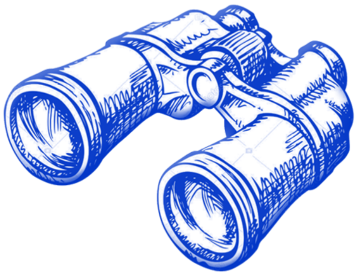
ARTEMIS
The Profit Hunter



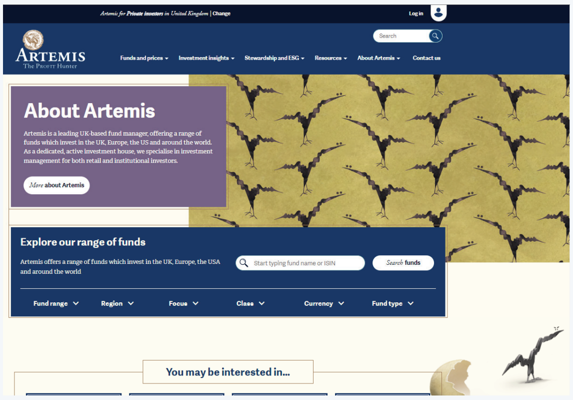
Artemis UK Select *Fund*

Manager's Report
and Financial Statements

for the year ended 31 December 2024

Keep up to date …

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



- Monthly fund commentaries and factsheets
- Market and fund insights
- Fund briefings and research articles
- Daily fund prices
- Fund literature

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 £28.3 billion* across a range of funds 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 January 2025

Fund status

Artemis UK Select Fund was constituted by a Trust Deed dated 17 March 1998 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of 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**	• 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 investment purposes to achieve the fund objective, including by taking long and short positions • to produce additional income or growth • for efficient portfolio management purposes to reduce risk and manage the fund efficiently
	Where the fund invests	• United Kingdom, including companies in other countries that are headquartered or have a significant part of their activities in the United Kingdom.
	Industries the fund invests in	• Any
	Other limitations specific to this fund	• Total short exposures to equity derivatives will not exceed 10% of the fund.
Investment strategy	• The fund is actively managed. • The manager generates ideas from a number of sources of information, detailed financial analysis and wider economic analysis. A systematic approach is used to collect, assess, and cross-reference this information. • A company's valuation relative to the industry in which it operates is also considered. • While considering factors which are unique to a company, the manager seeks companies whose valuations are overly conservative in relation to their peers and that provide attractive opportunities for a future upgrade. • Short positions can be taken where stock-specific insight identifies an overvalued company.	
Benchmarks	• **FTSE All-Share Index TR** A widely-used indicator of the performance of the UK stockmarket, 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 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.
- **Charges from capital risk:** Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.
- **Derivatives risk:** The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
- **Leverage risk:** The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.

There was no change to the risk indicator in the year to 31 December 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.

Remuneration

As the Artemis UK Select Fund (the "fund") is a UK UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required 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. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align the 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' Risk and Compliance functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff 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 their 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 both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 232 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 for the year ended 31 December 2023 is £916,539 of which £422,204 is fixed remuneration and £494,335 is variable remuneration.

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 2023 is £331,326. 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' Management and Executive Committees, certain fund managers and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

Tax information reporting

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

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

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

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 UK Select Fund. These TCFD reports, which were published on 30 June 2024, can be found here: www.artemisfunds.com/tcfd.

Manager

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

Dealing information:
Artemis Fund Managers Limited
Sunderland SR43 4BH
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

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
London
E14 5NT

Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

*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.

Statements of responsibilities

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis UK Select Fund ("the Trust") for the period ended 31 December 2024.

The Trustee in its capacity as Trustee of Artemis UK Select 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 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"), 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 the 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.

Northern Trust Investor Services Limited
London
3 March 2025

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.

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 UK Select Fund for the year ended 31 December 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

S Dougall
Director

Artemis Fund Managers Limited
London
3 March 2025

Auditor's report

Independent auditor's report to the unitholders of the Artemis UK Select Fund

Opinion

We have audited the financial statements of the Artemis UK Select Fund ("the Fund") for the year ended 31 December 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include 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 including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2024 and of the net revenue and the net capital 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.

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 Financial Reporting Council's (the "FRC") 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

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

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 contained within the Annual Report.

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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 (the "FCA")

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 FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- 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.

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 FCA 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 6, 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 wind up or terminate 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. In response to our fraud risk, we tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities including specialists where necessary to identify non-compliance with the applicable laws and regulations.

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

Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
4 March 2025

Investment Review

Review: A year of unfinished business

2024 was a year of unfinished business. Two major geopolitical conflicts rumbled on with no end in sight. Donald Trump returned to the White House, with, it seems a lot of unfinished business on his agenda including a desire to resolve those conflicts. We can only wish him well.

In the fund, meanwhile, 2024 saw many of our holdings starting to deliver on their unfinished business. The standouts for their contributions to the fund were banks NatWest and Barclays – a contribution that we see as being likely to continue. The fund returned 25.3% versus the FTSE All-Share return of 9.5%[1].

