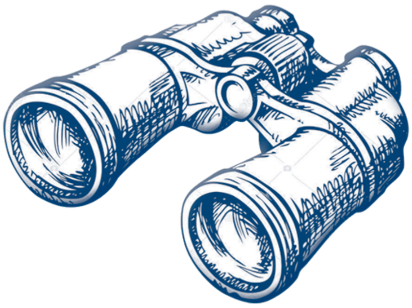
IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT A PROFESSIONAL ADVISER.



# Artemis Fund Managers Limited

## Prospectus of the Artemis Investment Funds ICVC

(an open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC001014)

**Dated 28 February 2025**

Artemis Fund Managers Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that it is the case) the information contained in this document does not contain any untrue or misleading statement nor omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Artemis Fund Managers Limited accepts responsibility accordingly.

This document constitutes the Prospectus for Artemis Investment Funds ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 28 February 2025.

Copies of this Prospectus have been sent to the FCA and the Depositary.

# Contents



No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares will not, under any circumstances, create any implication that the affairs of the Company have not changed since the date of this Prospectus.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version prevails.

The Shares 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 Shares 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 S of the United States Securities Act 1933).

The Company has not been and will not be registered under the US Investment Company Act of 1940 (as amended). The ACD has not been registered under the US Investment Advisors Act of 1940.

Automatic exchange of information for international tax compliance

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Union directives and the United States provisions commonly known as FATCA), the Company (or its agent) may collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. When requested to do so by the Company or its agent, Shareholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

By signing the application form to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the ACD or its agent. If a Shareholder does not provide the necessary information, the ACD will be required to report it to HM Revenue & Customs.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Artemis Fund Managers Limited.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Artemis Fund Managers Limited that this is the most recently published prospectus.

# 1. Definitions

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| **"ACD"** | Artemis Fund Managers Limited, the authorised corporate director of the Company; |
| **"ACD Agreement"** | an agreement dated 8 July 2014 between the Company and the ACD; |
| **"Approved Bank"** | as defined, from time to time, in the FCA Handbook; |
| **"Auditor"** | Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Company from time to time; |
| **"Business Day"** | means (i) in relation to anything done or to be done in the UK, any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the UK; and (ii) in relation to anything done or to be done by reference to a market outside the UK, any day on which that market is normally open for business; |
| **"Class" or "Classes"** | in relation to Shares, means (according to the context) all of the Shares related to a single Sub-Fund or a particular class or classes of Share related to a single Sub-Fund; |
| **"COLL Sourcebook" or "COLL"** | the Collective Investment Schemes Sourcebook (or, as appropriate, a chapter or rule thereof) which forms part of the FCA Handbook, as amended, restated or replaced from time to time; |
| **"Company"** | Artemis Investment Funds ICVC; |
| **"Conversion"** | the conversion of Shares in one Class in a Sub-Fund to Shares of another Class in the same Sub-Fund and "Convert" shall be construed accordingly; |
| **"Custodian"** | The Northern Trust Company, London Branch or such other entity as is appointed to act as custodian of the Company; |
| **"Cut Off Point"** | the point prior to which orders to buy, redeem or Switch Shares must be received by the Transfer Agent in order for them to be actioned at the next Valuation Point and details of which are set out for each Sub-Fund in Appendix I; |
| **"Dealing Day"** | Monday to Friday except for (unless the ACD otherwise decides) a bank or public holiday in England and Wales. For certain Sub-Funds, the ACD may exercise its discretion, in order to protect Shareholders' interests in respect of markets being closed, for example for public holidays in certain jurisdictions, as set out in further detail in the section "BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES"; |

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| **"Depositary"** | Northern Trust Investor Services Limited, or such other person as is appointed to act as the depositary of the Company from time to time; |
| **"Director" or "Directors"** | the director or directors of the Company from time to time (including the ACD); |
| **"EEA State"** | a member state of the European Union and any other state which is within the European Economic Area; |
| **"Efficient Portfolio Management" or "EPM"** | as defined in paragraph 11 of Appendix I; |
| **"Eligible Institution"** | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook; |
| **"EMIR"** | as defined in the glossary of the FCA Handbook; |
| **"FCA"** | the UK Financial Conduct Authority or any other regulatory body or bodies which may assume its regulatory responsibilities from time to time; |
| **"FCA Handbook"** | the FCA Handbook of Rules and Guidance, as amended or replaced from time to time; |
| **"Fund Administrator"** | The Northern Trust Company, London Branch or such other entity as is appointed to act as fund administrator of the Company; |
| **"Instrument of Incorporation"** | the instrument of incorporation of the Company as amended from time to time; |
| **"Investment Adviser"** | Artemis Investment Management LLP or such other entity as is appointed to act as investment adviser of the Company; |
| **"ISA"** | an individual savings account under The Individual Savings Account Regulations 1998 (as amended). Accordingly, a Sub-Fund's "ISA Status" refers to its eligibility to be held within an ISA; |
| **"Net Asset Value" or "NAV"** | the value of the Scheme Property of the Company or of any Sub-Fund (as the context may require) less the liabilities of the Company (or of the Sub-Fund concerned) as calculated in accordance with the Instrument of Incorporation; |
| **"OEIC Regulations"** | the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time; |
| **"Register"** | the register of Shareholders of the Company; |
| **"Registrar"** | The Northern Trust Company, London Branch, or such other entity as is appointed to act as registrar to the Company from time to time; |

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| **"Regulated Activities Order"** | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time; |
| **"Scheme Property"** | the scheme property of the Company required under the COLL Sourcebook to be given for safe-keeping to the Depositary; |
| **"Share" or "Shares"** | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one ten-thousandth of a larger denomination share) in respect of non-GBP denominated shares and one thousandth of a larger denomination share in respect of GBP denominated shares; |
| **"Shareholder"** | a holder of registered Shares in the Company; |
| **"Sub-Fund" or "Sub-Funds"** | a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to that sub-fund of the Company; |
| **"Switching"** | the exchange (where permissible) of Shares in one Sub-Fund for Shares of another Sub-Fund and "Switch" shall be construed accordingly; |
| **"Transfer Agent"** | The Northern Trust Company, London Branch, or such other entity as is appointed to act as transfer agent to the Company from time to time; |
| **"UCITS Directive"** | Directive 2009/65/EC as amended by Directive 2014/91/EU as implemented in the UK and as further amended from time to time; |
| **"UK UCITS"** | as defined in the FCA Handbook; |
| **"Valuation Point"** | the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Sub-Fund please see Appendix I; and |
| **"VAT"** | value added tax. |

# 2. Details of the Company

## 2.1 General

2.1.1 Artemis Investment Funds ICVC is an investment company with variable capital incorporated in England and Wales under registered number IC001014 and authorised and regulated by the Financial Conduct Authority with effect from 20 June 2014. The Company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive. The Company's product reference number is 622895. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

The ACD is also the authorised fund manager of certain authorised unit trusts, details of which are set out in Appendix IV.

2.1.2 **Head Office**

The head office of the Company is at Artemis Investment Funds ICVC, Cassini House, 57 St. James's Street, London SW1A 1LD.

2.1.3 **Address for Service**

Notices or other documents required or authorised to be served on the Company should be sent to the head office.

2.1.4 **Base Currency**

The base currency of the Company is Pounds Sterling.

2.1.5 **Share Capital**

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-Funds.

If the ACD so decides, Shares in the Company may be marketed in Member States and in countries outside the European Union and European Economic Area, subject to the COLL Sourcebook and any regulatory constraints in those countries.

Each of the Sub-Funds of the Company is designed and managed to support longer-term investment. Short-term or excessive trading into and out of a Sub-Fund may harm performance by disrupting portfolio management strategies and by increasing costs. The ACD may at its discretion refuse to accept applications for, or Conversion or Switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Sub-Funds. For these purposes, the ACD may consider an investor's trading history in the Sub-Funds or other funds managed by ACD and accounts under common ownership or control.

## 2.2 The Structure of the Company

2.2.1 **The Sub-Funds**

The Company is structured as an umbrella company, in that different Sub-Funds may be established from time to time by the ACD with the approval of the FCA. On the establishment of any new Sub-Fund, a revised prospectus will be prepared setting out the relevant details of each Sub-Fund.

The Company is a UK UCITS.

The assets of each Sub-Fund will be treated as separate from those of every other Sub-Fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-Fund. Investment of the assets of each of the Sub-Funds must comply with the FCA Handbook and the investment objective and policy of the relevant Sub-Fund.

Details of the Sub-Funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Sub-Funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of a Sub-Fund is set out in Appendix III.

Each Sub-Fund has a specific portfolio to which that Sub-Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Sub-Fund is treated as a separate entity.

The Sub-Funds are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and will not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Sub-Fund.

Subject to the above, each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund, and within each Sub-Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated between Sub-Funds on a pro-rata basis by the ACD in a manner which it believes is fair to the Shareholders generally.

Please also see paragraph 5.1.8 "Liabilities of the Company and the Sub-Funds' contagion risk".

2.2.2 **Shares in the Company**

Shares will be issued in larger and smaller denominations. There are 10,000 smaller denomination Shares to each larger Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class in each Sub-Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of the relevant Sub-Fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

2.2.3 **Classes of Shares within the Sub-Funds**

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

The currency for each new Class of Shares will be determined at the date of its creation and set out in the revised or supplemental prospectus issued in respect of the new Class of Shares.

The net proceeds from subscriptions to a Sub-Fund will be invested in the specific pool of assets constituting that Sub-Fund. The Company will maintain for each current Sub-Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-Fund.

To the extent that any Scheme Property of the Company, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between the Sub-Funds in a manner which it believes is fair to the Shareholders generally.

Shares in the Company are not currently listed on any investment exchange.

The Share Classes that may be issued in respect of each Sub-Fund and their criteria for subscription are set out in Appendix I. Details of which of the Share Classes are currently available in each Sub-Fund are set out in Appendix I.

Holders of income Shares, if available, will be entitled to be paid the distributable income attributed to such Shares on any relevant interim and/or annual allocation dates, as set out in Appendix I.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case (in accordance with relevant tax law) net of any tax deducted or accounted for by the Company. Details of whether net and/or gross Shares are available in any Sub-Fund are set out in Appendix I. All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-Fund has different Classes, each Class may attract different charges (as set out in Appendix I) and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares of another Class within the same Sub-Fund or to Switch all or part of their Shares for Shares of another Class within a different Sub-Fund of the Company. Details of this Conversion and Switching facility (and the restrictions) are set out in paragraphs 3.6 and 3.8 below.

The Instrument of Incorporation allows for the issue of bearer shares, but no such shares are currently issued.

2.2.4 **Hedged Share Classes**

The Sub-Funds may issue hedged Share Classes. These allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in exchange rates on the performance of the hedged Share Classes.

There are two types of hedged Share Classes that may be issued: portfolio hedged Share Classes "(Hedged)"; and net asset value hedged Share Classes "(NAV Hedged)". Details of Share Classes issued by the Sub-Funds are set out in Appendix 1.

For Hedged Share Classes, the hedging transactions hedge the currency exposures of the underlying assets of the relevant Sub-Fund against the currency of the relevant Hedged Share Class. Any gains and losses resulting from the hedging transactions will be allocated to capital.

For NAV Hedged Share Classes, the hedging transactions hedge the net asset value of the relevant NAV Hedged Share Class against the reference currency of the Sub-Fund (as set out in Appendix I).

In respect of the Hedged Share Classes, and subject to certain minimum thresholds, the ACD intends to operate a target hedge ratio of 100% with a tolerance limit of +/- 5%.

In respect of the NAV Hedged Share Classes, the ACD intends to operate a target hedge ratio of 100% with a tolerance limit of +/- 5%.

Adjustments to any currency hedging transactions to keep within these parameters will be made on a periodic basis as necessary.

The ACD may utilise currency forwards, currency futures, currency option transactions, currency swaps, currency hedging with interest rate or equity swap transactions (or such other instruments as are permitted by the relevant Sub-Fund's investment policy and Appendix III "Investment and borrowing powers of the Company") for these purposes.

The costs and benefits of currency hedging transactions will accrue solely to the Shareholders in the relevant Hedged or NAV Hedged Share Class. This includes the costs of hedging and the allocation of any gains and losses resulting from the hedging transactions. Currency hedging transactions will not cause the Hedged or NAV Hedged Share Classes to be leveraged.

Hedged Share Classes and NAV Hedged Share Classes may not provide complete protection from all currency fluctuations and paragraph 5.2.2 ("Currency Risk") will still apply. In particular, it should be noted that (i) (for Hedged Share Classes) currency hedging transactions may be entered into whether or not the rate of exchange of a Hedged Share Class currency is declining or increasing in value relative to the currency or currencies in which the assets of the portfolio are denominated; (ii) (for NAV Hedged Share Classes) currency hedging transactions may be entered into whether or not the rate of exchange of a NAV Hedged Share Class currency is declining or increasing in value relative to the reference currency; and (iii) there can be no guarantee that the currency hedging transactions entered into in respect of a Hedged or NAV Hedged Share Class will eliminate any adverse effect of fluctuations in the rate of exchange between the currency or currencies in which the assets of the portfolio are denominated or the reference currency and the relevant Share Class currency.

Shareholders should be aware that all Share Classes which are hedged will still be exposed to the market risks that relate to the underlying investments in the Sub-Fund and to other risks as set out in section 5.

Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, currency hedging transactions in relation to Hedged and/or NAV Hedged Share Classes could result in liabilities which might affect the net asset value of the other Share Classes of the same Sub-Fund.

2.2.5 **E Class, F Class and J Class Shares**

Where offered, E Class, F Shares and J Shares are available to institutional investors and certain distributors approved by the ACD, who have a prior written agreement with the ACD. These classes will be offered, at the discretion of the ACD, and may be at a reduced Annual Management Charge.

# 3. Buying, Redeeming, Converting and Switching Shares

The ACD will be available to receive requests for the purchase and redemption of Shares during normal business hours, 8.00am to 6.00pm UK time, excluding weekends, public and bank holidays.

## 3.1 Buying Shares

Shares will be sold by the ACD upon receipt of orders by telephone (for existing Shareholders), letter, facsimile, application form or other form of communication which the ACD deems acceptable, at a price as determined as set out in section 4. Shares may be purchased directly from the ACD or through a financial adviser or other intermediary. A contract note giving details of the Shares 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 Shareholders. Shareholders will be sent six-monthly statements as at 31 March and 30 September each year detailing holdings and transactions executed during the period.

The minimum holding of Shares in each Sub-Fund is set out in Appendix I. The ACD may, at its sole discretion, decide to waive any of the investment minimums.

The ACD reserves the right to refuse any application to purchase Shares without giving a reason for doing so.

The ACD makes use of the "delivery versus payment" (DvP) exemption as permitted by the FCA Handbook, which provides for a one Business Day window during which money given to the ACD to buy Shares is not treated as client money. If the ACD has not passed subscription money to the Depositary at the end of the one Business Day window, it will place the subscription money in a client money bank account until it can make the transfer.

## 3.2 Regular Savings Plan

The ACD may make available certain Classes through a regular savings plan. Please contact the ACD for further information.

### 3.3 Redeeming Shares

Shares will be redeemed by the ACD upon receipt of an instruction either by telephone, letter, facsimile or other form of communication which the ACD deems acceptable, at a price determined as set out in section 4. Where orders have been placed either by telephone or facsimile, the redemption proceeds may not be released until the ACD, at its discretion, is in receipt of a written redemption instruction duly signed by the Shareholder(s) in question. Shares may be sold back to the ACD directly or through a financial adviser or other intermediary. Payment will be made within four Business Days following receipt of all necessary documentation. The minimum redemption amount is set out in Appendix I. Shareholders should note that should their holding fall below the minimum holding values detailed in Appendix I, the ACD has the power (in its discretion) to automatically redeem their entire holding.

The ACD will accept electronic renunciation instructions from regulated institutions who hold Shares in a nominee name provided that the ACD has a coverall or an electronic renunciation agreement in place with the regulated institution. The ACD may at its discretion accept electronic instructions from private investors but may at its discretion also still require hard copy, wet signatures to effect renunciation. The ACD may at its absolute discretion accept electronic instructions to transfer Shares 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 ACD 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.

The ACD also makes use of the delivery versus payment (DvP) exemption as referred to in paragraph 3.1 above when it redeems Shares. Money due to be paid to Shareholders following a redemption need not be treated as client money provided the redemption proceeds are paid to the Shareholder within a one Business Day window of receipt of the redemption proceeds from the Depositary. If the ACD is not able for any reason to pay a Shareholder in that timeframe it will place the redemption money in a client money bank account until it can make the payment.

### 3.4 In specie redemptions and subscriptions

Where a Shareholder requests a redemption of Shares representing not less than 5% of the value of a Sub-Fund, the ACD may, at its discretion, give written notice to the Shareholder before the proceeds of the redemption or cancellation would otherwise become payable that, in lieu of paying such proceeds in cash, the ACD will transfer to that Shareholder property attributable to a Sub-Fund having the appropriate value. The ACD will select the property to be transferred in consultation with the Depositary. The ACD and the Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

The ACD may arrange for Shares to be issued in exchange for assets other than cash, but will only do so where the ACD and Depositary are satisfied that a Sub-Fund's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders. The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the relevant Sub-Fund.

### 3.5 Suspension of dealings in Shares

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares where due to exceptional circumstances it is in the interests of all the relevant Shareholders. The ACD 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 Sub-Fund is offered for sale.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders. The ACD will notify Shareholders 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 Shareholders details of how to find further information about the suspension. Where such suspension takes place, the ACD will publish on its website or by other general means, sufficient details to keep Shareholders 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 ACD 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 ACD and the Depositary 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 Shareholders. The ACD will inform the FCA of the proposed restart of dealings and immediately after the restart the ACD will confirm this by giving notice to the FCA and the regulator in each EEA State where the affected Sub-Funds are offered for sale. The ACD may agree during the suspension to deal in Shares 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 Shares.

## 3.6 Non-Dealing Days

For certain Sub-Funds, where a Sub-Fund is exposed to markets that are closed, the ACD may designate certain days as a non-Dealing Day. For each Sub-Fund where this applies the ACD monitors the proportion of the Sub-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 Sub-Funds that are impacted by the declaration of non-Dealing Days are subject to change. The current list of Sub-Funds and the days when deals in Shares are not processed is published on the ACD's website at www.artemisfunds.com. The list of non-Dealing Days which apply to the Sub-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.

## 3.7 Converting between Shares within a Sub-Fund

A Shareholder in a Sub-Fund may at any time Convert all or some of their Shares of one Class or type (the "Original Shares") for Shares of another Class or type (the "New Shares") in that Sub-Fund, subject to certain restrictions including meeting the subscription criteria for the relevant Class (please see section 3.1 and Appendix I for more information). The ACD will not normally make a charge on Converting between Classes. A Conversion between different types of Shares e.g. between Accumulation Shares and Distribution Shares or between Class R Shares and Class I Shares, will not incur any charges.

Shareholders may only Convert between Classes of Shares denominated in the same currency.

Shareholders may be required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before a Conversion is effected. A request for a Conversion on any Business Day must be received by the earlier of the relevant dealing Cut Off Points for both the redemption of the Original Shares and for the acquisition of the New Shares.

The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are sold and the New Shares are issued.

Conversion of the Original Shares 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 ACD or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant Conversion notice may determine. For the purposes of this paragraph and for the avoidance of doubt, the ACD shall be construed as the Shareholder of all Shares in the relevant Sub-Fund which are in issue and in respect of which no other person's name is entered on the register of Shareholders.

The ACD may adjust the number of New Shares to be issued or sold to reflect the imposition of any Conversion charges together with any other charges or levies in respect of the issue or sale of the

New Shares or cancellation or redemption of the Original Shares as may be made without infringement of the COLL Sourcebook.

If the Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, Convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on such Conversion) or refuse to effect any Conversion of the Original Shares. No Conversion will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. A Conversion between Shares within a Sub-Fund may be subject to income equalisation as referred to in paragraph 9.3.2. A Conversion of Shares within the same Sub-Fund is not generally treated as a disposal for the purposes of taxation of capital gains except for certain conversions into or out of hedged share classes where there may be a disposal for capital gains tax, depending on the circumstances. Shareholders should seek professional advice in relation to their tax status.

A Shareholder who Converts between Classes of Shares will have no right to withdraw from or cancel the transaction.

The ACD may carry out a compulsory Conversion of some or all of the Shares of one Class into another Class where it reasonably believes it is in the interests of Shareholders to do so (for example, to merge two existing Classes). The ACD will give Shareholders 60 days' written notice before any such compulsory Conversion is carried out.

## 3.8 If you fail to make a payment following a dealing request

If the appropriate payment is not sent to the ACD when you apply to buy Shares, 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 Shares to pay off any amounts you owe. If the Shares 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 ACD to process the instruction and the ACD will cancel it without giving you notice.

## 3.9 Switching between Sub-Funds

Switches between a Sub-Fund and any other Sub-Fund or Sub-Funds managed by the ACD are permitted at the discretion of the ACD where the investment criteria of the Share Class into which the Shareholder wishes to Switch are met. The ACD may, at its discretion, make a charge on the Switching of Shares between Sub-Funds. The ACD does not currently make any charge on either a conversion of Shares or on a switch of Shares between different Sub-Funds.

