



# Artemis Fund Managers Limited

## Prospectus of the Artemis Institutional Funds

(a number of NURS schemes)

Dated: 2 December 2024

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# 1. Definitions

|                                      |  |
|--------------------------------------|--|
| "Accumulation Units"                 | units in respect of which any income is retained and reflected in the value of each unit;  |
| "AIFM"                               | the legal person appointed on behalf of the Funds and which (through this appointment) is responsible for managing the Funds in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which at the date of this Prospectus is the Manager;   |
| "AIFM Directive" or "AIFMD"          | Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 as amended from time to time;  |
| "AIFM Regulations"                   | The AIFMD Directive and The Alternative Investment Fund Managers Regulations 2013;   |
| "COLL"                               | refers to the appropriate chapter or rule in the COLL Sourcebook;  |
| "the COLL Sourcebook"                | the Collective Investment Schemes Sourcebook issued by the FCA as amended or replaced from time to time;   |
| "Dealing Day"                        | Monday to Friday except for (unless the Manager otherwise decides) a bank or public holiday in England and Wales. For certain Funds, the Manager may exercise its discretion, in order to protect Unitholders' interests in respect of markets being closed, for example for public holidays in certain jurisdictions, as set out in further detail in Section 14; |
| "Distribution Units"                 | units in respect of which any income is distributed to holders of those units;   |
| "FCA"                                | the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;   |
| "FCA Handbook"                       | the FCA Handbook of Rules and Guidance, as amended from time to time;  |
| "the FCA Rules"                      | the rules contained in the COLL Sourcebook or FUND Sourcebook;   |
| "FUND Sourcebook"                    | the Investment Funds sourcebook which forms part of the FCA Handbook;  |
| "Funds"                              | Artemis Income (Exclusions) Fund and Artemis SmartGARP Paris-Aligned Global Equity Fund <sup>1</sup> ;   |
| "General Data Protection Regulation" | the Regulation of the European Parliament and Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;   |
| "Trust Deeds"                        | the trust deeds constituting the Funds, as amended from time to time in accordance with the FCA Rules; and   |
| "Unitholder"                         | a holder of registered units in one or more of the Funds.  |

Defined terms used in this Prospectus shall have the same meaning as they are given in the FCA Handbook unless otherwise defined in this Prospectus.

<sup>1</sup> This sub-fund is in the process of being terminated and is therefore not available for subscriptions.

## 2. Service Providers

### 2.1 The Manager and the AIFM

The Manager of the Funds is Artemis Fund Managers Limited, a private limited company incorporated in England on 11th February 1986. The Manager's issued share capital is £6,212,058 fully paid, and it is a subsidiary of Artemis Investment Management LLP, which is incorporated in England.

The Manager is the AIFM for the purposes of the AIFM Directive and the AIFM Regulations.

The Manager's address is Cassini House, 57 St James's Street, London SW1A 1LD, which is both the head office and registered address.

The Directors of Artemis Fund Managers Limited are:

P K Anand  
J E Dodd  
S Dougall  
C E C Finn  
G O Jones  
A A Laing  
J R Loukes  
M J Murray

With the exception of Andrew Laing and Claire Finn, all of the above Directors are members of Artemis Investment Management LLP (which is the parent undertaking of Artemis Fund Managers Limited). John Dodd and Mark Murray are directors of Artemis Strategic Asset Management Limited and Artemis Asset Management Limited. Mark Murray is also a director of Arrow Bidco Limited. Andrew Laing is a director of a German subsidiary of Standard Life Aberdeen plc, Drum Income Plus REIT plc and Drum Income Plus Limited; and a partner at Maven Capital (Telfer House) LLP and Maven Capital (Llandudno) LLP. Claire Finn is a director of Sparrows Capital Limited, Baillie Gifford Shin Nippon plc, Octopus Apollo VCT plc and the Law Debenture Corporation plc. Sheenagh Dougall is a director of Artemis Funds (Lux).

The Manager is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The Manager is responsible for managing and administering the Funds' affairs in compliance with the FCA Rules including portfolio management and risk management.

The Manager may delegate its portfolio management, risk management and administration functions to third parties (including associates) subject to the FCA Rules and it has delegated portfolio management to Artemis Investment Management LLP, registration, administration and fund pricing to The Northern Trust Company, London Branch.

### 2.2 The Trustee

#### 2.2.1 General

Northern Trust Investor Services Limited is the Trustee of each of the Funds.

The Trustee is a UK Private limited company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principal place of business is at 50 Bank Street, London E14 5NT.

The Trustee is authorised and regulated by the Financial Conduct Authority.

The Trustee's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

The Trustee is a UK Private limited company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principal place of business is at 50 Bank Street, London E14 5NT.

The Trustee is authorised and regulated by the Financial Conduct Authority.

The Trustee's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

#### 2.2.2 Duties of the Trustee

The Trustee is responsible for the safekeeping of all the scheme property of the Funds and has a duty to take reasonable care to ensure that the Funds are managed in accordance with the Trust Deeds and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Funds. The Trustee is also responsible for monitoring the cash flows of the Funds, and must ensure that certain processes carried out by the Manager are performed in accordance with the FCA Handbook, this Prospectus and the Trust Deeds.

#### **2.2.3 Delegation of Safekeeping Functions**

Subject to the AIFM Regulations, the Trustee has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Trustee. As a general rule, where the Trustee delegates any of its custody functions to a delegate, the Trustee will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Trustee. The use of clearing or settlement systems or order routing systems, does not constitute a delegation by the Trustee of its functions.

As at the date of this Prospectus, the Trustee has delegated custody services to The Northern Trust Company, London Branch (the “Custodian”). The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Funds may invest.

#### **2.2.4 Updated Information**

Up to date information regarding (i) the Trustee’s name, (ii) the description of its duties and any conflicts of interest that may arise between the Trustee and the Funds, the Unitholders or the Manager, and (iii) the description of any safekeeping functions delegated by the Trustee, the description of any conflicts of interest that may arise from such delegation, will be made available to Unitholders on request.

#### **2.2.5 Terms of Appointment**

The appointment of the Trustee has been made under an agreement (as amended and novated from time to time) between the Manager and the Depositary (the “Depositary Agreement”). The Depositary Agreement is terminable on receipt of six months’ written notice given by either party. The Trustee may not retire voluntarily except on the appointment of a new depositary.

The Depositary Agreement contains provisions indemnifying the Trustee and limiting the liability of the Trustee in certain circumstances.

The Trustee is entitled to receive remuneration out of the scheme property of the Funds as explained under the heading “Charges and Expenses” in paragraph 14 below.

#### **2.2.6 GDPR**

Northern Trust’s EMEA Data Privacy Notice sets out how the Trustee will process Unitholders’ personal information as a data controller where these details are provided to it in connection with Unitholders’ investment in the Funds.

Northern Trust’s EMEA Data Privacy Notice may be updated from time to time and readers should confirm that they hold the latest version which can be accessed at [www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice](http://www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice).

Any Unitholder who provides the Manager and its agents with personal information about another individual (such as a joint investor), must show Northern Trust’s EMEA Data Privacy Notice to those individuals.

### **2.3 The Investment Adviser**

The Investment Adviser to each Fund is Artemis Investment Management LLP, which is incorporated in England. The Investment Adviser’s registered address is Cassini House, 57 St James’s Street, London SW1A 1LD. Its principal places of business are 6th Floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY and Cassini House, 57 St James’s Street, London SW1A 1LD.

The principal activity of the Investment Adviser is providing investment management services, and the agreement with the Manager provides for advising on the purchase, sale and variation of investments within the categories allowed. The Investment Adviser has authority to make all day to day investment decisions on behalf of the Manager but subject to further instructions which the Manager may give. The appointment of the Investment Adviser may be terminated by either party by giving three months’ notice to the other party or such longer or shorter notice period as may be agreed between the parties. The appointment may also be

terminated immediately by the Manager in a range of circumstances where it is in the best interests of the Unitholders to do so.

The Investment Adviser is authorised and regulated by the Financial Conduct Authority of the address set out above.

## 2.4 The Registrar

The Registrar is The Northern Trust Company, London Branch. The Registrar's registered address is 50 Bank Street, Canary Wharf, London E14 5NT. The register of holders of units in each of the Funds can be inspected at this address.

## 2.5 The Auditors

The Auditors are Ernst & Young LLP, Chartered Accountants and Registered Auditors, of Atria One, 144 Morrison Street, Edinburgh EH3 8EX. They are responsible for auditing the annual accounts of the Funds and expressing an opinion on certain matters relating to the Funds in the annual report including whether their accounts have been prepared in accordance with applicable accounting standards, the FCA Rules and the Trust Deeds.

## 2.6 Fund pricing

The Northern Trust Company, London Branch of 50 Bank Street, London, E14 5NT has been appointed to provide accounting and pricing services to each Fund.

## 2.7 Administration

The Northern Trust Company, London Branch, of 50 Bank Street, Canary Wharf, London E14 5NT has been appointed as transfer agent.

## 2.8 Conflicts of Interest

### 2.8.1 The Manager's policy

The Manager and other companies within the Artemis group of companies may, from time to time, act as investment managers or advisers to other companies or funds which follow similar investment objectives to those of the Funds.

The Manager may also delegate some of its responsibilities in relation to the Funds to other companies within the Artemis group of companies.

It is therefore possible that the Manager may in the course of its businesses have potential conflicts of interest with a Fund or that potential conflicts of interest may arise between a Fund and other funds managed by the Manager. The Manager will, however, have regard in such event to its obligations under the Trust Deed and the investment advisory agreement respectively and, in particular, to its obligation to act in the best interests of each Fund so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager will ensure that each Fund and other collective investment schemes it manages are fairly treated.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Manager or its Unitholders will be prevented. Should any such situations arise the Manager will disclose these to Unitholders (in an appropriate format).

### 2.8.2 The Trustee's policy

#### 2.8.2.1 General

The Trustee may act as the depositary of other investment funds and as trustee or custodian of other collective investment schemes.

It is possible that the Trustee and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Funds and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Trustee and the Funds, the Unitholders or the Manager. In addition, the Trustee also has a regulatory duty when providing the safekeeping, settlement and administration services to act solely in the interests of Unitholders. In order to comply with this requirement, the Trustee may in some instances be required to take actions in the interests of Unitholders where such action may not be in the interests of the Manager.

#### 2.8.2.2 Affiliates

From time-to-time conflicts may arise from the appointment by the Depositary of any of its delegates. For example, the Custodian also performs certain investment operations and functions and derivatives collateral management functions delegated to it by the Investment Adviser.

The Trustee, and any other delegate, is required to manage any such conflict having regard to the FCA Rules and its duties under the Depositary Agreement.

The Trustee will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the Funds than if the conflict or potential conflict had not existed. The Custodian and any other delegate are required to manage any such conflict having regard to the FCA Handbook and its duties to the Depositary and the Manager.

#### 2.8.2.3 Conflicting commercial interests

The Trustee (and any of its affiliates) may effect, and make a profit from, transactions in which the Trustee (or its affiliates, or another client of the Trustee or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Trustee's duty to the Funds.

This includes circumstances in which the Trustee or any of its affiliates or connected persons: acts as market maker in the investments of the Funds; provides broking services to the Funds and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Funds; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Funds; or earns profits from or has a financial or business interest in any of these activities.

#### 2.8.2.4 Management of conflicts

The Trustee has a conflict-of-interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Trustee has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Trustee issues to be properly identified, managed and monitored.

#### 2.8.3 The Administrator's policy

The Administrator may, from time to time, act as the administrator of other companies or funds.

## 3. Funds under management

The Funds covered by this Prospectus are:

Artemis Income (Exclusions) Fund and Artemis SmartGARP Paris-Aligned Global Equity Fund<sup>2</sup>. Details of other funds operated by the Manager are available in Appendix F.

## 4. The constitution and governing law

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<sup>2</sup> This sub-fund is in the process of being terminated and is therefore not available for subscription.



Each Fund is constituted by a Trust Deed made between the Manager and the Trustee which is governed by laws of England and Wales. The Funds are Authorised Unit Trust Schemes falling into the non-UCITS retail scheme category. Unitholders are not liable for the debts of the Funds.

Unitholders' investments are governed by the relevant Trust Deed, application form and this prospectus. The Manager treats a Unitholder's participation in the Funds as governed by the laws of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Unitholder's participation in the Funds.

## 5. Changes to the Funds

Where any changes are proposed to be made to a Fund, the Manager will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Some changes will not be fundamental, significant or notifiable, but those which do fall within these definitions will be submitted to the FCA for approval. If the change is regarded as fundamental, Unitholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Unitholders. If the change is regarded as notifiable, Unitholders will receive suitable pre or post event notice of the change. Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental.

## 6. Investment limitations

Please see Appendix B for details of the limitations on the types of investments which may be included in the property of the Funds.

## 7. Past performance

Appendix D contains details of the Funds' past performance.

