 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 Alpha is the excess return on an investment after adjusting for market-related volatility and random fluctuations.

An index (or tracker fund) will give the market's return minus a small fee. We are an active fund and because we charge a higher fee, you would hope that our fund would outperform. It has – over the past 22 years the fund has returned 7.9% pa after fees compared to 6.5% pa from the market.

We have achieved this because we ended up owning companies that grew almost 2% per annum faster than the market. This 2% gap does not seem huge, but it is a significant amount of 'alpha' ¹. Since inception, £100 invested in our fund would have grown to £540, whereas the FTSE All Share would have grown to £404, and the average UK equity unit trust would have grown to £361.

So, we are clearly doing something right. It seems simple but we focus the portfolio on stocks that are lowly valued (that is, not much good news is discounted) but that are delivering better growth than most other companies. It won't work every month or year, but it tends to work over time and clients benefit.

Our process suggests that while the overall market is priced about right, there are major anomalies within the market. Some of the growth stocks in the market are overpriced but large swathes of value stocks are hugely underpriced.

It is not clear what share prices will do over the next few years, but our portfolio should be capable of performing better than the benchmark. It is on about half the market price earnings 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 six months ago, the names do shift. Over the past few months, we have raised our exposure to the banking sector (purchases of Standard Chartered and NatWest offset by a sale of HSBC) and to an array of companies such as Centamin (gold mining), Conduit (insurance), Drax (electric utility) and Quilter (investment management). Making way for this we sold holdings in Hiscox (insurance), BT and 4Imprint (media) and Associated British Foods.

The following charts illustrate two of the more extreme features of financial markets at the moment. Chart 2 shows that UK equities are very undervalued vs. US (investors' favourite at the moment) – especially since earnings growth is similar. Likewise, Chart 3 shows that within Europe (including the UK), lowly priced (value) stocks are abnormally cheap and growing.

Chart 2: UK versus US equities

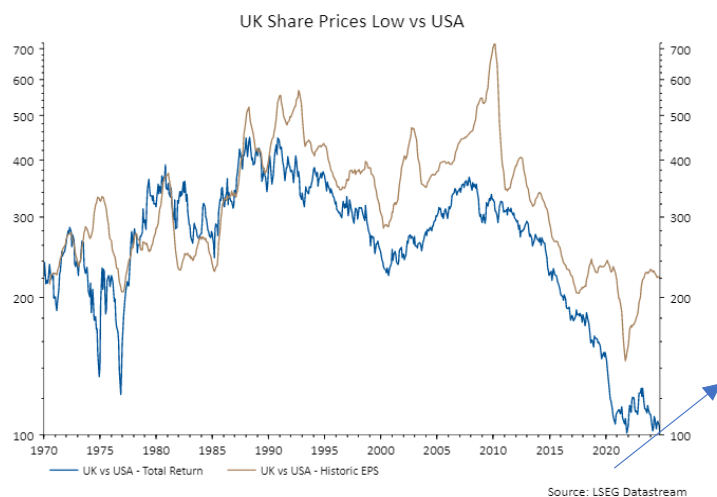
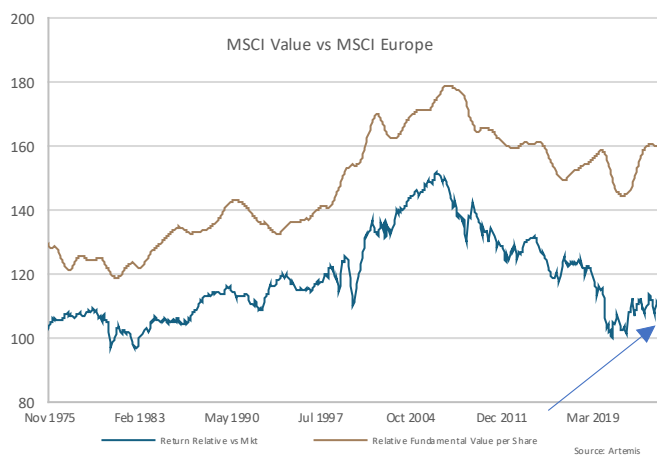


Chart 3: European value



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. In my opinion, having exposure to UK 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 period ended 7 October 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Standard Chartered	13,794	BP	14,444
BP	10,428	Associated British Foods	9,209
NatWest Group	7,037	Hiscox	8,323
Roche Holding	6,286	BT Group	7,698
Conduit Holdings	6,053	4imprint Group	6,962
Centamin	5,391	Wise	6,801
Drax Group	5,216	TotalEnergies	5,275
ITV	5,132	Whitbread	4,846
Maire Tecnimont	4,728	Heidelberg Materials	4,533
Quilter	4,436	Man Group	4,459