Shareholders may not Switch between any Class of Shares denominated in Sterling and any Class of Shares denominated in any other currency, and vice versa.

Shareholders may be required to provide written instructions to the ACD (which, in the case of joint Shareholders must be signed by all the joint Shareholders) 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 Shares and for the acquisition of the New Shares.

No Switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares 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 ACD before the dealing Cut Off Point in the Sub-Fund concerned to be dealt with at the prices at the relevant Valuation Point on that Dealing Day, or on the next Dealing Day following a suspension of Shares in the Sub-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 Sub-Funds.

Where a request is to Switch between Sub-Funds with a choice of Share Classes, then the Switch will be made to Shares of the same Class (if such Class is available) in the new Sub-Fund, and where both such Classes have a redemption charge, the redemption charge will not be applied. When Switching from a Sub-Fund with a redemption charge to one without, the redemption charge will be applied. When Switching into a Sub-Fund with an initial charge, the initial charge less 4% will be applied (where the initial charge is less than 4%, or where the initial charge is waived by the ACD, then there will be no charge on the Switch).

Please note that a Switch of Shares in one Sub-Fund for Shares in any other Sub-Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of taxation of capital gains. Shareholders should seek professional advice in relation to their tax status.

A Shareholder who Switches between Sub-Funds will have no right to withdraw from or cancel the transaction.

## 3.10 Dealing Charges

The price per Share at which Shares are bought, sold, Converted or Switched is the Net Asset Value per Share. Any initial charge, or redemption charge, is deducted from the gross subscription or the proceeds of the redemption monies, as appropriate.

3.10.1 **Initial Charge**

The Instrument of Incorporation permits the ACD to make an initial charge. The initial charge is calculated as a percentage of the amount invested by a potential Shareholder. If an initial charge is made for any Share Class, the applicable percentage is set out in Appendix I.

The ACD may waive or discount the initial charge at its discretion.

From the initial charge received, or out of other of its own resources, the ACD may pay a commission to relevant intermediaries where such payment is permitted by the FCA Handbook.

3.10.2 **Redemption Charge**

The ACD is entitled to make a charge on the redemption of Shares. At present, the ACD does not make such a charge.

3.10.3 **Dilution Adjustment**

The actual cost of purchasing or selling assets and investments in the Sub-Funds may deviate from the mid-market value used in calculating the Share prices, due to dealing charges, taxes, and any spread between the buying and selling prices of a Sub-Fund's underlying investments. These costs could have an adverse effect on the value of the Sub-Funds, known as "dilution". In order to mitigate the effect of dilution, the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Sub-Funds to take into account the possible effects of dilution. This is known as making a dilution adjustment or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Sub-Funds.

The price of the Shares in each Class of each Sub-Fund will always be calculated separately. Should any dilution adjustment be applied to a Sub-Fund, it will, in percentage terms, affect the price of the Shares in each Class of such Sub-Fund identically.

The ACD reserves the right to make a dilution adjustment on a daily basis. The dilution adjustment is calculated using the estimated dealing costs of a Sub-Fund's underlying investments, taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being sold as a proportion of the total value of that Sub-Fund. The measurement period will typically be a single day but, where a trend develops so that for a number of days in a row there is a surplus of acquisitions or redemptions on each and every day, the aggregate effect of such acquisitions or redemptions as a proportion of the total relevant Sub-Fund value will be considered.

Where a Sub-Fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of its Shares above their mid-market value. Where a Sub-Fund is experiencing net redemptions the dilution adjustment would decrease the price of its Shares to below their mid-market value.

It is the ACD's policy to reserve the right to impose a dilution adjustment on purchases, sales and Switches of Shares of whatever size and whenever made. In the event that a dilution adjustment is made, it will be applied to all transactions in a Sub-Fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

The ACD's decision on whether or not to make a dilution adjustment, and at what level a dilution adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied, if a Sub-Fund is experiencing net acquisitions of Shares or net redemptions, there may be an adverse impact on the assets of that Sub-Fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share. As dilution is directly related to the inflows and outflows of monies from a Sub-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 ACD will need to make a dilution adjustment.

In the year to 30 September 2024, dilution adjustments were applied as follows:

| Sub-Fund | Dilution Adjustments |
|---|---|
| Artemis Corporate Bond Fund | 3 |
| Artemis Positive Future Fund | 33 |
| Artemis Short-Duration Strategic Bond Fund | 4 |
| Artemis SmartGARP Global Emerging Markets Equity Fund | 17 |
| Artemis SmartGARP Global Emerging Markets Ex China Equity Fund | N/A[1] |
| Artemis US Extended Alpha Fund | 3 |
| Artemis US Select Fund | 4 |
| Artemis US Smaller Companies Fund | 16 |

The dilution adjustment is based on historical performance. The dilution adjustment for any one Sub-Fund may vary over time because the dilution adjustment for each Sub-Fund will be calculated by reference to the costs of dealing in the underlying investments of that Sub-Fund, including any dealing spreads, and these can vary with market conditions. In normal market conditions the Manager would typically expect to make a dilution adjustment on rare occasions in any month on each fund, however in stressed market conditions these adjustments may occur more often.

## 3.11 Identity Verification and Fraud Prevention

As a result of legislation in force in the United Kingdom to prevent financial crime, the ACD, as a company conducting investment business, is responsible for compliance with anti-money laundering regulations. This includes, but is not limited to, verifying the identity and address of Shareholders and of any third party making payments on behalf of Shareholders. Such verification may include electronic searches of the electoral roll and the use of credit reference agencies. In accordance with the Data Protection Act 2018, an instruction to purchase Shares, whether by completion of the application form, by telephone or other medium, represents permission for the ACD to access this information. The ACD reserves the right to delay processing an investment and/or withhold any payment due until satisfactory evidence is received. In such circumstances, no interest will be paid on any such amount.

1 This sub-fund has not yet been launched and therefore no dilution adjustments have been applied.

*Automatic exchange of information for international tax compliance*

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Union directives and the United States provisions commonly known as FATCA), the Company (or its agent) may collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. When requested to do so by the Company or its agent, Shareholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

## 3.12 Data Protection

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

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

## 3.13 Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

## 3.14 Compulsory transfer and redemption of Shares

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of a law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. For example, the ACD may, *inter alia*, reject in its discretion any application for the purchase, redemption, transfer or Switching of Shares.

If it comes to the notice of the ACD that any Shares ("Affected Shares"):

3.14.1 are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

3.14.2 would result in the Company incurring any liability to taxation which the Company 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 to provide information about the ACD's taxation affairs or that of the Company or any of its Shareholders;

3.14.3 are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or

3.14.4 are owned by a Shareholder who is resident or domiciled in a jurisdiction (where the Sub-Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Sub-Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach),

the ACD may give notice to the Shareholder(s) of the Affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer the Affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the Affected Shares, the Shareholder will be deemed upon the expiry of that 30 period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the Affected Shares.

A Shareholder who becomes aware that they are holding or own Affected Shares will immediately, unless they have already received a notice as set out above, either transfer all their Affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all the Affected Shares.

Where a request in writing is given or deemed to be given for the redemption of Affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

### 3.15 Governing law

All deals in Shares are governed by English law.

# 4. Valuation of the Sub-Funds

### 4.1 General

4.1.1 There is only a single price for each Class of Share in each Sub-Fund. The price of a Share is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates and will be stated in the currency of the relevant Class. The Net Asset Value per Share of a Sub-Fund is calculated on each Dealing Day at the Valuation Point of the Sub-Fund. For details of the Valuation Point of a Sub-Fund please see Appendix I.

4.1.2 The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so and may use the price obtained at such additional valuation point as the price for the day. The ACD will inform the Depositary of any decision to carry out any additional valuation that is necessary. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction, which do not create a Valuation Point for the purposes of dealing.

4.1.3 The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares of each Class of each Sub-Fund and the amount of any dilution adjustment made in respect of any purchase or redemption of Shares.

4.1.4 A request for dealing in Shares must be received by the Cut Off Point in order to be processed at the next Valuation Point. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

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

4.1.5.1 All the property (including receivables) is to be included, subject to the provisions in paragraphs 4.1.5.2 to 4.1.5.3 below;

4.1.5.2 Property which is not cash (or other assets dealt with in paragraph (c) 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:

(a) units or shares in a collective investment scheme:

(i) if a single price for buying and redeeming units or shares is quoted, at that price; or

(ii) 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

(iii) if, in the opinion of the ACD, 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 ACD, is fair and reasonable;

(b) any other transferable security:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices; or

(iii) if, in the opinion of the ACD, 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 ACD, is fair and reasonable;

(c) property other than that described in paragraphs 4.1.5.2 and 0 above at a value which, in the opinion of the ACD, represents a fair and reasonable mid market price;

(d) cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values;

(e) Property which is a contingent liability transaction shall be treated as follows:

(i) 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 ACD and the Depositary;

(ii) 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 ACD and the Depositary;

(iii) 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 ACD and the Depositary;

4.1.5.3 In determining the value of the property, all instructions given to buy or sell Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case;

4.1.5.4 Subject to paragraphs 4.1.5.5 and 4.1.5.6 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 ACD, their omission will not materially affect the final net asset amount;

4.1.5.5 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 4.1.5.4;

4.1.5.6 All agreements are to be included under paragraph 4.1.5.4 which are, or ought reasonably to have been, known to the person valuing the property;

4.1.5.7 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, stamp duty reserve tax and any foreign taxes or duties;

4.1.5.8 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;

4.1.5.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings;

4.1.5.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;

4.1.5.11 Add any other credits or amounts due to be paid into the property;

4.1.5.12 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 Shareholders or potential Shareholders; and

4.1.5.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

## 4.2 Price per Share in each Sub-Fund and each Class

The price per Share at which Shares are bought or are sold is the Net Asset Value per Share. There will be a single price per Share per Class calculated in the currency of the relevant Class (as set out in Appendix I) to two decimal places. Any initial charge, or redemption charge, is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-Fund at a time when more than one Class is in issue in respect of that Sub-Fund will be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-Fund in question calculated in accordance with the Instrument of Incorporation.

## 4.3 Fair Value Pricing

4.3.1 Where the ACD has reasonable grounds to believe that:

4.3.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or

4.3.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

4.3.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

4.3.2 The circumstances which may give rise to a fair value price being used include:

4.3.2.1 no recent trade in the security concerned; or

4.3.2.2 suspension of dealings in an underlying collective investment scheme; or

4.3.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

4.3.3 In determining whether to use a fair value price, the ACD will include (but need to be limited to) in its consideration:

4.3.3.1 the type of authorised fund concerned;

4.3.3.2 the securities involved;

4.3.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;

4.3.3.4 the basis and reliability of the alternative price used; and

4.3.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

## 4.4 Pricing basis

Shares are dealt on a forward pricing basis by reference to the next valuation point immediately following receipt of valid instructions by the ACD. The ACD has elected to purchase and redeem Shares on a forward pricing basis only.

## 4.5 Publication of Prices

The most recent prices are published on the ACD's website www.artemisfunds.com, which is the primary method of price publication. In addition, the ACD will publish prices at www.fundinfo.com or in such newspapers or other media as the ACD may from time to time decide to use. For further details where to find such prices please contact the ACD. Shares are not quoted on any recognised investment exchange.

# 5. Risk Warnings

Potential investors should consider the risk warnings below before investing in the Company (or, in the case of specific risks applying to specific Sub-Funds, in those Sub-Funds) and these should be read in conjunction with the Sub-Fund specific data contained in Appendix I.

This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance.

The risk warnings listed will also apply to different Sub-Funds to different degrees, and for a given Sub-Fund this degree could increase or reduce through time. The risk profile of each Sub-Fund can be found in Appendix I.

## 5.1 General Risks

5.1.1 Shareholders 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.

5.1.2 As explained in paragraphs 3.1 and 3.3 above, there may be periods of up to one day during which money given to the ACD is not treated as client money. Money which is not held as client money will not be protected on the insolvency of the ACD.

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

5.1.4 The capital value of, and the income attributable to, Shares in the Sub-Funds can fluctuate and the price of Shares and the income attributable to Shares 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 Sub-Funds and charges are not made uniformly throughout the life of the investment. On redemption/sale, particularly in the short term, Shareholders may receive less than the original amount invested.

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

5.1.6 **Inflation Risk**

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

5.1.7 **Tax risk**

Tax rules may change and are dependent on a Shareholder's circumstances.

5.1.8 **Liabilities of the Company and the Sub-Funds' contagion risk**

As explained in paragraph 2.2.1 above, under the OEIC Regulations, each Sub-Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations.

Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Company in every circumstance.

5.1.9 **Efficient Portfolio Management**

**Efficient portfolio management is used by all of the Sub-Funds to reduce risk and/or costs in the Sub-Funds and to produce additional capital or income in the Sub-Funds. The Sub-Funds may use derivatives, borrowing, cash holding and stock lending for efficient portfolio management.**

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

**A Sub-Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by efficient portfolio management techniques will be paid to the Sub-Funds.**

**The Investment Adviser may use one or more separate counterparties to undertake transactions on behalf of these Sub-Funds. The Sub-Fund may be required to pledge or transfer collateral paid from within the assets of the relevant Sub-Fund to secure such contracts entered into for efficient portfolio management including in relation to derivatives and stocklending. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards the return of collateral and any other payments due to the relevant Sub-Fund. The ACD measures the creditworthiness of counterparties as part of the risk management process.**

**Please note that some of the Sub-Funds use derivatives for investment purposes as well as for efficient portfolio management. See Appendix I for further information.**

5.1.10 **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 ACD and any third party service provider it appoints, as well as the activities, operations and investments of a Sub-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 Sub-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 ACD, its service providers (including the Investment Manager), and/or a Sub-Fund. Should these or other major public health issues, including pandemics, arise or spread (or continue to worsen), the ACD, its service providers (including the Investment Manager) and/or a Sub-Fund could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the ACD, or its service providers' (including the Investment Manager's) and/or a Sub-Fund's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

## 5.2 Specific Risks

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

### 5.2.1 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.

### 5.2.2 Currency risk

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

A significant portion of a Sub-Fund's assets may be invested in a currency other than the Sub-Funds' base currency. There is a risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which these Sub-Funds are valued and priced. These Sub-Funds are not required to hedge their foreign currency risk, although may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that these Sub-Funds do not hedge their foreign currency risk, or such hedging is incomplete or unsuccessful, the value of these Sub-Funds' assets and income could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of one of these Sub-Funds in circumstances where no such hedging transactions are undertaken.

### 5.2.3 Charges from capital

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

### 5.2.4 Focus/specialist Sub-Fund risk

Some Sub-Funds often carry greater risks in return for higher potential rewards. Specialist Sub-Funds, which invest in specialist markets or small sectors of industry, are likely to carry higher risks than more general Sub-Funds. Above average price movements can be expected.

### 5.2.5 Country risk

Investments may be exposed to the economic, legal and political circumstances surrounding their country of issue or custody:

- some countries may be less stable and harder to assess for risks than others (e.g. because of different accounting/audit standards);
- there may be less availability or demand for investments in certain regions which may make it difficult for the Sub-Funds to buy or sell them;
- it may take longer to receive assets or payment in certain countries and assets on deposit with third parties in some countries may not be protected to the same extent as others;
- the Sub-Funds may be subject to special restrictions when buying or selling as a foreign investor in certain markets, meaning it may take longer to receive assets or payment;

- some countries have lesser standards of anti-bribery, fraud and corruption protection than others; and
- paragraph 5.2.2 ("currency risk") may also apply and for some countries it will not be possible to use hedging techniques to reduce the impact of exchange rate variations.

5.2.6 **Emerging Market risk**

Certain Sub-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 Sub-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 Sub-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 Sub-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.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

**Fraudulent securities** – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

**Lack of liquidity** – The acquisition and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

**Currency fluctuations** – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Sub-Fund may occur following the investment of the Company in these currencies. These changes may impact the total return of the Sub-Fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

**Settlement and custody risks** – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

**Investment and remittance restrictions** – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Sub-Fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The ACD will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

**Accounting** – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

5.2.7 **Exposure to sovereign debt**

The Sub-Funds may invest in instruments issued by governments. There is a risk that governments may not honour their obligations to repay the capital invested in, or income due from, these investments and the Sub-Funds could suffer potentially significant losses should the likelihood of such a default occurring increase or if a default actually occurs.

5.2.8 **Country risk – fixed interest securities**

Sub-Funds investing in fixed interest securities, such as gilts and bonds, are sensitive to changes in interest rates, which are in turn determined by a number of economic factors, in particular market expectations of future inflation.

5.2.9 **Concentration Risk**

As part of its investment strategy a Sub-Fund may invest in a concentrated portfolio of investments (meaning that it holds a limited number of investments). The more concentrated a Sub-Fund becomes, the more it is affected by fluctuations in the performance of individual underlying investments. A concentrated portfolio amplifies the impact of gains from individual holdings but may lead to more risk and lower resilience to market events than a more diversified portfolio. The effect of concentration may be exaggerated if the Sub-Fund's holdings are similar (e.g. formed of a focussed group of investments in the same geographical region, market or industry etc).

5.2.10 **Absolute Return funds**

A Sub-Fund may indicate, in its name or investment objective, an intention to deliver a positive return in all market conditions. There is no guarantee that such a Sub-Fund will actually deliver a return over its specified investment horizon (or any other period) and Shareholders' capital will be at risk.

5.2.11 **Derivatives for investment purposes risks**

The Sub-Funds may employ derivatives for investment purposes in addition to efficient portfolio management. The use of derivatives and forward transactions, in both exchange traded and over the counter ("OTC") markets, in the pursuit of the Sub-Funds' objectives will mean that the net asset value of the Sub-Fund may at times be highly volatile (in the absence of compensating investment techniques). The instruments which may be used include: futures; contracts for differences; options; total return swaps; forward foreign exchange contracts; and repurchase and reverse repurchase agreements. There are some derivatives whose value falls even though the market is rising.

The use of derivatives will include creating synthetic short positions. The use of these strategies will be subject to a risk management process which will involve reducing counterparty exposure, in respect of OTC derivative transactions, by holding collateral; and/or by netting positions with the same counterparty which are on equivalent terms.

For more information in relation to investment in derivatives please see paragraph 16 and 17 in Appendix III.

It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of a Sub-Fund's objective will increase its risk profile. However, the use of derivatives and forward transactions for investment purposes will involve particular risks which may:

- increase the volatility of the Sub-Funds when taking additional market or securities exposures;
- be reliant on the ability of the ACD to assess movements in the values of securities, currencies or interest rates;
- place reliance on the imperfect correlation between derivative instruments and the underlying securities; and
- involve trading in non-standardised instruments off exchange, which may in turn involve negotiations on transactions on an individual basis.

When using derivative instruments the Sub-Funds will predominantly use the following types of derivative instruments:

**Total Return Swaps**

Where the Sub-Funds enters into swap arrangements using derivative techniques, it will be exposed to the risk that the counterparty or a market infrastructure provider may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty or a market infrastructure provider, the Sub-Funds could experience delays in liquidating the position and may incur significant losses, including loss of assets provided as collateral. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the ACD, for instance, bankruptcy, termination of services or failure to perform services by service providers, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting as principals, service providers and as agents utilising standardised documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss in the value of a Sub-Fund’s Net Asset Value. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the Sub-Funds is not always an effective means of attaining a Sub-Fund’s investment objective and can at times even have the opposite effect.

**Contracts for Differences**

The Sub-Funds will make wide use of contracts for differences ("CFDs"). A CFD is a contract whereby the seller of the contract undertakes to pay to the buyer the difference between the current value of an asset and its future value if that value has increased. If the value falls then the buyer of the contract will pay the seller the difference between the current value and the future value. CFDs allow investors to take long or short positions synthetically and may have no fixed expiry date or contract size.

CFDs do not have a maturity date and can be traded at any time on the OTC market. The underlying instrument covers shares or indices. If dividends are paid on the underlying shares, buyers of long contracts receive a compensatory payment. These amounts are paid by the seller of the long contract. If dividends are paid on the underlying shares, buyers of short contracts pay a compensatory payment. The benefit of CFDs is that the Sub-Funds can obtain exposure to price movements in underlying instruments without the need to make large movements of capital as the Sub-Funds only need to deposit assets in order to create the required initial margin. The purpose of this margin is to hedge the position against potential losses which may result from the transaction. Margin requirements may need to be increased during the life of the CFD to meet changes in the value of the contract. The contract may be closed automatically if the losses exceed the guaranteed amounts.

CFDs carry significant leverage effects. The force of the leverage effect can move against the holder of the CFDs easily and as quickly as it can in their favour.