## 8. Characteristics of units in the Funds

- 8.1 The Trust Deeds provide for different classes of unit to be established in each Fund. Such classes may vary by factors such as fee structure and criteria for subscription (please see paragraph 15 and Appendix A). In addition, within each class there may be made available both Distribution Units and Accumulation Units. The types currently available in each Fund are as set out in Appendix A. With Accumulation Units, any net income is not distributed but retained within the relevant Fund increasing the value of each Accumulation Unit but leaving the number of units held unchanged. With Distribution Units, any net income is paid to holders of those units. Class E units are only available to Unitholders who have entered into a written agreement with the Manager.
- 8.2 The Trust Deeds provide for the issue of bearer units but the Manager does not intend to issue such units. The Trust Deeds allow gross Distribution Units and gross Accumulation Units to be issued as well as net Distribution Units and net Accumulation Units. Net units are units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of Distribution Units) or credited periodically to capital (in the case of Accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the relevant Fund. Gross units are Distribution Units or Accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the relevant Fund. Currently, however, only net Distribution Units and net Accumulation Units are available, and all references in this Prospectus to Distribution Units and Accumulation Units are to net Distribution Units and net Accumulation Units.
- 8.3 Unitholders are entitled (subject to the restrictions in paragraphs 9 and 10) to switch all or part of their units in a class for units of another class within the same Fund or another fund which is managed by the Manager. Details of this switching facility and the restrictions are set out below.
- 8.4 The holders of units in each Fund are entitled to participate in the property of the Fund and the income thereof *pari passu* with the other Unitholders. Title to the units in each Fund will be evidenced by entry of each Unitholder's name and address on the relevant register of Unitholders.
- 8.5 Further classes of units may be established by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deeds. On the introduction of any new class, a revised Prospectus will be prepared setting out the detail of each class.
- 8.6 Where a Fund has different classes, each class may attract different charges and so monies may be deducted from that Fund's property attributable to such classes in unequal proportions. In these circumstances, the

proportionate interests of the classes to the relevant Fund's total scheme property will be adjusted accordingly.

- 8.7 The nature of the right represented by units is that of a beneficial interest under a trust.
- 8.8 The base currency of each of the Funds is pounds sterling and units are priced in pounds sterling.
- 8.9 The units have not been and will not be registered under the US Securities Act of 1933 (as amended). They may not be offered or sold in the US, its territories and possessions, or any state of the United States of America or the District of Columbia. The units also may not be offered, sold or transferred to US persons (who fall within the definition of "US Person" as defined in rule 902 in regulation 5 of the United States Securities Act 1933).

The units have not been and will not be registered under the US Investment Company Act of 1940 (as amended). Neither the Manager nor the Investment Adviser have been registered under the US Investment Advisors Act of 1940.

## 9. Converting between units within a Fund

With the exception of E class units which are only available to Unitholders who have entered into a written agreement with the Manager, a Unitholder in a Fund may at any time convert all or some of his units of one class or type (the "Original Units") for units of another class or type (the "New Units") in that Fund, subject to certain restrictions (please see paragraphs 8 and 15). The Manager will not normally make a charge on converting between classes. A conversion between different types of units i.e. between Accumulation Units and Distribution Units, will not incur any charges.

Unitholders may be required to provide written instructions to the Manager (which, in the case of joint Unitholders must be signed by all the joint Unitholders) before a conversion is effected. A request for a conversion on any Dealing Day must be received by the earlier of the relevant dealing cut off points for both the redemption of the Original Units and for the acquisition of the New Units.

The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the valuation point applicable at the time the Original Units are redeemed and the New Units are issued.

Conversion of the Original Units specified in a conversion notice shall take place at the first valuation point after the conversion notice is received or deemed to have been received by the Manager or at such other valuation point as the Manager at the request of the Unitholder giving the relevant conversion notice may determine. For the purposes of this clause and for the avoidance of doubt, the Manager shall be construed as the Unitholder of all units in the relevant Fund which are in issue and in respect of which no other person's name is entered on the register of Unitholders.

The Manager shall determine the number of New Units to be issued or sold to the Unitholder on a conversion in accordance with the following formula:

$$N = \frac{O \times (CP \times ER)}{SP}$$

where:

- N is the number of New Units to be issued or sold (rounded down to three decimal places);
- O is the number of Original Units specified (or deemed to be specified) in the conversion notice which the holder has requested to convert;
- CP is the price at which a single Original Unit may be cancelled or redeemed as at the valuation point applicable to the cancellation or redemption as the case may be;
- ER is 1, where the Original Units and the New Units are designated in the same currency and, in any other case, is the exchange rate determined by the Manager in its absolute discretion (subject to the FCA Rules) as representing the effective rate of exchange between the two relevant currencies as at the date the conversion notice is received (or deemed to have been received) by the Manager having adjusted such rate as may be necessary to reflect any costs incurred by a Fund in making any transfer of assets as may be required as a consequence of such a conversion being effected; and
- SP is the price at which a single New Unit may be issued or sold as at the valuation point applicable to the cancellation or redemption as the case may be.

The Manager may adjust the number of New Units to be issued or sold to reflect the imposition of any conversion charges (as set out above) together with any other charges or levies in respect of the issue or sale of the New Units or cancellation or redemption of the Original Units as may be made without infringement of the FCA Rules.

If the conversion would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the class concerned, the Manager may, if it thinks fit, convert the whole of the applicant's holding of Original Units to New Units (and make a charge on such conversion) or refuse to effect any conversion of the Original Units. No conversion will be allowed during any period when the right of Unitholders to require the redemption of their units is suspended. A conversion of units within the same Fund is not treated as a disposal for the purposes of taxation of capital gains.

A Unitholder who converts between classes of units will have no right by law to withdraw from or cancel the transaction.

## 10. Switching between funds

Switches between a Fund and any other Fund or funds managed by the Manager are permitted at the discretion of the Manager where the investment criteria of the unit class into which the Unitholder wishes to switch are met. The Manager may at its discretion make a charge on switching of units between funds, including any applicable stamp duty reserve tax provision – currently, no switching charge is applicable.

Unitholders may be required to provide written instructions to the Manager (which, in the case of joint Unitholders must be signed by all the joint Unitholders) before switching is effected. Any request for switching must be received by the earlier of the relevant dealing cut off points for both the redemption of the Original Units and for the acquisition of the New Units.

No switch will be allowed during any period when the right of Unitholders to require the redemption of their units is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch.

Written instructions must be received by the Manager before the dealing cut off point in the fund concerned to be dealt with at the prices at the relevant valuation point on that Dealing Day or the next Dealing Day, or on the next Dealing Day following a suspension of units in the fund. Switching requests received after a dealing cut off point will be held over until the next day which is a Dealing Day in each of the relevant funds.

Where a request is to switch between funds with a choice of unit classes, then unless the Unitholder instructs otherwise, the switch will be made to units of the same class in the new fund, and where both such classes have a redemption charge, the redemption charge will not be applied. When switching from a fund with a redemption charge to one without, the redemption charge will be applied. The initial fee will be applied when switching into a fund with an initial charge.

Please note that a switch of units in one fund for units in any other fund is treated as a redemption of the Original Units and a purchase of New Units and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of taxation of capital gains. Unitholders may wish to seek professional advice in relation to their tax status.

A Unitholder who switches between funds will have no right by law to withdraw from or cancel the transaction.

## 11. Unitholder meetings and voting rights

- 11.1 The provisions below, unless the context otherwise requires, apply to class meetings as they apply to general meetings of each of the Funds, but by reference to units of the class concerned and the Unitholders and prices of such units.
- 11.2 The Manager may requisition a general meeting at any time. Subject to certain conditions, Unitholders may also requisition a general meeting of a Fund. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all units then in issue in that Fund and the requisition must be deposited at the office of the Trustee. The Manager must convene a general meeting no later than eight weeks after receipt of such a requisition.
- 11.3 Unitholders will receive at least 14 days' notice of a general meeting of a Fund and are entitled to be counted in the quorum and vote at such a meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be

counted in a quorum. Notices of meetings and adjourned meetings will be sent to Unitholders of the relevant Fund at their registered addresses.

- 11.4 At a general meeting, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.
- 11.5 On a poll vote, Unitholders may vote either in person or by proxy in relation to the units which they hold. The voting rights attaching to each unit are such proportion of the voting rights attached to all the units in issue that the price of the unit bears to the aggregate price of all the units in issue at a reasonable date before the notice of meeting is sent out, such date to be decided by the Manager.
- 11.6 A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 11.7 In the case of joint Unitholders, the vote of the most senior Unitholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Unitholders. For this purpose seniority must be determined by the order in which the names stand in the register of Unitholders.
- 11.8 Except where the FCA Rules or the Trust Deeds require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the FCA Rules will be passed by a simple majority of the votes validly cast for and against the resolution.
- 11.9 The Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in the FCA Handbook) of the Manager is entitled to vote at any meeting of a Fund except in respect of units which the Manager or such associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.
- 11.10 Where all the units in a Fund are registered to, or held by, the Manager or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the units in issue.
- 11.11 "Unitholders" in this context means Unitholders entered on the relevant Fund's register at a time to be determined by the Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 12. Income allocations

- 12.1 The annual and interim accounting periods of the Funds end each year on the dates set out in Appendix A. Allocations of income are made in respect of the income available for allocation in each relevant accounting period. The Trustee shall allocate the amount of income available between the classes of units in issue in each Fund at the end of the relevant accounting period.
- 12.2 Distributions of income for the Funds are paid on or before the relevant annual income allocation date and on or before the relevant interim income allocation dates.
- 12.3 In respect of Accumulation Units, the income will become part of the capital property of the relevant Fund as at the end of the relevant accounting period to increase the value of each unit.
- 12.4 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of a Fund in respect of that period, and deducting the aggregate of the Manager's and Trustee's remuneration for that Fund and other payments properly paid or payable out of the income account in respect of that accounting period and adding the Manager's best estimate of any relief from tax on that remuneration and those other payments. The Manager then makes such other adjustments as it considers appropriate (and after consulting the Auditors as appropriate) in relation to taxation of the proportion of the prices received or paid for units that is related to income (taking into account any provisions in the Trust Deed relating to income equalisation), potential income which is unlikely to be received until 12 months after the income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters. Distributions are paid by crediting a Unitholder's bank or building society account.
- 12.5 If a distribution remains unclaimed for a period of six years after it has become due it will be forfeited and will revert to the relevant Fund.

- 12.6 In the case of Distribution Units, the Manager may from time to time, smooth the income payments during the accounting year with the balance of income (if any) being paid in respect of the final distribution period of an annual accounting period.

## 13. Valuation of property

- 13.1 The property of each Fund is valued regularly, in accordance with the provisions set out in Appendix C, for the purpose of determining prices at which units may be sold and redeemed by the Manager. The valuations will be as at 12 noon on each Dealing Day for the purposes of determining prices at which units may be bought or sold. The Manager may determine that any Dealing Day shall not be a Dealing Day. Such a determination would generally only be made in respect of a particular day if that day were a holiday on a stock exchange which was the principal market for a significant portion of a Fund's portfolio of securities (namely, its assets other than cash, deposits and short term paper) or was a holiday elsewhere which impeded the calculation of the fair market value of the portfolio.
- 13.2 The price at which units are bought or are redeemed is the net asset value per unit subject to any applicable dilution adjustment. Any initial charge or redemption charge is payable in addition to the price.
- 13.3 For certain Funds, where the Fund is exposed to markets that are closed, the Manager may designate certain days as a non-Dealing Day. For each Fund where this applies, the Manager monitors the proportion of the Funds' investments held in the relevant markets and maintains a threshold, at which exposure to closed market(s) may trigger a non-Dealing Day.

The specific Funds that are impacted by the declaration of non-Dealing Days are subject to change. The current list of Funds and the days when deals in units are not processed are published on the Manager's website at [www.artemisfunds.com](http://www.artemisfunds.com). The list of non-Dealing Days which apply to these Funds will be published annually in advance and updated to reflect any changes.

Any dealing requests received on a non-Dealing Day will be processed on the next Dealing Day. The settlement period of subscriptions, redemptions and switches may be extended when a non-Dealing Day falls between the trade date and the settlement date.

- 13.4 The most recent price of units will appear on the Artemis web site – [www.artemisfunds.com](http://www.artemisfunds.com).
- 13.5 The Manager may change the time for the valuation point in accordance with the FCA Rules. The Manager reserves the right to revalue the property of each Fund at any time at its discretion. Special valuations may take place if at any time the Manager considers it desirable to do so. The price of a unit is calculated by reference to the net asset value of a Fund, subject to any dilution adjustment. There is a single price per unit.
- 13.6 Where permitted and subject to the FCA Rules, the Manager may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

## 14. Charges and expenses

All fees and expenses payable out of the property of the Funds or by Unitholders are set out in this section. All charges and expenses, with the exception of the Manager's initial charge (if any), are charged to the Funds. The Manager's initial charge is included in the issue price of each unit, and accordingly is deducted at the point of investment from the amount subscribed by Unitholders. Charges will be allocated to income or capital in accordance with Appendix A.

### 14.1 The Manager

The Trust Deeds permit the Manager to include in the sale price of units an initial charge. These charges (if any) are as set out in Appendix A.

The Manager is also remunerated by way of an annual management charge calculated daily by reference to the mid-market value of the property of each Fund and which is payable monthly. The current annual management charges for each of the Funds are as set out in Appendix A.

All or part of the Manager's fees may be charged against capital instead of against income. This will only be done with the approval of the Trustee. This treatment of the Manager's fee may increase the amount of income (which may be taxable) available for distribution to Unitholders, but may constrain capital growth. Artemis Income (Exclusions) Fund has been structured so as to concentrate on the generation of income and capital growth and the whole of the annual management charge will be charged to the capital of this Fund.

Under the terms of each of the Trust Deeds the Manager is entitled to make a charge on the redemption of units. At present the Manager does not make such a charge.

The Manager cannot levy these charges or increase the rates except in accordance with the FCA Rules.

## 14.2 The Trustee

The Trustee receives for its own account as remuneration for its services a monthly periodic fee in from the scheme property of each of the Funds. The Trustee's fee is calculated on the same basis as the Manager's remuneration set out in paragraph 14.1 above, and payable out of the scheme property of each of the Funds in accordance with the FCA Rules and is subject to Value Added Tax (VAT). For this purpose the value of a Fund is inclusive of the issues and cancellations of units which take effect as at the relevant valuation point. The Trustee's fee shall accrue daily, commencing at the first valuation point on the first Dealing Day and shall end immediately before the next valuation point on the following Dealing Day. The Trustee's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued. The rate of the periodic fee is agreed between the Manager and the Trustee and is currently 0.005% per annum of the scheme property of each of the Funds.

