PROFIT *hunters*

ARTEMIS Alpha Trust *plc*

Annual Financial Report for the year ended 30 April 2017

ARTEMIS
The PROFIT Hunter

Contents

Financial Highlights

Objective & Investment Policy

The objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream. In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock-specific approach in managing the portfolio and, therefore, sector weightings are of secondary consideration. As a result of this approach the portfolio will not track any stock market index. There is no restriction on the number of investments that can be held in the portfolio.

The Company also invests in unquoted companies. The Investment Management Agreement provides that at the time of investment the aggregate value of these investments shall represent no more than 30% of net assets. For the purpose of measuring this, unquoted investments will be measured by the lower of their cost or current valuation.

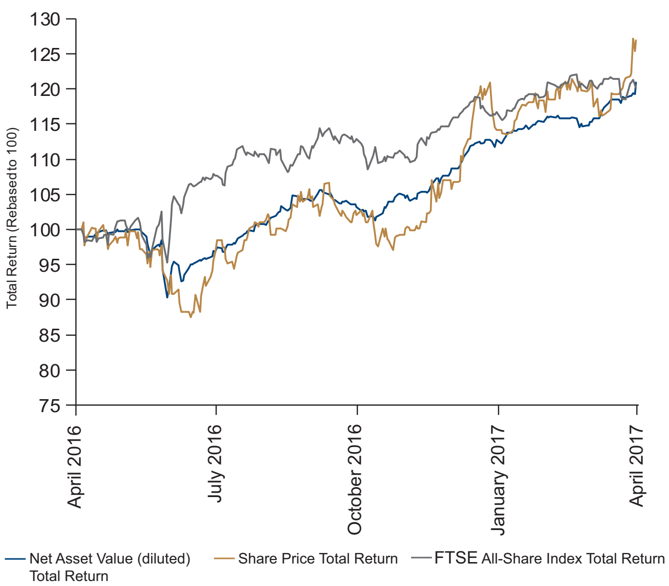
In addition, the Company can invest up to 30% of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company had no investments in hedge funds or unregulated collective investment schemes during the year. The Company will not invest more than 15% of its gross assets in other investment companies listed on the main market of the London Stock Exchange.

Returns for the year ended 30 April 2017

Total returns	Year ended 30 April 2017	Year ended 30 April 2016
Net asset value (diluted)	20.9%	(6.1)%
Share price	26.7%	(13.2)%
FTSE All-Share Index	20.1%	(5.7)%
Revenue and dividends		
Revenue earnings per ordinary share (diluted)	6.31p	4.75p
Dividends per share		
Ordinary	4.30p	3.90p
Special	2.00p	–
Ongoing charges (excluding performance fees)	0.9%	0.9%
Capital	**As at 30 April 2017**	**As at 30 April 2016**
Net asset value (diluted)	361.90p	303.43p
Share price	293.50p	235.50p
Gearing	6.0%	5.4%