The first steps the new government has taken have disappointed markets

A 'known known' a year ago was the likely outcome of the UK General Election: a victory for the Labour Party. The disappointment to markets was the stark contrast between the narrative prior to the election and the actions the new government actually delivered once in power. To date, we have had an inflationary budget and a reversal of the previous government's National Insurance (NI) cuts with raised rates and lower thresholds to boot. The net effect was to impose a bigger tax burden on employers. Rather than destabilising the delicate Darwinian ecosystem of the British tax system, the Chancellor should have perhaps done something a little simpler and either reversed the earlier National Insurance cuts or increased income tax. Nonetheless, she does have a plan which could boost GDP. The concern is what happens if the increase in government spending (and the crowding-out of the private sector) does not deliver growth, leaving the UK with more debt and the question of how to pay for it.

If confidence returns, consumer spending could underpin growth

The UK consumer remains in rude health, with rising real wages and strengthening household balance sheets thanks to a high savings rate. We continue to see this as providing the potential for a significant kicker to the UK economy when confidence returns. Unfortunately, confidence has actually declined since the Budget. Where it goes next will be believe depend on the unemployment rate which is currently bouncing around near 50-year lows. The changes NI take effect in April so by May/June it should be clear whether companies are retrenching.

We remain positive on the prospects for UK banks

The current economic funk does not read like a conducive backdrop for a continued rise in the share prices of UK banks. Our view differs, however. Valuations remain modest, credit quality is impeccable, and crucially, because banks can now earn a spread on lending, profitability is high and rising. In addition, the regulatory headwinds of the last 15 years are finally showing some signs of easing. (Basel 3.1 regulations have been delayed and both the Treasury and the FCA are seemingly looking for a pragmatic solution for the current issues surrounding historic motor finance commissions.)

Winners

Financials were key to the fund's strong performance in 2024 with podium places going to **NatWest** and **Barclays**, and strong commendations to **Standard Chartered** and veteran holding **3i**. Any of these would have been a blue riband winner in a 'normal' year.

Elsewhere, aerospace group **Rolls-Royce** and airline holding group **International Consolidated Airlines (IAG)** put in valiant performances. **Rolls-Royce** repeatedly beat expectations for sales, profits, and cashflows buoyed by strong demand for its jet engines. Its other businesses also remain buoyant. Defence spending elevated and demand for sources of back-up power for data centres is resulting in strong demand for its power solutions business.

After a couple of years of sedate returns, **IAG** ended 2024 with a sprint. Trading has been good for some time. The benefits of its strong position at London Heathrow and growth at Madrid-Barajas have resulted in high and rising returns on invested capital and margins. The business consistently beat expectations in 2023 and 2024 only to be largely ignored by the stockmarket. Two things helped this to change in late 2024. First, the announcement of a €350 million share buyback, highlighting the strong cashflows the business is producing. Second, an investor day at Heathrow showcased a turnaround at BA, increasing confidence in the group's medium-term financial targets. As we saw with the banks in 2023, buying back shares when they are trading on a low-single-digit price-to-earnings multiple is very accretive to future earnings per share. In IAG's case, the buybacks are also providing significant technical support to the shares.

Morgan Sindall upgraded its profit guidance materially over the course of 2024 amid strong demand for its office fit-out division (one of its biggest competitors in that market filed for bankruptcy). Elsewhere **DS Smith**, a long-term favourite, was bid for by **International Paper** in the US.

Losers

Although it was a strong year for performance, there were still mishaps. The biggest of these was housebuilder **Vistry**, which had a succession of profit warnings due to poor cost budgeting, principally in its Southern Division. There have already been some management changes and improvements in oversight and in reporting chains. Disappointingly, there was another warning at the end of the year, this time due to slightly weaker sales and delays in completion in some of its larger affordable-housing schemes. Profit guidance was lowered again. Three warnings in quick succession are never

Past performance is not a guide to the future.

[1] Source: Artemis/Lipper Limited, class I accumulation units, in sterling. 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.

welcome but expectations now look to have been firmly rebased. If the government is to hit its housebuilding targets, Vistry will need to be a large and active player.

Specialist lender **Vanquis** was another source of frustration due to the materially higher costs of processing complaints in the wake of the FCA's motor-finance review. Vanquis has never used the variable commission model the regulator is examining. And infuriatingly, most of the claims Vanquis has received were submitted by claims management companies, some of which are so spurious that the complainants have never been its customers. The cost of processing these claims is high and unless they are answered within 50 days, they are referred to the Financial Ombudsman at a cost to Vanquis £750 regardless of the outcome. The profit recovery that Vanquis had hoped to deliver in 2024 was entirely negated by these costs. Imminent legislation should impose a fee on submissions from claims management companies and so vastly reduce the number of bogus claims.

Activity

Add: Standard Chartered

As the year progressed, we significantly added to the fund's holding in **Standard Chartered**. Its interim results showed the impact that its CFO is having on its balance sheet and cost controls.

Bought: Smurfit Westrock

The merger between Ireland's **Smurfit Kappa** and US-based **Westrock** represented the next stage in the consolidation of the global paper-and-packaging industry. The market's two leading players now command a 60% market share between them, which should increase their profit margins in time.

Bought: National Grid

We started a new position in **National Grid** through a rights issue, the proceeds from which it will use to double the pace of investment in power grids in the UK and US. It appears the attitude of the regulator is currently a tailwind, rather than a headwind, to returns. That normally augurs well for returns from utilities. Adding this position also helps balance out the pro-cyclical bias elsewhere in the portfolio.