Portfolio statement as at 7 October 2024

	Holding	Valuation £'000	% of net assets
Equities 99.54% (99.34%)			
Basic Materials 2.70% (2.20%)			
Centamin	6,800,000	10,044	2.15
Central Asia Metals	500,000	961	0.21
Evraz ^	780,000	–	–
Ferrexpo	2,107,409	921	0.20
Kenmare Resources	200,000	661	0.14
		12,587	2.70
Communications 1.01% (0.00%)			
Team17 Group	600,000	1,500	0.32
Trainline	1,000,000	3,240	0.69
		4,740	1.01
Consumer Discretionary 4.89% (5.96%)			
Cairn Homes	1,500,000	2,532	0.54
Card Factory	2,500,000	2,405	0.51
Currys	1,500,000	1,334	0.28
ITV	5,700,000	4,457	0.95
Mitchells & Butlers	700,000	1,963	0.42
Playtech	1,050,000	7,791	1.66
TI Fluid Systems	1,604,728	2,500	0.53
		22,982	4.89
Consumer Staples 15.88% (16.04%)			
Associated British Foods	94,000	2,191	0.47
Bakkavor Group	500,000	778	0.17
Coca-Cola HBC	470,000	12,803	2.74
Glanbia	100,000	1,252	0.27
Imperial Brands	1,070,000	23,005	4.92
J Sainsbury	1,500,000	4,395	0.94
Marks & Spencer Group	5,400,000	20,045	4.28
Tesco	2,700,000	9,761	2.09
		74,230	15.88
Energy 7.12% (10.37%)			
Aker Solutions	800,000	2,404	0.51
Energean	90,000	810	0.17
EnQuest	8,000,000	907	0.19
Gazprom, ADR ^	1,460,000	–	–

	Holding	Valuation £'000	% of net assets
Equities 99.54% (99.34%) (continued)			
Energy 7.12% (10.37%) (continued)			
Gaztransport Et Technigaz	12,000	1,298	0.28
Repsol	595,000	6,211	1.33
Rosneft Oil, GDR ^	1,380,000	–	–
Shell	596,257	15,723	3.36
TotalEnergies	92,980	4,950	1.06
Tullow Oil	4,000,000	1,044	0.22
		33,347	7.12
Financials 42.24% (36.69%)			
AJ Bell	300,000	1,323	0.28
Aviva	1,650,000	7,861	1.68
Banco Bilbao Vizcaya Argentaria	600,000	4,877	1.04
Bank of Georgia Group	434,466	16,206	3.47
Barclays	14,800,000	33,766	7.22
Beazley	1,629,217	12,309	2.63
Conduit Holdings	2,050,000	10,178	2.18
HSBC Holdings	580,000	4,048	0.86
IG Group Holdings	450,000	4,111	0.88
Intermediate Capital Group	120,000	2,513	0.54
Investec	650,000	3,721	0.80
Just Group	10,100,000	14,019	3.00
Lancashire Holdings	1,900,000	12,217	2.61
Man Group	2,796,181	6,096	1.30
NatWest Group	2,200,000	7,700	1.65
Paragon Banking Group	560,000	4,320	0.92
Plus500	540,000	13,251	2.83
Quilter	3,450,000	4,692	1.00
Standard Chartered	1,650,000	13,886	2.97
TBC Bank Group	130,000	3,282	0.70
TP ICAP Group	3,300,000	7,557	1.61
UniCredit	295,000	9,711	2.07
		197,644	42.24
Health Care 8.72% (6.99%)			
Advanced Medical Solutions Group	600,000	1,221	0.26
GSK	1,766,000	26,093	5.58
Hikma Pharmaceuticals	70,000	1,326	0.28
Indivior	120,000	937	0.20
Novartis	20,000	1,748	0.37
Roche Holding	26,000	6,000	1.28
Teva Pharmaceutical Industries, ADR	260,000	3,479	0.75
		40,804	8.72
Industrials 12.14% (10.46%)			
Costain Group	4,050,000	4,070	0.87
Firstgroup	700,000	966	0.21
Galliford Try Holdings	550,000	1,815	0.39
International Consolidated Airlines Group	8,000,000	15,400	3.29
Keller Group	200,000	3,236	0.69
Maire Tecnimont	1,000,000	6,023	1.29
Mitie Group	8,600,000	10,045	2.15
Morgan Sindall Group	40,000	1,246	0.27
Poste Italiane	130,000	1,369	0.29
Zigup	59,033	220	0.05
Rolls-Royce Holdings	2,150,000	11,352	2.43