These rates can be varied from time to time in accordance with the FCA Rules.

In addition to the periodic fee referred to above, the Trustee shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the scheme property of each of the Funds as follows:

| Item                | Range  |
|---------------------|--|
| Transaction Charges | £2 to £120   |
| Custody Charges     | 0.0008% to 0.60% of the value of the scheme property |

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Dealing Day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

Where relevant, the Trustee may make a charge for its services in relation to: distributions; the provision of banking services; holding money on deposit; lending money; or engaging in stock lending transactions, in relation to each of the Funds and may purchase or sell or deal in the purchase or sale of the scheme property of each of the Funds, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Rules.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Trust Deeds, the FCA Handbook, the AIFM Regulations or by the general law.

In each such case such payments, expenses and disbursements may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the FCA Rules by the Trustee.

## 14.3 Other charges

Other expenses payable out of the property of each Fund are as follows and are determined where appropriate by agreement with the parties involved:

- (a) The Registrar's fee for all the Funds is currently an annual rate of £13.00 per registered account plus expenses and disbursements. The Registrar's fee is payable monthly in arrears on the total number of accounts held at the month end.  
The current rate of the Registrar's fee may only be increased in accordance with the FCA Rules;
- (b) Brokers' commission, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for each Fund;
- (c) Interest on borrowings permitted by each Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;



- (d) Taxation and duties payable in respect of the property of each Fund, the Trust Deed or the issue of units and any Stamp Duty Reserve Tax charged in accordance with Schedule 19 of the Finance Act 1999 (or any statutory notification or re-enactment thereof);
- (e) Any cost incurred in modifying the Trust Deed of a Fund, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Trust Deed where the modification is necessary to implement, or necessary as a direct consequence of any change in the law made (including changes in the FCA Handbook, or expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and Trustee agree is in the interest of Unitholders);
- (f) The removal of any obsolete provisions from the Trust Deed of each Fund;
- (g) Any costs incurred in respect of meetings of Unitholders convened on a requisition of Unitholders not being the Manager or an associate of the Manager;
- (h) The audit fee properly payable to the Auditors and VAT thereon and any proper expenses of the Auditor;
- (i) The fees of the Financial Conduct Authority (FCA) in accordance with the FCA's Fee Manual and the corresponding fees of any regulatory authority in any country or territory outside the United Kingdom in which units in each Fund are or may be marketed;
- (j) Any payment permitted by COLL 6.7.15R (payment of liabilities on transfer of assets);
- (k) Any costs incurred in connection with obtaining a guarantee for a Fund's capital value;
- (l) All reasonable legal costs and expenses incurred in connection with the Funds; and
- (m) All costs and expenses incurred in connection with the production and distribution of the annual and interim reports and accounts of the Funds.

Any fees or expenses shall, where applicable, be increased to include VAT thereon at the prevailing rate. The Manager's initial and management charges are not currently subject to VAT, but in the event of such tax being imposed, the Trust Deed authorises that this may be levied against the property of the Fund.

## 15. The sale and redemption of Units

- 15.1 The Manager will be available to receive requests for the sale and redemption of units during normal business hours, 8.00am to 6.00pm, excluding weekends, public and bank holidays.
- 15.2 Units will be sold by the Manager upon receipt of written orders or other form of written communication which the Manager deems acceptable (at present the purchase of units by electronic communication is not accepted), at a price as determined under 15.11 below. Units may be purchased directly from the Manager or through a financial adviser or other intermediary. A contract note giving details of the units purchased will be issued no later than the next business day after the Dealing Day on which an application to purchase units is valued by. Certificates are not issued to investors purchasing units in a Fund. Unitholders will be sent six-monthly statements as at April and October each year detailing holdings and transactions executed during the period.
- 15.3 The Manager makes use of the "delivery versus payment" (DvP) exemption as permitted by the FCA Handbook, which provides for a one day window during which money given to the Manager to buy units is not treated as client money. If the Manager has not passed subscription money to the Trustee at the end of the one day window, it will place the subscription money in a client money bank account until it can make the transfer.
- 15.4 The minimum holding of units in a Fund is £250,000. The minimum amount which may be redeemed is £500 but a redemption must not reduce a holding below £250,000. The minimum lump sum investment in a Fund is £250,000, except Class E units for which the minimum lump sum investment is £200,000,000. For each of the Funds, a Unitholder's holding may be increased by subsequent investments of £500 or more in value. The Manager may, at its sole discretion, decide to waive any of the applicable investment minimums.
- 15.5 Units will be redeemed by the Manager upon receipt of an order either by letter, facsimile or other form of written communication which the Manager deems acceptable, at a price determined under paragraph 15.11 below. Where orders have been placed by facsimile or electronically, the redemption proceeds may not be released until the Manager, at its discretion, is in receipt of a written redemption instruction duly signed by the Unitholder(s) in question. Units may be sold back to the Manager directly or through a financial adviser. Payment will be made within four working days following receipt of all necessary documentation.

- 15.6 The Manager also makes use of the delivery versus payment (DvP) exemption as referred to in paragraph 15.3 above when it redeems units. Money due to be paid to Unitholders following a redemption need not be treated as client money provided the redemption proceeds are paid to the Unitholder within a one day window of receipt of the redemption proceeds from the Trustee. If the Manager is not able for any reason to pay a Unitholder in that timeframe it will place the redemption money in a client money bank account until it can make the payment.
- 15.7 A Unitholder in a Fund may switch all or some of his units in one class (the "Original Units") for units of another class of the Fund (the "New Units"). The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the valuation point applicable at the time the Original Units are redeemed and the New Units are issued.
- 15.8 Switching instructions may be given by letter, facsimile, or other form of written communication to the Manager ("a Switching Notice") (which in the case of joint Unitholders must be signed by all the joint Unitholders) before switching is effective.
- 15.9 When the holder of any gross paying units fails or ceases for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of such units without deduction of United Kingdom tax he shall, without delay, give notice thereof to the Manager and the Manager shall, upon receipt of such notice, treat the Unitholder concerned as if he had served on the Manager a Switching Notice or notices as set out in the Prospectus requesting switching of all of the gross paying units owned by such holder for net paying units of the Class or Classes which, in the opinion of the Manager, most nearly equate to the Class or Classes of gross paying units held by that Unitholder and the procedures set out in the Prospectus shall be applied accordingly.
- 15.10 The Manager may at its discretion make a charge on the switching of units between classes.
- The Manager may, at its discretion, arrange for a Fund to issue units in exchange for assets other than cash, but will only do so where the Manager and Trustee have taken reasonable care and are satisfied that a Fund's acquisition of those assets in exchange for the units concerned is not likely to result in any material prejudice to the interests of Unitholders. The Manager will not issue units in exchange for assets the holding of which would be inconsistent with the investment objective of a Fund. The Manager will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the units.
- 15.11 Units are dealt on a forward pricing basis by reference to the next valuation point immediately following receipt of valid instructions by the Manager. The Manager has elected to sell and redeem units on a forward pricing basis only.
- Where a Unitholder requests a redemption of units representing not less than 5% of the value of a Fund or where the Manager considers the deal in some way detrimental to the Fund, the Manager may, at its sole discretion, give written notice to the Unitholder before the proceeds of the redemption or cancellation would otherwise become payable that, in lieu of paying such proceeds in cash, the Manager will transfer to that Unitholder property attributable to a Fund having the appropriate value (an "in specie transfer"). The Manager will select the property to be transferred in consultation with the Trustee. The Trustee will, in accordance with Regulations, cancel the units and transfer a proportionate share of the assets of the Fund or such selection from the property of the Fund. The Manager and the Trustee must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Unitholder requesting the redemption than to the continuing Unitholders. The Trustee may also, on the instruction of the Manager, pay out of the Fund assets other than cash as payment for the sale of units. The Manager may retain out of the property to be transferred property or cash of a value equivalent to any stamp duty or stamp duty reserve tax to be paid on the redemption of the units.
- 15.12 The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of units in a Fund where due to exceptional circumstances it is in the interests of all the Unitholders in the relevant Fund. The Manager or Trustee (as appropriate) will immediately inform the FCA of the suspension and the reason for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Funds are offered for sale. The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders. The Manager will notify Unitholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Unitholders details of how to find further information about the suspensions. Where such suspension takes place, the Manager will publish on its website or other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if



known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension. Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Manager and the Trustee will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Unitholders. The Manager will inform the FCA of the proposed restart of dealings and immediately after the restart the Manager will confirm this by giving notice to the FCA and the regulator in each EEA State where the Fund is offered for sale. The Manager may agree during the suspension to deal in units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first valuation point after the restart of dealings in units.

- 15.13 Recalculation of issue and cancellation prices will take place on each occasion that each Fund is valued.
- 15.14 Units are not quoted on any recognised investment exchange.
- 15.15 The Manager's annual management charge, Trustee's remuneration, Auditor's, Registrar's and other fees accrue daily and are reflected in the unit prices.
- 15.16 The Manager will accept electronic renunciation from regulated institutions who hold units in a nominee name provided that the Manager has a coverall or electronic renunciation agreement in place with the regulated institution. The Manager may also accept electronic instructions from private investors but may at its discretion also require hard copy, wet signatures to effect renunciation. The Manager may at its absolute discretion accept electronic instructions to transfer units to a third party, whether from private investors or regulated institutions provided the relevant fields in the application form have been completed. Where electronic communication is used it will be subject to prior agreement between the Manager and the person making the communication as to the electronic media by which communication is delivered and how such communication will be identified as conveying the necessary authority. Assurance from any person who may have given such authority on behalf of the investor will have obtained the required appointment in writing from the investor.
- 15.17 The Manager has a liquidity management policy and maintains tools and methods of monitoring the liquidity of the Funds and to ensure that the Manager can carry out investment requests. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for each Fund and periodic stress testing of the liquidity risk of each Fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met. In normal circumstances, dealing requests will be processed as set out above. In exceptional circumstances, other procedures, such as suspending dealings in a Fund, borrowing cash, deferring the redemption of units, or applying in-specie redemptions may be used.

Each Fund's annual report will disclose the percentage of that Fund's assets that are subject to special arrangement arising from their illiquid nature; any new arrangements for managing the liquidity of the Fund; and the current risk profile of the Fund and the risk management systems employed by the Manager to manage those risks.

- 15.18 If the appropriate payment is not sent to the Manager when you apply to buy units, the Manager may if you invest directly, without giving you notice, cancel that instruction or, if the Manager has already processed the instruction, sell the units to pay off any amounts you owe. If the units have fallen in value and the Manager sells them for less than the purchase price, you may have to pay any shortfall.

If you are investing indirectly then it will not be possible for the Manager to process the instruction and the Manager will cancel it without giving you notice.

## 16. Compulsory transfer and redemption of units

- 16.1 The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no units are acquired or held by any person in breach of the law or governmental regulations (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in a Fund incurring any liability to taxation which a Fund is not able to recoup itself or suffering any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of units.
- 16.2 If it comes to the notice of the Manager that any units ("Affected Units"):
  - 16.2.1 are owned directly or beneficially in breach of any law or governmental regulations (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

- 16.2.2 would result in a Fund incurring any liability to taxation which the Fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- 16.2.3 are held in any manner by virtue of which the Unitholder or units in question is/are not qualified to hold such units or if it reasonably believes this to be the case;

the Manager may give notice to the Unitholder(s) of the Affected Units requiring the transfer of such units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such units in accordance with the FCA Rules. If any Unitholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his Affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the Affected Units, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the Affected Units.

- 16.3 A Unitholder who becomes aware that he is holding or owns Affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his Affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his Affected Units.
- 16.4 Where a request in writing is given or deemed to be given for the redemption of Affected Units, such redemption will (if effected) be effected in the same manner as provided for in the FCA Handbook.

## 17. Dilution adjustment

- 17.1 The actual cost of buying or redeeming a Fund's investments may be higher or lower than the mid-market value used in calculating the unit price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. A Fund may suffer dilution (reduction) in the value of the scheme property as a result of the costs incurred in dealing in the underlying investments and of any spread between the buying and selling prices of those investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time. Under certain circumstances (for example, large volumes of deals) dilution may have a material adverse effect on the existing/ continuing Unitholders' interest in the Fund.
  - 17.1.1 The Manager has decided that its policy on dilution is that it may make a dilution adjustment. In cases where a dilution adjustment is made the value of the capital of the scheme property of a Fund will not be affected by dilution.
  - 17.1.2 The Manager has the power to make a dilution adjustment, but may only exercise this power for the purpose of reducing dilution in a Fund, or to recover any amount which it has already paid or reasonably expects to pay in the future in relation to the issue or cancellation of units.
  - 17.1.3 If the Manager decides not to make a dilution adjustment, this decision must not be made for the purpose of creating a profit or avoiding a loss for the account of the Manager.
  - 17.1.4 The price of each class of unit in a Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of units of each class identically.
  - 17.1.5 In determining the rate of any dilution adjustment the Manager may, in order to reduce volatility, take account of the trend of a Fund to expand or to contract and also the transactions in units at a particular valuation point.
  - 17.1.6 In deciding whether to make a dilution adjustment the Manager must use the following bases of valuation:
    - 17.1.6.1 when by reference to any valuation point the aggregate value of the units of all classes of a Fund issued exceeds the aggregate value of units of all classes cancelled:
      - (i) any adjustment must be upwards; and
      - (ii) the dilution adjustment must not exceed the Manager's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the property had been valued on the best available market offer basis plus dealing costs; or
    - 17.1.6.2 when by reference to any valuation point the aggregate value of the units of all classes of a Fund cancelled exceeds the aggregate value of units of all classes issued:

- (i) any adjustment must be downwards; and
- (ii) the dilution adjustment must not exceed the Manager's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the property had been valued on the best available market bid basis less dealing costs.