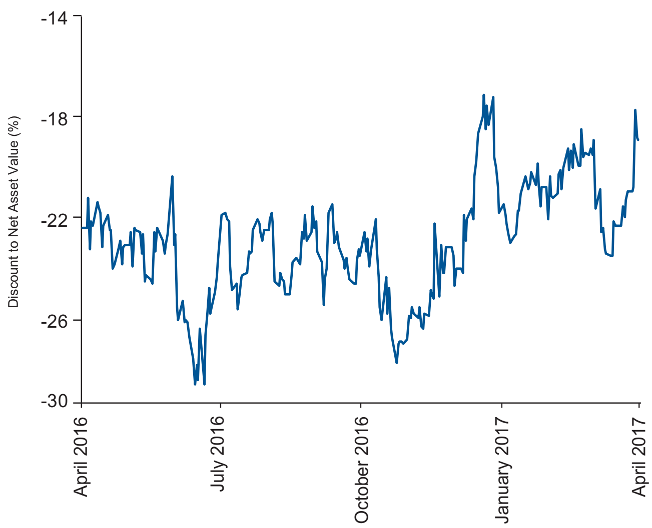
Source: Artemis/Datastream

Performance for the year ended 30 April 2017



Source: Artemis/Datastream

Discount during the year ended 30 April 2017



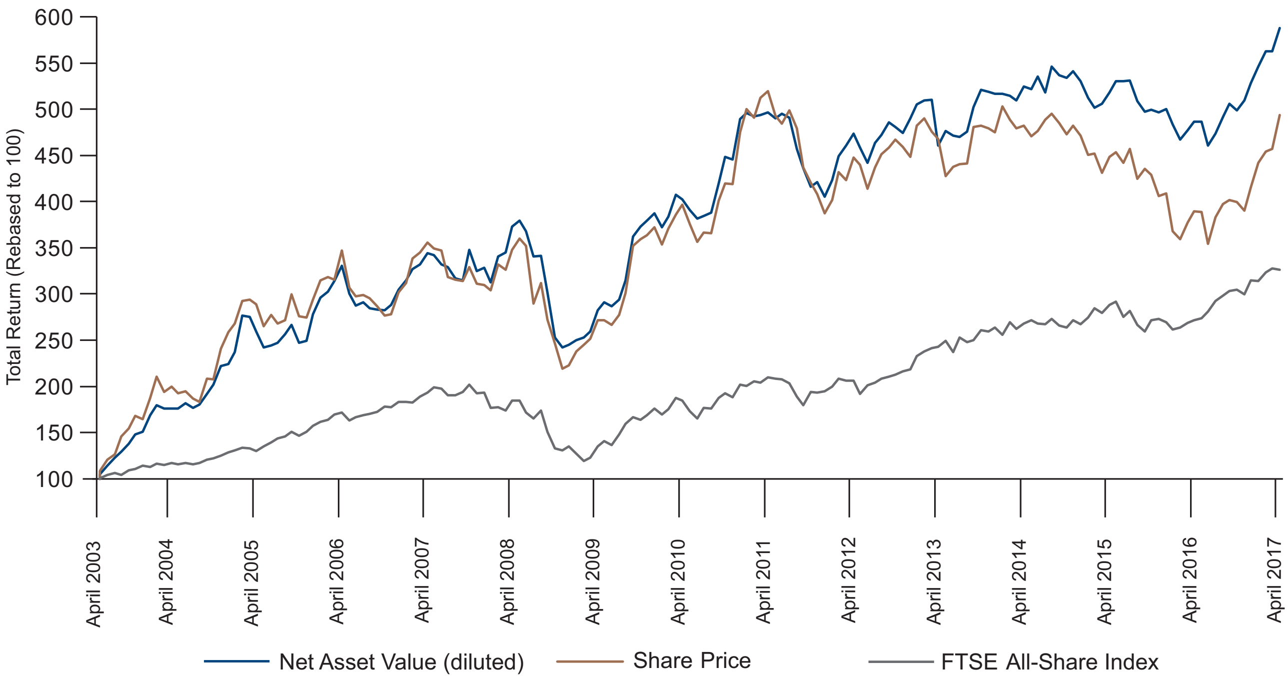
Source: Artemis/Datastream

Total returns to 30 April 2017	3 years	5 years	10 years	Since 1 June 2003*
Net asset value (diluted)	12.1%	24.1%	70.6%	488.1%
Share price	2.4%	10.3%	38.9%	393.8%
FTSE All-Share Index	21.8%	58.6%	68.9%	226.4%