**Options**

The Sub-Funds may purchase and sell options on securities. The seller of a put option which is covered (i.e. the seller has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is ‘fully hedged’ if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The seller of a call option which is covered (e.g. the writer holds the underlying security) assumes the risk of decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of the call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity. In entering into a closing purchase transaction, the fund may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

**Exchange traded futures contracts**

The Sub-Funds may make use of futures contracts which will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally. In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products. Prior to expiration, a futures contract can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. While the Sub-Funds will enter into futures and option positions only if, in the judgment of the ACD, there appears to be a liquid secondary market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The Sub-Funds' ability to utilise futures to hedge their exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged, or to which exposure is sought and the value of the futures contract. Because the instrument underlying a futures contract traded by the Sub-Funds will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in losses to the Sub-Funds. The use of futures involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

**Forward trading**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and ‘cash’ trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Sub-Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the ACD would otherwise recommend, to the possible detriment of the Sub-Funds. In respect of such trading, the Sub-Funds are subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Sub-Funds.

**Hedging transactions**

The Sub-Funds may utilise financial instruments such as forward contracts for investment purposes and to seek to hedge against fluctuations in the value of the Sub-Fund's portfolio positions. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions nor prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Sub-Funds to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated if it is not able to enter into a hedging transaction at a price sufficient to protect the Sub-Funds from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

While the Sub-Funds may enter into such transactions to seek to reduce exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the Sub-Funds. For a variety of reasons, the ACD may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Sub-Funds from achieving the intended hedge or expose the Sub-Funds to risk of loss.

**OTC Derivatives**

The Sub-Funds may invest a portion of their assets in investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as OTC transactions and may include forward contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the Sub-Funds are subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Sub-Funds.

The instruments, indices and rates of underlying derivative transactions that may be entered into by the Sub-Funds may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies national and international political and economic events and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Sub-Funds, could result in losses.

The use of derivatives and forward transactions may give rise to the following generic risk types impacting the Sub-Funds.

### General risks of derivatives for investment purposes

*Position Risk*

There is a risk that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the ACD, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice, it is the ACD's policy to net exposures against its counterparties.

*Liquidity Risk*

Derivatives traded OTC may not be standardised and thus may involve negotiations on each contract on an individual basis. This may result in OTC contracts being less liquid than exchange traded derivatives. The swap market, which is largely OTC, has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

*Correlation Risk*

Derivatives do not always perfectly or even closely correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the a Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the Sub-Fund's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin that might, if there is insufficient cash available in the portfolio, in turn require the sale of the Sub-Fund's investments under disadvantageous conditions.

*Legal Risk*

There are legal risks involved in using derivatives and forward transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

*Leverage*

As many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the Sub-Fund being less than if the transaction had not been entered.

The ACD is free to use one or more separate counterparties for derivative transactions.  As a result, the Sub-Funds may enter into transactions in OTC markets that expose them to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where a Sub-Fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of a Sub-Fund and may be required to pledge a proportion of the Sub-Fund's assets as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards to the return of the collateral and may not meet other payments due to the Sub-Fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages.

Short selling involves the sale of a security that a Sub-Fund does not own in the expectation of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Sub-Fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security with a corresponding loss to the Sub-Fund. The Sub-Funds are prohibited under the COLL Sourcebook from taking direct short positions in securities, however, they may employ certain derivative techniques such as using CFDs which may establish both "long" and "short" positions in securities. These positions may seek to take advantage of both rising and falling market values.

The ACD will provide on the request of a Shareholder further information relating to the quantitative limits applying to the risk management of a Sub-Fund, the methods used in relation to the risk management of a Sub-Fund and any recent developments in the risk and yields of the main categories of investment.

A Sub-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 ACD may instruct the custodian to settle transactions on a delivery versus payment basis, which may result in a loss to a Sub-Fund if a transaction fails to settle. Neither the ACD nor the custodian will be liable to a Sub-Fund or its Shareholders should such a loss occur.

**Calculation of Global Exposure**

The Sub-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 ACD has determined an appropriate reference portfolio for a Sub-Fund (as indicated in the table below), the relevant Sub-Fund will apply a Relative VaR risk management approach, measuring the risk profile of the Sub-Fund against the reference portfolio ("Reference Portfolio"). If the ACD does not regard it as possible or appropriate to determine a Reference Portfolio for any Sub-Fund, then the ACD will adopt an Absolute VaR risk management approach for that Sub-Fund. The table below lists the Reference Portfolio assigned to each Sub-Fund. The ACD may elect to change the Reference Portfolio of any Sub-Fund from time to time, and the details shall be updated in this Prospectus at the next available opportunity. Further information on the Reference Portfolio applicable to a Sub-Fund is available from the ACD on request.

| **Sub-Fund** | **Risk Management Approach** | **Max (%)** | **Reference Portfolio** | **Expected level of VaR (%)** | **Expected Level of Leverage (%)** |
|---|---|---|---|---|---|
| Artemis Short-Duration Strategic Bond Fund | Relative VaR | 200% | Markit iBoxx 1-5 year £ Collateralised & Corporates Index | 92.5% | 200-300% |
| Artemis US Extended Alpha Fund | Relative VaR | 200% | S&P 500 | 101% | 100-200% |

For Artemis US Extended Alpha Fund and Artemis Short-Duration Strategic Bond Fund, the column entitled "Max" refers to the regulatory risk limit applied in accordance with its risk management approach. Under the relative VaR approach, the global exposure of a Sub-Fund is determined calculating the VaR of the Sub-Fund's current portfolio versus the VaR of the Reference Portfolio; the VaR of the Sub-Fund must be lower than twice the VaR of the Reference Portfolio (i.e. 200%). Where an absolute VaR approach is adopted, the maximum absolute VaR that a Sub-Fund can have is 20% of its net asset value. The column entitled "Expected Level of VaR" refers to the expected average level of VaR of each Sub-Fund, based on the average level of VaR of that Sub-Fund over the 12 months prior to 30 September 2024. The column entitled "Expected Level of Leverage" refers to the expected average level of leverage of each Sub-Fund, based on the average level of leverage of that Sub-Fund over the 12 months prior to 30 September 2024. Shareholders should note that actual VaR and leverage at any given time may vary. A Sub-Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and each Sub-Fund's investment objective. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may have the effect of reducing risk overall.

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

| Sub-Fund | Risk Management Approach | Max (%) | Expected Level of Leverage (%) |
|---|---|---|---|
| Artemis Corporate Bond Fund | Commitment | 200 | 99.6% |
| Artemis Positive Future Fund | Commitment | 200 | 99.4% |
| Artemis SmartGARP Global Emerging Markets Equity Fund | Commitment | 200 | 99.2% |
| Artemis SmartGARP Global Emerging Markets Ex China Equity Fund | Commitment | 200 | 99.2%[2] |
| Artemis US Select Fund | Commitment | 200 | 100% |
| Artemis US Smaller Companies Fund | Commitment | 200 | 100% |

The column entitled "Max" refers to the regulatory risk limits applied to Sub-Funds. Under the commitment approach, the global exposure of a Sub-Fund must be lower than twice of its net asset value (i.e. 200%). The column entitled "Expected Level of Leverage" refers to the expected average level of leverage of each Sub-Fund, based on the average level of leverage of that Sub-Fund over the 12 months prior to 30 September 2024. Shareholders should note that actual leverage at any given time may vary. A Sub-Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and each Sub-Fund's investment objective. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may have the effect of reducing risk overall.

5.2.12 **Screening and reliance on third-party data and research providers**

A Sub-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 Sub-Fund holding the company directly or gaining exposure indirectly via single name derivatives. Derivatives on indices (e.g. swaps, futures) may contain some underlying constituents which may not meet the exclusion requirements if they were held directly by the Sub-Fund. 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.

5.2.13 **Specialist investment objective risk**

Artemis Positive Future Fund will only invest in companies which, in the manager's opinion, have a positive environmental and/or social impact. It is also prevented from investing in companies which conduct certain types of activities. The universe of potential investments available to this sub-fund will therefore be smaller than if no such restrictions were applied. If a company in which Artemis Positive Future Fund invests no longer meets the criteria for investment and/or is not making sufficient progress on improving its operational

2 This sub-fund has not yet been launched so the "Expected Level of Leverage (%)" figure is an estimation only based on the information available.

performance, the manager will seek to sell the investment. The price which may be obtained for selling an investment in these circumstances might be lower than that which could have been obtained had the sale not been required.

# 6. Management and Administration

## 6.1 Regulatory Status

The ACD, the Investment Adviser and the Transfer Agent are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Prudential Regulation Authority's registered office is at 20 Moorgate, London EC2R 6DA. The address for general public enquiries is Bank of England, Threadneedle Street, London, EC2R 8AH.

## 6.2 Authorised Corporate Director

### 6.2.1 General

The ACD is Artemis Fund Managers Limited which is a private company limited by shares incorporated in England on 11 February 1986.

| | |
|---|---|
| Registered Office and Head Office: | Artemis Fund Managers Limited<br>Cassini House<br>57 St. James's Street<br>London<br>England<br>SW1A 1LD |
| Share Capital: | An issued share capital of £6,212,058 - fully paid |
| Ultimate Holding Company: | Affiliated Managers Group, Inc. is the ultimate holding company of the ACD |

The names of the directors of the ACD, together with details of their other relevant directorships, are set out below.

| Name | Other directorships/memberships |
|---|---|
| P K Anand | Artemis Investment Management LLP |
| J E Dodd | Artemis Investment Management LLP<br>Artemis Strategic Asset Management Limited<br>Artemis Asset Management Limited |
| S Dougall | Artemis Investment Management LLP<br>Artemis Funds (Lux) |
| C E C Finn | Sparrows Capital Limited<br>Baillie Gifford Shin Nippon plc<br>Octopus Apollo VCT plc<br>The Law Debenture Corporation plc |
| G O Jones | Artemis Investment management LLP |

| Name | Other directorships/memberships |
|---|---|
| A A Laing | German subsidiary of Standard Life Aberdeen plc<br>Drum Income Plus REIT plc and Drum Income Plus Limited<br>Maven Capital (Telfer House) LLP<br>Maven Capital (Llandudno) LLP |
| J R Loukes | Artemis Investment Management LLP |
| M J Murray | Arrow Bidco Limited<br>Artemis Investment Management LLP<br>Artemis Strategic Asset Management Limited<br>Artemis Asset Management Limited |

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Handbook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including associates, subject to the rules in the COLL Sourcebook.

It has therefore delegated the following functions:

- to the Investment Adviser, the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-Funds (as further explained in paragraph **6.7** "the Investment Adviser" below);
- to the Transfer Agent, certain functions relating to administration (as further explained in paragraph 6.4 below);
- to the Registrar, certain functions relating to the Company's Share register (as further explained in paragraph 6.5 below); and
- to the Fund Administrator, various operational and fund accounting functions.

6.2.2 **Terms of Appointment:**

The appointment of the ACD has been made under an agreement dated 8 July 2014 between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. It also excludes the ACD from liability to the Company or any Shareholder for any error of judgment or loss suffered in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of recklessness, fraud, bad faith, wilful default or negligence in the performance or non-performance of its obligations and functions under the ACD Agreement. Any liability for defaults of a person to whom it has delegated certain functions is also limited to the extent permitted by the COLL Sourcebook.

The Company has agreed to indemnify the ACD to the extent permitted by the COLL Sourcebook (for itself and its delegates) against claims and expenses that arise in respect of their duties, except where there is fault on its or their part of the kind referred to above.

Details of the fees payable to the ACD are set out in the paragraph headed "Charges payable to the ACD" below.

The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has sold. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Sub-Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders 60 days' written notice of the details of these fees.

The ACD Agreement has an unlimited duration and will continue until terminated by resolution of the Company in general meeting on not less than 12 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

The Company has no directors other than the ACD. The ACD is the authorised fund manager of certain other authorised funds, details of which are set out in Appendix IV.

The ACD is required to have a remuneration policy relating to the way in which it remunerates its staff. This takes a risk-focussed approach and is designed to be consistent with and promote effective risk management so that the Company is not exposed to excessive risk.

Up-to-date details of the remuneration policy are available on the website of the ACD: www.artemisfunds.com. This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request from the ACD.

## 6.3 The Depositary

### 6.3.1 **General**

The depositary of the Company is Northern Trust Investor Services Limited, 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 Depositary is authorised and regulated by the Financial Conduct Authority.

The Depositary'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.

### 6.3.2 **Duties of the Depositary**

The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and must ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Company. The Depositary is also responsible for monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the FCA Handbook, this Prospectus and the Instrument of Incorporation.

### 6.3.3 **Conflicts of interest**

#### 6.3.3.1 General

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

It is possible that the Depositary 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 Company or a particular Sub-Fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Depositary and the Company, the Shareholders or the ACD. In addition, the Depositary also has a regulatory duty when providing the safekeeping, settlement and administration services to act solely in the interests of Shareholders and the Company (including its Sub-Funds). In order to comply with this requirement, the Depositary may in some instances be required to take actions in the interests of Shareholders and the Company (including its Sub-Funds) where such action may not be in the interests of the ACD.

6.3.3.2 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 Depositary, and any other delegate, is required to manage any such conflict having regard to the rules in the FCA Handbook and its duties under the Depositary Agreement.

The Depositary 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 Company 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 ACD.

6.3.3.3 Conflicting commercial interests

The Depositary (and any of its affiliates) may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary 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 Depositary's duty to the Company.

This includes circumstances in which the Depositary or any of its affiliates or connected persons: acts as market maker in the investments of the Company; provides broking services to the Company 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 Company; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Company; or earns profits from or has a financial or business interest in any of these activities.

6.3.3.4 Management of conflicts

The Depositary 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 Depositary 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 Depositary issues to be properly identified, managed and monitored.

6.3.4 **Delegation of Safekeeping Functions**

Subject to the OEIC Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Depositary. As a general rule, where the Depositary delegates any of its custody functions to a delegate, the Depositary 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 Depositary. The use of clearing or settlement systems or order routing systems, does not constitute a delegation by the Depositary of its functions.

As at the date of this Prospectus, the Depositary 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 Company may invest. An updated list of sub-custodians is maintained by the ACD at www.artemisfunds.com . Investors should note that the list of sub-custodians is updated only at each Prospectus review.

6.3.5 **Updated Information**

Up-to-date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Depositary and the Company, the

Shareholders or the ACD, (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

6.3.6 **Terms of Appointment**

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

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

The Depositary is entitled to receive remuneration out of the scheme property of the Company as explained under the heading "Administration Fees" in paragraph 7.3.3 below.

6.3.7 **GDPR**

Northern Trust's EMEA Data Privacy Notice sets out how the Depositary will process Shareholders' personal information as a data controller where these details are provided to it in connection with Shareholders' investment in the Company.

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.

Any Shareholder who provides the ACD 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.

## 6.4 The Transfer Agent

On behalf of the Company, the ACD has appointed the Transfer Agent, The Northern Trust Company, London Branch, to provide certain investor and administration services. The Transfer Agent's registered office is50 Bank Street, Canary Wharf, London E14 5NT.

## 6.5 The Registrar

6.5.1 **General**

On behalf of the Company, the ACD has appointed The Northern Trust Company, London Branch, to act as registrar to the Company.

The registered office of the Registrar is 50 Bank Street, Canary Wharf, London E14 5NT.

6.5.2 **Register of Shareholders**

The Register of Shareholders will be maintained by the Registrar at the address of its registered office as noted above, and is generally available for inspection free of charge at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## 6.6 Fund Administrator

On behalf of the Company, the ACD has appointed the Fund Administrator, The Northern Trust Company, London Branch, to provide fund administration, fund accounting and other investment services. The Fund Administrator's registered office is 50 Bank Street, London, E14 5NT.

## 6.7 The Investment Adviser

6.7.1 **General**

The ACD has appointed the Investment Adviser, Artemis Investment Management LLP, to provide investment management and advisory services to the ACD. The Investment Adviser is authorised and regulated by the FCA.

The Investment Adviser's registered office is at Cassini House, 57 St. James's Street, London, England, SW1A 1LD.

The principal activity of the Investment Adviser is the provision of investment management services.

6.7.2 **Terms of Appointment:**

The Investment Adviser was appointed by an agreement dated 8 July 2014 between the ACD and the Investment Adviser, as amended from time to time (the "Investment Management Agreement").

In the exercise of the ACD's investment functions, the Investment Adviser will (subject to the overall policy and supervision of the ACD) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the ACD under the Instrument of Incorporation or the COLL Sourcebook to manage the investment of the Scheme Property of the Company. The Investment Adviser has full power to delegate under the Investment Management Agreement.

The Investment Adviser may also direct the exercise of rights (including voting rights) attaching to the ownership of the Company's Scheme Property.

The Investment Management Agreement may be terminated by not less than three months' written notice, or immediately if it is in the best interests of investors or by written notice given by either party on the happening of certain events involving any material breach or insolvency. It will also terminate automatically if the agreement appointing the ACD is terminated or if the ACD or the Investment Adviser cease to be authorised to act as in their current capacities.

The Investment Adviser will not be paid a fee out of Scheme Property and will instead be paid a fee by the ACD as explained below in paragraph 7.6.

The Investment Adviser will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

## 6.8 The Auditors

The auditors of the Company are Ernst & Young LLP, whose address is 144 Morrison Street, Edinburgh EH3 8EX.

## 6.9 Legal Advisers

The Company is advised by Eversheds Sutherland of One Wood Street, London EC2V 7WS.

## 6.10 Conflicts of Interest

The ACD and other companies within the Artemis group of companies may, from time to time, act as authorised corporate director or manager to other funds or Sub-Funds which follow similar investment objectives to those of the Sub-Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Sub-Fund or between the Company and other funds managed by the ACD. The ACD will, however, have regard in any event of this kind, to its obligations under the ACD Agreement and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and any other collective investment schemes it manages are fairly treated. The ACD 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 risk of damage to the interests of the Company or its Shareholders will be prevented. Should these situations arise, the ACD will disclose this to Shareholders in an appropriate format.

The Depositary may act as the depositary of other open-ended investment companies and as Depositary or custodian of other collective investment schemes.

# 7. Fees and Expenses

## 7.1 General

All fees, costs, charges or expenses payable by a Shareholder or out of the property of the Company or each Sub-Fund (as the case may be) are set out in this section. All fees and expenses (other than those relating to the purchase and sale on investments, the performance fees and, when applicable, the annual management charge (see section 7.3)) are charged against the income of a Sub-Fund.

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

## 7.2 The ongoing charges figure (OCF) measure

Each share class in a Sub-Fund has an ongoing charges figure (or OCF) and this is shown in the relevant Key Investor Information Document. The ongoing charges figure is an industry standard measure of the operating costs and is intended to allow Shareholders to compare the level of those charges with the level of charges in other funds.

The OCF excludes the costs the Sub-Fund pays when buying and selling investments such as: dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Sub-Funds on transactions. The annual and half-yearly reports of each Sub-Fund provide further information on these portfolio transaction costs incurred in the relevant reporting period.

## 7.3 Charges payable to the ACD

7.3.1 **Annual management charge**

This fee is paid from Scheme Property.

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of each Sub-Fund. The annual management charge is calculated and accrued on a daily basis by reference to the Net Asset Value of the Sub-Fund on the previous Dealing Day and the amount due for each month is payable in respect of each calendar month as soon as practicable after the month end. The current annual management charge for each Sub-Fund (expressed as a percentage per annum of the Net Asset Value of each Sub-Fund) is set out in Appendix I. VAT may be payable on these charges.

The ACD is also entitled to all reasonable out of pocket expenses properly incurred in the performance of its duties.

All or part of the ACD's fees may be charged against capital instead of against income, as set out in Appendix I. This will only be done with the approval of the Depositary. This treatment of the ACD's fee may increase the amount of income (which may be taxable) available for distribution to Shareholders, but may constrain capital growth.

If the expenses of a Class exceed its income in any period the ACD may take that excess from the capital property attributable to that Class.

7.3.2 **Performance fee**

This fee is paid from Scheme Property.

Where applicable, the ACD will be entitled to a fee related to the performance of a Sub-Fund.

Details of which Sub-Funds may take a performance fee are set out in Appendix I.

The performance fee will be calculated and paid as set out in Appendix IV "Performance Fee".

7.3.3 **Administration fee**

This fee is paid from Scheme Property.

7.3.4 The ACD will also be entitled to receive out of the assets of each Sub-Fund an annual fee (the Administration Fee) from which it will discharge certain fees and expenses.

7.3.5 The Administration Fee will be calculated and accrued daily and is deducted monthly in arrears from the relevant Sub-Fund.

7.3.6 The Administration Fee for each Sub-Fund is detailed in Appendix I. The applicable rate will be discounted dependent on the level of the Sub-Fund's Net Asset Value at the first Business Day of each calendar month, and the relevant discounted rate will be applied to the calculation of the Administration Fee until the first Business Day of the following calendar month.

7.3.7 The thresholds applicable to the Administration Fee in respect of each Sub-Fund are set out below.

| Share class | Net Asset Value (NAV) of Sub-Fund | Discount to be applied to the base Administration Fee |
|---|---|---|
| All classes | £0 - £250m | Nil |
| | £250m - £750m | 0.01% |
| | £750m - £1.5bn | 0.03% |
| | £1.5bn - £3bn | 0.05% |
| | Above £3bn | Once a Sub-Fund's NAV reaches this threshold, a minimum Administration Fee will apply rather than a discount. This is detailed in Appendix I. |

*For example, if a Sub-Fund's Net Asset Value on 1 February in any year is £2.5bn, then the Administration Fee applicable to that Sub-Fund will be discounted by 0.05% until 1 March of that year. If at 1 March the Sub-Fund's Net Asset Value has increased to £3.1bn, the minimum Administration Fee applicable to that Sub-Fund will apply until 1 April of that year. If at 1 April the Sub-Fund's Net Asset Value has reduced to £2.8bn, the Administration Fee applicable to that Sub-Fund will be discounted by 0.05% until 1 May.*

7.3.8 In the event the actual costs incurred by a Sub-Fund exceed the level of the Administration Fee payable by that Sub-Fund, the ACD will bear that excess.