Bought: Aviva

We initiated a position in **Aviva** following its bid for **Direct Line**. There is strong strategic and financial logic for the transaction. Indeed, the combined entity will benefit significantly from the reduced capital requirements due to greater diversification. The cash returns to which Aviva shareholders have become accustomed should continue to grow. Moreover, the combined entity now more closely resembles the large, globally diversified insurers, which tend to trade on materially higher multiples than smaller UK insurers.

Sold: Ashtead

Ashtead has been a stalwart holding for the fund but the threat of over-supply in the US equipment rentals market prompted concerns over the outlook for pricing.

Sold: Prudential

We closed the small residual holding in **Prudential**, preferring **Standard Chartered**.

Sold: M&G

We also exited the holding in **M&G**. We believe more attractive investment opportunities are now available.

Sold: Virgin Money UK

Virgin Money UK was bid for by Nationwide, and thus the position was closed.

Outlook

A number of political and economic variables make the macro-economic outlook for 2025 hard to call. Clarity should start to emerge over the coming months as the new US administration begins to define its policy on trade tariffs. History would suggest that President Trump's negotiating style might bring near-term uncertainty followed by relief on the announcement of the 'deal'.

We have become more cautious on the outlook for the UK but remain less pessimistic than consensus. The hit to corporate and consumer confidence from the Budget, combined with the inflationary impact of increases to National Living Wage and employers' National Insurance contributions, have put the Chancellor and the Bank of England (BoE) in a tricky position. While some worry about a stagflationary backdrop with high interest rates and little growth, we are less pessimistic than consensus and believe that the UK economy is likely to muddle through. The movements in the bond market are thankfully re-focusing the efforts of the government on deregulation. The inflationary impact of the Budget should fade, allowing the Bank to cut interest rates in the second half of the year more aggressively than the market's modest expectations. This, in turn, should allow consumers to finally start putting some of their significant pent-up savings to work.

Weaker growth and lower interest rates are likely to put some pressure on sterling and, for this reason, we have made a small reduction to the fund's large overweight to domestic earners.

In a world of higher real risk-free rates, the price investors pay for an asset becomes even more important. This should favour both the UK stockmarket and our portfolio. The UK market remains cheap next to most other markets and relative to its own history. The fund, meanwhile, trades on a multiple of just 9.2x forward earnings, a significant discount to the 10.8x forward multiple on which the wider UK market trades.

Ed Legget and Ambrose Faulks
Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 31 December 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Standard Chartered	103,540	DS Smith	59,258
National Grid	67,753	Ashtead Group	53,400
St James's Place	60,154	3i Group	31,319
Smurfit WestRock	58,838	Prudential	27,692
Aviva	46,447	Tyman	20,264
HSBC Holdings	44,787	M&G	18,040
WH Smith	42,813	Virgin Money UK	13,499
Barclays	42,417	NatWest Group	13,283
Plus500	41,703	Barclays	6,774
International Consolidated Airlines Group	40,316	Crest Nicholson Holdings	6,258

Portfolio statement as at 31 December 2024

	Holding	Valuation £'000	% of net assets
Equities 98.30% (98.92%)			
Basic Materials 1.52% (3.34%)			
Anglo American	1,842,933	43,724	1.24
Synthomer	6,193,673	9,972	0.28
		53,696	**1.52**
Consumer Cyclical 2.62% (0.00%)			
Smurfit WestRock	2,149,368	92,487	2.62
		92,487	**2.62**
Consumer Discretionary 21.81% (23.35%)			
Evoke	52,134,262	31,984	0.91
Barratt Redrow	7,932,965	34,969	0.99
Entain	6,960,551	47,485	1.34
Flutter Entertainment	318,356	66,218	1.88
Howden Joinery Group	8,368,713	66,573	1.89
International Consolidated Airlines Group	52,017,985	157,458	4.46
JET2 #	4,835,594	76,257	2.16
Mitchells & Butlers	27,396,685	67,259	1.91
Next	464,684	44,312	1.26
Vistry Group	8,584,998	48,806	1.38
WH Smith	5,681,799	67,329	1.91
Whitbread	2,049,719	60,549	1.72
		769,199	**21.81**
Consumer Staples 3.36% (2.52%)			
Marks & Spencer Group	5,408,107	20,378	0.58
Quanex Building Products	318,401	6,106	0.17
Tesco	25,029,018	92,282	2.61
		118,766	**3.36**
Energy 6.39% (9.50%)			
BP	26,177,102	102,719	2.91
Shell	4,952,957	122,908	3.48
		225,627	**6.39**
Financials 40.44% (37.48%)			
3i Group	3,888,944	139,108	3.94
Aviva	9,625,889	45,059	1.28
Barclays	78,389,619	209,810	5.94
Conduit Holdings	6,837,244	32,067	0.91