- 17.2 The need to make a dilution adjustment will depend on the volume of net purchases or net redemptions.
- 17.3 As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Manager will need to make such a dilution adjustment. The dilution adjustment is **based on historical performance**. In normal Market conditions, the Manager would typically expect to make a dilution adjustment on rare occasions in any month in each Fund, however in stressed market conditions these adjustments may occur more often.
- 17.4 The Manager has applied a dilution adjustment during the 12 months to 30 September 2024 as indicated below:
- 17.4.1 Artemis Income (Exclusions) Fund – 2 occasions; and
- 17.4.2 Artemis SmartGARP Paris-Aligned Global Equity Fund<sup>3</sup> –14 occasions.

## 18. Taxation

- 18.1 This section summarises the tax position of the Funds and UK resident institutional Unitholders in them. The tax position of the Funds and UK resident Unitholders may change in future. Unitholders and prospective Unitholders who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.
- 18.2 As each Fund is an authorised unit trust it is exempt from capital gains tax (CGT) or corporation tax in respect of gains accrued on the disposal of its investments (including any interest-bearing securities). UK resident corporate Unitholders may be liable to corporation tax on chargeable gains (after indexation allowance).
- 18.3 In the case of a disposal of Accumulation Units the amounts of dividend and interest distributions accumulated (not including any equalisation payments) may be deducted in calculating the capital gain. Details of how to treat equalisation payments are set out in paragraph 20.2.
- 18.4 Derivatives held in a Fund will be accounted for in accordance with the Statement of Recommended Practice for authorised funds. Any profits accounted for as capital are exempt from tax. Any profits accounted for as income will constitute part of a Fund's taxable income.
- 18.5 The net income of each Fund (generally other than dividends from UK and non-UK companies) is subject to corporation tax. Each Fund will be treated, for tax purposes, as distributing to its Unitholders (by way of a dividend or interest distribution (as appropriate to the relevant Fund)) the whole of the income shown in its accounts for each of its distribution periods as being available for allocation to Unitholders. In the case of Accumulation Units, amounts allocated are treated as distributed for tax purposes and are taxable in the same way as amounts actually paid.
- 18.6 Corporate Unitholders which receive dividend distributions may have to divide them into two (as per the voucher); The part generally representing income taxable in the Fund must be treated as an annual payment after deduction of income tax at the basic rate. The remainder will be treated as a dividend and is not subject to corporation tax for most companies.
- 18.7 A corporate Unitholder with Units in a Fund that pays interest distributions must account for its holding in that Fund in accordance with the loan relationships tax regime (Chapter 3 of Part 6 of the Corporation Tax Act 2009). This requires the Unitholder's interest in the Fund (including any the gross amount of any distributions received) to be taken into account for corporation tax on a fair value basis.

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<sup>3</sup> This sub-fund is in the process of being terminated and is therefore not available for subscription.

- 18.8 Individual Unitholders will find further information in the HM Revenue & Customs tax return guidance. Unitholders should seek professional advice in relation to their tax status.
- 18.9 Automatic exchange of information for international tax compliance: The Manager (or its agent) may collect and report information about Unitholders and their investments, including information to verify their identity and tax residence. When requested to do so by the Manager or its agent, Unitholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

This is required by legislation that implements the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Directives and the United States provisions commonly known as 'FATCA').

## 19. Stamp Taxes

- 19.1 No Stamp Taxes are payable on the issue or the surrender of Units.
- 19.2 Stamp taxes may arise if Units are transferred from one person to another without any change being made in the register of Unitholders or if Units are redeemed in specie and the shares and securities received by the redeeming Unitholder do not represent a pro-rata share of the underlying assets of the Fund.

## 20. General information

### 20.1 Availability of documentation

Copies of the Trust Deeds and any amending Deeds, and of the most recent periodic reports (see paragraph 22 below) may be inspected at the offices of the Manager or copies may be obtained. The Manager reserves the right to make a charge at its discretion for copies of the Trust Deeds and any amending Deeds. The Prospectus and most recent periodic reports are also made available on the Manager's website ([www.artemisfunds.com](http://www.artemisfunds.com)). Copies of the most recent periodic reports and the Prospectus are available to any person free of charge.

Any notices required to be served on Unitholders or any documents required to be sent out to Unitholders will be sent by post to the address noted on the register, or in the case of joint Unitholders to the address of the first named Unitholder.

### 20.2 Income equalisation

On the first distribution following the purchase of units in each Fund, the Unitholder will receive as part of the distribution a capital sum representing the part of the purchase price of the units which represents the value of the accrued income at the time of purchase. This is known as income equalisation.

The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the issue price of units issued or re-issued in an accounting period or other grouping period by the number of those units and applying the resulting average to each of the units in question.

The actual amount of the distribution is the same for an existing Unitholder but the equalisation amount is not subject to income tax. The equalisation payment is a deduction from the base cost of the units for capital gains tax purposes. However, this does not apply when Accumulation Units are held as the equalisation is reinvested along with the element of taxed income. Since the equalisation has not been repaid, the investor should not deduct it from the original cost.

Grouping for equalisation is permitted by each Trust Deed. Equalisation is averaged over the distribution period resulting in the same rate of distributions on all units within a Fund. An equalisation amount may be included as part of any income allocation to Unitholders and represents a return of capital rather than income, which should be reflected in any tax return a Unitholder may complete.

## 21. Manager acting as principal

The Manager may make a profit when dealing in units as principal but it does not actively seek to do so. The Manager is under no obligation to account to the Trustee or Unitholders for any profit it makes on the issue of units or on the re-issue or cancellation of units which it has redeemed.

## 22. Reports and accounts

Subject to the FCA Rules, an annual report and accounts will be made available to Unitholders of each Fund every year. It is the Manager's intention that a long Annual Report will be available on the Manager's website [www.artemisfunds.com](http://www.artemisfunds.com) within four months of each annual accounting date and an Interim Report will be available on the same website within two months of each interim accounting date. Copies of a Fund's most recent Annual and Interim long reports are available to anyone who requests them.

## 23. Risk warnings

### 23.1 General Risks

The following risks apply to all of the Funds. For information about specific risks, see paragraph 23.2 below "Technique-Specific Risks".

#### 23.1.1 Market Risk

Unitholders should appreciate that there are risks in securities investment. For example, stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.

The capital value of, and the income attributable to, units in the Funds can fluctuate and the price of units and the income attributable to units can go down as well as up and is not guaranteed. In particular, there can be no assurance that capital appreciation will occur in the early stages as initial charges are levied on investments in the Funds and charges are not made uniformly throughout the life of the investment. On redemption, particularly in the short term, Unitholders may receive less than the original amount invested.

Past performance is not necessarily a guide to future growth or rates of return.

#### 23.1.2 Client Money Risk

As explained in paragraphs 15.3 and 15.6 above, there may be periods of up to one day during which money given to the Manager is not treated as client money. Money which is not held as client money will not be protected on the insolvency of the Manager.

#### 23.1.3 Investment Horizon

Investment in each Fund should be regarded as a long-term investment. There can be no guarantee that the objective of each of the Funds will be achieved.

#### 23.1.4 Tax risk

Personal tax rules may change and are dependent on a Unitholder's individual circumstances.

#### 23.1.5 Inflation risk

The real value of a Unitholder's investment will be reduced by inflation.

### 23.2 Technique-Specific Risks

The following risks do not apply to all of the Funds and you should refer to the risk profile information for each Fund in Appendix A for details of any specific risks which may apply.

#### 23.2.1 Investment in equities

The Funds may invest in equity or equity-related securities of entities which are listed, quoted and/or traded, or carry out a significant proportion of their business in Europe. Economic conditions have increased the risk that the governments of certain European countries may default on their sovereign debt obligations, and as a result there is an increased level of risk associated with investment in Europe. The Funds could suffer potentially significant losses should the likelihood of such a default occurring increase, a default actually occur, or in the event one or more member states of the European Monetary Union withdrawing from the Euro.

#### 23.2.2 Investment in smaller companies

Investment in the securities of smaller and unquoted companies can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent

for their management on a smaller number of key individuals. In addition, the market for securities in smaller companies is often less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper information for determining their value, or the risks to which they are exposed, may also not be readily available.

#### **23.2.3 Currency risk**

Where any of the Funds hold securities denominated in a currency other than sterling, changes in exchange rates may affect the value of an investment in that Fund.

#### **23.2.4 Charges to capital**

Where charges are taken wholly or partly out of a Fund's capital, distributable income will be increased at the expense of capital which may constrain or erode capital growth.

#### **23.2.5 Risk to reward ratio**

Some Funds often carry greater risks in return for higher potential rewards. Specialist funds, which invest in specialist markets or small sectors of industry, are likely to carry higher risks than most general funds.

#### **23.2.6 Emerging markets**

Certain Funds invest in emerging markets which may carry a greater degree of risk than investments in more developed markets because of factors such as social and political instability, expropriation, significant currency fluctuations and a lack of liquidity. Some emerging markets have less well established settlement and custody practices compared to established markets, and may not recognise a Fund's title to securities when held on its behalf by a third party (such as the Depositary) in the same way as more developed markets. Many emerging markets do not have well developed legal and/or regulatory systems, and such systems may also be subject to change at short, or no, notice or be susceptible to fraud. In some cases, a Fund may be subject to special restrictions when buying or selling as a foreign investor in emerging markets which may result in delayed settlement or access to the Fund's assets. Auditing, financial reporting and disclosure standards may be less stringent than those of developed markets making it potentially more difficult to assess investment opportunities compared to developed markets.

#### **23.2.7 Counterparty risk**

A Fund may be exposed to the creditworthiness of the parties with whom it trades and may also be subject to the risk of settlement default. Where it is deemed appropriate the Manager may instruct the custodian to settle transactions on a delivery versus payment basis, which may result in a loss to a Fund if a transaction fails to settle. Neither the Manager nor the custodian will be liable to a Fund or its Unitholders should such a loss occur.

#### **23.2.8 Investment in cash**

When market conditions are less favourable, in order to achieve the Fund's objective the Manager may invest up to 20% of the Fund's assets in cash and near cash. If the Fund has a large cash exposure at a time when markets are rising, the investment return may be lower than that which could be achieved if the assets were fully invested.

#### **23.2.9 Use of derivatives**

Derivative instruments may be used in the Funds for the purposes of efficient portfolio management. For the purpose of clarity, the use of derivatives for this purpose should not lead to an increase in risk to the Funds.

#### **23.2.10 Leverage**

A proportion of the capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying investments would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investments would result in a substantial loss to capital that would be greater than if capital were not leveraged.

Calculation of leverage

The global exposure of a Fund is measured either by the VaR approach or the Commitment approach. The level of gross leverage may not bear any relation to the Commitment run by a Fund.

The Funds in respect of which global exposure is calculated using the value at risk (VaR) approach are set out in the table below.

Where the Manager has determined an appropriate reference portfolio for the Fund (as indicated in the table below), the Fund will apply a "Relative VaR" risk management approach, measuring the risk profile of the Fund against a reference portfolio ("Reference Portfolio").

| Fund  | Risk Management Approach | Max (%) | Reference Portfolio                    | Expected Level of VaR (%) |
|---|--------------------------|---------|--|---------------------------|
| Artemis Income (Exclusions) Fund                                | Relative VaR             | 200     | FTSE All-Share Index TR                | 96.9                      |
| Artemis SmartGARP Paris-Aligned Global Equity Fund <sup>4</sup> | Relative VaR             | 200     | MSCI ACWI Climate Paris-Aligned NR GBP | 80.5                      |

The column entitled "Max" refers to the regulatory risk limits applied to the Fund in accordance with its risk management approach. The column entitled "Expected Level of VaR" refers to the expected average level of VaR of the Fund, based on the average level of leverage of the Fund over the 12 months prior to 30 September 2024. Unitholders should note that actual VaR and leverage at any given time may vary. The Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and the Fund's investment objective. When the expected level of leverage of a Fund is above, or at the highest value of the range, it does not necessarily represent an increase of risk in the Fund as some of the derivative instruments used may have the effect of reducing risk overall.

The Funds in respect of which global exposure is calculated using the commitment approach are set out in the table below.

| Fund  | Risk Management Approach | Max (%) | Expected Level of Commitment (%) |
|---|--------------------------|---------|----------------------------------|
| Artemis Income (Exclusions) Fund                                | Commitment/Gross         | 150/225 | 98.0                             |
| Artemis SmartGARP Paris-Aligned Global Equity Fund <sup>5</sup> | Commitment/Gross         | 150/225 | 99.4                             |

The column entitled "Max" refers to the regulatory risk limits applied to Funds. The column entitled "Expected Level of Leverage" refers to the expected average level of leverage of each Fund, based on the average level of leverage of that Fund over the 12 months prior to 30 September 2024. Unitholders should note that actual leverage at any given time may vary. A Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and each Fund's investment objective. An expected level of leverage does not necessarily represent an increase of risk in the Fund as some of the derivative instruments used may have the effect of reducing risk overall.

The reported level of leverage may significantly exceed the disclosed levels, as the reported leverage figure is based on the sum of the equivalent underlying position of the derivatives used (the Notional Amount). This calculation method does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management. For example, the sum of Notional Amount calculation aggregates each forward FX trade and so will report a 50% net reduction in a forward FX position as a 50% increase. Furthermore, short dated government bonds are not adjusted on a ten year basis and both sides of a non-base currency position are added to the calculation, thus further increasing the sum of Notional Amount leverage figure. Therefore, the leverage figure may not be a good guide to the overall level of risk run by a Fund and the Value at Risk (VaR) figure may be a better guide to the risk of the relevant Fund.