7.3.9 In the event that the actual operating costs incurred by a Sub-Fund fall below the Administration Fee, the ACD will be entitled to retain any amount by which the Administration Fee exceeds those actual costs.

## 7.4 What is included in the Administration Fee?

The following costs and expenses (plus VAT where applicable) will be met out of the Administration Fee (in each case whether such fees, costs, charges and expenses are incurred in the UK or in a country or territory outside the UK in which Shares are or may be lawfully be marketed):

7.4.1 the fees of the Depositary;

*Although it is anticipated that all fees of the Depositary will be included in the Administration Fee, the Depositary retains the right to deduct any amounts owing to it from the Scheme Property.*

7.4.2 the fees of the Registrar;

7.4.3 the fees of the Fund Administrator;

7.4.4 other costs incurred in the administration of a Sub-Fund, including costs incurred in respect of fund accounting and obtaining fund prices, any costs incurred in producing and dispatching payments made by the Sub-Funds and any costs incurred in developing, purchasing or maintaining fund administration and fund accounting systems including software;

7.4.5 safe keeping and custody transaction fees;

7.4.6 the fees and expenses incurred in respect of: the preparation of financial statements; calculation of the prices of Shares; preparation of tax returns; and any expenses incurred by the Sub-Funds in connection with the maintenance of their accounts and other books and records;

7.4.7 any costs incurred in amending the ACD Agreement, Instrument of Incorporation or this Prospectus, including costs incurred in respect of meetings of Shareholders convened for the purpose of approving such modifications;

7.4.8 any costs incurred in respect of any other meeting of Shareholders including meetings convened on a requisition by Shareholders not including the Manager or an associate of the Manager;

7.4.9 any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Sub-Funds in consideration of the issue of Shares to shareholders in that body corporate or to participants in that other scheme, and any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;

7.4.10 any audit fee and any proper expenses of the Auditor and of tax, legal and other professional advisers for the Sub-Funds;

7.4.11 the fees of the 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 Shares in a Sub-Fund are or may be marketed;

7.4.12 payments or costs in relation to the preparation of key investor information documents, PRIIPs key information documents (either in respect of the Sub-Funds or a Sub-Fund) or any successor or equivalent document;

7.4.13 any costs of printing, translating and distributing any Instrument of Incorporation, Prospectus, annual, half yearly and any other reports and accounts or information provided for Shareholders;

7.4.14 any costs of listing the prices of the Sub-Funds in publication and information services selected by the ACD;

7.4.15 insurance which the Sub-Funds may purchase and/or maintain for the benefit of and against any liability incurred by the ACD in the performance of its duties;

7.4.16 the fees in connection with listing the Shares on any stock exchange; and

7.4.17 electronic dealing administration costs.

The levels of the Administration Fee and Sub-Fund size discount levels and thresholds will be reviewed by the ACD on an annual basis, and, if required, more frequently in response to any exceptional circumstances to ensure that they remain fair to Shareholders.

**7.5 Other payments out of the Sub-Funds**

These fees are paid from Scheme Property.

The fees and charges set out in this section will be payable out of the Scheme Property of the relevant Sub-Fund and do not fall within the Administration Fee.

7.5.1 **Establishment and authorisation of a Sub-Fund**

Any costs incurred in establishing and authorising a new Sub-Fund will be met out of the Scheme Property of that Sub-Fund.

7.5.2 **Other ongoing operational costs**

7.5.2.1 Taxes, rates, charges, duties, levies, assessments, impositions or other outgoings whatsoever whether of a capital or revenue nature including stamp taxes and any other transfer or transaction tax, withholding tax, transfer pricing and irrecoverable VAT in respect of the Scheme Property or the issue of Shares in the Sub-Funds;

7.5.2.2 fees, costs and charges incurred in connection with any foreign exchange (including but not limited to currency hedging) transactions;

7.5.2.3 broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Sub-Funds, including expenses incurred in acquiring or disposing of investments (including legal fees and expenses), whether or not the acquisition or disposal is carried out;

7.5.2.4 fees, costs and charges levied by any financial institution or organisation in relation to derivative instruments;

7.5.2.5 interest on and other charges relating to permitted borrowings including costs incurred in effecting, terminating, negotiating or varying the terms of such borrowings.

7.5.3 **Exceptional expenses**

Any exceptional out of pocket expenses incurred by the ACD, where the Depositary agrees that the nature of the expense is outside the normal day-to-day operation of a Sub-Fund.

### 7.6 Investment Adviser’s fee

This fee is paid by the ACD out of the fees paid to the ACD.

The Investment Adviser is paid a fee for providing investment management and advisory services to the Company and ACD.

### 7.7 Allocation of fees and expenses between Sub-Funds

All the fees, duties and charges paid from Scheme Property will be charged to the Sub-Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the Sub-Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally. Allocation of fees and expenses will be allocated to income or capital in accordance with Appendix A.

## 8. Shareholder Meetings and Voting Rights

### 8.1 Class and Sub-Fund Meetings

The Company has dispensed with the need to hold Annual General Meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Sub-Fund concerned and the Shareholders and value and prices of those Shares.

### 8.2 Requisitions of Meetings

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of any requisition.

### 8.3 Notice and Quorum

Shareholders will receive at least 14 days’ notice of a general meeting and are entitled to be counted in the quorum and vote at a general meeting either in person or by proxy. The quorum for a meeting is two Shareholders, 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 Shareholders at their registered addresses. Where there are joint Shareholders the notice will be sent to the first-named holder on the register.

### 8.4 Voting Rights

At a general meeting, on a show of hands every Shareholder 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.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are the proportion of the voting rights, attached to all the Shares in issue, that the price of the Share bears to the aggregate price of all the Shares in issue at the date seven days before the notice of meeting is sent out.

A Shareholder 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.

In the case of joint Shareholders, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose, seniority must be determined by the order in which the names stand in the Register.

Except where the FCA Handbook or the Instrument of Incorporation 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 Handbook will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Handbook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

Where all the Shares in a Sub-Fund are registered to, or held by, the ACD 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 will not be necessary to convene a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution, 75% or more, of the Shares in issue.

"Shareholders" in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 9. Taxation

### 9.1 General

The information below is a general guide based on current UK law and HM Revenue & Customs' practice, both of which are subject to change. It summarises the tax position of the Sub-Funds and of investors who are UK resident (except where indicated) and hold Shares as investments. Prospective investors 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.

### 9.2 The Sub-Funds

Each Sub-Fund is treated as a separate entity for UK tax purposes.

The Sub-Funds are generally exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives, but excluding on non-reporting offshore funds) held within them.

Dividends from UK and non-UK companies are generally exempt from tax when received by a Sub-Fund. The Sub-Funds will each be subject to corporation tax, currently at a rate of 20% on most other types of income but after deducting allowable management expenses. Where a Sub-Fund suffers foreign tax on income received, this will generally be a cost to the Sub-Fund but in some cases may be deducted from the UK tax payable on that income.

## 9.3 Shareholders

The Sub-Funds pay dividend distributions (and are referred to below as "Equity Sub-Funds") except where over 60% of a Sub-Fund's investments are invested throughout its accounting period in interest-paying and economically-similar investments (these are referred to below as "Bond Sub-Funds") in which case the Sub-Fund may pay interest distributions. Whether a Sub-Fund is an "Equity Sub-Fund" or a "Bond Sub-Fund" for tax purposes is specified in Appendix I.

### 9.3.1 Dividends

A dividend distribution paid by any of the Sub-Funds for any distribution period will be treated as if it were a dividend paid to the Shareholder in that Sub-Fund.

No tax is deducted from dividend distributions. There is no longer any tax credit attached to dividend distributions.

All United Kingdom resident individual taxpayers are entitled to a dividend allowance which will exempt the first £2,000 of total dividend income from tax in the 2022/23 tax year. The tax treatment of dividend distributions will therefore depend on whether those dividend distributions fall within an investor's dividend allowance or not. For those dividend distributions that fall within the dividend allowance, there is no further tax to pay or reclaim and they do not need to be declared on your tax return. For those dividend distributions that exceed the dividend allowance, special tax rates apply and these dividend distributions will need to be declared on your tax return. For the 2022/23 tax year, basic rate taxpayers will have an additional 8.75% tax liability. Higher rate taxpayers will have an additional 33.75% tax liability. Additional rate taxpayers will have an additional 39.35% tax liability.

UK-resident corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the voucher). Any part representing income which has been subject to corporation tax in the Sub-Fund must be treated by the corporate Shareholder as an annual payment made after deduction of income tax at the basic rate, and corporate Shareholders may be liable to tax on the grossed up amount, with the benefit of a 20% deemed income tax deduction, or to reclaim part or all of the deemed tax deducted as shown on the voucher. This is subject to limitations on any part of the deemed tax deducted representing foreign tax suffered by the Sub-Fund which cannot be reclaimed. The remainder (including any part representing dividends received by the Sub-Fund from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.

Alternatively, if, at any time during an accounting period of a corporate Shareholder, a Sub-Fund holds more than 60% of its assets by value in interest bearing or economically similar assets then the Shareholder must account for its holding in that Sub-Fund in accordance with the loan relationships tax regime (Chapter 3 of Part 6 of the Corporation Tax Act 2009). This requires the Shareholder's interest in the Sub-Fund (including any distributions received) to be taken into account for corporation tax on a fair value basis.

### 9.3.2 Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes. Equalisation may be applied on all of the Sub-Funds.

### 9.3.3 Capital Gains

Shareholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Shareholder, corporation tax on chargeable gains arising from the redemption, transfer or other disposal of Shares (but not usually on Conversion between Classes within a Sub-Fund).

Part of any increase in value of accumulation Shares represents the accumulation of income (including income equalisation but excluding tax credits). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information in HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

9.3.4 **Stamp Duty Reserve Tax ("SDRT")**

Stamp duty reserve tax (SDRT) is a type of tax payable on transactions in the units of unit trusts and Shares of open-ended investment companies.

Liability to stamp duty reserve tax (SDRT) on the surrender of Shares has been abolished.

SDRT continues to be payable if an investor redeems Shares in specie and receives a non-pro rata share of the underlying assets which include chargeable securities. If a liability to SDRT does arise, the ACD will impose an SDRT provision to be deducted from the proceeds of redemption.

SDRT might also arise on sales of Shares by one investor to another, where the holding remains registered in the same name.

9.3.5 **Automatic exchange of information for international tax compliance and other reporting requirements**

The Company (or its agent) may be required to collect and report information about Shareholders and their investments, including information to verify their identity and tax residence. When requested to do so by the Company or its agent, Shareholders 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').

The Company is also required by law to report, on request by HMRC, details of payments to UK residents.

# 10. Winding Up of the Company or Termination of a Sub-Fund

10.1 The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Handbook. A Sub-Fund may only be terminated under the FCA Handbook.

10.2 Where the Company is to be wound up or a Sub-Fund is to be terminated under the FCA Handbook, any winding up or termination may only be commenced following approval by the FCA. The FCA may only give an approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Handbook if there is a vacancy in the position of ACD at the relevant time.

10.3 The Company must be wound up, or a Sub-Fund must be terminated, under the FCA Handbook:

10.3.1 if an extraordinary resolution to that effect is passed by Shareholders; or

10.3.2 when the period (if any) fixed for the duration of the Company or a particular Sub-Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Sub-Fund terminated; or

10.3.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-Fund; or

10.3.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or

10.3.5 in the case of a Sub-Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Sub-Fund ceasing to hold any Scheme Property; or

10.3.6 on the date when all the Sub-Funds fall within 10.3.4 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Sub-Fund.

10.4 The Company may additionally be wound up, or a Sub-Fund may be terminated, under the FCA Handbook:

10.4.1 if the share capital of the Company or (in relation to any Sub-Fund) the Net Asset Value of the Sub-Fund is below £10 million; or

10.4.2 if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-Fund).

10.5 Where the Company is to be wound up or a Sub-Fund is to be terminated pursuant to section 10.3 or 10.4:

10.5.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-Fund;

10.5.2 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-Fund and the ACD will cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-Fund;

10.5.3 no transfer of a Share will be registered and no other change to the Register of Shareholders will be made without the sanction of the ACD;

10.5.4 where the Company is being wound up, the Company will cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and

10.5.5 the corporate status and powers of the Company and subject to 10.6 to 10.6.3 above, the powers of the Depositary will continue until the Company is dissolved.

10.6 The ACD will, as soon as practicable after the Company or the Sub-Fund falls to be wound up or terminated (as appropriate), realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Sub-Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-Fund, the ACD will, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company or the particular Sub-Fund to be realised, the ACD will arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-Fund.

10.7 As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Sub-Fund, the Depositary will notify the FCA that the winding up or termination has been completed.

10.8 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.

10.9 Following the completion of a winding up of the Company or termination of a Sub-Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the property was distributed. The auditors of the Company will make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) within two months of the completion of the winding up or termination.

10.10 As the Company is an umbrella company with segregated liability, any liabilities attributable or allocated to a particular Sub-Fund under the FCA Handbook will be met only out of the property attributable or allocated to that particular Sub-Fund. Please however note the risk warning "Liabilities of the Company and the Sub-Funds' contagion risk" at paragraph 5.1.8.

# 11. General Information

## 11.1 Accounting Periods

The annual accounting period of the Company ends each year on the last day of February in each year (the accounting reference date) with an interim accounting period ending 31 August.

Notwithstanding those dates, subject to the relevant provisions of the FCA Handbook, the ACD may notify the Depositary that a particular accounting period shall end on a day which is not more than seven days after or before the day on which the period would otherwise end. References to the above dates and the date of the income allocation periods and of publication of the annual and semi-annual reports of the Sub-Funds and the Company should be read accordingly.

The first annual accounting period of the Company will end on 28 February 2015 and the first interim accounting period will end on 31 August 2015.

## 11.2 Interest

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

## 11.3 Income Allocations

Some Sub-Funds may have interim and final income allocations, other Sub-Funds may have quarterly or monthly income allocations, and some Sub-Funds may only have final income allocation dates (see Appendix I). For each of the Sub-Funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Sub-Fund in which income Shares are issued are sent by cheque or paid directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I. Income will normally be accumulated/distributed (as appropriate to the Share Class) within 2 months of the accounting date(s) but the ACD reserves the right to accumulate/pay at a later date but not later than 4 months after the accounting date(s) as permitted by the COLL Sourcebook.

For Sub-Funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-Fund and will be reflected in the price of accumulation Shares as at the end of the relevant accounting period.

The amount available for accumulation or distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period, and deducting the charges and expenses of the relevant Sub-Fund paid or payable out of income in respect of that accounting period. The ACD then makes those other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant 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.

With the agreement of the Depositary individual amounts of income of £10/€10/$10, as appropriate, or less may not be paid.

## 11.4 Unclaimed cash or assets

Any cash (except unclaimed distributions which will be returned to the relevant Sub-Fund) or assets due to Shareholders 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 ACD's choice. The ACD will take reasonable steps to contact Shareholders 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 Shareholders 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 Shareholders and £100 or less for professional Shareholders) the ACD will take fewer steps to trace the relevant Shareholders before paying the money or assets to charity but the ACD will still make efforts to contact you.

## 11.5 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 ACD for more information.

## 11.6 Annual Reports

The annual report of the Company will normally be published within two months of the end of each annual accounting period although the ACD reserves the right to publish the annual report at a later date but not later than four months from the end of each annual accounting period. The half yearly report will be published within two months of the end of each interim accounting period. A report containing the full accounts is available to any person free of charge on request.

## 11.7 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Cassini House, 57 St. James's Street, London, England SW1A 1LD:

11.7.1 the most recent annual and half yearly reports of the Company;

11.7.2 the Prospectus;

11.7.3 the Instrument of Incorporation (and any amending documents); and

11.7.4 the ACD Agreement (referred to in paragraph 6.2)

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the Company and the Prospectus, which are available free of charge).

## 11.8 Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Sub-Fund. A summary of this strategy is available on request from the ACD, as are the details of the actions taken on the basis of this strategy in relation to each Sub-Fund.

## 11.9 Execution Policy

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

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

## 11.10 Inducements

The ACD will make disclosures to the Company in relation to inducements as required by the COLL Sourcebook. Further details of any inducements may be obtained on request from the ACD.

## 11.11 Provision of Investment Advice

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Cassini House, 57 St James's Street, London SW1A 1LD. The ACD is not authorised to give investment advice and persons requiring advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current Prospectus and the KIID of the Company, and investors should ensure that they have the most up to date version.

## 11.12 Telephone Recordings

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

## 11.13 Complaints

Complaints about the operation of any Sub-Fund may be made to the ACD'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.

## 11.14 Risk Management

The ACD will provide upon the request of a Shareholder further information relating to:

11.14.1 the quantitative limits applying in the risk management of any Sub-Fund;

11.14.2 the methods used in relation to 11.14.1; and

11.14.3 any recent development of the risk and yields of the main categories of investment.

## 11.15 Indemnity

The Instrument of Incorporation, ACD Agreement and/or the Depositary Agreement contain provisions indemnifying the Directors, other officers and the Company's Auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

## 11.16 Notices

All notices or documents required to be served on the Shareholders will be served by post to the address of the Shareholder as evidenced on the Register. All documents and remittances are sent at the risk of the Shareholder.

## 11.17 Genuine diversity of ownership

Shares in the Sub-Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek financial advice before investing in a Sub-Fund) and institutional investors. Different Share Classes of a Sub-Fund are issued to different types of investors.

Shares in the Sub-Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

## 11.18 Firmwide Exclusions

The ACD 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 ACD. 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.

Investment is not permitted in entities which the ACD 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 ACD 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 Sub-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 I – SUB-FUND DETAILS

### Artemis Corporate Bond Fund

Investment objective and policy

<table>
<tr><td colspan="2">Sub-Fund objective</td><td>To generate a return that exceeds the Markit iBoxx £ Collateralized & Corporates Index, after fees, over rolling three-year periods, through a combination of income and capital growth.</td></tr>
<tr><td rowspan="7">Investment policy</td><td>What the Sub-Fund invests in</td><td>• At least 80% in investment grade corporate bonds<br>• The sub-fund may also invest in other bonds, cash and near cash, preference shares, convertibles, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.<br>• At least 80% of the sub-fund will be denominated in or hedged back to sterling.</td></tr>
<tr><td>Use of derivatives</td><td>The sub-fund may use derivatives:<br>• to achieve the sub-fund objective<br>• to produce additional income or growth<br>• for efficient portfolio management purposes to reduce risk and manage the sub-fund efficiently.</td></tr>
<tr><td>Where the Sub-Fund invests</td><td>• Sterling corporate bonds<br>• To a lesser extent, global corporate bonds (including emerging markets). In this context, emerging market countries means countries included in the MSCI Emerging Markets Index and those included in the World Bank definition of developing economies or those countries which are, in the manager's opinion, developing countries.</td></tr>
<tr><td>Industries the Sub-Fund invests in</td><td>• Any</td></tr>
<tr><td>Credit quality of bonds the Sub-Fund invests in</td><td>• At least 80% in investment grade corporate bonds, being<br>○ BBB- or above by Standard & Poor's; or<br>○ BBB- or above by Fitch; or<br>○ Baa3 or above by Moody's</td></tr>
<tr><td>Other limitations specific to this Sub-Fund</td><td>• None</td></tr>
<tr style="display:none"><td></td><td></td></tr>
<tr><td colspan="2">Investment strategy</td><td>• The Sub-Fund is actively managed.<br>• Investment opportunities across the corporate bond and broader fixed income markets are assessed.<br>• Returns of the Sub-Fund are driven by four pillars:<br>- active asset allocation across the credit market<br>- stock selection<br>- sector allocation<br>- duration decisions<br>• The Sub-Fund seeks bonds with the potential for positive changes to their investment outlook, either through improving corporate health or the market having taken an overly negative view on the issuer's prospects.<br>• The Sub-Fund also seeks bonds with the potential for upside surprise through corporate restructurings or tax and/or legislative change that may lead to early redemption at a higher price.</td></tr>
<tr><td colspan="2">Sub-Fund benchmark</td><td>• Markit iBoxx £ Collateralized & Corporates Index<br>A widely-used indicator of the performance of sterling-denominated corporate investment grade bonds, in which the Sub-Fund invests. It acts as a 'target benchmark' that the Sub-</td></tr>
</table>

| | |
|---|---|
| | Fund aims to outperform. Management of the Sub-Fund is not restricted by this benchmark.<br>• IA £ Corporate Bond NR<br>A group of other asset managers' funds that invest in similar asset types as the Sub-Fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the Sub-Fund's performance can be compared. Management of the Sub-Fund is not restricted by this benchmark. |

| **Investor profile:** | | |
|---|---|---|
| The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth and income over a minimum 3 year period and are prepared to accept risk to their capital and volatility of the value of their investments. The Sub-Fund is not designed for investors who cannot afford capital loss of their investment. The capital loss cannot exceed the amount invested. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | | |
| Product Reference Number: | | 847461 |
| Launch date: | 30 October 2019 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 May<br>31 August<br>30 November |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | 31 July<br>31 October<br>31 January |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Bond Sub-Fund. | |
| Typical dilution range: | +0.28% / -0.28% | |
| Administration fee: | 0.15% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Charges from capital (Paragraph 5.2.3)<br>• Emerging Markets Risk (Paragraph 5.2.6)<br>• Country risk (Paragraph 5.2.5)<br>• Exposure to sovereign debt (Paragraph 5.2.7)<br>• Country risk – fixed interest securities (Paragraph 5.2.8)<br>• Derivatives for investment purposes risks (Paragraph 5.2.11) | |

| **Share Classes** | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.25% | N/A | Income |
| Class I Inc GBP | GBP | £250,000 | £500 | None | 0.25% | N/A | Capital |
| Class F Acc GBP | GBP | £2,500,000 | £100,000 | None | 0.25% | N/A | Income |
| Class F Inc GBP | GBP | £2,500,000 | £100,000 | None | 0.25% | N/A | Capital |
| Class E Acc GBP | GBP | £200,000,000 | £500 | None | 0.20% | N/A | Income |
| Class E Inc GBP | GBP | £200,000,000 | £500 | None | 0.20% | N/A | Capital |

1. Income will normally be accumulated/distributed (as appropriate to the Share Class) within 2 months of the accounting date(s) but the ACD reserves the right to accumulate/pay at a later date but not later than 4 months after the accounting date(s) as permitted by the COLL Sourcebook.