	Holding/ nominal value	Global exposure ^ £'000	Valuation £'000	% of net assets
Equities 98.30% (98.92%) (continued)				
Financials 40.44% (37.48%) (continued)				
Hiscox	5,976,373		64,784	1.83
HSBC Holdings	15,083,969		118,273	3.35
Intermediate Capital Group	4,089,360		84,404	2.39
International Personal Finance	20,359,306		26,569	0.75
Legal & General Group	23,980,911		55,108	1.56
Lloyds Banking Group	158,601,428		87,199	2.47
Man Group	20,382,282		43,577	1.23
NatWest Group	46,948,058		189,107	5.36
Plus500	1,860,276		50,488	1.43
Rosebank Industries	605,198		5,265	0.15
St. James's Place	7,419,826		64,256	1.82
Standard Chartered	20,599,955		204,434	5.79
Vanquis Banking Group	19,534,329		8,605	0.24
			1,428,113	**40.44**
Industrials 19.35% (21.49%)				
Bodycote	8,818,658		55,469	1.57
DS Smith	9,281,614		50,492	1.43
Melrose Industries	18,420,056		101,126	2.86
Morgan Sindall Group	2,963,614		115,285	3.27
Oxford Instruments	4,841,390		104,090	2.95
Rolls-Royce Holdings	29,969,724		170,887	4.84
Ryanair Holdings	1,022,443		35,817	1.01
Ryanair Holdings	1,150,000		18,248	0.52
Weir Group	1,445,625		31,601	0.90
			683,015	**19.35**
Real Estate 0.88% (1.24%)				
Workspace Group	6,333,057		31,222	0.88
			31,222	**0.88**
Utilities 1.93% (0.00%)				
National Grid	7,178,890		68,085	1.93
			68,085	**1.93**
Equities total			**3,470,210**	**98.30**
Contracts for Difference 0.00% (0.00%)				
Basic Materials 0.00% (0.00%)				
Croda International	(98,439)	(3,333)	(30)	–
Rio Tinto	(185,294)	(8,735)	(82)	–
		(12,068)	**(112)**	**–**
Industrials 0.00% (0.00%)				
Spirax Group	(92,885)	(6,365)	(56)	–
		(6,365)	**(56)**	**–**
Contracts for Difference total		**(18,433)**	**(168)**	**–**
Investment assets (including investment liabilities)			**3,470,042**	**98.30**
Net other assets			**60,117**	**1.70**
Net assets attributable to unitholders			**3,530,159**	**100.00**

The comparative percentage figures in brackets are as at 31 December 2023.

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

^ Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

Financial statements

Statement of total return for the year ended 31 December 2024

	Note	31 December 2024 £'000	31 December 2024 £'000	31 December 2023 £'000	31 December 2023 £'000
Income					
Net capital gains	3		**480,002**		242,018
Revenue	5	**76,125**		58,314	
Expenses	6	**(20,115)**		(14,071)	
Interest payable and similar charges	7	**(511)**		(94)	
Net revenue before taxation		**55,499**		44,149	
Taxation	8	**(398)**		–	
Net revenue after taxation			**55,101**		44,149
Total return before distributions			**535,103**		286,167
Distributions	9		**(57,677)**		(45,653)
Change in net assets attributable to unitholders from investment activities			**477,426**		240,514

Statement of change in net assets attributable to unitholders for the year ended 31 December 2024

	31 December 2024 £'000	31 December 2024 £'000	31 December 2023 £'000	31 December 2023 £'000
Opening net assets attributable to unitholders		**1,919,596**		1,406,036
Amounts receivable on issue of units	**1,895,425**		567,328	
Amounts payable on cancellation of units	**(820,518)**		(334,082)	
		1,074,907		233,246
Dilution adjustment		**3,701**		(149)
Change in net assets attributable to unitholders from investment activities		**477,426**		240,514
Retained distribution on accumulation units		**54,529**		39,949
Closing net assets attributable to unitholders		**3,530,159**		1,919,596

Balance sheet as at 31 December 2024

	Note	31 December 2024 £'000	31 December 2023 £'000
Assets			
Fixed assets			
Investments	10	**3,470,210**	1,898,900
Current assets			
Debtors	11	**15,262**	9,073
Cash and cash equivalents	12	**78,493**	28,347
Total current assets		**93,755**	37,420
Total assets		**3,563,965**	1,936,320
Liabilities			
Investment liabilities	10	**168**	40
Creditors			
Bank overdraft	13	**830**	–
Distribution payable		**26,704**	10,578
Other creditors	14	**6,104**	6,106
Total creditors		**33,638**	16,684
Total liabilities		**33,806**	16,724
Net assets attributable to unitholders		**3,530,159**	1,919,596

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 FRS 102 and the Statement of Recommended Practice ("SORP") issued by the Investment Management Association in May 2014 and amended in June 2017 and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future. No material events have been identified that may cast significant doubt about the fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

(b) Valuation of investments. All investments, including any derivatives, have been valued at 12 noon on the last working day of the accounting period. The last valuation point in the period has been used for the purposes of preparing the report and financial statements and in the manager's opinion there have been no material movements in the fund between the last valuation point and close of business on the balance sheet date. Where a fund invests in markets that are closed for trading at the fund's valuation point, the manager will allow for the net asset value to be adjusted (based on movements of index futures or other suitable proxies in markets closed at the fund valuation point, since the last market close), to reflect more accurately the fair value of the fund's investments. Listed investments are valued at fair value which is generally deemed to be the bid price. Unquoted investments are valued at fair value which is determined by the manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board. Contracts for difference is valued based on the prices of the underlying equities which will be deemed to be the quoted bid price for long positions and quoted offer price for short positions.

(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) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts ("REITs"), 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. Dividends are recognised gross of any overseas tax. Overseas tax is included as part of the tax charge. A provision is made for any overseas tax not considered recoverable at the balance sheet date, whether due to uncertainty as to receipt either due to circumstances or recovery experience in specific jurisdictions, or due to the significant time lag since the receipt of the dividend. Special dividends are reviewed on a case by case basis when determining if a 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. Income from US REITs is split between revenue and capital depending on the composition of the distribution from the REIT. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Net gains/(losses) are reflected within derivative contracts under net capital gains in the notes to the financial statements. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long positions this is included in revenue whereas for short positions this is included in interest payable and similar charges.