#### 23.2.11 Environmental, Social and Governance ("ESG") Investment Risk

ESG investments are selected or excluded on both financial and non-financial criteria. A Fund may underperform the broader equity market or other funds that do not utilize ESG criteria when selecting

<sup>4</sup> This sub-fund is in the process of being terminated and is therefore not available for subscription.

<sup>5</sup> This sub-fund is in the process of being terminated and is therefore not available for subscription.



investments. A Fund may sell a stock for reasons related to ESG, rather than solely on financial considerations. ESG investing is to a degree subjective and there is no assurance that all investments made by a Fund will reflect the beliefs or values of any particular investor. Investments in securities deemed to be 'sustainable' may or may not carry additional or lesser risks. Investors can find further detail about the Manager's Stewardship and ESG approach at [www.artemisfunds.com](http://www.artemisfunds.com).

#### 23.2.12 Screening and reliance on third-party data and research providers

A Fund may use a screening process to exclude companies which are determined by the Manager to conduct certain types of business activities. Such exclusions will apply to a Fund holding the company directly or gaining exposure indirectly via single name derivatives. The Manager receives data on companies' exposures to the specific business activities from third party data and research providers. Third party data and research providers may refer to the most recently available data issued by the investee company or make an estimation based on their proprietary research and analysis. Data issued by the investee company may be lagged, if it has been taken from the latest period statement published by the investee company. Where business involvement data is not available from a primary third-party data source the Manager will make an assessment, on a best efforts basis, on a company's involvement using alternative data sources or available research.

#### 23.2.13 Pandemics, Epidemics and outbreaks of transmissible disease

Epidemics, pandemics, outbreaks of disease, public health issues such as COVID-19 (or other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, and Severe Acute Respiratory Syndrome (SARS) could materially adversely affect the Manager and any third party service provider it appoints, as well as the activities, operations and investments of a Fund.

In particular, COVID-19 has spread rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negatively affect or materially impact) the global economy and property markets (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks).

Notable disruptions may include material uncertainty in the ability to value the assets and lack of available investments. This may impact a Fund's performance and liquidity.

Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, had material adverse effects on the economies, private markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which could adversely affect the business, financial condition, operations and liquidity of the Manager, its service providers (including the Investment Manager), and/or a Fund. Should these or other major public health issues, including pandemics, arise or spread (or continue to worsen), the Manager, its service providers (including the Investment Manager) and/or a Fund could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Manager, or its service providers' (including the Investment Manager's) and/or a Fund's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

## 24. Winding up

24.1 A Fund will be wound up in the following circumstances:

24.1.1 if it ceases to be authorised by the FCA; or

24.1.2 if an extraordinary resolution to that effect is passed by Unitholders; or

24.1.3 if the FCA approves a request for winding up from the Manager or the Trustee; or

24.1.4 on the effective date of a duly approved scheme of arrangement which is to result in the Fund being left with no property.

24.2 If any of the events in paragraphs 24.1.1, 24.1.2 and 24.1.4 set out above occurs, the rules in the FCA Rules concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL



5) will cease to apply to that Fund. In such circumstances, the Trustee shall cease to issue and cancel units except in respect of the final cancellation and the Manager will stop selling and redeeming units.

- 24.3 The Manager will notify Unitholders of the proposal to wind up a Fund, or where this is not possible, notify the Unitholders in writing as soon as practicable after winding up has commenced of the commencement of the winding up.
- 24.4 In the case of a scheme of arrangement, the Trustee shall wind up the Fund in accordance with the approved scheme of arrangement.
- 24.5 In any other case, the Trustee shall, as soon as practicable after a Fund falls to be wound-up, realise the assets of the relevant Fund and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings (upon production by them of such evidence, if any, as the Trustee may reasonably require as to their entitlement).
- 24.6 Any unclaimed net proceeds or other cash (including unclaimed distribution payments) still held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the order of authorisation.

## 25. Material information

- 25.1 This Prospectus contains all material information which:
- 25.1.1 potential Unitholders and their financial advisers might reasonably require and reasonably expect to find in the Prospectus for the purpose of making an informed judgement about the merits of participating in any Fund and the extent of the risks accepted by so participating; and
  - 25.1.2 is within the knowledge of the Manager or which the Manager could have obtained having made reasonable enquiries.

The information contained in this document is accurate as at the date stated on the front cover. Existing and potential Unitholders should note that nothing contained herein can be relied upon as giving a binding indication of future policies to be adopted either in respect of any Fund or the management or administration thereof. Complaints about the operation of any Fund may be made to the Manager's Client Services Department at Cassini House, 57 St James's Street, London SW1A 1LD or direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR.

- 25.2 Information relating to all of the Funds is set out in Appendix A.

## 26. Identity verification and fraud prevention

As a result of legislation in force in the United Kingdom to prevent financial crime, the Manager is responsible for compliance with anti-money laundering regulations. This includes, but is not limited to, verifying the identity and address of Unitholders and of any third party making payments on behalf of Unitholders. Such verification may include electronic searches of the electoral roll and the use of credit reference agencies. The Manager reserves the right to delay processing an investment and/or withhold any payment due until satisfactory evidence is received. In such circumstances, any cash will be held in a non-interest bearing client money account. The right is reserved to refuse any application to purchase units without giving a reason for doing so.

## 27. Market timing

The Manager may refuse to accept a new subscription, or a switch from another fund if it has reasonable grounds, relating to the circumstances of the Unitholder or the transaction concerned, for refusing to accept such subscription or switch. In particular, the Manager may exercise this discretion if it believes the Unitholder has been engaging or intends to engage in market timing activities.

## 28. Data protection

The Manager needs to collect your personal data (and in some cases data relating to individuals associated with an account) in order to process your application to invest.

The Manager has documented its role as data controller/data processor in its Privacy Notice which can be obtained from the Manager's website here: <https://www.artemisfunds.com/en/privacy-and-cookies>.

The Privacy Notice explains how the Manager stores your data, the reasons why the Manager collects it, who the Manager may share it with and your rights in relation to the data the Manager holds about you. Please take the time to read the Privacy Notice which also explains how you may contact the Manager if you have any queries relating to the holding of your personal data.

## 29. Strategy for the exercise of voting rights

The Manager has a strategy for determining when and how voting rights attached to ownership of scheme property are to be exercised for the benefit of the Funds. A summary of this strategy is available upon request from the Manager as are the details of the actions taken on the basis of this strategy in relation to the Funds. For details on Unitholder meetings and voting rights, please refer to section 11 above.

## 30. Fair treatment of investors

Procedures, arrangements and policies have been put in place by the Manager to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- 30.1 acting in the best interest of the Funds and of the investors;
- 30.2 executing the investment decisions taken for the account of the Funds in accordance with the objectives, the investment policy and the risk profile of the Funds;
- 30.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 30.4 ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds managed;
- 30.5 preventing undue costs being charged to the Funds and investors;
- 30.6 taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and
- 30.7 recognising and dealing with complaints fairly.

## 31. Unitholders' rights

Unitholders are entitled to participate in the Funds on the basis set out in this prospectus (as amended from time to time). Sections 25.1.2 ("Complaints"), 11 ("Unitholder Meetings and Voting Rights") and 22 ("Reports and Accounts") of this prospectus set out important rights about Unitholders' participation in the Company.

Unitholders may have no direct rights against the service providers to the Company set out in Section 2.

Unitholders may be able to take action if the contents of this document are inaccurate or incomplete.

Unitholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

Unitholders who are concerned about their rights in respect of a Fund should seek legal advice.

## 32. Interest

The Manager does not pay interest on any client money it may hold.

## 33. Unclaimed cash or assets

Any cash (except unclaimed distributions which will be returned to the relevant Fund) or assets due to Unitholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) will cease to be client money or client assets and may be paid to a registered charity of the Manager's choice. The Manager will take reasonable steps to contact Unitholders regarding unclaimed cash or assets in accordance with the requirements set out in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Unitholders from claiming the money or assets in the future.

If the client money or client assets (save for unclaimed distributions) are equal to or below a de minimis amount set by the FCA (£25 or less for retail Unitholders and £100 or less for professional Unitholders) the Manager must will take fewer steps to trace the relevant Unitholders before paying the money or assets to charity but the Manager will still make efforts to contact such Unitholders.

## 34. Overpayments

In the event of you overpaying for an investment, the excess amount will be held in a segregated client money account in accordance with FCA Rules on client money. Overpayments in excess of £1.00 will be returned to you, any overpayments below this value will be retained and allocated to charity. The chosen charity is selected on annual basis, as voted for by Artemis staff. Should you require details of the current charity, please contact the Manager for more information.

## 35. Execution

The Manager's execution policy sets out the basis upon which the Manager will effect transactions and place orders in relation to the Fund whilst complying with its obligations under the FCA Handbook to obtain the best possible result for its Unitholders.

Details of the execution policy are available upon request from the Manager.

## 36. Professional Liability Risks

The Manager covers potential professional liability risks arising from its activities as the Funds' AIFM through a combination of professional liability insurance covering liability risks arising from professional negligence and additional own funds.

## 37. Telephone calls

Telephone calls may be monitored and recorded.

## 38. Firmwide Exclusions

The Manager applies a firmwide exclusion (screening) policy, paying regard to various international conventions, such as the international convention on cluster munitions and anti-personnel mines. This policy applies to all the investment decisions made by the Manager. The firmwide exclusion policy may be updated from time to time, particularly as developments are made to international conventions. Further information about Artemis' approach to Stewardship and ESG can be found at: [www.artemisfunds.com/stewardship-and-esg](http://www.artemisfunds.com/stewardship-and-esg).

Investment is not permitted in entities which the Manager assesses as being involved in the current manufacture of controversial weapons, including:

- Cluster munitions;
- Anti-Personnel mines;
- Chemical weapons;
- Biological weapons;
- Depleted uranium weapons;
- Incendiary weapons using white phosphorus;
- Weapons that use non-detectable fragments;
- Blinding laser weapons.

Investment is not permitted in entities which the Manager assesses as currently having any industry connection to nuclear weapons, if the entity is incorporated, domiciled, listed, quoted or traded in a country which is not a signatory of the Treaty on the Non-Proliferation of Nuclear Weapons.

The firmwide exclusions described above will apply to: (i) direct investment in a company; and (ii) investments in a company which are made indirectly via derivative instruments whose performance is linked to that company only. The exclusions will not apply in the case of indirect investment, for example where a Fund invests in a fund managed by a third party, or where an investment is made in broad-based derivatives (which

might, for example, be linked to the performance of markets, indices or sectors rather than an individual company). In those cases, it is possible that a fund might indirectly obtain exposure to companies which would otherwise be excluded.

Classification of issuers is primarily based on business activity identification fields supplied by third-party ESG data providers. This classification is subject to an investment research override in cases where sufficient evidence exists that the third-party field is not accurate or appropriate. In any scenario where a portfolio position is identified as not meeting this exclusion criteria for any reason, divestment will usually be required as soon as reasonably practicable, taking into account market conditions and the best interests of investors.

## APPENDIX A – FUND DETAILS

### FUND DETAILS

#### Artemis Income (Exclusions) Fund\*

|                     |   |  |
|---------------------|---|--|
| Fund objective      |   | To grow both income and capital over at least a five year period. The fund also aims to provide investors with a total return in excess of the FTSE All-Share Index, after fees, on an annualised basis over rolling five-year periods.  |
| Investment policy   | What the fund invests in                | <ul style="list-style-type: none"> <li>80% to 100% in company shares.</li> <li>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.</li> </ul>  |
|                     | Use of derivatives                      | <p>The fund may use derivatives for efficient portfolio management purposes to:</p> <ul style="list-style-type: none"> <li>reduce risk</li> <li>manage the fund efficiently.</li> </ul>  |
|                     | Where the fund invests                  | <ul style="list-style-type: none"> <li>At least 80% in United Kingdom</li> <li>Up to 20% in other countries.</li> </ul>  |
|                     | Industries the fund invests in          | <ul style="list-style-type: none"> <li>Any, except for those excluded at the sub-industry level below.</li> </ul>  |
|                     | Other limitations specific to this fund | <p>Shares in the following types of companies (held either directly or indirectly via derivatives) are automatically excluded:</p> <ul style="list-style-type: none"> <li>Tobacco: companies which derive more than 20% revenue from tobacco;</li> <li>Gambling: companies which derive more than 20% revenue from gambling;</li> <li>Weapons: companies: <ul style="list-style-type: none"> <li>involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons); or</li> <li>which derive more than 20% revenue from conventional or nuclear weapons, related components and systems; or</li> <li>which derive more than 20% revenue from manufacture or sale of civilian firearms or ammunition;</li> </ul> </li> <li>Fossil fuels: companies which derive more than 20% revenue from: <ul style="list-style-type: none"> <li>mining or sale of thermal coal; or</li> <li>thermal coal based power generation; or</li> <li>extraction, production or refining of either oil or gas.</li> </ul> </li> </ul> |
| Investment strategy |   | <ul style="list-style-type: none"> <li>The fund is actively managed.</li> <li>A number of companies are removed from the investment universe at the outset of the investment process using the criteria set out in the investment policy above.</li> <li>The manager believes that a company's free cashflow yield drives its valuation.</li> <li>Accordingly, the fund focuses on companies' free cashflow yield by taking into account current and prospective dividends and the likelihood of the dividend being maintained in the future.</li> </ul>   |

|  |  |
|--|--|
| <b>Typical investor profile</b>                                    | This Fund is marketable to pension funds and other institutional investors and distributors, intermediaries and/or other professional investors.   |
| <b>Constituted by a Trust Deed dated</b>                           | 23 December 2004   |
| <b>Order of Authorisation</b>                                      | 30 December 2004   |
| <b>Type of Scheme</b>  | Non-UCITS Retail Scheme  |
| <b>Product Reference Number</b>                                    | 402489   |
| <b>Distribution Units issued</b>                                   | Yes  |
| <b>Accumulation Units issued</b>                                   | Yes  |
| <b>Annual Accounting Date</b>                                      | 31st December  |
| <b>Interim Accounting Date</b>                                     | 30th June  |
| <b>Annual Income Allocation Date</b>                               | 28th February  |
| <b>Interim Income Allocation Date</b>                              | 31st August  |
| <b>Valuation point and frequency</b>                               | 12 noon on each Dealing Day  |
| <b>Typical dilution adjustment (estimated)</b>                     | +0.48%/ -0.06%   |
| <b>Allocation of charges</b>                                       | Capital<br><br>This Fund has been structured so as to concentrate on the generation of income and capital growth and the whole of the annual management charge will be charged to the capital of this Fund.  |
| <b>Initial Charge</b>  | None   |
| <b>Annual Management Charge</b>                                    | 0.75%  |
| <b>Minimum initial lump sum investment</b>                         | £250,000   |
| <b>Minimum subsequent lump sum investment</b>                      | £500   |
| <b>Specific information relating to E class shares<sup>6</sup></b> |  |
| <b>Initial Charge</b>  | None   |
| <b>Annual Management Charge</b>                                    | 0.60%  |
| <b>Minimum initial lump sum investment</b>                         | £200,000,000   |
| <b>Minimum subsequent lump sum investment</b>                      | £500   |
| <b>Applicable risks</b>  | General risks<br>Investment in equities<br>Use of derivatives<br>Charges to capital  |
| <b>Maximum level of leverage</b>                                   | 150% on the commitment approach<br>225% on the gross approach<br><br>More information on the meaning and basis of these figures is available in Commission Delegated Regulation (EU) No 231/2013.  |
| <b>Benchmark</b>   | <ul style="list-style-type: none"> <li>• FTSE All-Share Index TR</li> </ul> <p>A widely-used indicator of the performance of the UK stock market, in which the fund invests. It acts as a 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.</p> |