2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

## Artemis Positive Future Fund

Investment objective and policy

<table>
<tr><td colspan="2">Sub-Fund objective</td><td>To grow capital over a five year period by investing in companies which meet the manager's criteria for positive environmental and/or social impact.</td></tr>
<tr><td rowspan="5">Investment policy</td><td>What the Sub-Fund invests in</td><td>• 80% to 100% in company shares.<br>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third parties, money market instruments, and derivatives.</td></tr>
<tr><td>Use of derivatives</td><td>The fund may use derivatives for efficient portfolio management purposes to:<br>• reduce risk<br>• manage the fund efficiently.</td></tr>
<tr><td>Where the Sub-Fund invests</td><td>• Globally</td></tr>
<tr><td>Industries the Sub-Fund invests in</td><td>• Any, except for those excluded at the sub-industry level below.</td></tr>
<tr><td>Other limitations specific to this Sub-Fund</td><td>• Shares in the following types of company are automatically excluded:<br>○ Alcohol: companies which derive more than 5% revenue from alcohol;<br>○ Tobacco: companies which derive more than 5% revenue from tobacco production;<br>○ Weapons: companies which produce or sell civilian firearms and/or manufacture or sell armaments, nuclear weapons or associated strategic products;<br>○ Gambling: companies which derive more than 5% of revenue from gambling;<br>○ Adult entertainment: companies which own an adult entertainment company or produce adult entertainment;<br>○ Fossil fuels: companies which:<br>• oil and gas reserves; or<br>• engage in conventional or unconventional oil and gas production and processing; or<br>• own thermal coal reserves, mine thermal coal or derive more than 10% revenue from thermal coal-based electricity generation; and<br>○ 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.</td></tr>
<tr><td colspan="2">Investment strategy</td><td>• The fund is actively managed and will be concentrated, typically investing in 35-45 companies at any time.<br>• 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.<br>• A research driven stock selection process is then used to identify companies whose conduct, products and services the manager believes can make a positive environmental and/or social impact.<br>• The manager believes that companies which have a combination of positive impact, favourable competitive positioning and improving operational quality are more likely to deliver significant economic returns for their shareholders.<br>• Assessment and measurement of a company's ability to deliver positive environmental and/or social impact and generate financial returns will be conducted at a company level. When considering the positive impact of a company, the manager analyses the impact of:</td></tr>
</table>

| | |
|---|---|
| | ◦ the products and services it provides;<br>◦ its operational practices and standards; and<br>◦ its future positive impact or capacity for improvement.<br>• The manager is predominantly driven by a qualitative approach to research and stock selection but also utilises quantitative screening and third-party research, including environmental, social and governance (ESG) screens.<br>• Engagement forms an important part of the manager's investment process. The manager will engage with investee companies on material ESG issues, primarily through constructive dialogue, and will expect to see a positive development in the topics engaged upon over time. If it is the manager's opinion that an investee company no longer meets the required investment criteria or is not making sufficient progress on improving their operational performance, the fund will not make any further investments in the company and will seek to realise its investment in an orderly fashion.<br>• The manager will report, on at least an annual basis, on the environmental and/or social impact of the companies in which the fund invests consistent with the stated strategy using both qualitative and quantitative assessments. The report will also provide details of the manager's stewardship activities. |
| Sub-Fund benchmark | • MSCI AC World Mid Cap NR GBP<br>A widely-used indicator of the performance of mid cap global stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. The deviation from the benchmark may be significant and the portfolio of the fund may at times bear little or no resemblance to its benchmark.<br>• IA Global NR<br>A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. |

**Investor profile:**

The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term (at least 5 years) by investing in companies which meet the manager's criteria for positive environmental and/or social impact. Investors should be prepared to accept risk to their capital and higher volatility of the value of their investments. The Sub-Fund is not designed for investors who cannot afford capital loss of their investment. The capital loss cannot exceed the amount invested. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

| | | |
|---|---|---|
| Product Reference Number: | | 943142 |
| Launch date: | 6 April 2021 | |
| Initial Offer Period: | N/A | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.24% / -0.17% | |
| Administration fee: | 0.14% (base) / 0.075% (minimum) | |

| | |
|---|---|
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Charges from capital Paragraph 5.2.3)<br>• Country risk (Paragraph 5.2.5)<br>• Emerging Markets Risk (Paragraph 5.2.6)<br>• Concentration risk (Paragraph 5.2.9)<br>• Specialist investment objective risk (Paragraph 5.2.13) |

| **Share Classes** | | **Investment Minima** | | **Charges**[2] | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge**[3] | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Inc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Capital |
| Class J Inc GBP* | GBP | N/A | £500 | None | 0.50% | N/A | Capital |
| Class J Acc GBP* | GBP | N/A | £500 | None | 0.50% | N/A | Income |
| Class F Acc GBP | GBP | £2,500,000 | £100,000 | None | 0.35% | N/A | Income |
| Class F Inc GBP | GBP | £2,500,000 | £100,000 | None | 0.35% | N/A | Capital |

***These Share Classes have not yet been launched and are therefore not available for subscription**.

1. Income will normally be accumulated/distributed (as appropriate to the Share Class) within 2 months of the accounting date(s) but the ACD reserves the right to accumulate/pay at a later date but not later than 4 months after the accounting date(s) as permitted by the COLL Sourcebook.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

No sustainable investment label

Sustainable investment labels help investors find products that have a specific sustainability goal. At this time the Manager does not intend to adopt a sustainability label for this Fund, therefore the Fund does not have a UK sustainable investment label.

## Sustainability Approach

Product Impact Framework

The Manager has developed a proprietary double materiality framework to assess a company's impact on all its stakeholders, such as customers, suppliers, workforce and shareholders. This means that the Manager assesses risks and opportunities from both a financial and non-financial perspective. The analysis focuses on the environmental and/or societal impact delivered by products and services, as well as the impact of companies' conduct and footprint on people and planet. The Manager considers current as well as potential future adverse or positive impacts delivered by investee companies.

The framework integrates considerations of intentionality, additionality and materiality, three widely recognised principles of impact investing, whilst maintaining a focus on financial materiality.

This analysis informs the proprietary impact score, which leverages the Impact Management Norms and adapts it to listed equities. Five dimensions of impact are assessed for each company:

1. **What** is the outcome of the impact;
2. **Who** is affected by the impact;
3. **How much** is the scale of the impact;
4. The level of **investor contribution** (engageability, corporate governance and strength of engagement agenda);
5. The **risk** that the impact is negated by negative impacts such as ESG risk and past controversies.

This is done using both quantitative (based on measurable data) and qualitative (based on non-measurable, descriptive data) assessments.

Each company is assessed on this basis to determine its suitability for investment and its alignment with the targets and indicators which underpin the UN Sustainable Development Goals (SDGs). The SDGs are a collection of 17 interlinked global goals (underpinned by 169 detailed underlying 'targets') designed as a "blueprint to achieve a better and more sustainable future for all.

The Fund is broad-based in nature, meaning that it makes investments across various interlinked impact themes. Current impact themes include:

1. Energy transition (addressing climate issues)
2. Nature transition
3. Resource transition (addressing issues such as water scarcity and circularity)
4. Wellness transition
5. Societal transition (addressing inequalities and demographic shifts)
6. Digital transition.

Each theme is underpinned by a Theory of Change that starts with the problem statement on sustainability, posits a solution, and explains how our investment activities can lead to social and/or environmental outcomes.

Impact themes may be added or changed over time and there are no limits on the percentage of the Fund's portfolio that will be focused on any particular theme.

*Approach to engagement*

Engagement forms an important part of the Manager's investment process. To aid engagement prioritisation, companies are categorised into three different engagement 'buckets' based on their stage in their sustainability journey,

1. **Trail starters** – Companies at the beginning stages of their sustainability journey where the focus is more regulatory and compliance driven. There may be little to no ESG disclosure or integration into business strategy.
2. **Momentum gainers** – Companies that are progressing on their sustainability journey which includes reactively addressing and responding to emerging risks and opportunities in their sector. There is good reporting quality in line with the industry and some level of ESG integration into business strategy.

3. **Raising the bar** - Companies that are likely to be industry leaders and raising the industry bar. This includes proactively addressing and responding to emerging risks and opportunities in their sector. Disclosure and reporting quality meets industry best practice and there is clear indication that ESG topics are aligned and integrated into business strategy.

Prior to investment, the Manager will set clear engagement objectives and KPIs to monitor and track engagement progress. The Manager's engagement expectations and milestones are different depending on the categorisation and ultimately the Manager's objective is to help companies progress to the 'Raising the bar' category.

The typical engagement process starts with a dialogue initiation where the Manager raises awareness, shares expectations and best practices of the issue, followed by the company recognising and committing to address the issue. The Manager will record a 'milestone' when the company publicly demonstrates the tangible instance of change. The Manager will prioritise direct engagement through constructive dialogue with investee companies, although escalation mechanisms can also be used. The Manager will expect to see a positive development in the topics engaged upon over time. If it is the Manager's opinion that an investee company no longer meets the required investment criteria or is not making sufficient progress on improving their operational performance, the Fund will not make any further investments in the company and will seek to realise its investment in an orderly fashion.

The Manager will report, on at least an annual basis, on the environmental and/or social impact of the companies in which the Fund invests. The report will also provide details of the Manager's engagement activities.

<u>The Fund's exclusions</u>

The Fund will not invest in companies which are assessed as not meeting the Manager's criteria for positive environmental and/or social impact.

A range of exclusions are applied which prevent investment in activities generally deemed to be environmentally or socially harmful. These exclusions relate to investment in:

- Alcohol
- Tobacco production
- Weapons
- Gambling
- Adult entertainment
- Fossil fuels
- 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

The investment exclusions are subject to revenue thresholds set out in the Fund's prospectus and 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 also 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.

The Manager reviews various sustainability metrics for each investee company, but these metrics may or may not be relevant depending on the nature of the business. For example, climate-related metrics would only be relevant for those companies whose products, services, operations or conduct are assessed as addressing energy transition issues.

Examples of sustainability metrics that are relevant to the Fund as a whole include:

**Alignment of a company's products/services with the UN Sustainable Development Goals**

The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals (underpinned by 169 detailed underlying 'targets') designed as a "blueprint to achieve a better and more sustainable future for all". They are the big sustainability challenges the world faces. And although the goals were designed to be adopted by governments, they have also been widely accepted by the investment community.

SDG 1: No Poverty
SDG 2: Zero Hunger
SDG 3: Good Health and Well Being
SDG 4: Quality Education
SDG 5: Gender Equality
SDG 6: Clean Water and Sanitation
SDG 7: Affordable and Clean Energy
SDG 8: Decent Work and Economic Growth
SDG 9: Industry, Innovation and Infrastructure
SDG 10: Reduced Inequalities
SDG 11: Sustainable Cities and Communities
SDG 12: Responsible Consumption and Production
SDG 13: Climate Action
SDG 14: Life Below Water
SDG 15: Life On Land
SDG 16: Peace, Justice and Strong Institutions
SDG 17: Partnerships For The Goals

Whilst not all of the SDGs are investable, the Manager considers how a company's products and services align to the SDGs and map its revenues to the underlying SDG. The revenues of each company the Fund invests in is mapped to a primary SDG at the underlying target level.

**Measuring Climate Impact**

Greenhouse gases (GHG) are gases that trap heat in the earth's atmosphere, leading to global warming and climate change. The main greenhouse gases are carbon dioxide, methane and nitrous oxide. Measuring and reducing GHG emissions is essential to limit global warming. Two key climate metrics are measured:

1. **Carbon footprint**

   Carbon footprint represents the total GHG emissions, measured in tonnes of carbon dioxide equivalent ($CO_2e$), associated with a $1 million investment in the Fund. It refers to the volume of emissions, normalised for size, to enable comparison against bigger or smaller funds.

2. **Weighted Average Carbon intensity**

   Carbon intensity measures a fund's exposure to carbon intensive companies. It is a calculation of the tonnes of carbon dioxide equivalent ($CO_2e$) emitted per US$1 million of company revenue. This metric is based on portfolio weightings rather than ownership of GHG emissions. This is a relative metric which can be used for comparative purposes with other funds.

Both metrics are demonstrators of environmental efficiency.

The portfolio's carbon footprint and intensity are compared to that of its benchmark, for Scope 1, 2 and 3 GHG emissions.

GHG emissions are classified into three scopes:

- Scope 1: direct emissions from owned or controlled sources.
- Scope 2: indirect emissions from generation of purchased energy.
- Scope 3: all indirect emissions (not included in scope 2) that occur upstream and downstream the organisation value chain.

The quality of Scope 3 emissions data reported by companies remains very poor at this time due to significant gaps and variability in corporate disclosures. As Scope 3 emissions are a company's indirect emissions, they can be harder for companies to monitor, measure or control.

In order to mitigate the challenges of inconsistency of company reported data, MSCI's estimated Scope 3 data may be used to ensure consistency of methodologies across sectors. MSCI follows the GHG Protocol methodology to estimate Scope 3 emissions. Investors should note the issue of double-counting when using Scope 3 emissions data. Double counting of emissions can occur when a single portfolio holds multiple companies from the same supply chain, because all indirect emissions (Scope 3) are ultimately the direct emissions (Scope 1) from other companies. Scope 3 emissions can also be double counted if two companies operate within the same value chain and are both indirectly responsible for the same emissions. It is challenging to accurately assess the extent of double counted emissions in a portfolio and the issue is widely acknowledged as an inherent challenge in using Scope 3 metrics within the industry.

**Alignment with the Net Zero Investment Framework (NZIF)**

This metric indicates the percentage of the portfolio, by weight, that is either (i) achieving net zero, (ii) aligned to a net zero pathway, (iii) aligning to a net zero pathway, (iv) committed to aligning, or (vi) not aligned.

In order to calculate the alignment of the Fund's portfolio with net zero, a methodology based on the NZIF is used. This framework was developed by the Paris Aligned Investment Initiative and uses data provided by MSCI.

Companies which are categorised under the 'high impact' sector must meet all six criteria, detailed below, to be considered aligning with Net Zero.

Companies which are categorised under the 'lower impact' sector must only meet criteria 2, 3 and 4 to be considered aligning with Net Zero.

Please note that criteria 6 is not yet assessed by MSCI due to lack of disclosure by companies and further updates to the NZIF methodology are expected.

*Six Criteria for Assessing Companies' Net-Zero Alignment:*

I. **Ambition**

A long-term goal consistent with achieving global net zero by 2050.

II. **Targets**

Short- and medium-term targets for reducing emissions (scope 1, 2 and material scope 3).

III. **Emissions performance**

Current emissions intensity performance (scope 1, 2 and material scope 3) relative to targets.

IV. **Disclosure**

Disclosure of scope 1, 2 and material scope 3 emissions.

V. **Decarbonization strategy**

A plan setting out the measures that will be deployed to reduce greenhouse-gas emissions, proportions of revenues that are green and, where relevant, increases in green revenues.

VI. **Capital allocation alignment**

(Not yet assessed) A clear demonstration that the capital expenditures of the company are consistent with achieving net zero emissions by 2050.

**Engagement and voting**

We measure the following metrics related to engagement and voting undertaken by the Manager:

<u>Engagement</u>

- Number of engagement activities carried out over 12 months, comprising:
    - Number of company engagement meetings carried out over 12 months
    - Number of company engagement emails sent over 12 months
    - Engagement milestones achieved

<u>Voting</u>

- Number of votable items;
- Number of votable items voted on;
- Number of votable items voted against management.

## Artemis Short-Duration Strategic Bond Fund

Investment objective and policy

<table>
<tr><td colspan="2">Sub-Fund objective</td><td>To generate a return that exceeds the Markit iBoxx 1-5 year £ Collateralised & Corporates Index, after fees, over rolling three-year periods, through a combination of income and capital growth, by investing in a portfolio of global debt and debt-related securities whilst maintaining an aggregate portfolio duration of below 4 years (duration is a measure of the sensitivity of the prices of bonds to changes in interest rates).</td></tr>
<tr><td rowspan="6">Investment policy</td><td>What the Sub-Fund invests in</td><td>• At least 80% in debt and debt-related securities, directly or indirectly using derivatives, including:<br>  ○ Corporate bonds (investment grade and non-investment grade)<br>  ○ Government bonds, including agency bonds and supranational bonds<br>  ○ Securitisations and collateralised debt, such as asset-backed securities and mortgage-backed securities<br>Other securities, such as floating rate bonds, emerging market debt, convertible bonds (including contingent convertible bonds) and preferred securities would be used where the manager considers these to be attractive or necessary in light of the market conditions.<br>• The sub-fund may also invest in cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, and money market instruments.</td></tr>
<tr><td>Use of derivatives</td><td>The sub-fund may use derivatives such as futures, forwards, swaps and options:<br>• for investment purposes to achieve the sub-fund objective, including taking long and short positions in government bonds, credit spreads (via credit default swaps on single issuers or indices), interest rates or inflation expectations<br>• to produce additional income or growth<br>• for efficient portfolio management purposes to reduce risk and manage the sub-fund efficiently.</td></tr>
<tr><td>Where the Sub-Fund invests</td><td>• Globally.<br>• No more than 40% net exposure (longs minus shorts) in emerging market debt securities.<br>• At least 90% of the sub-fund will be denominated in or hedged back to sterling.</td></tr>
<tr><td>Industries the Sub-Fund invests in</td><td>• Any</td></tr>
<tr><td>Credit quality of bonds the Sub-Fund invests in</td><td>• Investment grade, being:<br>  ○ BBB- or above by Standard & Poor's; or<br>  ○ BBB- or above by Fitch; or<br>  ○ Baa3 or above by Moody's<br>• No more than 40% net exposure (longs minus shorts) in below investment grade securities.<br>• Up to 10% in unrated bonds.<br>• The sub-fund will not purchase bonds rated below B3 by Moody's, B- by S&P or B- by Fitch (the Minimum Bond Rating). Bonds downgraded after initial investment may continue to be held at the manager's discretion. Where the sub-fund has exposure to an index the Minimum Bond Rating will apply to the average credit rating of bonds making up the index.</td></tr>
<tr><td>Other limitations specific to this Sub-Fund</td><td>• The sub-fund's portfolio duration will vary between -2 years and +4 years.</td></tr>
</table>

| | | |
|---|---|---|
| | | • No more than 40% net exposure (longs minus shorts) in aggregate in a combination of emerging market debt securities and below investment grade securities. In this context, emerging market countries means countries included in the MSCI Emerging Markets Index and those included in the World Bank definition of developing economies or those countries which are, in the manager's opinion, developing countries. |
| Investment strategy | | • The sub-fund is actively managed.<br>• A combination of two strategies is used:<br>- Credit strategy: aims to generate returns through the manager's highest-conviction ideas on credit assets which are expected to rise or fall in value over a particular period. These ideas may be implemented through trades which are intended to exploit the relative prospects of two assets or indices, for example by taking a long position in one and a short position in the other.<br>- Rates strategy: aims to exploit expected movements in inflation rates, interest rates globally and the value of global government bonds. The manager seeks to generate returns by using derivatives to take long and short positions in global government bonds, inflation rates or interest rates.<br>• By strategically allocating between different types of bonds as the economic cycle turns and as market conditions change, the manager aims to preserve capital in difficult times and to profit when conditions improve. |
| Sub-Fund benchmark | | • Markit iBoxx 1-5 year £ Collateralised & Corporates Index<br>An indicator of the performance of short-dated sterling denominated corporate investment grade bonds, in which the sub-fund invests. It acts as a 'target benchmark' that the sub-fund aims to outperform. Management of the sub-fund is not restricted by this benchmark. While the sub-fund has the flexibility to strategically invest across fixed income sectors, sterling denominated investment grade corporate bonds are likely to be the main asset class in the portfolio, and the manager believes this index is the closest proxy for the long-term asset allocation of the sub-fund. |