(e) Expenses. All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis. Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment and are made up of direct and indirect portfolio transaction costs. Direct portfolio transaction costs include Broker execution commission and taxes. Indirect portfolio transaction costs relate to the 'Dealing spread', which is the difference between the purchase and sale prices of the fund's investments. Some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

(f) 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.

(g) Dilution adjustment. The fund is priced on a single swinging price basis. The manager has the discretion to charge a dilution adjustment as part of its daily valuation policy. This will mean that in certain circumstances the fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business, the application of a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the fund is to distribute/accumulate all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund did not satisfy the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 and where applicable will pay a dividend distribution. The manager and the trustee have agreed that

100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. Gains and losses on investments and derivatives whether realised or unrealised, if taken to capital are not available for 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. Income equalisation applies to the fund. 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.

3. Net capital gains

	31 December 2024 £'000	31 December 2023 £'000
Non-derivative securities	**474,394**	239,124
Derivative contracts	**4,734**	2,796
Currency gains	**874**	98
Net capital gains	**480,002**	242,018

4. Direct transaction costs

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

Year ended 31 December 2024

	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,361,292	518	6,476	1,368,286	0.04	0.48
Sales						
Equities	269,951	77	–	269,874	0.03	–
Total		**595**	**6,476**			
Percentage of fund average net assets		**0.02%**	**0.26%**			

Year ended 31 December 2023

	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	492,698	–	1,908	484,606	–	0.40
Sales						
Equities	219,209	–	58	219,151	–	0.03
Total		**–**	**1,966**			
Percentage of fund average net assets		**–**	**0.12%**			

During the year, the fund incurred £nil (2023: £nil) in capital transaction charges.

Dealing spread

As at the balance sheet date, the estimated portfolio dealing spread was 0.10% (2023: 0.13%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

5. Revenue

	31 December 2024 £'000	31 December 2023 £'000
UK dividends	**63,262**	52,165
Overseas dividends	**9,313**	5,017
Bank interest	**1,499**	611
Revenue from UK REITs	**1,249**	486
Revenue from other derivatives	**802**	35
Total revenue	**76,125**	58,314

6. Expenses

	31 December 2024 £'000	31 December 2023 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	**18,491**	12,784
Administration fees	**1,624**	1,287
Total expenses	**20,115**	14,071

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
The audit fee (excluding VAT) accrued during the year was £10,450 (2023: £10,150). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	31 December 2024 £'000	31 December 2023 £'000
Interest payable	**74**	94
Dividends payable on short positions	**437**	–
Total interest payable and similar charges	**511**	94

8. Taxation

	31 December 2024 £'000	31 December 2023 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	**398**	–
Total taxation (note 8b)	**398**	–
b) Factors affecting the tax charge for the year		
Net revenue before taxation	**55,499**	44,149
Corporation tax of 20% (2023: 20%)	**11,100**	8,830
Effects of:		
Unutilised management expenses	**4,023**	2,609
Irrecoverable overseas tax	**398**	–
Unutilised non-trade deficit	**(608)**	–
Non-taxable overseas dividends	**(1,863)**	(1,003)
Non-taxable UK dividends	**(12,652)**	(10,436)
Tax charge for the year (note 8a)	**398**	–

c) Provision for deferred tax

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

d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £35,815,000 (2023: £31,792,000) arising as a result of having unutilised management expenses of £179,074,000 (2023: £158,958,000) and non-trade loan relationship deficits of £7,367,000 (2023: £10,407,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	31 December 2024 £'000	31 December 2023 £'000
Final dividend distribution	**81,233**	50,527
Add: amounts deducted on cancellation of units	**11,162**	5,457
Deduct: amounts added on issue of units	**(34,718)**	(10,331)
Distributions	**57,677**	45,653
Movement between net revenue and distributions		
Net revenue after taxation	**55,101**	44,149
Expenses paid from capital	**2,558**	1,418
Revenue received on conversion of units	**18**	86
	57,677	45,653

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 21 and 22.

10. Fair value hierarchy

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

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 December 2024		31 December 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	**3,470,210**	**168**	1,898,900	40
Total	**3,470,210**	**168**	1,898,900	40

11. Debtors

	31 December 2024 £'000	31 December 2023 £'000
Amounts receivable for issue of units	**9,658**	5,742
Accrued revenue	**4,567**	3,284
Sales awaiting settlement	**858**	–
Overseas withholding tax recoverable	**107**	–
Amounts receivable on derivative contracts	**67**	42
Income tax recoverable from UK REITs	**5**	5
Total debtors	**15,262**	9,073

12. Cash and cash equivalents

	31 December 2024 £'000	31 December 2023 £'000
Amounts held in liquidity funds	**78,375**	–
Cash and bank balances	**118**	26,757
Collateral held with brokers	**–**	1,590
Total cash and cash equivalents	**78,493**	28,347

13. Bank overdraft

	31 December 2024 £'000	31 December 2023 £'000
Amounts pledged at brokers	**830**	–
Total bank overdraft	**830**	–

14. Other creditors

	31 December 2024 £'000	31 December 2023 £'000
Amounts payable for cancellation of units	**3,825**	3,184
Accrued annual management charge	**2,083**	1,215
Accrued administration fee payable to the manager	**148**	111
Purchases awaiting settlement	**48**	1,596
Total other creditors	**6,104**	6,106