\* The Fund's name was changed from Artemis Institutional Equity Income Fund with effect from 8 March 2022.

<sup>6</sup> Class E units are only available to investors who have entered into a written agreement with the Manager.

## Artemis Income (Exclusions) Fund

### SDR Pre-Contractual Disclosures

#### No sustainable investment label

Sustainable investment labels help investors find products that have a specific sustainability goal. This product applies sustainability-related exclusions but does not otherwise meet the regulatory requirements for a UK sustainable investment label, therefore the Fund does not have a UK sustainable investment label.

#### **Sustainability Approach**

The investment objective of the fund is to grow both income and capital over at least a five year period, and to provide a total return in excess of the FTSE All-Share Index, after fees, on an annualised basis over rolling five-year periods. The manager implements an investment process that excludes stocks in the tobacco, gambling, weapons and fossil fuels sectors, which is the key sustainability characteristic of the fund.

#### The Fund's investments

The Fund invests mainly in companies listed in the UK, but has the flexibility to invest overseas when attractive opportunities arise. Its holdings tend to be stable, well-established businesses. The investment team look for companies that can sustain and grow attractive cashflows, constructing a portfolio of diversified cashflows, not overly exposed to any one industry. Whilst the dividends are an important component of return, the investment team seek total return.

#### Approach to Environmental, Social and Governance (ESG) integration

It is the Investment Team's view that ESG considerations are increasingly important in sustaining long-term cash flows, and the investment team's approach is founded on the belief that good or improving ESG characteristics can lead to a better financial outcome, a lower cost of capital and long-term value creation.

Companies that are aware of their wider stakeholder responsibilities – to their employees, the environment and society as a whole – are more likely to be able to generate attractive cash flows over the longer term.

The Investment Team assesses material ESG risks from both a sector and company-specific perspective. The Investment Team use this risk assessment to inform investment decision-making and prioritise engagement with investee companies.

#### Approach to engagement

The Investment Team are long-term stewards of client capital and regular meetings with companies are an important part of our investment process. The Investment Team engage with companies when there are material issues to discuss, including issues relating to sustainability matters.

The Investment Team use company meetings as an opportunity to discuss the most material risks with companies' executive board members as well as periodic stand-alone meetings with dedicated sustainability managers and non-executive directors when appropriate.

#### The Fund's exclusions

The key sustainability characteristic of the Fund is the implementation of negative screening as part of the investment process. A range of exclusions are applied to the Fund which prevent investment in certain sectors generally deemed to be environmentally or socially harmful.

The Fund's relative performance to the benchmark and the level of income generated may be impacted due to the narrower investment universe compared to other funds which do not implement sustainability-related exclusions.

The specific exclusions of the fund are:

- **Fossil fuels:** any company which derives more than 20% of its revenue from:
  - the extraction and production of oil and gas;
  - refining oil and gas;
  - the mining of thermal coal and its sale to external parties; or
  - thermal coal-based power generation.
- **Tobacco:** Any company which derives more than 20% of its revenue from business activities related to tobacco.
- **Weapons:** Any company involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons) or which derives more than 20% of its revenue from:

- the manufacture and retail of civilian firearms and ammunition; or
- weapons systems, components and support systems and services. This includes conventional, nuclear, biological and chemical weapons.
- **Gambling:** Any company which derives more than 20% of its revenue from business activities related to gambling.

#### *Implementation of the exclusions*

The investment exclusions are coded into the compliance module of the Manager's order management system to ensure that no investment in companies that undertake these activities can be made. In the event that there is an inadvertent breach of these exclusions, for example if an investee company's business activities change after investment so that such company now undertakes a restricted activity, the Manager will be required to divest the relevant investment as soon as reasonably practicable, taking into account market conditions and the best interests of investors.

It should be noted that the Fund's exclusions described above will only apply to: (i) direct investment in a company, and (ii) investments in a company which are made indirectly via derivative instruments whose performance is linked to that company. The exclusions will not apply in the case of indirect investment, for example where the Fund invests in a fund managed by a third party, or where an investment is made in broad-based derivatives (which might, for example, be linked to the performance of markets, indices or sectors rather than an individual company). In those cases, it is possible that the Fund might indirectly obtain exposure to companies which would otherwise be excluded.

The Manager relies on data provided by a third-party ESG data provider in order to assess which companies will be excluded in accordance with the screening criteria set out above. This data is primarily based on business involvement data which assesses a company's revenue from certain activities. This data may refer to the most recently available revenue data issued by the investee company or, where such data is not available, refer to an estimation by the third party data provider based on their proprietary research and analysis. The data provided by the third party ESG data provider may be lagged. Where business involvement data is not available from the Manager's primary third-party data source the Manager will make an assessment, on a best efforts basis, of a company's involvement in the excluded activities using alternative data sources or available research.

Firm-level exclusions on controversial weapons are applied. Further details can be found in the Fund's prospectus.

#### **Sustainability Metrics**

Sustainability metrics, or key performance indicators, measure how the sustainability characteristics of the Fund are attained.

As the Fund implements a number of negative screens, the relevant sustainability metric for the Fund is the proportion of the Fund's investment universe that is automatically excluded as a result of these investment exclusions. FTSE All-Share Index is used as a proxy for the investment universe.



Artemis SmartGARP Paris-Aligned Global Equity Fund\* \*\*

|                     |   |   |
|---------------------|---|---|
| Fund objective      |   | <p>To generate capital growth in excess of that of the MSCI ACWI Climate Paris-Aligned Index, after fees, on an annualised basis over rolling five-year periods, from a diversified portfolio of shares in companies that meet the Manager's criteria for transitioning to a low-carbon economy. The portfolio will have a weighted average implied temperature rise that is lower than 2 degrees Celsius.</p> <p>Further information about how the Manager determines the implied temperature rise is contained in a methodology statement available on the Artemis website at <a href="http://www.artemisfunds.com/methodology-statement">www.artemisfunds.com/methodology-statement</a>.</p>   |
| Investment policy   | What the fund invests in                | <ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• 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.</li> </ul>   |
|                     | Use of derivatives                      | <p>The fund may use derivatives for efficient portfolio management purposes to:</p> <ul style="list-style-type: none"> <li>• reduce risk</li> <li>• manage the fund efficiently.</li> </ul>   |
|                     | Where the fund invests                  | <ul style="list-style-type: none"> <li>• Globally (including in emerging markets).</li> </ul>   |
|                     | Industries the fund invests in          | <ul style="list-style-type: none"> <li>• Any, except for those excluded at the sub-industry level below.</li> </ul>   |
|                     | Other limitations specific to this fund | <p>Shares in the following types of companies (held either directly or indirectly via derivatives) are automatically excluded:</p> <ul style="list-style-type: none"> <li>• Coal: companies which derive more than 1% revenue from mining or sale of thermal coal;</li> <li>• Weapons: companies involved in making or making components of controversial weapons (including cluster munitions, landmines, biological and chemical weapons);</li> <li>• Companies that the Manager determines to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption;</li> <li>• Tobacco: companies which derive more than 10% revenue from tobacco. The Manager receives data on companies' fossil fuel exposure from a third party.</li> </ul>   |
| Investment strategy |   | <ul style="list-style-type: none"> <li>• The fund will be actively managed and is not constrained by the Benchmark.</li> <li>• A number of companies are removed from the investment universe at the outset of the investment process using the criteria set out in the investment policy above.</li> <li>• The fund uses a proprietary stock screening tool called 'SmartGARP' to help identify attractive investment opportunities. 'SmartGARP' screens companies globally for a variety of characteristics including their valuations, growth prospects, economic exposures and Environmental, Social and Governance (ESG) characteristics. The Manager selects investments with a view to building a diversified portfolio of companies that in aggregate is positively exposed towards each component of 'SmartGARP' including the dedicated ESG component of which companies' implied temperature rise is a subcomponent. The quantitative nature of the strategy dictates a rigorous sell discipline which prompts the Manager to sell holdings that no longer satisfy the financial or environmental criteria which led to the initial investment. A consequence of this is that the make-up</li> </ul> |

|                 |  |
|-----------------|--|
|                 | <p>of the portfolio can and frequently does change materially in response to changing data inputs.</p> <ul style="list-style-type: none"> <li>• Beyond taking into consideration how companies score on the 'SmartGARP' ESG factor generally, the Manager pays particular attention to companies' current and expected carbon footprint. Companies with meaningful greenhouse gas emission reduction targets and/or rising future green revenues are considered for selection in the portfolio. The Manager believes that allocating capital to these companies will reduce their cost of capital, thus helping them contribute to a low-carbon economy.</li> <li>• The Manager will report, on at least a quarterly basis, on the fund's aggregate implied temperature rise in accordance with the current methodology statement.</li> <li>• The quantitative screening process excludes companies with particular levels of revenue exposure to thermal coal. However, carbon intensive companies from other industries or sectors will remain within the possible investment universe. This is because the climate transition will require significant structural changes in these sectors. The Manager believes that selectively allocating capital to companies engaged in making the requisite changes will facilitate climate transition more effectively than simply disinvesting. To avoid the over-representation of sectors with a marginal impact on climate change, the fund will therefore have some exposure to companies in such highly exposed sectors. Accordingly, while the portfolio of the fund as a whole will maintain an implied temperature rise of below 2 degrees Celsius on a weighted average basis, the implied temperature rise of individual holdings may exceed this figure. Further information about the Paris-alignment criteria applied, highly exposed sectors and classification of green revenues is available on the Artemis website.</li> </ul> |
| Fund benchmarks | <ul style="list-style-type: none"> <li>• MSCI ACWI Climate Paris-Aligned NR GBP</li> </ul> <p>A broad global equity market index designed to help investors who seek to mitigate climate transition and physical risks, capture novel investment opportunities and allocate capital in a way that supports the decarbonisation of the economy while being compatible with the Paris Agreement. The index aims to represent the performance of an investment strategy that reweights or excludes securities based on the risks and opportunities associated with the climate transition and follows a decarbonisation trajectory in order to align with the goals of the Paris Agreement, while seeking to minimize exclusions from the MSCI All Country World index. It acts as a 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.</p>   |

#### Typical investor profile

This Fund is marketable to pension funds and other institutional investors and distributors, intermediaries and/or other professional investors.

**Constituted by a Trust Deed dated**

23 December 2004

**Order of Authorisation**

30 December 2004

**Type of Scheme**

Non-UCITS Retail Scheme

**Product Reference Number**

402488

**Distribution Units issued**

Yes

**Accumulation Units issued**

Yes

**Annual Accounting Date**

31st December

**Interim Accounting Date**

30th June

**Annual Income Allocation Date**

28th February

|   |   |
|---|---|
| <b>Interim Income Allocation Date</b>             | N/A   |
| <b>Valuation point and frequency</b>              | 12 noon on each Dealing Day   |
| <b>Typical dilution adjustment</b><br>(estimated) | +0.07%/ -0.07%  |
| <b>Allocation of charges</b>                      | Capital<br>All or part of the Manager's fees may be charged against capital instead of against income. This will only be done with the approval of the Trustee. This treatment of the Manager's fee may increase the amount of income (which may be taxable) available for distribution to Unitholders, but may constrain capital growth. |
| <b>Initial Charge</b>                             | None  |
| <b>Annual Management Charge</b>                   | 0.75%   |
| <b>Minimum initial lump sum investment</b>        | £250,000  |
| <b>Minimum subsequent lump sum investment</b>     | £500  |
| <b>Initial Charge</b>                             | None  |
| <b>Annual Management Charge</b>                   | 0.75%   |
| <b>Minimum initial lump sum investment</b>        | £250,000  |
| <b>Minimum subsequent lump sum investment</b>     | £500  |
| <b>Applicable risks</b>                           | General risks<br>Currency risk<br>Use of derivatives<br>Emerging markets  |
| <b>Maximum level of leverage</b>                  | 150% on the commitment approach<br>225% on the gross approach<br>More information on the meaning and basis of these figures is available in Commission Delegated Regulation (EU) No 231/2013.   |

\*The Fund's name was changed from Artemis SmartGARP Institutional Global Equity Fund with effect from 28 February 2022

\*\* This sub-fund is in the process of being terminated and is therefore not available for subscription.