Definition applicable to this sub-fund:

"Debt and Debt-Related Securities" includes but is not limited to convertible and non-convertible corporate and non-corporate debt securities, preferred securities, privately placed securities (which are securities sold directly in a negotiated sale to institutional or private investors rather than a public offering such as privately placed bonds), fixed and floating rate bonds, zero-coupon and discount bonds, debentures, notes, certificates of deposit, banker's acceptances, bills of exchange, commercial paper, treasury bills, government bonds, emerging market debt, asset-backed securities and mortgage-backed securities.

| Investor profile: | | |
|---|---|---|
| The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking to generate a return that exceeds the Markit iBoxx 1-5 year £ Collateralised & Corporates Index, after fees, over rolling three year periods, through a combination of income and capital growth and are prepared to accept risk to their capital and volatility of the value of their investments. The Sub-Fund is not designed for investors who cannot afford capital loss of their investment. The capital loss cannot exceed the amount invested. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | | |
| Product Reference Number: | | 916891 |
| Launch date: | 3 December 2019 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |

| | | |
|---|---|---|
| | Last day of February | 31 May<br>31 August<br>30 November |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | 31 July<br>31 October<br>31 January |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Bond Sub-Fund. | |
| Typical dilution range: | +0.27% / -0.27% | |
| Administration fee: | 0.15% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Charges from capital (Paragraph 5.2.3)<br>• Country risk (Paragraph 5.2.5)<br>• Emerging Market risk (Paragraph 5.2.6)<br>• Exposure to sovereign debt (Paragraph 5.2.7)<br>• Country risk – fixed interest securities (Paragraph 5.2.8)<br>• Derivatives for investment purposes risks (Paragraph 5.2.11) | |

| Share Classes | | Investment Minima | | Charges[2] | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.25% | N/A | Income |
| Class I Inc GBP | GBP | £250,000 | £500 | None | 0.25% | N/A | Capital |
| Class F Acc GBP | GBP | £2,500,000 | £100,000 | None | 0.15% | N/A | Income |
| Class F Inc GBP | GBP | £2,500,000 | £100,000 | None | 0.15% | N/A | Capital |

1. Income will normally be accumulated/distributed (as appropriate to the Share Class) within 2 months of the accounting date(s) but the ACD reserves the right to accumulate/pay at a later date but not later than 4 months after the accounting date(s) as permitted by the COLL Sourcebook.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

## Artemis SmartGARP Global Emerging Markets Equity Fund *

Investment objective and policy

| | | |
|---|---|---|
| Sub-Fund objective | | To grow capital over a five year period. |
| Investment policy | What the Sub-Fund invests in | • 80% to 100% in company shares.<br>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives. |
| | Use of derivatives | The sub-fund may use derivatives for efficient portfolio management purposes to:<br>• reduce risk<br>• manage the sub-fund efficiently. |
| | Where the Sub-Fund invests | • Emerging market countries, including companies in other countries that are headquartered or have a significant part of their activities in emerging market countries. In this context, emerging market countries means countries included in the MSCI Emerging Markets Index and those included in the World Bank definition of developing economies or those countries which are, in the manager's opinion, developing countries. |
| | Industries the Sub-Fund invests in | • Any |
| | Other limitations specific to this Sub-Fund | • None |
| Investment strategy | | • The fund is actively managed.<br>• A proprietary tool called 'SmartGARP' is used as the foundation of the investment process. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market.<br>• The manager selects companies that in aggregate have good 'SmartGARP' characteristics. This tends to mean that the portfolio contains stocks that have lower valuations than the market average, upgrades to profit forecasts, and are under-owned by the investment community, while at the same time benefiting from helpful trends in the wider economy. |
| Sub-Fund benchmarks | | • MSCI EM (Emerging Markets) NR<br>A widely-used indicator of the performance of emerging markets stockmarkets, in which the sub-fund invests. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark.<br>• IA Global Emerging Markets NR<br>A group of other asset managers' funds that invest in similar asset types as this sub-fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark. |

| | |
|---|---|
| Investor profile: | |
| The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth combined with income over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | |
| Product Reference Number: | 681797 |
| Launch date: | 8 April 2015 |
| Initial Offer Period: | N/A |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) |
| Dealing Frequency: | Daily, on each Dealing Day |

| | | |
|---|---|---|
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 May<br>31 August<br>30 November |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | 31 July<br>31 October<br>31 January |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.10% / -0.10% | |
| Administration fee: | 0.14% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Charges from capital (Paragraph 5.2.3)<br>• Derivatives for investment purposes risks (Paragraph 5.2.11)<br>• Emerging Markets Risk (Paragraph 5.2.6) | |

| **Share Classes** | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Inc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Capital |
| Class I Inc (Quarterly) GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Capital |
| Class I Acc GBP (NAV Hedged)** | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Inc GBP (NAV Hedged)** | GBP | £250,000 | £500 | None | 0.75% | N/A | Capital |
| Class E Acc GBP | GBP | £200,000,000 | £500 | None | 0.60% | N/A | Income |
| Class E Inc GBP | GBP | £200,000,000 | £500 | None | 0.60% | N/A | Capital |

*** (The Sub Fund's name was changed from Artemis Global Emerging Markets Fund with effect from 8 February 2021)**
**** (These Share Classes have not yet been launched and are therefore not available for subscription)**

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

## Artemis SmartGARP Global Emerging Markets Ex China Equity Fund

Investment objective and policy

| | | |
|---|---|---|
| Sub-Fund objective | | To grow capital over a five-year period |
| Investment policy | What the Sub-Fund invests in | • 80% to 100% in company shares.<br>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third-party funds, money market instruments, and derivatives. |
| | Use of derivatives | • The sub-fund may use derivatives for efficient portfolio management purposes to:<br>o reduce risk<br>o manage the sub-fund efficiently |
| | Where the Sub-Fund invests | • At least 80% in emerging market countries, excluding China, including companies in other countries that are headquartered or have a significant part of their activities in emerging market countries, excluding China. In this context, emerging market ex China countries means countries included in the MSCI Emerging Markets Ex China Index and those included in the World Bank definition of developing economies or those countries which are, in the manager's opinion, developing countries.<br>• Up to 20% in other countries, excluding China. |
| | Industries the Sub-Fund invests in | Any |
| | Other limitations specific to this Sub-Fund | None |
| Investment strategy | | • The fund is actively managed.<br>• A proprietary tool called 'SmartGARP' is used as the foundation of the investment process. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market.<br>• The manager selects companies that in aggregate have good 'SmartGARP' characteristics. This tends to mean that the portfolio contains stocks that have lower valuations than the market average, upgrades to profit forecasts, and are underowned by the investment community, while at the same time benefiting from helpful trends in the wider economy. |
| Sub-Fund benchmark | | • MSCI EM (Emerging Markets) ex China NR<br>A widely-used indicator of the performance of emerging markets stockmarkets, excluding China, in which the sub-fund invests. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark.<br>• IA Global Emerging Markets NR<br>A group of other asset managers' funds that invest in similar asset types as this sub-fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark. |

| **Investor profile:** | |
|---|---|
| The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | |
| Product Reference Number: | 1004679 |
| Launch date: | 18 October 2023 |

| | | |
|---|---|---|
| Initial Offer Period: | N/A | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | TBC | |
| Administration fee: | 0.20% (base) / 0.10% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Charges from capital Paragraph 5.2.3)<br>• Country risk (Paragraph 5.2.5)<br>• Emerging Markets Risk (Paragraph 5.2.6) | |

| **Share Classes** *(exact list TBC)* | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class I Dist GBP* | GBP | £250,000 | £500 | None | 0.75% | N/A | Capital |
| Class I Acc GBP* | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class F Dist GBP* | GBP | £2,500,000 | £100,000 | None | 0.40% | N/A | Capital |
| Class F Acc GBP* | GBP | £2,500,000 | £100,000 | None | 0.40% | N/A | Income |

*** These Share Classes have not yet been launched and are therefore not available for subscription**.

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

## Artemis US Absolute Return Fund **

Investment objective and policy

| | | |
|---|---|---|
| Sub-fund objective | | To achieve a positive return over a rolling three-year period, after fees, notwithstanding changing market conditions.<br>The sub-fund also targets returns in excess of SONIA + 0.1%, after fees, in calculating the performance fee payable to the manager.<br>There is no guarantee that the sub-fund will achieve a positive return over a rolling three-year period or any other time period and your capital is at risk. |
| **Investment policy** | What the sub-fund invests in | • The sub-fund invests in shares and makes extensive use of equity derivatives (complex financial instruments) so the fund can take positions the investment manager believes will either rise in value (long positions) or fall in value (short positions), meaning that the sub-fund may benefit from either scenario. Derivatives may be based on individual companies or equity indices.<br>• At least 60% of the fund, calculated on a gross basis (long and short positions in aggregate), will be invested directly, or indirectly via derivatives, in companies of any size.<br>• The sub-fund may also invest in bonds, cash, near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, and money market instruments. |
| | Use of derivatives | The sub-fund may use derivatives:<br>• for investment purposes to achieve the fund objective, including taking long and short positions<br>• to produce additional income or growth<br>• for efficient portfolio management purposes to reduce risk and manage the fund efficiently<br>• to create leverage |
| | Where the sub-fund invests | • At least 60% of the fund (calculated on a gross basis) will be invested directly or indirectly in companies in the United States of America, including companies in other countries that are headquartered or have a significant part of their activities in the USA, but the sub-fund may also invest in other countries. |
| | Industries the sub-fund invests in | • Any |
| | Other limitations specific to this sub-fund | • Gross exposure to companies, either directly or indirectly through derivatives, will be below 200%.<br>• Net exposure (longs minus shorts) to companies, either directly or indirectly through derivatives, will typically lie in the range of -30% to +40%.<br>• The sub-fund will hold a significant proportion of its assets in cash and money market instruments as a result of holding derivatives and for when the investment manager wishes to take a defensive stance. The sub-fund may employ 'leverage' (so that the sub-fund can invest a greater amount than its actual value) when the investment manager has greater confidence in the opportunities available. |
| Investment Strategy | | • The sub-fund is actively managed.<br>• The manager uses multiple sources of information, both to generate ideas and to assist in validating and testing candidate companies for investment. This is complemented by techniques such as data mining (examining large databases of information) and financial analysis.<br>• External research is also used in order to tap into knowledge already available and to look for different views. |

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|---|---|
| | • The manager carries out a significant amount of analysis of wider economic trends to understand cyclical and long-term trends and the outlook. Judgement, skill and experience drive the investment process. |
| Sub-fund benchmarks[5] | • SONIA (Sterling Overnight Index Average) + 0.1%<br>A widely-used measure of the average interest rate at which banks lend to each other, used to estimate the amount of interest which could be earned on cash. It acts as a 'target benchmark' that the sub-fund aims to outperform by at least 0.1%. Artemis is paid a performance fee if the sub-fund's performance exceeds the benchmark. |

| | | |
|---|---|---|
| Investor profile: | | |
| The Sub-Fund is designed for investors who are seeking a total positive return over the longer term and are prepared to tolerate moderate volatility of the value of their investments. | | |
| Product Reference Number: | | 646569 |
| Launch date: | 27 October 2014 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.10% / -0.10% | |
| Administration fee: | 0.15% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Derivatives for investment purposes risk (Paragraph 5.2.11)<br>• Absolute Return funds risk (Paragraph 5.2.10) | |
| Reference Currency: | US Dollar | |

| Share Classes | | Investment Minima | | Charges[2] | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class R Acc GBP (NAV Hedged) * | GBP | £250,000 | £500 | None | 1.5% | Yes, 20% [4] | Income |
| Class I Acc GBP (NAV Hedged) | GBP | £250,000 | £500 | None | 0.75% | Yes, 20% [4] | Income |

* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

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

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
4. When the Sub-Fund exceeds a certain level of performance, the ACD will be entitled to a fee equivalent to 20% of the performance above that level, measured over the relevant performance period. The performance fee is taken from the capital of the Sub-Fund. See Appendix VI for more information.
5. Prior to 1 January 2022, the benchmark was 3 month GBP LIBOR. From 1 January 2022, the benchmark is SONIA + 0.1%.

## Artemis US Extended Alpha Fund

Investment objective and policy

| | | |
|---|---|---|
| Sub-Fund objective | | To grow capital over a five year period.<br><br>There is no guarantee that the sub-fund will achieve a positive return over a five year period or any other time period and your capital is at risk. |
| Investment policy | What the Sub-Fund invests in | • At least 80% in shares of US companies, either directly or indirectly through derivatives.<br>• Up to 20% in shares, or derivatives of shares, of companies in other countries, bonds, cash, near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, and money market instruments. |
| | Use of derivatives | The fund may use derivatives:<br>• for investment purposes to achieve the fund objective, including taking long and short positions<br>• to produce additional income or growth<br>• for efficient portfolio management purposes to reduce risk and manage the fund efficiently<br>• to create leverage. |
| | Industries the Sub-Fund invests in | • Any |
| | Other limitations specific to this Sub-Fund | • Total derivatives (longs plus shorts) are likely to represent a significant proportion of the sub-fund's gross exposure to companies, which will typically lie in a range of +100% to +200% of net asset value.<br>• Net exposure (longs minus shorts) to companies will typically lie in the range of +85% to +110% depending on market conditions.<br>• A significant proportion of the sub-fund will be held in cash due to the level of derivative use.<br>• To allow the sub-fund to manage counterparty risk, it may also invest its cash in government bonds, generally of less than one year maturity. |
| Investment strategy | | • The sub-fund is actively managed.<br>• The manager uses multiple sources of information, both to generate ideas and to assist in validating and testing candidate companies for investment. This is complemented by techniques such as data mining (examining large databases of information) and financial analysis.<br>• External research is also used in order to tap into knowledge already available and to look for different views.<br>• The manager carries out a significant amount of analysis of wider economic trends is carried out in order to understand cyclical and long-term trends and the outlook.<br>• The manager derives alpha by seeking to exploit market inefficiencies by buying shares in companies believed to be undervalued and by shorting shares believed to be over-valued. |
| **Sub-Fund benchmarks** | | • S&P 500 TR<br>A widely-used indicator of the performance of 500 large publicly-traded US companies, some of which the sub-fund invests in. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark.<br>• IA North America NR<br>A group of other asset managers' funds that invest in similar asset types as this sub-fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which |

| | |
|---|---|
| | the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark. |

| Investor profile: | | |
|---|---|---|
| The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | | |
| Product Reference Number: | | 646568 |
| Launch date: | 19 September 2014 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.14% / -0.14% | |
| Administration fee: | 0.14% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Derivatives for investment purposes risk (Paragraph 5.2.11) | |
| Reference Currency | US Dollars | |

| **Share Classes** | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class R Acc GBP* | GBP | £250,000 | £500 | None | 1.5% | Yes, 20%[4] | Income |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.75% | Yes, 20%[4] | Income |
| Class I Inc GBP* | GBP | £250,000 | £500 | None | 0.75% | Yes, 20%[4] | Income |
| Class I Acc GBP (NAV Hedged) | GBP | £250,000 | £500 | None | 0.75% | Yes, 20%[4] | Income |

* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
4. When the Sub-Fund exceeds a certain level of performance, the ACD will be entitled to a fee equivalent to 20% of the performance above that level, measured over the relevant performance period. The performance fee is taken from the capital of the Sub-Fund. See Appendix VI for more information.

## Artemis US Select Fund

Investment objective and policy

| | | |
|---|---|---|
| Sub-Fund objective | | To grow capital over a five year period. |
| Investment policy | What the Sub-Fund invests in | • 80% to 100% in company shares.<br>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds and money market instruments. |
| | Use of derivatives | The sub-fund may use derivatives for efficient portfolio management purposes to:<br>• reduce risk<br>• manage the sub-fund efficiently. |
| | Where the Sub-Fund invests | • United States of America, including companies in other countries that are headquartered or have a significant part of their activities in the USA. |
| | Industries the Sub-Fund invests in | • Any |
| | Other limitations specific to this Sub-Fund | • None |
| Investment strategy | | • The sub-fund is actively managed.<br>• The manager uses multiple sources of information, both to generate ideas and to assist in validating and testing candidate companies for investment. This is complemented by techniques such as data mining (examining large databases of information) and financial analysis.<br>• External research is also used in order to tap into knowledge already available and to look for different views.<br>• The manager carries out a significant amount of analysis of wider economic trends to understand cyclical and long-term trends and the outlook. |
| Sub-Fund benchmarks | | • S&P 500 NR (net of 15% withholding tax)**<br>A widely-used indicator of the performance of 500 large publicly-traded US companies, some of which the sub-fund invests in. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark.<br>• IA North America NR<br>A group of other asset managers' funds that invest in similar asset types as this sub-fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark. |

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| Investor profile: | | |
| The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | | |
| Product Reference Number: | | 646566 |
| Launch date: | 19 September 2014 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |

| | | |
|---|---|---|
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.14% / -0.14% | |
| Administration fee: | 0.14% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Concentration risk (Paragraph 5.2.9) | |
| Reference Currency: | US Dollars | |

| **Share Classes** | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of charges** |
| Class R Acc GBP* | GBP | £25,000 | £500 | None | 1.5% | N/A | Income |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Inc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Acc GBP (NAV Hedged) | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |

* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

** From 31 October the index for the US Select Fund will change from TR to NR (net of 15% withholding tax)

## Artemis US Smaller Companies Fund

Investment objective and policy

| | | |
|---|---|---|
| Sub-Fund objective | | To grow capital over a five year period. |
| Investment policy | What the Sub-Fund invests in | • 80% to 100% in shares of smaller companies which, when first acquired, have a market value of less than USD 10 billion.<br>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, and money market instruments. |
| | Use of derivatives | The sub-fund may use derivatives for efficient portfolio management purposes to:<br>• reduce risk<br>• manage the sub-fund efficiently. |
| | Where the Sub-Fund invests | • United States of America, including companies in other countries that are headquartered or have a significant part of their activities in the USA. |
| | Industries the Sub-Fund invests in | • Any |
| | Other limitations specific to this Sub-Fund | • None |
| Investment strategy | | • The sub-fund is actively managed.<br>• The manager uses multiple sources of information, both to generate ideas and to assist in validating and testing candidate companies for investment. This is complemented by techniques such as data mining (examining large databases of information) and financial analysis.<br>• External research is also used in order to tap into knowledge already available and to look for different views.<br>• The manager carries out a significant amount of analysis of wider economic trends to understand cyclical and long-term trends and the outlook. |
| Sub-Fund benchmarks | | • Russell 2000 NR (net of 15% withholding tax)**<br>A widely-used indicator of the performance of US smaller companies, in which the sub-fund invests in. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark.<br>• IA North American Smaller Companies NR<br>A group of other asset managers' funds that invest in similar asset types as this sub-fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the sub-fund's performance can be compared. Management of the sub-fund is not restricted by this benchmark. |

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| Investor profile: | | |
| The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser. | | |
| Product Reference Number: | | 646567 |
| Launch date: | 27 October 2014 | |
| Valuation Point: | 12 noon (UK time) (also the Cut-Off Point) | |
| Dealing Frequency: | Daily, on each Dealing Day | |
| Accounting date(s): | Final | Interim |
| | Last day of February | 31 August |

| | | |
|---|---|---|
| Income allocation date(s)[1]: | Final | Interim |
| | 30 April | N/A |
| ISA Status: | Qualifies for stocks and shares component | |
| Tax Status: | Equity Sub-Fund. | |
| Typical dilution range: | +0.24% / -0.23% | |
| Administration fee: | 0.14% (base) / 0.075% (minimum) | |
| Risks applicable to this Sub-Fund | • General Risks (Paragraph 5.1)<br>• Smaller Companies Risk (Paragraph 5.2.1)<br>• Currency risk (Paragraph 5.2.2)<br>• Focus/Specialist Sub-Fund Risk (Paragraph 5.2.4)<br>• Concentration risk (Paragraph 5.2.9) | |
| Reference Currency | US Dollars | |

| **Share Classes** | | **Investment Minima** | | **Charges[2]** | | | |
|---|---|---|---|---|---|---|---|
| **Class** | **Currency** | **Min Initial / holding investment** | **Min Subsequent / Redemption** | **Initial Charge[3]** | **AMC** | **Performance fee** | **Allocation of Charges** |
| Class R Acc GBP* | GBP | £25,000 | £500 | None | 1.5% | N/A | Income |
| Class I Acc GBP | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class I Acc GBP (NAV Hedged) | GBP | £250,000 | £500 | None | 0.75% | N/A | Income |
| Class E Acc GBP* | GBP | £200,000,000 | £500 | None | 0.63% | N/A | Income |

* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

1. Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
2. For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
3. The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

** From 31 October the index for the US Smaller Companies Fund will change from TR to Russell 2000 NR (net of 15% withholding tax)

## Appendix II – Eligible Securities Markets and Eligible Derivatives Markets

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Sub-Funds may deal through securities markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public.