* The date when Artemis was appointed as Investment Manager

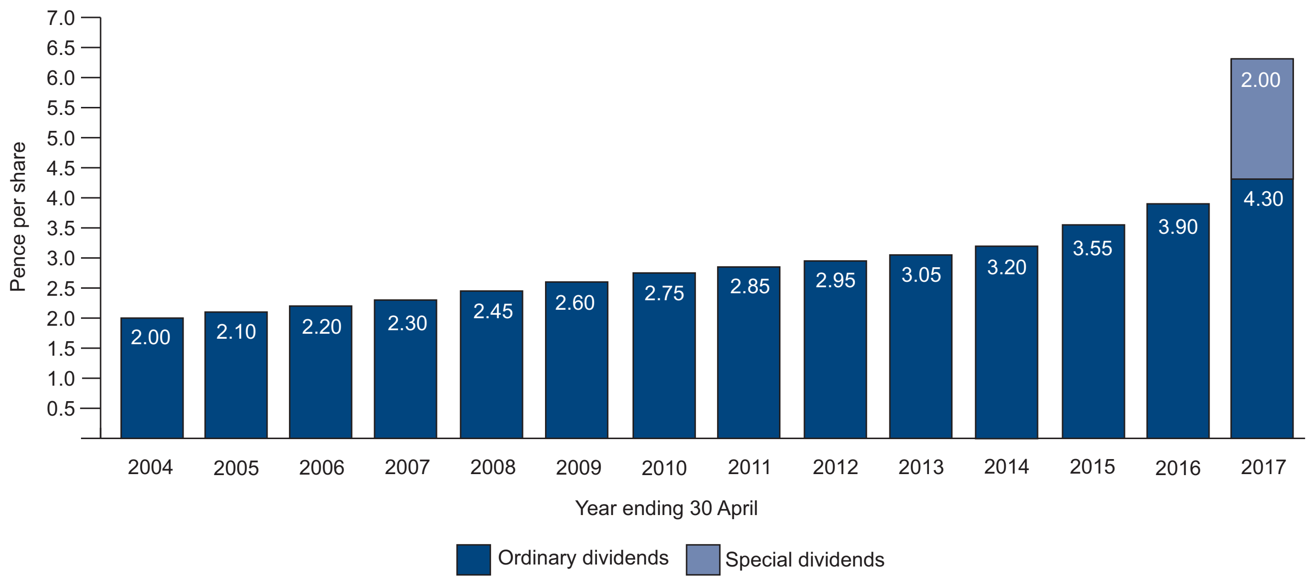
Source: Artemis/Datastream

Performance from 1 June 2003 to 30 April 2017



Source: Artemis/Datastream

Dividends paid/payable to shareholders



This chart shows the Company's dividend history since Artemis was appointed as Investment Manager.

Strategic Report

Chairman's Statement

Performance

In the year to 30 April your Company's net asset value per share rose by 20.9% and its share price by 26.7% compared with an increase in the FTSE All-Share Index of 20.1% (on a total return basis). The performance during the second half of the year was particularly strong with an increase of 17.6% in the net asset value.

Both the unquoted and quoted portions of the portfolio added value over the year, the unquoted holdings increasing by 10.9% while the quoted holdings increased by 22.8%.

I am pleased to be able to report this improvement in recent performance. After a period of outstanding returns achieved when Artemis was originally appointed as Investment Manager, the performance over the last three and five years in particular has been disappointing for reasons that have been well documented. The Board is acutely aware of the need for performance markedly and consistently to be improved in order to regain the confidence of our shareholders, many of whom have been long-term and patient supporters of the fund managers and their distinctive approach.

Discount and share buybacks

Despite a slight narrowing of the discount from 22.4% at the start of the year to 18.5% at the end, we remain concerned at the absolute level of the discount. Although the planned reduction in the level of unquoted investments should contribute to a narrowing of the discount, we believe that only improved performance ultimately will reduce this significantly. As I explained last year, for a company of our size, a formal and concerted programme of buying back shares disadvantages shareholders, by reducing the size of the Company and the liquidity of its shares, and by increasing the proportion of the assets held in unquoted investments.

We will however continue to buy back shares on a tactical basis to address any imbalances between supply and demand. During the year the Company bought back just over a million shares, representing 2.5% of those in issue at the start of the year, at an average discount of 24.3% and a cost of £2.4m. There have been occasions this year when price-sensitive developments affecting our larger unquoted investments have prevented us from buying back shares.

Continuation vote

The Board and Investment Manager are highly aware of the continuation vote which is to be put to shareholders at next year's AGM, in the autumn of 2018. We recognise our responsibilities to shareholders and will be consulting them over the course of the next few months, as we did last year.

Quoted investments

As I reported in October, the Company's quoted holdings in real estate and financial companies underperformed following the Brexit vote. In the last six months of the year, however, they recovered strongly.

Our largest exposure to any particular sector is to financial companies which account for 37.5% of the portfolio. These are mainly fund management companies and specialist lenders (rather than banks) which are mostly quoted but also include some unquoted companies. The performance of Liontrust Asset Management and Polar Capital, two of our largest holdings, made a positive contribution to our returns during the year. This is an area where our fund managers have particular insights and experience resulting from their involvement in Artemis' highly successful fund management business. Our fund managers are able to draw on the expertise of the other investment teams at Artemis in this as well as other areas and sectors.

A quarter of the portfolio is now invested in large or medium cap companies which our fund managers believe represent sound investment opportunities as individual stocks, mostly as a result of perceived undervaluation. Although these choices are not driven by the desire for income they have been partly responsible for an increase in income over the year.