## INVESTMENT AND BORROWING POWERS

### Definitions specific to Appendix B

|                        |   |
|------------------------|---|
| "Approved Bank"        | as defined, from time to time, in the FCA Handbook;   |
| "EEA State"            | a member state of the European Union and any other state which is within the European Economic Area;  |
| "Eligible Institution" | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;   |
| "the FCA Register"     | <p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 of every:</p> <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) recognised scheme;</li> <li>(e) recognised investment exchange;</li> <li>(f) recognised clearing house;</li> <li>(g) individual to whom a prohibition order relates;</li> <li>(h) approved person; and</li> <li>(i) person within such other class (if any) as the FCA may determine;</li> </ul>  |
| "Home State"           | <ul style="list-style-type: none"> <li>(1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive;</li> <li>(2) (in relation to an investment firm): <ul style="list-style-type: none"> <li>(a) where the investment firm is a natural person, the EEA State in which his head office is situated;</li> <li>(b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated;</li> </ul> </li> <li>(3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated;</li> <li>(4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated; and</li> <li>(5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with</li> </ul> |

paragraph 1 of Schedule 4 to the Act (Treaty rights);

**"Regulated Activities Order"**

the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

**1. General rules of investment**

The scheme property of the Funds will be invested with the aim of achieving the investment objective of each of the Funds but subject to the limits set out in the investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to non-UCITS retail schemes. These limits apply to each of the Funds individually, as summarised below.

**1.1. Prudent spread of risk**

The Manager must ensure that, taking account of the investment objective and policy of each Fund, the scheme property of each Fund aims to provide a prudent spread of risk.

**1.2. Cover**

1.2.1. Where the FCA Rules allow a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Fund under any other of those rules has also to be provided for.

1.2.2. Where a rule in the FCA Rules permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1. it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2. no element of cover may be used more than once.

**2. Non-UCITS retail schemes – general**

2.1. Subject to the investment objectives and policy of a Fund, the scheme property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1. transferable securities;

2.1.2. permitted money market instruments;

2.1.3. units or shares in permitted collective investment schemes;

2.1.4. permitted derivatives and forward transactions;

2.1.5. permitted deposits;

2.1.6. permitted immovables; and

2.1.7. gold.

2.2. Transferable securities and money market instruments held within a Fund must (subject to paragraph 2.3 of this Appendix) be:

2.2.1. admitted to or dealt on an eligible market as described below;

2.2.2. be approved money market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 in this Appendix;

2.2.3. recently issued transferable securities provided that:

2.2.3.1. the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and

2.2.3.2. such admission is secured within a year of issue.

2.3. Not more than 20% in value of the scheme property is to consist of transferable securities, which are not approved securities (aggregated with the value of the scheme property which can be invested in unregulated collective investment schemes as set out in COLL 5.6.2G (2)(b)) or money market instruments which are liquid and have a value which can be determined accurately at any time.

2.4. The requirements on spread of investments do not apply until 12 months after the date of

- 2.4.1. the date on which the authorisation order in respect of the Funds takes effect; and
- 2.4.2. the date the initial offer period commenced.

### **3. Eligible markets regime: purpose**

- 3.1. To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 3.2. Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 3.3. A market is eligible for the purposes of the rules if it is:
  - 3.3.1. a regulated market as defined in the FCA Handbook; or
  - 3.3.2. a market in an EEA State which is regulated, operates regularly and is open to the public.
- 3.4. A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:
  - 3.4.1. the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the scheme property of a Fund;
  - 3.4.2. the market is included in a list in the Prospectus; and
  - 3.4.3. the Trustee has taken reasonable care to determine that:
    - 3.4.3.1. adequate custody arrangements can be provided for the investments dealt in on that market; and
    - 3.4.3.2. all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 3.5. In paragraph 3.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

### **4. Spread: general**

- 4.1. This rule on spread does not apply to government and public securities.
- 4.2. Not more than 20% in the value of the scheme property of a Fund is to consist of deposits with a single body.
- 4.3. Not more than 10% in value of the scheme property of a Fund is to consist of transferable securities or money market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 4.4. The limit of 10% in paragraph 4.3 above is raised to 25% in value of the scheme property in respect of covered bonds.
- 4.5. In applying paragraph 4.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.6. The FCA Rules provide that not more than 35% in value of the scheme property is to consist of the units or shares of any one collective investment scheme.
- 4.7. The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of a Fund.
- 4.8. For the purpose of calculating the limit in paragraph 4.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
  - 4.8.1. it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.8.2. it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.8.3. it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.8.4. can be fully enforced by the relevant Fund at any time.
- 4.9. For the purposes of calculating the limits in paragraph 4.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 4.9.1. comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - 4.9.2. are based on legally binding agreements.
- 4.10. In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets both of the following conditions:

- 4.10.1. it is backed by an appropriate performance guarantee; and
- 4.10.2. it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## **5. Spread: government and public securities**

- 5.1. The following section applies to a transferable security or an approved money market instrument ("such securities") that is issued by:
  - 5.1.1. the United Kingdom or an EEA State;
  - 5.1.2. a local authority of the United Kingdom or an EEA State;
  - 5.1.3. a non-EEA State; or
  - 5.1.4. a public international body to which the UK or one or more EEA States belong.
- 5.2. Where no more than 35% in value of the scheme property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 5.3. The Funds may each invest more than 35% in value of the scheme property of a Fund in such securities issued by any one body provided that:
  - 5.3.1. the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Fund;
  - 5.3.2. no more than 30% in value of the scheme property consists of such securities of any one issue;
  - 5.3.3. the scheme property of a Fund includes such securities issued by that or another issuer, of at least six different issues; and
  - 5.3.4. the disclosures in the Prospectus required by the FCA have been made.
- 5.4. It is not intended that more than 35% in value of the scheme property of each of the Funds is invested in government and public securities issued by any one body.

## **6. Investment in collective investment schemes**

- 6.1. Up to 100% of the value of the scheme property of each Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that such Second Scheme satisfies all of the following conditions.
  - 6.1.1. The Second Scheme must:
    - 6.1.1.1. be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
    - 6.1.1.2. is a non-UCITS retail scheme;
    - 6.1.1.3. is a recognised scheme; or
    - 6.1.1.4. or is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
    - 6.1.1.5. is a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested.
  - 6.1.2. The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
  - 6.1.3. The Second Scheme has terms which prohibit more than 15% in value of its scheme property consisting of units or shares in collective investment schemes.
  - 6.1.4. The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the Second Scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the Second Scheme.
  - 6.1.5. Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 apply to each sub-fund as if it were a separate scheme.
  - 6.1.6. Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if a Funds' Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the FCA Rules are complied with. The Funds may invest in collective investment schemes managed or operated by or whose manager is Artemis Fund Managers Limited or an associate of Artemis Fund Managers Limited.

## **7. Investment in Nil and Partly Paid Securities**

A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in COLL 5.

## **8. Investment in money market instruments**

- 8.1. The Funds may invest up to 100% in money-market instruments which are within the provisions of paragraph 2.2 above or paragraph 8.2 below and subject to the limit of 20% limit referred to in paragraph 2.3 above, which are normally dealt in or on the money market, are liquid and whose value can be accurately determined at any time.
- 8.2. In addition to instruments admitted to or dealt in on an eligible market, the Funds may invest in an approved money-market instrument provided it fulfils the following requirements:
- 8.2.1. the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 8.2.2. the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- 8.3. The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 8.3.1. the instrument is an approved money-market instrument;
  - 8.3.2. appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and
  - 8.3.3. the instrument is freely transferable.

## **9. Efficient Portfolio Management**

The Funds may make use of efficient portfolio management techniques ("EPM") to reduce risk and/or costs in the Funds and to produce additional capital or income in the Funds. Techniques used by the Funds may include using derivatives for hedging, borrowing, holding cash and stock lending.

It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of derivatives may become ineffective in hedging or EPM and a Fund may suffer significant loss as a result.

A Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Any income or capital generated by EPM will be paid to the relevant Fund.

Use of one or more separate counterparties will be made to undertake derivative transactions on behalf of the relevant Funds and those Funds may be required to pledge or transfer collateral paid from within the assets of the relevant Fund to secure such contracts. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards to the return of collateral and any other payments due to the relevant Fund. If counterparty defaults, a Fund may suffer loss as a result. The Manager or the Investment Manager measures the creditworthiness of counterparties as part of the risk management process.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

The counterparty will forfeit its collateral if it defaults on the transaction. However, if the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's liability to the Fund or enable the Fund to purchase replacements for the securities that were lent to the counterparty. This may result in losses for investors.

Transactions may be effected in which the Manager has, either directly or indirectly, an interest that may potentially involve a conflict with its obligations to a Fund. Where a conflict cannot be avoided, the Manager will have regard to its fiduciary responsibility to act in the best interests of that Fund and its investors. The Manager will ensure that investors are treated fairly and that such transactions are effect on terms which are not less favourable to a Fund than if the potential conflict had not existed.

## **10. Investment in securitisation positions**

Where the Manager is exposed to a securitisation that does not meet the requirements provided for in the UK version of Regulation (EU) 2017/2402 (the Securitisation Regulation), it must, in the best interests of the investors in the relevant Fund, act and take corrective action, if appropriate.

## **11. Derivatives: General**



**Under the FCA Rules derivatives are permitted for non-UCITS retail schemes for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both. The Funds do not currently intend to use their property to invest in derivatives and forward transactions under the FCA Rules, other than for the purposes of efficient portfolio management, which is not expected to have an effect on the risk profiles of the Funds**

- 11.1. A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 12 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 21 (Cover for transactions in derivatives and forward transactions).
- 11.2. Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 11.3. Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 11.4. A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - 11.4.1. by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 11.4.2. its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 11.4.3. it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 11.5. A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 11.6. Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.2R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

## **12. Permitted transactions (derivatives and forwards)**

- 12.1. A transaction in a derivative must be:
  - 12.1.1. in an approved derivative; or
  - 12.1.2. be one which complies with paragraph 16 (OTC transactions in derivatives).
- 12.2. A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated: transferable securities, money-market instruments, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes), permitted immovables, gold, financial indices which satisfy the criteria set out in COLL 5.2.20R, interest rates, foreign exchange rates, and currencies.
- 12.3. The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraphs 4 and 5 above.
- 12.4. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 12.5. A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Trust Deed constituting a Fund and the most recently published version of this Prospectus.
- 12.6. A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraphs 1.2.2 and 21 are satisfied.
- 12.7. Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 12.8. The authorised fund manager must ensure compliance with COLL 5.3.3A R, COLL 5.3.3B R and COLL 5.3.3C R.

## **13. Financial indices underlying derivatives**

- 13.1. The financial indices referred to in paragraph 11.2 are those which satisfy the following criteria:

- 13.1.1. the index is sufficiently diversified;
- 13.1.2. the index represents an adequate benchmark for the market to which it refers; and
- 13.1.3. the index is published in an appropriate manner.
- 13.2. A financial index is sufficiently diversified if its components adhere to the spread requirements in this section.
- 13.3. A financial index represents an adequate benchmark for the market to which it refers if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 13.4. A financial index is published in an appropriate manner if:
  - 13.4.1. it is accessible to the public; and
  - 13.4.2. the index provider is independent from the index replicating scheme.
- 14. Transactions for the purchase of property**

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of a Fund, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the FCA Rules.
- 15. Requirement to cover sales**

No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by that Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by that Fund at the time of the agreement. This requirement does not apply to a deposit.
- 16. OTC Transactions in Derivatives**
  - 16.1. Any transaction in an OTC derivative under paragraph 16.1 must be:
    - 16.1.1. with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is:
      - 16.1.2. an Eligible Institution or an Approved Bank;
      - 16.1.3. a person whose permission (including any requirements or limitations), as published in the FCA Register, permits it to enter into the transaction as principal off-exchange;
      - 16.1.4. a CCP that is authorised in that capacity for the purposes of EMIR;
      - 16.1.5. a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
      - 16.1.6. to the extent not already covered above, a CCP supervised in a jurisdiction that:
        - 16.1.6.1. has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
        - 16.1.6.2. is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;
    - 16.1.7. on approved terms; the terms of the transaction in derivatives are approved only if the Manager: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value arrived at under the reliable market value basis;
    - 16.1.8. capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
      - 16.1.8.1. on the basis of an up-to-date market value which has been agreed is reliable; or
      - 16.1.8.2. if the value referred to in paragraph 16.1.8.1 is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
    - 16.1.9. subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
      - 16.1.9.1. an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the Manager is able to check it; or

16.1.9.2. a department within the Manager which is independent from the department in charge of managing the Fund and which is adequately equipped for such a purpose.

16.1.10. For the purposes of paragraph 16.1.7 above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing counterparties in an arm's length transaction.

## **17. Risk management**

The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

## **18. Investments in deposits**

A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## **19. Stock lending**

19.1. The entry into stock lending transactions and repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of a Fund, and hence for its investors.

19.2. The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

19.3. The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income for a Fund with an acceptable degree of risk.

19.4. The Trustee at the request of the Manager may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of a Fund, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.

19.5. The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

19.6. Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the FCA Rules, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.

19.7. There is no limit on the value of the scheme property of a Fund which maybe the subject of stock lending transactions.

## **20. Schemes replicating an index**

20.1. A Fund may invest up to 20% in value of the scheme property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the performance or composition of a relevant index as defined below.