Each Sub-Fund may also deal through the securities markets and derivatives markets indicated below:

**FOR APPROVED SECURITIES**

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

| FOR APPROVED SECURITIES | |
|---|---|
| **Country/Region** | **Exchange** |
| Mexico | Mexico Stock Exchange |
| Morocco | Casablanca Stock Exchange |
| New Zealand | New Zealand Stock Exchange |
| Norway | Olso Stock Exchange |
| Oman | Muscat Securities Market (MSM) |
| Peru | Lima Stock Exchange |
| Philippines | Philippines Stock Exchange |
| Saudi Arabia | Saudi Stock Exchange (TADAWUL) |
| Singapore | Singapore Exchange |
| Sri Lanka | Colombo Stock Market |
| South Africa | The Johannesburg Stock Exchange (JSE) |
| Switzerland | SIX Swiss Exchange |
| Taiwan | Taiwan Stock Exchange<br>Tapei 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 |
| United Kingdom | 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 |

## FOR APPROVED DERIVATIVES

| Country | Exchange |
|---|---|
| Australia | Australian Securities Exchange |
| Austria | Wiener Boerse |
| Belgium | Euronext Brussels |
| Brazil | B3 S.A. – Brasil, Bolsa, Balcão |
| Canada | Montreal 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 Exchanges |
| 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 Financial Exchange<br>Tokyo Stock Exchange |
| Korea | Korea Exchange<br>Korea Futures Exchange |
| Malaysia | Bursa Malaysia Derivatives Bhd |
| Mexico | Mexican Derivatives Exchange |

| FOR APPROVED DERIVATIVES | |
|---|---|
| **Country** | **Exchange** |
| New Zealand | New Zealand Futures Exchange |
| Norway | Oslo Stock Exchange |
| Oman | Muscat Securities Market (MSM) |
| Peru | Lima Stock Exchange |
| Philippine | Philippine Stock Exchange |
| Poland | Warsaw Stock Exchange |
| Portugal | Euronext Lisbon |
| Singapore | ICE Futures Singapore<br>Singapore Exchange Derivatives<br>Singapore Exchange |
| 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) |
| United Kingdom | 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 |

| FOR APPROVED DERIVATIVES | |
|---|---|
| **Country** | **Exchange** |
| | NYSE Arca |

## INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. **GENERAL**

The Scheme Property of each Sub-Fund will be invested with the aim of achieving the investment objective of that Sub-Fund but subject to the limits set out in the investment policy, this Prospectus and the limits set out in Chapter 5 of the FCA Handbook (currently COLL 5) that are applicable to UK UCITS.

Normally, a Sub-Fund will be fully invested save for an amount to enable the pursuit of a Sub-Fund's investment objective, redemption of Shares, efficient management of the Sub-Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Sub-Fund, there may be times when the Investment Adviser considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In these cases or during these periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased.

1.1 **Prudent spread of risk**

The ACD must ensure that, taking account of the investment objective and policy of each Sub-Fund, the Scheme Property of each Sub-Fund aims to provide a prudent spread of risk.

1.2 **Cover**

1.2.1 Where the COLL Sourcebook allows 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 the Sub-Fund under any other of those rules has also to be provided for.

1.2.2 Where a rule in the COLL Sourcebook 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, the Sub-Fund must also simultaneously satisfy any other obligation relating to cover; and

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

2. **UK UCITS – general**

2.1 Subject to the investment objective and policy of a Sub-Fund, the Scheme Property of a Sub-Fund must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1 transferable securities;

2.1.2 approved money market instruments;

2.1.3 permitted shares or shares in permitted collective investment schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

2.2 Transferable securities and money market instruments held within a Sub-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; or

2.2.2 dealt in on a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or

2.2.3 admitted to or dealt in on an eligible market which has been designated an eligible market by the ACD in consultation with the Depositary (as described below); or

2.2.4 a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 10.5 of "Investment in approved money market instruments" below); or

2.2.5 recently issued transferable securities provided that:

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

2.2.5.2 the admission is secured within a year of issue.

2.3 Not more than 10% in value of the Scheme Property of a Sub-Fund may consist of transferable securities, which do not fall within paragraph 2.2 or of approved money market instruments, which do not fall within COLL 5.2.10 AR(1) (i.e. as described in sub-paragraph 10.5 of "Investment in approved money market instruments" below).

2.4 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

3. **Transferable Securities**

3.1 A transferable security is an investment which is any of the following, as defined in the FCA Handbook: a share; a debenture; an alternative debenture; a government and public security; a warrant; or a certificate representing certain securities.

3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is a share or a debenture as defined in the FCA Handbook, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

3.5 A Sub-Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

3.5.1 the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the COLL Sourcebook;

3.5.3 reliable valuation is available for it as follows:

3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

3.5.4 appropriate information is available for it as follows:

3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

3.5.5 it is negotiable; and

3.5.6 its risks are adequately captured by the risk management process of the ACD.

3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market will be presumed:

3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

3.6.2 to be negotiable.

3.7 No more than 5% of the Scheme Property of a Sub-Fund may be invested in warrants.

3.8 A unit or share in a closed end fund will be taken to be a transferable security for the purposes of investment by a Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 above and either:

3.8.1 where the closed end fund is constituted as an investment company or a unit trust:

3.8.1.1 it is subject to corporate governance mechanisms applied to companies; and

3.8.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

3.8.2 where the closed end fund is constituted under the law of contract:

3.8.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

3.8.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

3.9 A Sub-Fund may invest in any other investment which will be taken to be a transferable security for the purposes of investment by a Sub-Fund provided the investment:

3.9.1 fulfils the criteria for transferable securities set out in 3.5 above; and

3.9.2 is backed by or linked to the performance of other assets, which may differ from those in which a Sub-Fund can invest.

3.10 Where an investment in 3.9 above contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

4. **Eligible markets regime: purpose**

4.1 To protect investors the markets on which investments of a Sub-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.

4.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as a breach beyond the control of the ACD.

4.3 A market is eligible for the purposes of the rules if it is:

4.3.1 a regulated market as defined in the FCA Handbook; or

4.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

4.4 A market not falling within paragraph 4.3 of this Appendix is eligible for the purposes of COLL 5 if:

4.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Sub-Fund;

4.4.2 the market is included in a list in the Prospectus; and

4.4.3 the Depositary has taken reasonable care to determine that:

4.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

4.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

4.5 In paragraph 4.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation as a market or exchange or self regulating organisation by an overseas regulator, 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.

5. **Spread: general**

5.1 This rule on spread does not apply to transferable securities or approved money market instruments to which paragraph 5.10 below on government and public securities applies.

5.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.

5.3 Not more than 20% in the value of the Scheme Property of a Sub-Fund is to consist of deposits with a single body.

5.4 Not more than 5% in value of the Scheme Property of a Sub-Fund is to consist of transferable securities (or certificates representing transferable securities) or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property of a Sub-Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).

5.5 The limit of 5% is raised to 25% in value of the Scheme Property of a Sub-Fund in respect of covered bonds provided that when a Sub-Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

5.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-Fund. This limit is raised to 10% where the counterparty is an Approved Bank.

5.7 Not more than 10% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.

5.8 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.

5.9 Not more than 20% in value of the scheme is to consist of the units of any one collective investment scheme.

5.10 In applying the limits in paragraphs 5.3, 5.4, 5.6 and subject to paragraph 5.5 not more than 20% in value of the Scheme Property of a Sub-Fund is to consist of any combination of two or more of the following:

- transferable securities (including covered bonds) or approved money market instruments issued by; or
- deposits made with; or
- exposures from OTC derivatives transactions made with, a single body.

5.11 For the purpose of calculating the limits in paragraphs 5.6 and 5.10 of this paragraph 5, 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:

5.11.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;

5.11.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

5.11.3 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

5.11.4 can be fully enforced by the UK UCITS at any time.

6. **Counterparty risk and issuer concentration**

6.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in 5.6 and 5.8 above.

6.2 When calculating the exposure of a Sub-Fund to a counterparty in accordance with the limits in 5.5 above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

6.3 An ACD may net the OTC derivative positions of a Sub-Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-Fund.

6.4 The netting agreements in 6.2 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Sub-Fund may have with that same counterparty.

6.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

6.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 5.5 above when it passes collateral to an OTC counterparty on behalf of a Sub-Fund.

6.7 Collateral passed in accordance with 6.6 above may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Sub-Fund.

6.8 The ACD must calculate the issuer concentration limits referred to in paragraph 5.5 above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

6.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 5.11, the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

7. **Spread: government and public securities**

7.1 The following section applies to a transferable security or an approved money market instrument ("such securities") that is issued by:

7.1.1 the United Kingdom or an EEA State;

7.1.2 a local authority of the United Kingdom or an EEA State;

7.1.3 a non-EEA State; or

7.1.4 a public international body to which the UK or one or more EEA States belong.

7.2 Where no more than 35% in value of the Scheme Property of a Sub-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.

7.3 The Company or any Sub-Fund may invest more than 35% in value of the Scheme Property of a Sub-Fund in such securities issued by any one body provided that:

7.3.1 the ACD has before any investment of this kind is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised Sub-Fund;

7.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

7.3.3 the Scheme Property of a Sub-Fund includes such securities issued by that or another issuer, of at least six different issues;

7.3.4 the disclosures in the Prospectus required by the FCA have been made.

7.4 **In giving effect to the foregoing, over 35% of the scheme property of each of the Sub-Funds may be invested in government and public securities issued by or on behalf of or guarantees by the Government of the United Kingdom, the Scottish Administration, the National Assembly of Wales, the Executive Committee of the Northern Ireland Assembly or the Governments of Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the United States of America. In relation to such securities:**

7.4.1 "issue", "issued" and "issuer" include "guarantee", "guaranteed" and "guarantor"; and

7.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

8. **Investment in collective investment schemes**

8.1 A Sub-Fund must not invest in units in a collective investment scheme ("Second Scheme") unless the Second Scheme satisfies all of the following conditions, and provided that no more than 30% of the value of the relevant Sub-Fund is invested in Second Schemes within paragraphs 8.1.1.2 to 8.1.1.5 below:.

8.1.1 The Second Scheme must:

8.1.1.1 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

8.1.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of paragraph 8.2 below are met); or

8.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of paragraphs 8.2.1, 8.2.3 and 8.2.4 below are met); or

8.1.1.4 be authorised in an EEA State (provided the requirements of paragraph 8.2 below are met); or

8.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

8.1.1.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and

8.1.1.5.2 approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of paragraph 8.2 are met).

8.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units or shares in collective investment schemes.

8.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the investing Sub-Fund clearly states that it may enter into investments of this kind and COLL 5.2.16 R is complied with.

8.1.4 Where the Second Scheme is an umbrella, the provisions in paragraphs 8.1.2 to 8.1.3 apply to each Sub-Fund as if it were a separate scheme.

8.1.5 The Scheme Property attributable to a Sub-Fund may include Shares in another Sub-Fund of the Company (the "Second Sub-Fund") subject to the requirements of paragraph 8.1.6 below.

8.1.6 A Sub-Fund may invest in or dispose of Shares of a Second Sub-Fund provided that:

8.1.6.1 the Second Sub-Fund does not hold Shares in any other Sub-Fund;

8.1.6.2 the requirements set out at paragraphs 8.3 and 8.4 below are complied with; and

8.1.6.3 not more than 10 % in value of the Scheme Property of the investing or disposing Sub-Fund is to consist of Shares in the Second Sub-Fund.

8.2 The Sub-Funds may, subject to the limit set out in 8.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-Funds or one of its associates.

8.3 Investment may only be made in a Second Sub-Fund or other collective investment schemes managed by the ACD of the Sub-Funds or one of its associates if the Prospectus of the Company or prospectus of the scheme (respectively) clearly states that the Sub-Funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

8.4 Where a Sub-Fund of the Company invests in or disposes of Shares in a Second Sub-Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Second Sub-Fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale any charge made for the disposal.

9. **Investment in nil and partly paid securities**

9.1 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 the Sub-Fund, at the time when payment is required, without contravening the rules in COLL 5.

9.2 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the Scheme Property unless it is listed on an eligible securities market.

10. **Investment in approved money market instruments**

10.1 A Sub-Fund may invest in approved money market instruments which are money market instruments normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.

10.2 A money-market instrument will be regarded as normally dealt in on the money market if it:

10.2.1 has a maturity at issuance of up to and including 397 days;

10.2.2 has a residual maturity of up to and including 397 days;

10.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

10.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 10.2.1 or 10.2.2 or is subject to yield adjustments as set out in 10.2.3.

10.3 A money-market instrument will be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

10.4 A money-market instrument will be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

10.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Sub-Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and

10.4.2 based either on market data or on valuation models including systems based on amortised costs.

10.4.3 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market will be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

10.5 In addition to instruments admitted to or dealt in on an eligible market, a Sub-Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

10.5.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

10.5.2 the instrument is issued or guaranteed in accordance with paragraph 10.7 below.

10.6 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, will be regarded as regulated for the purpose of protecting investors and savings if:

10.6.1 the instrument is an approved money-market instrument;

10.6.2 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 paragraphs 10.9, 10.10 and 10.11 below; and

10.6.3 the instrument is freely transferable.

10.7 A Sub-Fund may invest in an approved money-market instrument if it is:

10.7.1 issued or guaranteed by any one of the following:

10.7.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

10.7.1.2 a regional or local authority of the United Kingdom or an EEA State;

10.7.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;

10.7.1.4 the European Union or the European Investment Bank;

10.7.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

10.7.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or

10.7.2 issued by a body, any securities of which are dealt in on an eligible market; or

10.7.3 issued or guaranteed by an establishment which is:

10.7.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law; or

10.7.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

10.8 An establishment will be considered to satisfy the requirement in paragraph 10.7.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

10.8.1 it is located in the European Economic Area;

10.8.2 it is located in an OECD country belonging to the Group of Ten;

10.8.3 it has at least investment grade rating;

10.8.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

10.9 In the case of an approved money-market instrument within paragraphs 10.7 and 10.8 above or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within paragraph 10.7.1.2 or a public international body within paragraph 10.7.1.6 but is not guaranteed by a central authority within paragraph 10.7.1.1, the following information must be available:

10.9.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

10.9.2 updates of that information on a regular basis and whenever a significant event occurs; and

10.9.3 available and reliable statistics on the issue or the issuance programme.

10.10 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 10.7.3, the following information must be available:

10.10.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

10.10.2 updates of that information on a regular basis and whenever a significant event occurs; and

10.10.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

10.11 In the case of an approved money-market instrument:

10.11.1 within paragraphs 10.7.1.1, 10.7.1.4 or 10.7.1.5; or

10.11.2 which is issued by an authority within paragraph 10.7.1.2 or a public international body within paragraph 10.7.1.6 and is guaranteed by a central authority within paragraph 10.7.1.1;

10.11.3 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

11. **Investment in securitisation positions**

11.1 Where the ACD 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 Sub-Fund, act and take corrective action, if appropriate.

12. **Efficient Portfolio Management**

12.1 **The Sub-Funds may utilise property to enter into transactions for the purposes of Efficient Portfolio Management. There is no limit on the amount or value of the Scheme Property which may be used for EPM but the ACD must ensure that the transaction is economically appropriate in that they are realised in a cost effective way, they are entered into for one or more of the following specific aims: reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules in COLL. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise. The use of derivatives for EPM should not lead to an increase in risk to the Sub-Fund.**

12.2 Permitted transactions are those that the Sub-Fund reasonably regards as economically appropriate to EPM, that is:

12.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

12.2.2 Transactions for the generation of additional capital growth or income for the Sub-Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

12.2.2.1 pricing imperfections in the market as regards the property which the Sub-Fund holds or may hold; or

12.2.2.2 receiving a premium for the writing of a covered call option or a covered put option on property of the Sub-Fund which the Sub-Fund is willing to buy or sell at the exercise price, or

12.2.2.3 Stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

12.3 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Handbook, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the FCA Handbook. A permitted transaction may at any time be closed out.

13. **Derivatives: general**

13.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind specified in paragraph 14 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 27 (Cover for investment in derivatives) of this Appendix.

13.2 Where a Sub-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.

13.3 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.

13.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

13.4.1 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;

13.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

13.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

13.5 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 will be deemed to be a separate instrument.

13.6 Where a Sub-Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.33R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

13.7 In the context of this Prospectus, use of derivatives for "efficient portfolio management" means a use of derivatives (which are reasonably regarded by the ACD as economically appropriate and are fully covered) in order to achieve a reduction in certain relevant risks, a reduction of costs, or to generate additional capital or income for the Sub-Funds with no, or an acceptably low level of risk.

13.8 **Artemis US Extended Alpha Fund, Artemis Artemis SmartGARP Global Emerging Markets Equity Fund, Artemis Corporate Bond Fund and Artemis Short-Duration Strategic Bond Fund will be able to use derivatives for the purpose of meeting the investment objectives and policies of the Sub-Funds as well as for efficient portfolio management purposes.**

13.9 **Where the ACD invests in derivatives and forward transactions in the pursuit of a Sub-Fund's objectives and policies, the net asset value of that Sub-Fund may at times be volatile (in the absence of compensating investment techniques). A Sub-Fund may have volatility over and above the general market volatility of the markets of the Sub-Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. The use of derivatives and forward transactions in the pursuit of a Sub-Fund's objective may cause its risk profile to change, this may be material.**

14. **Permitted transactions (derivatives and forwards)**

14.1 A transaction in a derivative must be:

14.1.1 in an approved derivative; or

14.1.2 be one which complies with paragraph 22 (OTC transactions in derivatives) of this Appendix.

14.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraph 10 (Investment in approved money market instruments), deposits, permitted derivatives under this paragraph, collective investment scheme units or shares permitted under paragraph 8 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20, interest rates, foreign exchange rates, and currencies.

14.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

14.4 A transaction in a derivative must not cause a Sub-Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

14.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units or shares in collective investment schemes, or derivatives.

14.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

14.7 A derivative an instrument which fulfils the following criteria: it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying; it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR (UCITS schemes: permitted types of scheme property) including cash; in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23R (OTC transactions in derivatives); its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

14.8 A Sub-Fund may not undertake transactions in derivatives on commodities.

15. **Financial indices underlying derivatives**

15.1 The financial indices referred to in 14.2 are those which satisfy the following criteria:

15.1.1 the index is sufficiently diversified;

15.1.2 the index represents an adequate benchmark for the market to which it refers; and

15.1.3 the index is published in an appropriate manner.

15.2 A financial index is sufficiently diversified if:

15.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

15.2.2 where it is composed of assets in which a Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

15.2.3 where it is composed of assets in which a Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

15.3 A financial index represents an adequate benchmark for the market to which it refers if:

15.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

15.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

15.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

15.4 A financial index is published in an appropriate manner if:

15.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

15.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

15.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction will where they satisfy the requirements with respect to other underlyings pursuant to paragraph 14.2, be regarded as a combination of those underlyings.

16. **Securities Financing Transactions and Total Return Swaps**

16.1 The Sub-Funds may not enter into any securities or commodities lending, securities or commodities borrowing, repurchase, reverse repurchase, buy-sell back or sell-buy back, or margin lending, transactions. Artemis US Extended Alpha Fund may enter into total return swaps.

16.2 Total return swaps are agreements under which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the total return (including both the income it generates and any capital gains) of an underlying asset (for example, a commodity or stock market index). In this way, a party can gain the economic exposure of the underlying asset without actually owing that asset.

16.3 The specific types of total return swaps permitted in this section are swaps on single name equities.

16.4 The total return swaps permitted by this section may be exercised only by the Sub-Fund, to gain exposure to equities – long and short.

16.5 The maximum proportion of the assets under management for the Sub-Fund that can be subject to total return swap is 100% on a notional basis.

16.6 The expected proportion of the assets under management for the Sub-Fund that can be subject to total return swaps is: 60% on a notional basis.

16.7 The ACD's derivatives policy states that both exchange traded derivatives and over-the-counter derivatives (including total return swaps) must be traded with approved counterparties.

16.8 New counterparties are approved after a review that covers the legal status of the proposed counterparty, an assessment of the operational risk and credit risk associated with that counterparty and any other material considerations and it must have the minimum required credit rating.

16.9 Trading must occur in approved derivative instruments and the arrangements must be governed by appropriate legal documentation.

16.10 The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the ACD. Counterparties will normally carry a minimum BBB+ rating from at least one of Fitch, Moody's and S&P. The counterparties will be entities with legal personality, typically located in OECD jurisdictions and generally limited to the major financial institutions in leading economies. They will be subject to ongoing supervision by a public authority and be financially sound. A counterparty may be an associate of the ACD which may give rise to a conflict of interest.

16.11 All revenues arising from total return swaps will be returned to the Sub-Fund, and the ACD does not take any fees or costs out of those revenues additional to its periodic charge on the scheme property of the Sub-Fund as set out in more detail above.

17. **Collateral**

17.1 The ACD may have to provide, or receive, collateral in entering into certain derivative transactions. In doing so, the ACD may apply a haircut to that collateral. A "haircut" is a percentage that is subtracted from the market value of an asset that is being used as collateral.