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in issue at 31 December 2023	Units issued	Units cancelled	Units converted	Units in issue at 31 December 2024
C accumulation	4,145,856	113,296	(372,175)	17,503	**3,904,480**
G distribution	33,116,201	73,742,954	(19,033,270)	(16,439)	**87,809,446**
G accumulation	183,361,527	176,743,430	(39,841,015)	7,265,462	**327,529,404**
I distribution	12,484,212	13,576,477	(4,038,014)	83,728	**22,106,403**
I accumulation	139,668,609	86,701,702	(56,160,880)	(4,987,846)	**165,221,585**
R accumulation	22,115,495	3,268,436	(3,332,398)	(126,827)	**21,924,706**
S distribution	15,517	114,177	(13,554)	–	**116,140**
S accumulation	8,891,126	78,249,533	(21,260,306)	30,441,036	**96,321,389**

17. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the funds' operations. The fund only executes derivative contracts where both the derivative instrument and the counter party 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 fund's 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 market 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 value-at-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) Value-at-risk ('VaR')

The manager is currently empowered to enter into derivative transactions on behalf of the fund. The use of these strategies is subject to a risk management process and the manager analyses the overall risk position of the fund on a daily basis, which is then used by the manager to evaluate the exposures and risks in the portfolio.

As part of the process, the VaR is used on a daily basis to calculate the market price risk on the fund relative to a reference portfolio, the FTSE All-Share Index. The maximum limit for AIFs has been set in accordance with the risk profile and investment objectives of the fund, and in accordance with the Committee of European Securities Regulators ('CESR') guidance. A relative VaR of zero indicates that the fund is estimated to have the same market price risk as reference portfolio. A negative relative VaR indicates that the fund's market price risk is estimated to be lower than the reference portfolio. VaR expresses the maximum expected loss by the fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses a maximum two year risk factor data and a 20 business day holding period.

It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	31 December 2024 %	31 December 2023 %
At 31 December	**26.00**	21.00
Average utilisation during the year	**28.00**	30.00
Highest utilisation during the year	**41.00**	46.00
Lowest utilisation during the year	**17.00**	16.00

(ii) 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 leverage of a fund is expressed as a percentage of the exposure of the fund and its net asset value. The fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. The expected level of leverage for this fund is between 100% and 200%.

(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 Northern Trust Investor Services Limited, the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of Northern Trust Investor Services Limited may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The fund is also exposed to counterparty risk through holding specific financial instruments.

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 credit worthiness 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 requirements stipulated in COLL and the Prospectus.

The derivatives held at the year end are disclosed in the portfolio statement and UBS AG ('UBS') is the counterparty for the CFDs (2023: UBS for the CFDs). 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 31 December 2024 or 31 December 2023.

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were Contracts for Difference. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty and the collateral pledged, at the balance sheet date, were as follows:

Currency	Contracts for difference £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
31 December 2024			
UBS	**(18,433)**	**(17,603)**	**(830)**
31 December 2023			
UBS	(12,942)	(11,352)	1,590

Only cash collateral is pledged or held by the fund.

(c) Liquidity risk

Liquidity risk is the risk that through market liquidity conditions, requests for redemptions from investors cannot be met in an orderly and appropriate manner. Artemis adopts a policy of mitigation and control to manage liquidity risks. Mitigation occurs through maintaining prudent levels of liquidity in each fund and a well-diversified investor base. As a result, redemption requests can be satisfied in all but exceptional circumstances.

Artemis has a dedicated liquidity risk management policy which is owned by the independent investment risk team which reports to the Chief Risk Officer. Its purpose is to ensure the portfolio manager acts in the client's best interest with regards to this liquidity risk.

Through the use of 3rd party modeling and assumptions, the investment risk team conduct regular monitoring and analyses of the liquidity profile of the funds and investor base. This includes but is not limited to what percentage of the fund can be liquidated within certain redemption horizons, whether the largest investors in the fund can redeem without affecting the fair treatment of remaining investors, liquidity stress testing and other analysis deemed to cover a risk specific to the strategy considered.

There was no significant concentration of liquidity risk as at 31 December 2024 or 31 December 2023.

17. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 13 and notes 6, 9, 11 and 13 on pages pages 16 and 17 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 December 2024 in respect of these transactions was £3,602,000 (2023: due from £1,232,000).

18. Unit classes

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

C accumulation	1.20%
G distribution	0.48%
G accumulation	0.48%
I distribution	0.75%
I accumulation	0.75%
R accumulation	1.50%
S distribution	0.65%
S accumulation	0.65%

The net asset value per unit and the number of units in each class are given in the comparative table on pages 23 and 24.
The distributions per unit class are given in the distribution tables on pages 21 and 22. All classes have the same rights on winding up.

19. Post balance sheet event

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

Distribution tables

This fund pays annual dividend distributions. The following table sets out the distribution period.

Annual distribution period	Start	End	Ex-dividend date	Pay date
Final	1 January 2024	31 December 2024	1 January 2025	28 February 2025

Group 1 units are those purchased prior to a distribution period and therefore their net revenue rate is the same as the distribution rate.

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to 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.