20.2. The 20% limit can be raised for a particular Fund up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

20.3. In the case of a Fund replicating an index the scheme property of a Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.

20.4. The indices referred to above are those which satisfy the following criteria:

20.4.1. the composition is sufficiently diversified;

20.4.2. the index is a representative benchmark for the market to which it refers; and

20.4.3. the index is published in an appropriate manner.

## **21. Cover for transactions in derivatives and forward transactions**

- 21.1. A Fund may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered from within its scheme property of a Fund. Exposure will include any initial outlay in respect of that transaction.
- 21.2. Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the scheme property. Therefore, a Fund must hold scheme property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Fund is committed. Detailed requirements for cover of a Fund are set out below.
- 21.3. A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 21.4. Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 21.5. A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 21.6. Exposure is covered globally if adequate cover from within the scheme property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 21.7. Cash not yet received into the scheme property but due to be received within one month is available as cover.
- 21.8. Property the subject of a stock lending transaction is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 21.9. The global exposure relating to derivatives may not exceed the net value of the scheme property.

## **22. Cash and near cash**

- 22.1. Cash and near cash must not be retained in the scheme property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
  - 22.1.1. the pursuit of a Fund's investment objective; or
  - 22.1.2. the redemption of units or shares; or
  - 22.1.3. efficient management of a Fund in accordance with its investment objective; or
  - 22.1.4. other purposes which may reasonably be regarded as ancillary to the investment objective of a Fund.
- 22.2. During the period of the initial offer the scheme property may consist of cash and near cash without limitation.

## **23. General**

- 23.1. Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the Manager or an associate of the Manager, the Manager must pay to a Fund by the close of business on the fourth Dealing Day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 23.2. A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.

## **24. Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of a Fund.

## **25. Leverage**

- 25.1. This section explains in what circumstances and how the Manager may use leverage in respect of a Fund where the investment policy of that Fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

- 25.2. 'Leverage' when used in this prospectus means the following sources of leverage which can be used when managing a Fund:
- 25.2.1. cash borrowing, subject to the restrictions set out in paragraph 26 ("Borrowing powers") of this Appendix; financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 11 ("Derivatives: General"), 12 ("Permitted transactions (derivatives and forwards)"), 14 ("Transactions for the purchase of property"), 16 ("OTC Transactions in Derivatives"), 21 ("Cover for transactions in derivatives and forward transactions") and 26 ("Borrowing powers") of this Appendix.
- 25.3. The Manager is required to calculate and monitor the level of leverage of a Fund, expressed as a ratio between the exposure of the Fund and its net asset value (Exposure/net asset value), under both the gross method and the commitment method.
- 25.4. Under the gross method, the exposure of a Fund is calculated as follows:
- 25.4.1. include the sum of all assets purchased, plus the absolute value of all liabilities;
- 25.4.2. exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- 25.4.3. derivative instruments are converted into the equivalent position in their underlying assets;
- 25.4.4. exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- 25.4.5. include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- 25.4.6. include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- Under the commitment method, the exposure of a Fund is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.
- 25.5. The maximum level of leverage which a Fund may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix A.
- 25.6. In addition, the total amount of leverage employed by a Fund will be disclosed in the Fund's annual report.
- 26. Borrowing powers**
- 26.1. The Trustee may, on the instructions of the Manager subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the scheme property.
- 26.2. The Manager must ensure that borrowing does not, on any Dealing Day, exceed 10% of the value of a Fund.
- 26.3. These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).
- 27. Restrictions on lending of property other than money**
- 27.1. Scheme property other than money must not be lent by way of deposit or otherwise.
- 27.2. Transactions permitted by paragraph 19 (Stock lending) are not to be regarded as lending for the purposes of paragraph 26.1.
- 27.3. Nothing in this paragraph prevents the Trustee at the request of the Manager from lending, depositing, pledging or charging scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of a Fund in accordance with COLL 5.
- 28. Restrictions on lending of money**
- 28.1. None of the money in the scheme property may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 28.2. Acquiring a debenture is not lending for the purposes of paragraph 27.1, nor is the placing of money on deposit or in a current account.
- 29. Guarantees and indemnities**
- 29.1. The Trustee, for the account of a Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.

- 29.2. Scheme property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 29.3. Paragraphs 28.1 and 28.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets are becoming part of the scheme property by way of unitisation.

### VALUATION AND PRICING

The value of the property of a Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

1. All the property (including receivables) is to be included, subject to the provisions in paragraphs 2 to 5 below.
2. Property which is not cash (or other assets dealt with in paragraph 2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - 2.1 units or shares in a collective investment scheme:
    - 2.1.1 if a single price for buying and redeeming units or shares is quoted, at that price; or
    - 2.1.2 if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
    - 2.1.3 if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - 2.2 any other transferable security:
    - 2.2.1 if a single price for buying and redeeming the security is quoted, at that price; or
    - 2.2.2 if separate buying and redemption prices are quoted, at the average of the two prices; or
    - 2.2.3 if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the Manager, is fair and reasonable;
- 2.3 property other than that described in paragraphs 2.1 and 2.2 above at a value which, in the opinion of the Manager, represents a fair and reasonable mid market price;
- 2.4 cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
3. Property which is a contingent liability transaction shall be treated as follows:
  - 3.1 if it is a written option (and the premium for writing the option has become part of the property), deduct the amount of the net valuation of premium receivable. If the property is an off exchange option the method of valuation shall be agreed between the Manager and the Trustee;
  - 3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
  - 3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the property is an off exchange derivative, include it at a valuation method agreed between the Manager and the Depositary.
4. In determining the value of the property, all instructions given to issue or cancel Units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the Manager, their omission will not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property.

8. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, SDRT and any foreign taxes or duties.
9. Deduct an estimated amount for any liabilities payable out of the property and any tax thereon treating periodic items as accruing from day to day.
10. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
12. Add any other credits or amounts due to be paid into the property.
13. Currencies or values in currencies other than Sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.
14. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.



## APPENDIX D – PAST PERFORMANCE

### PAST PERFORMANCE

| Artemis Fund  | 12 months to<br>30 September<br>2024 | 12 months to<br>30 September<br>2023 | 12 months to<br>30 September<br>2022 | 12 months to<br>30 September<br>2021 | 12 months to<br>30 September<br>2020 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Income (Exclusions) Fund I Acc<br>(launched 16.03.05)                                   | 20.7                                 | 16.5                                 | 8.6                                  | 27.5                                 | 15.3                                 |
| FTSE All-Share Index TR   | 13.4                                 | 13.8                                 | -4.0                                 | 27.9                                 | 16.6                                 |
| SmartGARP Paris=Aligned Global Equity<br>Fund <sup>7</sup> I Acc<br>(launched 31.07.06) | 18.3                                 | 6.3                                  | 33.9                                 | 33.9                                 | 5.5                                  |
| MSCI ACWI Climate Paris-Aligned NR GBP  | 21.8                                 | 8.7                                  | 22.2                                 | 22.2                                 | 2.3                                  |

Source: Artemis Internal

The above performance figures are based on mid to mid prices (close of business) with net income reinvested. These performance figures are presented as a matter of record and should be regarded as such. Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.

Past performance is not necessarily a guide to future growth or rates of return.

Latest performance figures may be obtained from the Manager directly.

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<sup>7</sup> This sub-fund is in the process of being terminated and is therefore not available for subscription.

### ELIGIBLE MARKETS LISTS

#### Eligible Securities Markets

The eligible securities markets in which the property of the Funds may be invested are:

##### Regional

|     |   |
|-----|---|
| EEA | Any market established in an EEA State on which transferable securities admitted to official listing in an EEA State are dealt or traded. |
|-----|---|

##### Country

|                 |  |
|-----------------|--|
| Australia       | Australian Securities Exchange   |
| Brazil          | B3 S. A - Brasil, Bolsa, Balcão  |
| Canada          | Montreal Stock Exchange<br>Toronto Stock Exchange<br>TSX Venture Exchange      |
| Channel Islands | The International Stock Exchange (TISE)  |
| Chile           | Santiago Stock Exchange  |
| China           | Shanghai Stock Exchange (via Stock Connect Program)<br>Shenzhen Stock Exchange |
| Columbia        | Columbian Stock Exchange BUC   |
| Egypt           | Egyptian Exchange (EGX)  |
| Hong Kong       | Hong Kong Exchanges  |
| India           | National Stock Exchange of India Limited<br>Bombay Stock Exchange Limited      |
| Indonesia       | Indonesia Stock Exchange   |
| Israel          | Tel-Aviv Stock Exchange  |
| Japan           | Nagoya Stock Exchange<br>Tokyo Stock Exchange                                  |
| Korea           | Korea Exchange   |
| Malaysia        | Bursa Malaysia Bhd   |
| Mexico          | Mexico Stock Exchange  |
| Morocco         | Casablanca Stock Exchange  |
| New Zealand     | New Zealand Stock Exchange   |
| Oman            | Muscat Securities Market (MSM)   |

|                      |  |
|----------------------|--|
| Peru                 | Lima Stock Exchange  |
| Philippines          | Philippine Stock Exchange  |
| Saudi Arabia         | Saudi Stock Exchange (TADAWUL)   |
| Singapore            | Singapore Exchanges  |
| South Africa         | The Johannesburg Stock Exchange (JSE)  |
| Sri Lanka            | Colombo Stock Market   |
| Switzerland          | SIX Swiss Exchange   |
| Taiwan               | Taiwan Stock Exchange<br>Taipei Exchange   |
| Thailand             | Stock Exchange of Thailand   |
| Turkey               | Istanbul Stock Exchange  |
| United Arab Emirates | Abu Dhabi Securities Exchange (ADX)<br>Dubai Financial Market (DFM)<br>NASDAQ Dubai  |
| UK                   | The Alternative Investment Market (AIM)<br>London Stock Exchange   |
| United States        | NASDAQ OMX PHLX<br>NASDAQ (Over-the Counter Market)<br>New York Stock Exchange<br>NYSE American<br>NYSE Arca<br>NYSE Chicago |
| Vietnam              | Hanoi Stock Exchange<br>Ho Chi Minh City Stock Exchange  |

#### Eligible Derivatives Markets

The eligible derivatives markets in which the property of the Funds may be invested are:

##### Country

|           |   |
|-----------|---|
| Australia | Australian Securities Exchange                    |
| Austria   | Wiener Boerse                                     |
| Belgium   | Euronext Brussels                                 |
| Brazil    | B3 S. A - Brasil, Bolsa, Balcão                   |
| Canada    | Montreal Stock Exchange<br>Toronto Stock Exchange |

|             |   |
|-------------|---|
| Chile       | Santiago Stock Exchange   |
| China       | China Financial Futures Exchange<br>Shanghai Futures Exchange                 |
| Denmark     | NASDAQ OMX Copenhagen   |
| Egypt       | Egyptian Exchange (EGX)   |
| Finland     | NASDAQ OMX Helsinki   |
| France      | Euronext Paris  |
| Germany     | Eurex   |
| Greece      | Athens Derivatives Exchange   |
| Hong Kong   | Hong Kong Exchanges<br>Hong Kong Futures Exchange                             |
| India       | National Stock Exchange of India Limited<br>Bombay Stock Exchange Limited     |
| Ireland     | Irish Stock Exchange  |
| Israel      | Tel-Aviv Stock Exchange   |
| Italy       | Italian Derivatives Market  |
| Japan       | Osaka Securities Exchange<br>Tokyo Stock Exchange<br>Tokyo Financial Exchange |
| Korea       | Korea Exchange<br>Korea Future Exchange                                       |
| Malaysia    | Bursa Malaysia Derivatives Bhd  |
| Mexico      | Mexican Derivatives Exchange  |
| New Zealand | New Zealand Futures Exchange  |
| Norway      | Oslo Stock Exchange   |
| Oman        | Muscat Securities Market (MSM)  |
| Peru        | Lima Stock Exchange   |
| Philippines | Philippines Stock Exchange  |
| Poland      | Warsaw Stock Exchange   |
| Portugal    | Euronext Lisbon   |
| Singapore   | ICE Futures Singapore<br>Singapore Exchange<br>Singapore Exchange Derivatives |

|                      |  |
|----------------------|--|
| South Africa         | The Johannesburg Stock Exchange (JSE)<br>SAFEX   |
| Spain                | MEFF Renta Variable  |
| Sweden               | NASDAQ OMX Stockholm   |
| Taiwan               | Taiwan Futures Exchange  |
| Thailand             | Thai Futures Exchange  |
| The Netherlands      | Euronext Amsterdam   |
| Turkey               | Turkish Derivatives Exchange   |
| United Arab Emirates | Dubai Mercantile Exchange (NYMEX)  |
| UK                   | ICE Futures Europe   |
| United States        | Boston Options Exchange<br>Chicago Board of Trade<br>Chicago Board Options Exchange<br>Chicago Futures Exchange<br>Chicago Mercantile Exchange<br>ICE Futures US Exchange<br>NASDAQ OMX PHLX<br>NASDAQ OMX Futures Exchange<br>New York Mercantile Exchange<br>New York Stock Exchange<br>NYSE American<br>NYSE Arca |

## APPENDIX F – A LIST OF SCHEMES OPERATED BY THE AUTHORISED FUND MANAGER

### A list of schemes operated by the authorised fund manager:

Artemis SmartGARP UK Equity Fund  
Artemis SmartGARP European Equity Fund  
Artemis European Select Fund  
Artemis SmartGARP Global Equity Fund  
Artemis Global Income Fund  
Artemis Global Select Fund  
Artemis High Income Fund  
Artemis Income Fund  
Artemis Monthly Distribution Fund  
Artemis Strategic Assets Fund  
Artemis Strategic Bond Fund  
Artemis UK Select Fund  
Artemis UK Smaller Companies Fund  
Artemis UK Special Situations Fund  
Artemis Investment Funds ICVC

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