17.2 The ACD will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply taking into account criteria including the asset types, maturity, liquidity, valuation, issuer credit quality, correlation and risks linked to the management of collateral and enforceability.

17.3 In agreeing this, the ACD will consider, among other things, the requirements of its own internal policies and procedures. Cash, and the types of collateral which are permitted under EMIR, will be deemed to be permitted for the purposes of the ACD's collateral policy. Furthermore, collateral will be exchanged in compliance with the provisions of EMIR and in particular:

17.3.1 Any collateral received shall be of sufficiently high liquidity and credit quality to allow the collecting counterparty to liquidate the positions without suffering a loss due to significant changes in value in case the other counterparty defaults.

17.3.2 Any non-cash collateral received shall be reasonably diversified in terms of individual issuers, issuer types and asset classes.

17.3.3 Securities issued by the poster of the collateral or its related entities shall not be accepted as collateral.

17.3.4 The collateral collected by a counterparty shall reflect the results of the daily marking-to-market or marking-to-model of outstanding contracts and shall generally be exchanged no later than the end of the business day following the date of execution.

17.3.5 The ACD will have the operational capability to liquidate the collateral collected in the case of a default of the poster of collateral and will also be able to use the cash proceeds of liquidation to enter into an equivalent contract with another counterparty or to hedge the resulting risk.

17.4 Eligible collateral types (for derivative trading) are approved by the ACD, and are set out in the respective ISDA Credit Support Annexes and generally consists of cash.

17.5 Valuations are carried out daily and a margin is applied to collateral transactions.

18. **Safekeeping of assets and collateral used in total return swaps**

The collateral and the assets that are subject to total return swap transactions (and that remain assets of the Sub-Fund) will be held within a safekeeping account or record kept at the Custodian.

19. **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 the Company may be entered into only if that property can be held for the account of the Company, and the ACD 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 rules in the COLL Sourcebook.

20. **Requirement to cover sales**

No agreement by or on behalf of the Company 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 the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

21. **Valuation of OTC derivatives**

21.1 For the purposes of paragraph 22.1.3, the ACD must:

21.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-Fund to OTC derivatives; and

21.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

21.2 Where the arrangements and procedures referred to in 18.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UK UCITS).

21.3 The arrangements and procedures referred to in 17.1 above must be

21.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

21.3.2 adequately documented.

22. **OTC transactions in derivatives**

22.1 Any transaction in an OTC derivative under paragraph 14.1.2 above must be:

22.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or 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;

22.1.2 a CCP that is authorised in that capacity for the purposes of EMIR;

22.1.3 a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or

22.1.4 to the extent not already covered above, a CCP supervised in a jurisdiction that:

22.1.4.1 has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and

22.1.4.2 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;

22.1.5 on approved terms; the terms of the transaction in derivatives are approved only if the ACD 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 the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

22.1.6 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD 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:

22.1.6.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

22.1.6.2 if the value referred to in 19.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

22.1.7 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:

22.1.8 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

22.1.9 a department within the ACD which is independent from the department in charge of managing the Sub-Fund and which is adequately equipped for such a purpose.

For the purposes of 19.1.3 above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

23. **Risk management**

23.1 The ACD uses a risk management process (including a risk management policy in accordance with COLL 6.12), enabling it to monitor and measure at any time the risk of a Sub-Fund's positions and their contribution to the overall risk profile of the Sub-Fund.

23.2 Before using the process, the ACD will notify the FCA of the details of the risk management process. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

23.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Sub-Fund together with their underlying risks and any relevant quantitative limits; and

23.2.2 the methods for estimating risks in derivative and forward transactions.

23.3 The ACD must notify the FCA in advance of any material alteration to the details above.

24. **Investments in deposits**

The Sub-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.

25. **Stock lending**

25.1 The entry into stock lending transactions or repo contract for the account of the Sub-Fund is permitted for the generation of additional income for the account of and for the benefit of the Sub-Fund, and hence in the interests of its Unitholders.

25.2 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.

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

25.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

25.4.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Sub-Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice;

25.4.2 the counterparty is:

25.4.2.1 **an authorised person; or**

25.4.2.2 **a person authorised by a Home State regulator; or**

25.4.2.3 **a person registered as a broker-dealer with the US Securities and Exchange Commission; or**

25.4.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following US federal banking supervisory authorities:

25.4.2.4.1 the Office of the Comptroller of the Currency;

25.4.2.4.2 the Federal Deposit Insurance Corporation;

25.4.2.4.3 the Board of Governors of the Federal Reserve System; and

25.4.2.4.4 the Office of Thrift Supervision, and

25.4.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 25.4.1 and the collateral is:

25.4.3.1 acceptable to the depositary;

25.4.3.2 adequate; and

25.4.3.3 sufficiently immediate.

25.4.4 The counterparty for the purpose of paragraph 25.4 is the person who is obliged under the agreement referred to in paragraph 25.4.1 to transfer to the depositary the securities transferred by the depositary under the stock lending arrangement or securities of the same kind.

25.4.5 25.4.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

25.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary 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.

25.6 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 COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Sub-Fund.

25.7 There is no limit on the value of the Scheme Property of a Sub-Fund which maybe the subject of stock lending transactions.

26. **Schemes replicating an index**

26.1 A Sub-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 composition of a relevant index as defined below.

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

26.3 In the case of a Sub-Fund replicating an index the Scheme Property of a Sub-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.

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

26.4.1 the composition is sufficiently diversified;

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

26.4.3 the index is published in an appropriate manner.

27. **Cover for investment in derivatives and forward transactions**

A Sub-Fund may invest in derivatives and forward transactions as part of its investment policy provided:

27.1 its global exposure relating to derivatives and forward transactions held in the Sub-Fund does not exceed the net value of the scheme property; and

27.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 5 above (Spread: general).

Each Sub-Fund is permitted to balance exposure to any counterparty by taking or giving ‘collateral’. Collateral is a pledge of an asset as security for one party’s risk to the other. The Sub-Funds only accept cash as eligible collateral.

Sometimes a Sub-Fund, or the OTC derivative counterparty, will apply a ‘haircut’ to non-cash collateral. A haircut is a nominal reduction applied to the market value of collateral to provide a buffer against rises and falls in the value of, or the exposure to, that type of collateral. Further details about the Company’s haircut policy can be obtained on request from the ACD.

The value of collateral, taking account of haircuts, is regularly adjusted to maintain the agreed level/range of exposure by the Sub-Fund.

When a Sub-Fund takes collateral, it becomes the (legal) owner of the collateral but places it with the Depositary for safekeeping. The Sub-Fund is entitled to reinvest cash collateral but this is subject to certain liquidity and risk management requirements.

28. **Daily calculation of global exposure**

28.1 The ACD must calculate the global exposure of a Sub-Fund on at least a daily basis.

28.2 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

29. **Calculation of global exposure**

29.1 The ACD must calculate the global exposure of any Sub-Fund it manages either as:

29.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 13 (Derivatives: general)), which may not exceed 100% of the net value of the Scheme Property; or

29.1.2 the market risk of the Scheme Property.

29.2 The ACD must calculate the global exposure of a Sub-Fund by using:

29.2.1 the commitment approach; or

29.2.2 the value at risk approach.

29.3 The ACD must ensure that the method selected in 26.2 is appropriate, taking into account:

29.3.1 the investment strategy pursued by the Sub-Fund;

29.3.2 the types and complexities of the derivatives and forward transactions used; and

29.3.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

29.4 Where a Sub-Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 25 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

29.5 For the purposes of 29.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

29.6 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

29.6.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 13 (Derivatives: general)), whether used as part of the Sub-Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 25 (Stock lending); and

29.6.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

29.7 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

29.8 The ACD may take account of netting and hedging arrangements when calculating global exposure of a Sub-Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

29.9 Where the use of derivatives or forward transactions does not generate incremental exposure for the Sub-Fund, the underlying exposure need not be included in the commitment calculation.

29.10 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Sub-Fund in accordance with paragraph 34 (Borrowing powers) need not form part of the global exposure calculation.

30. **Cover and Borrowing**

30.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 27 of this Appendix as long as the normal limits on borrowing (see below) are observed.

30.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to that borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 34 (Borrowing powers) of this Appendix do not apply to that borrowing.

31. **Cash and near cash**

31.1 Cash and near cash must not be retained in the Scheme Property of a Sub-Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:

31.1.1 the pursuit of the Sub-Fund's investment objectives; or

31.1.2 the redemption of Shares; or

31.1.3 efficient management of the Sub-Fund in accordance with its investment objective; or

31.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Sub-Fund.

31.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

32. **General**

32.1 It is envisaged that the Sub-Funds will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of Shares, efficient management of the Sub-Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Sub-Fund.

32.2 No Sub-Fund may invest in the Shares of another Sub-Fund of the Company.

32.3 Where a Sub-Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Sub-Fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

32.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Sub-Fund but, in the event of a consequent breach, the ACD must then take those steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

32.5 It is not intended that the Company have any interest in any immovable or moveable property for the direct pursuit of its business.

33. **Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of the Company.

34. **Borrowing powers**

34.1 The ACD may, on the instructions of the Sub-Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-Fund on terms that the borrowing is to be repayable out of the Scheme Property.

34.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without prior consent of the Depositary, which may be given only on those conditions which appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

34.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Sub-Fund.

34.4 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).

35. **Restrictions on lending of property other than money**

35.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

35.2 Transactions permitted by paragraph 25 (Stock lending) are not to be regarded as lending for the purposes of paragraph 36.1.

35.3 The Scheme Property must not be mortgaged.

35.4 Where transactions in derivatives or forward transaction are used for the account of a Sub-Fund, nothing in this paragraph prevents the Company or the Depositary from:

35.4.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or

35.4.2 Transferring Scheme Property under the terms of an agreement in relation to martin requirements provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

36. **Restrictions on lending of money**

36.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Sub-Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

36.2 Acquiring a debenture is not lending for the purposes of paragraph 36.1, nor is the placing of money on deposit or in a current account.

37. **Guarantees and indemnities**

37.1 The Depositary, for the account of a Sub-Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.

37.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

37.3 Paragraphs 37.1 and 37.2 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 share assets are becoming part of the Scheme Property by way of unitisation.

38. **Concentration**

A UK UCITS:

38.1 must not acquire transferable securities other than debt securities which:

38.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

38.1.2 represent more than 10% of those securities issued by that body corporate;

38.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

38.3 must not acquire more than 25% of the units or shares in a collective investment scheme;

38.4 must not acquire more than 10% of the money market instruments issued by any single body;

38.5 need not comply with the limits in paragraphs 38.3, 38.4 and 38.5 and of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

39. **Significant Influence**

39.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

39.2 immediately before the acquisition, the aggregate of any such securities held by the Company gives that Company power significantly to influence the conduct of business of that body corporate; or

39.3 the acquisition gives the Company that power.

39.4 For the purposes of paragraph 39.1 the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## Appendix IV – List of other Authorised Collective Investment Schemes Operated by the ACD

**LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD**

The ACD is also the authorised fund manager of the following authorised unit trusts:

- Artemis European Select Fund
- Artemis Global Income Fund
- Artemis Global Select Fund
- Artemis High Income Fund
- Artemis Income Fund
- Artemis Income (Exclusions) Fund
- Artemis Monthly Distribution Fund
- Artemis SmartGARP European Equity Fund
- Artemis SmartGARP Global Equity Fund
- Artemis SmartGARP Paris-Aligned Global Equity Fund
- Artemis SmartGARP UK Equity Fund
- Artemis Strategic Assets Fund
- Artemis Strategic Bond Fund
- Artemis UK Select Fund
- Artemis UK Smaller Companies Fund
- Artemis UK Special Situations Fund

## PAST PERFORMANCE TABLES FOR EACH SUB-FUND

Historic performance table:

| Name of Sub-Fund | 12 months to 30 September 2024 |
|---|---|
| **Artemis Corporate Bond Fund Class I Acc GBP** | 12.6 |
| Markit iBoxx £ Collateralized & Corporates (UK Midday) Index GBP | 11 |
| 4IA £ Corporate Bond NR | 11.1 |
| **Artemis Positive Future Fund I Acc GBP** | 2.3 |
| MSCI AC World Mid Cap NR GBP | 19.9 |
| IA Global NR | 16.4 |
| **Artemis Short-Duration Strategic Bond Fund Class I Acc GBP** | 10.7 |
| Bank of England Base Rate +2.5% (to 17 March 2024)/Markit iBoxx 1-5 year £ Collateralised & Corporates Index (UK Midday) (from 18 March 2024)[1] | 7.4 |
| **Artemis SmartGARP Global Emerging Markets Equity Class I Acc GBP** | 17.5 |
| MSCI EM (Emerging Markets) NR GBP | 14.7 |
| IA Global Emerging Markets NR | 12.7 |
| **Artemis SmartGARP Global Emerging Markets Ex China Equity Fund[2]** | [ ] |
| MSCI EM (Emerging Markets) Ex China NR | [ ] |
| AI Global Emerging Markets NR | [ ] |
| **Artemis US Extended Alpha Class I Acc GBP** | 22.9 |
| S&P 500 TR | 24.1 |
| IA North America NR | 20.3 |
| **Artemis US Select Class I GBP Acc** | 26.5 |
| S&P 500 NR (net of 15% withholding tax)[3] | 24.1 |
| IA North America NR | 20.3 |
| **Artemis US Smaller Companies Class I GBP Acc** | 22.1 |
| Russell 2000 NR (net of 15% withholding tax)[4] | 15.3 |
| IA North American Smaller Companies NR | 14.5 |

Source: Lipper, Mid to mid with net income reinvested

The above performance figures are based on mid to mid prices. 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, online at www.artemisfunds.com or at www.fundinfo.com

1. The benchmark changed on 18 March 2024, 12-month history is not yet available.
2. This fund has not yet launched and as such, no past performance data is available.
3. From 31 October the index for the US Select Fund will change from TR to NR (net of 15% withholding tax)
4. From 31 October the index for the US Smaller Companies Fund will change from TR to Russell 2000 NR (net of 15% withholding tax)

## PERFORMANCE FEE

1. **ARTEMIS US EXTENDED ALPHA FUND**

1.1 **About the fee**

In addition to the ACD's annual management charge set out at paragraph 7.3 above, the ACD is entitled to a performance fee (the "Performance Fee") on each Share Class of the Artemis US Extended Alpha Fund if certain conditions are met.

The Performance Fee on each Share Class is calculated as 20% of any outperformance of the Share Price of that Class (with income reinvested) against the S&P500 Index (with income reinvested) ("Benchmark").

The period ("Performance Period") over which the Performance Fee is calculated is the same as the Sub-Fund's annual accounting period. The first Performance Period for each Class will start on the launch date of each Class and will end at the last Valuation Point of the accounting period during which the Class was launched.

In a Performance Period where the Share Price has underperformed the Benchmark, no Performance Fee will be payable. This underperformance will be carried forward to the next Performance Period and will need to be recovered before a Performance Fee can be paid.

A Performance Fee accrual is determined at each Valuation Point and is taken into account in the calculation of the Share Price. The accrual is calculated by reference to the movements in the Share Price and Benchmark since the start of the Performance Period. The Share Price used for the accrual calculation includes all other costs incurred by the Sub-Fund, but is adjusted to exclude the effect of any dilution adjustment and any existing Performance Fee accrual. An accrual will only accumulate where, over the Performance Period to date, the Share Price has first recovered any carried forward underperformance and also outperformed the Benchmark.

Where a Performance Fee is due, it will be paid to the ACD within 10 days of the end of the Performance Period.

Where Shares are cancelled during a Performance Period (this could happen when a Shareholder redeems Shares, for example), and at that Valuation Point the Share Price has outperformed the benchmark, any Performance Fee accrued and reflected in the price of those Shares will crystallise and will be payable to the ACD within 10 days of the end of the performance period. Should the share cancellation result in the share class being closed, the crystalised fee will be payable to the ACD within 10 days of this event. Any such Performance Fee paid to the ACD will not be repaid even if at the end of the relevant Performance Period a Performance Fee would otherwise not be payable in respect of such Shares if they had continued to be held to the end of such Performance Period.

There is no limit on the amount of the Performance Fee which may be payable for a Performance Period. A Performance Fee can be earned even if the Share Price has fallen in a Performance Period, provided that the Share Price has outperformed the Benchmark.

The Performance Fee is based on net realised and net unrealised gains and losses at the end of each Performance Period and, as a result, a Performance Fee may be charged on gains which are never subsequently realised. However, once a Performance Fee has been paid, no refund will be made.

The ACD will take steps to mitigate any imperfections that may arise in the calculation and accrual of a Performance Fee in the Sub-Fund, following agreement with the Company's Auditors, if required.

The ACD shall verify and the Company's Auditors shall review the calculation of the Performance Fee on an annual basis.

## 1.2 Example Calculations

Please note that the following examples are purely for illustrative purposes. These examples are not a representation of the actual performance of the Sub-Fund, or of future returns to Shareholders, and have been simplified for the purposes of illustrating the effect of the Performance Fee in different scenarios. The ACD considers these simplifications allow the Performance Fee to be illustrated in a straightforward manner, without producing a material deviation from any actual Performance Fee calculation that will be carried out for the Sub-Fund.

| Performance Period | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| Share Price at start of period (p) | 100.00 | 109.00 | 119.90 | 117.72 | 110.65 | 99.58 |
| Benchmark at start of period | 100.00 | 105.00 | 120.75 | 105.00 | 94.50 | 89.78 |
| Share Price at end of period (before performance fee) (p) | 110.00 | 119.90 | 119.90 | 111.83 | 99.58 | 110.65 |
| Benchmark at end of period | 105.00 | 120.75 | 105.00 | 94.50 | 89.78 | 85.29 |
| Share Price performance in year | 10.00% | 10.00% | 0.00% | (5.00)% | (10.00)% | 11.12% |
| Benchmark performance in year | 5.00% | 15.00% | (13.04)% | (10.00)% | (5.00)% | (5.00)% |
| Relative performance in year | 5.00% | (5.00)% | 13.04% | 5.00% | (5.00)% | 16.12% |
| Share Price performance since last performance fee paid | 10.00% | 10.00% | 10.00% | (5.00)% | (10.00)% | 0.00% |
| Benchmark performance since last performance fee paid | 5.00% | 15.00% | 0.00% | (10.00)% | (5.00)% | (9.75)% |
| Relative performance since last performance fee paid | 5.00% | (5.00)% | 10.00% | 5.00% | (5.00)% | 9.75% |
| Outperformance/(underperformance) since last performance fee paid | 5.00% | (5.00)% | 10.00% | 5.00% | (5.00)% | 9.75% |
| Performance Fee due | Yes | No | Yes | Yes | No | Yes |
| Performance fee (p) | 1.00 | - | 2.18 | 1.18 | - | 2.16 |
| Share Price at end of period (after performance fee) (p) | 109.00 | 119.90 | 117.72 | 110.65 | 99.58 | 108.49 |

**Year 1:** The Share Price increases to 110.00 pence, a 10% increase, compared to the Benchmark increase of 5%. Therefore the Share Price outperforms the Benchmark by 5%. The Performance Fee per Share is calculated as 20% of this outperformance, equivalent to 1.0% of the starting Share Price (i.e. the Share Price at the beginning of the Performance Period), equivalent to 1 pence per share.

**Year 2:** As a performance fee was paid at the end of year 1, the calculation in year 2 will be based on the Benchmark and Share Price at the end of year 1. The Share Price increases by 10% and the Benchmark increases by 15%. Therefore the Share Price has underperformed the Benchmark by 5%. No Performance Fee is earned and the 5% underperformance is carried forward to the next Performance Period (year 3).

**Year 3:** The Benchmark and Share Price performance shall continue to be measured from the beginning of year 2 as no performance fee was paid at the end of year 2. The Share Price does not move over the year and the Benchmark decreases to the level at the start of Year 2. This means that the relative outperformance of the Share Price over the Benchmark is 13.04% in the year. The underperformance from year 2 has been carried forward and the Performance Fee is calculated on the overall outperformance from year

2 which is 10%. The Performance Fee is 20% of this increase, equivalent to 2% of the starting Share Price from Year 2 of 109.00 pence, equivalent to 2.18 pence per Share.

**Year 4:** The Share Price decreases by 5% and the Benchmark falls by 10%. The relative outperformance of the Share Price against the Benchmark is 5% in the year. The Performance Fee is 20% of the outperformance equivalent to 1% of the starting Share Price of 117.72 pence will be earned in this year, 1.18 pence per Share.

**Year 5:** The Share Price decreases by 10% and the Benchmark falls by 5%. The Share Price has underperformed the Benchmark by 5% in the year. No Performance Fee is paid and the 5% underperformance is carried forward to the next Performance Period (year 6).

**Year 6:** The Share Price increases by 11.12% and the Benchmark falls by 5%. The Share Price has outperformed the Benchmark by 16.12% in the year. The underperformance from year 5, of 5%, is recovered and the Performance Fee is calculated on the overall outperformance from Year 5 which is 9.75%. The Performance Fee is 20% of this increase, equivalent to 1.95% of the starting Share Price in Year 5 of 110.65 pence, equivalent to 2.16 pence per Share.

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