C accumulation

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	5.9049	10.8049	16.7098	100.00 %	0.00 %	16.6884

G distribution

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	3.5818	20.9122	24.4940	100.00 %	0.00 %	23.4449

G accumulation

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	0.7236	2.4274	3.1510	100.00 %	0.00 %	2.9382

I distribution

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	9.5061	13.9767	23.4828	100.00 %	0.00 %	22.5385

I accumulation

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	8.7063	13.9459	22.6522	100.00%	0.00%	21.7834

R accumulation

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	5.1756	8.6908	13.8664	100.00 %	0.00%	14.3449

S distribution

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	1.1716	2.7062	3.8778	100.00 %	0.00 %	3.7322

S accumulation

Dividend distributions for the year ended 31 December 2024	Group 2 Net revenue per unit (p)	Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	Corporate streaming Franked	Unfranked	2023 Distribution per unit (p)
Final	1.8865	1.3212	3.2077	100.00 %	0.00 %	3.0711

COMPARATIVE TABLES

	C accumulation			G distribution		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	**783.38**	**660.63**	**735.30**	**699.00**	**604.48**	**694.38**
Return before operating charges *	205.25	132.04	(66.08)	183.82	121.66	(61.94)
Operating charges	(11.26)	(9.29)	(8.59)	(4.45)	(3.70)	(3.63)
Return after operating charges *	**193.99**	**122.75**	**(74.67)**	**179.37**	**117.96**	**(65.57)**
Distributions	(16.71)	(16.69)	(17.66)	(24.49)	(23.44)	(24.33)
Retained distributions on accumulation units	16.71	16.69	17.66	–	–	–
Closing net asset value per units	**977.37**	**783.38**	**660.63**	**853.88**	**699.00**	**604.48**
* after direct transaction costs of	(1.21)	0.97	(0.73)	(1.10)	0.90	(0.70)
Performance						
Return after charges	24.76%	18.58%	(10.16)%	25.66%	19.51%	(9.44)%
Other information						
Closing net asset value (£'000)	38,161	32,478	29,074	749,783	231,481	158,335
Closing number of units	3,904,480	4,145,856	4,401,016	87,809,446	33,116,201	26,193,555
Operating charges	1.27%	1.27%	1.29%	0.55%	0.55%	0.57%
Direct transaction costs	0.14%	0.13%	0.11%	0.14%	0.13%	0.11%
Prices						
Highest unit price (p)	999.32	787.01	760.01	897.77	725.74	718.30
Lowest unit price (p)	740.32	670.62	565.12	660.77	614.05	537.07

	G accumulation			I distribution		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	**106.51**	**89.18**	**98.55**	**670.94**	**581.83**	**670.19**
Return before operating charges *	28.01	17.88	(8.86)	176.23	116.95	(59.81)
Operating charges	(0.67)	(0.55)	(0.51)	(6.32)	(5.30)	(5.10)
Return after operating charges *	**27.34**	**17.33**	**(9.37)**	**169.91**	**111.65**	**(64.91)**
Distributions	(3.15)	(2.94)	(3.02)	(23.48)	(22.54)	(23.45)
Retained distributions on accumulation units	3.15	2.94	3.02	–	–	–
Closing net asset value per units	**133.85**	**106.51**	**89.18**	**817.37**	**670.94**	**581.83**
* after direct transaction costs of	(0.17)	0.13	(0.10)	(1.05)	0.86	(0.67)
Performance						
Return after charges	25.67%	19.43%	(9.51)%	25.32%	19.19%	(9.69)%
Other information						
Closing net asset value (£'000)	438,393	195,307	165,417	180,690	83,762	59,627
Closing number of units	327,529,404	183,361,527	185,493,784	22,106,403	12,484,212	10,248,170
Operating charges	0.55%	0.55%	0.57%	0.82%	0.82%	0.84%
Direct transaction costs	0.14%	0.13%	0.11%	0.14%	0.13%	0.11%
Prices						
Highest unit price (p)	136.81	107.00	101.87	859.54	696.67	693.25
Lowest unit price (p)	100.69	90.53	76.17	634.18	591.02	517.27

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

	I accumulation			R accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	**855.58**	**718.26**	**795.87**	**774.36**	**654.99**	**731.22**
Return before operating charges *	224.66	143.86	(71.56)	202.63	130.74	(65.70)
Operating charges	(7.99)	(6.54)	(6.05)	(13.75)	(11.37)	(10.53)
Return after operating charges *	**216.67**	**137.32**	**(77.61)**	**188.88**	**119.37**	**(76.23)**
Distributions	(22.65)	(21.78)	(22.41)	(13.87)	(14.34)	(15.55)
Retained distributions on accumulation units	22.65	21.78	22.41	13.87	14.34	15.55
Closing net asset value per units	**1,072.25**	**855.58**	**718.26**	**963.24**	**774.36**	**654.99**
* after direct transaction costs of	(1.33)	1.06	(0.79)	(1.19)	0.96	(0.73)
Performance						
Return after charges	25.32%	19.12%	(9.75)%	24.39%	18.22%	(10.43)%
Other information						
Closing net asset value (£'000)	1,771,589	1,194,982	828,215	211,187	171,253	165,358
Closing number of units	165,221,585	139,668,609	115,308,374	21,924,706	22,115,495	25,248,889
Operating charges	0.82%	0.82%	0.84%	1.57%	1.57%	1.59%
Direct transaction costs	0.14%	0.13%	0.11%	0.14%	0.13%	0.11%
Prices						
Highest unit price (p)	1,096.08	859.51	822.66	985.01	777.98	755.76
Lowest unit price (p)	808.70	729.17	613.83	731.71	664.88	560.67