	Holding	Valuation £'000	% of net assets
Equities 99.54% (99.34%) (continued)			
Industrials 12.14% (10.46%) (continued)			
Traton	40,000	959	0.21
		56,701	12.14
Technology 2.37% (7.87%)			
Serco Group	6,200,000	11,073	2.37
		11,073	2.37
Telecommunications 1.09% (2.44%)			
4imprint Group	35,000	1,781	0.38
Gamma Communications	200,000	3,344	0.71
		5,125	1.09
Utilities 1.38% (0.32%)			
Drax Group	800,000	5,188	1.11
Engie	100,000	1,292	0.27
		6,480	1.38
Equities total		465,713	99.54
Investment assets		465,713	99.54
Net other assets		2,156	0.46
Net assets attributable to unitholders		467,869	100.00

The comparative percentage figures in brackets are as at 7 April 2024.

[^]Security is currently suspended. Depositary receipts with underlying exposure to Russian assets have been valued at nil due to the current sanctions in place. The manager continues to monitor and assess the valuation as information becomes available.

FINANCIAL STATEMENTS

Statement of total return for the six months ended 7 October 2024

	7 October 2024		7 October 2023	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		17,670		(13,517)
Revenue	11,928		10,101	
Expenses	(2,542)		(2,236)	
Interest payable and similar charges	(7)		(4)	
Net revenue before taxation	9,379		7,861	
Taxation	(347)		(103)	
Net revenue after taxation		9,032		7,758
Total return before distributions		26,702		(5,759)
Distributions		(174)		(231)
Change in net assets attributable to unitholders from investment activities		26,528		(5,990)

Statement of change in net assets attributable to unitholders for the six months ended 7 October 2024

	7 October 2024		7 October 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		445,861		400,625
Amounts receivable on issue of units	69,994		29,952	
Amounts payable on cancellation of units	(74,567)		(49,682)	
		(4,573)		(19,730)
Dilution adjustment		53		–
Change in net assets attributable to unitholders from investment activities		26,528		(5,990)
Closing net assets attributable to unitholders		467,869		374,905

Balance sheet as at 7 October 2024

	7 October 2024	7 April 2024
	£'000	£'000
Assets		
Fixed assets		
Investments	465,713	442,935
Current assets		
Debtors	3,881	6,590
Cash and cash equivalents	1,106	8
Total current assets	4,987	6,598
Total assets	470,700	449,533
Liabilities		
Creditors		
Bank overdraft	–	1,453
Other creditors	2,831	2,219
Total creditors	2,831	3,672
Total liabilities	2,831	3,672
Net assets attributable to unitholders	467,869	445,861

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 7 April 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
7 April 2022	313,967,860		
C accumulation		2,050.17	5,254,825
I accumulation		2,221.41	5,261,629
R accumulation		2,037.00	4,386,489
7 April 2023	400,625,284		
C accumulation		2,186.92	5,271,028
I accumulation		2,380.27	8,318,351
R accumulation		2,166.34	4,032,266
7 April 2024	445,860,793		
C accumulation		2,454.38	4,979,928
I accumulation		2,683.38	9,550,617
R accumulation		2,423.55	2,779,183
7 October 2024	467,868,936		
C accumulation		2,598.75	4,847,243
I accumulation		2,847.70	9,701,310
R accumulation		2,562.21	2,561,751

Ongoing charges

Class	7 October 2024
C accumulation	1.310%
I accumulation	0.860%
R accumulation	1.610%

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 UK Equity Fund **	540.8	140.6	74.1	32.5	21.2	6.1
FTSE All Share Index TR	403.9	88.2	36.6	25.3	16.1	7.3
IA UK All Companies NR	361.4	73.3	27.7	10.0	16.8	6.8
Position in sector	16/83	3/155	2/183	8/193	29/197	127/197
Quartile	1	1	1	1	1	3

Past performance is not a guide to the future.

* Source: Lipper Limited from 9 September 2002, when Artemis took over management of the fund, to 7 October 2024. Data prior to 1 September 2010 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.

** Value at 12 noon valuation point.

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

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