	S distribution **			S accumulation **		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	**110.75**	**95.98**	**100.00**	**116.02**	**97.30**	**100.00**
Return before operating charges *	29.13	19.27	(2.40)	30.50	19.51	(2.39)
Operating charges	(0.94)	(0.77)	(0.31)	(0.97)	(0.79)	(0.31)
Return after operating charges *	**28.19**	**18.50**	**(2.71)**	**29.53**	**18.72**	**(2.70)**
Distributions	(3.88)	(3.73)	(1.31)	(3.21)	(3.07)	(1.09)
Retained distributions on accumulation units	–	–	–	3.21	3.07	1.09
Closing net asset value per units	**135.06**	**110.75**	**95.98**	**145.55**	**116.02**	**97.30**
* after direct transaction costs of	(0.18)	0.14	(0.10)	(0.18)	0.15	(0.10)
Performance						
Return after charges	25.45%	19.27%	(2.71)%	25.45%	19.24%	(2.70)%
Other information						
Closing net asset value (£'000)	157	17	5	140,199	10,316	5
Closing number of units	116,140	15,517	5,000	96,321,389	8,891,126	5,000
Operating charges	0.72%	0.73%	0.74%	0.72%	0.73%	0.74%
Direct transaction costs	0.14%	0.13%	0.11%	0.14%	0.13%	0.11%
Prices						
Highest unit price (p)	142.02	115.01	100.76	148.78	116.56	100.76
Lowest unit price (p)	104.69	97.46	83.14	109.67	98.78	83.14

** Launched 15 August 2022.

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

Ongoing charges

Class	31 December 2024
C accumulation	1.270%
G distribution	0.550%
G accumulation	0.550%
I distribution	0.820%
I accumulation	0.820%
R accumulation	1.570%
S distribution	0.720%
S accumulation	0.720%

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 UK Select Fund**	1025.3	149.8	69.4	34.7	25.3	9.5
Artemis UK Select Fund***	1026.6	148.6	69.4	34.4	25.3	10.3
FTSE All-Share TR	287.8	81.9	26.5	18.5	9.5	1.9
UK All Companies average	286.7	66.2	15.2	5.0	7.9	1.0
Position in sector	2/55	3/151	1/182	3/190	1/193	2/194
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 3 April 1998 to 1 September 2010 reflects class R accumulation units and from 1 September 2010 reflects class I accumulation units, in sterling with dividends reinvested to 31 December 2024. All performance 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 UK All Companies sector benchmark.
** Value at 12 noon valuation point
*** Value at close of business

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

Securities Financing Transactions Regulation ("SFTR")

The European Regulation (EU/2015/2365) on reporting and transparency of Securities Financing Transactions Regulation ("SFTR"), which aims to improve the transparency and monitoring of the financial system, became effective on 13 January 2016. The SFTR applies to the Artemis UK Select Fund (the "Fund") as a UK UCITS scheme and requires the manager to comply with a series of obligations. In particular, the manager is required to provide investors with information on the use of Securities Financing Transactions ("SFT's") and Total Return Swaps ("TRS") which include Contracts for Difference ("CFD") by the Fund in all interim and annual reports for the Fund.

Global Data

Assets	31 December 2024 £'000	% of net assets
Contracts for difference	–	–

Liabilities	31 December 2024 £'000	% of net assets
Contracts for difference	(168)	–

Concentration of Data

Collateral issuer for CFD counterparty as at 31 December 2024:

Collateral issuer	31 December 2024 £'000	% of net assets
UBS	(830)	–

CFD Counterparty

Assets	31 December 2024 £'000	% of net assets
UBS	–	–

Liabilities	31 December 2024 £'000	% of net assets
UBS	(168)	–

Aggregate Data

By Type of Collateral

	31 December 2024 £'000	% of net assets
Cash	(830)	–

By Maturity

Assets	31 December 2024 £'000	% of net assets
1 day	–	–
2 days to 7 days	–	–
8 days to 30 days	–	–
31 days to 90 days	–	–
91 days to 365 days	–	–
More than 365 days	–	–
	–	–

Liabilities	31 December 2024 £'000	% of net assets
1 day	–	–
2 days to 7 days	–	–
8 days to 30 days	–	–
31 days to 90 days	–	–
91 days to 365 days	–	–
More than 365 days	(168)	–
	(168)	–

By Currency

Assets	31 December 2024 £'000	% of net assets
Sterling	–	–

Liabilities	31 December 2024 £'000	% of net assets
Sterling	(168)	–

By Country of Counterparty

Assets	31 December 2024 £'000	% of net assets
United Kingdom	–	–

Liabilities	31 December 2024 £'000	% of net assets
United Kingdom	(168)	–

Re-use of Collateral
Any collateral received by the Fund is not re-used.

Safekeeping of Collateral Information
Collateral pledged by the Fund as at 31 December 2024:

Custodian	31 December 2024 £'000	% of net assets
UBS	(830)	–

Return and Cost Analysis
Return/costs from investing in contracts for difference are disclosed in the Statement of Total Return within the net capital gains.

Artemis Fund Managers Limited
Cassini House, 57 St James's Street, London SW1A 1LD
6th floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY

Client Services 0800 092 2051
Facsimile 0207 643 3708

Website www.artemisfunds.com

ARTEMIS
The PROFIT Hunter