Unquoted investments

In last year's annual report, we stated our intention to reduce the Company's exposure to unquoted investments to below 10% before the continuation vote due to be held in the autumn of 2018. As at 30 April 2017, on a valuation basis, the Company's exposure to unquoted investments stood at 25.2%, down from 27.3% at the previous year end. The overall value of these holdings increased from £36.7m to £38.3m, as positive developments prompted upward revisions to the valuations of URICA, Metapack, Gundaline, Retail Money Market, N+1 Singer and Oxford Sciences Innovation. There was, however, a fall in the valuation of Starcount, following a fundraising at a price lower than the Company's carrying value.

There were two full realisations over the period, of Equus Petroleum and Infusion 2002. As reported at the interim stage, there was also one significant partial realisation: Oxford Nanopore Technologies. In total, these realisations raised £4.3m, in line with carrying value and compared to a cost of £1.9m.

The Board and Investment Manager remain committed to reducing the Company's exposure to unquoted investments, and will actively seek realisations at valuations the Investment Manager considers fair and in shareholders' best interest. Further information on the 10 largest unquoted investments is set out in the schedule on page 15.

Earnings and dividends

Revenue earnings for the year were 6.31p per share, an increase of 32% on the previous year (2016: 4.75p). This significant jump was due to the higher level of income from the portfolio and, in particular, large increases from some of the financial holdings. The Company's policy is to seek to increase the dividend by around 10% each year. In line with this target, a second interim dividend of 2.75p (2016: 2.50p) per share has been declared by the Board. The Company's interim dividends for the year total 4.30p per share (2016: 3.90p), an increase of 10%.

Given the substantial increase in net revenue from last year, the Board has decided to declare a special dividend of 2.00p per share. This is due to the exceptional level of income received this year from a number of investments and is also required to satisfy the investment trust rules. This means that total dividends for the year will be 6.30p per share, an increase of 62% over the 2016 payment.

Both the second interim and special dividends will be paid on Friday 25 August 2017 to shareholders on the register as at Friday 28 July 2017, with an ex-dividend date of Thursday 27 July 2017.

Board changes

I am very pleased to welcome Jamie Korner as a non-executive director with effect from 6 April 2017. He has extensive experience of markets and investment management having managed funds at both M&G and Newton and he will be a valuable addition to the Board. Further information on Jamie is set out in his biography on page 19.

Annual General Meeting

The Company's AGM will take place on Thursday, 5 October 2017 at 12.30 pm at a different venue this year, due to renovations at the office of the Investment Manager. It will be held at The Science Room, The Royal Society of Chemistry, Burlington House, Piccadilly, London W1J 0BA. The fund managers, John Dodd and Adrian Paterson, will make a short presentation at the meeting. The Board would welcome your attendance as it provides shareholders with an opportunity to learn more about the Company and to question both the Board and the fund managers. Light refreshments will follow the meeting. For those shareholders who are unable to attend, I would encourage you to make use of your proxy votes by completing and returning the form enclosed with this report.

Outlook

During the period under review, stock markets have had to cope with an extraordinary succession of unexpected events: Britain's decision to leave the EU, the election of President Trump and the U.K. general election. Inevitably these events have had implications for your Company and its investee companies, as well as for currencies and markets generally. However, we follow a stock-specific investment policy which, while having regard to markets, does not claim to derive returns from predicting economic or political events.

The uncertainty surrounding the Brexit negotiations and the results of the general election are likely to contribute to unsettled conditions for at least the next couple of years. Against this background the Board and the Investment Manager will concentrate on continuing to deliver improved returns for shareholders by seeking out opportunities which offer the prospect of good returns despite those uncertainties.

Duncan Budge
Chairman
20 July 2017

Strategic Report (continued)

Investment Manager's Review

As shareholders know, the Company has a very broad investment remit and is not restricted by sector or market cap limits. This suits the fund managers' investment approach which is to invest on a stock specific bottom-up basis. In recent years it has principally focused on UK companies and had significant exposure to small cap including AIM and unquoted investments. These are areas which are well suited to the closed-end structure of the Company which allows the Investment Manager to invest over the longer term. Whilst investments in these areas will continue to feature in the portfolio, the unconstrained remit will inevitably see investments being made in other areas where we have identified good opportunities. This does mean that the portfolio bears little resemblance to the stock and sector weightings of the FTSE All-Share Index. As indicated in the Chairman's Statement we have increased our exposure to large caps during the year.

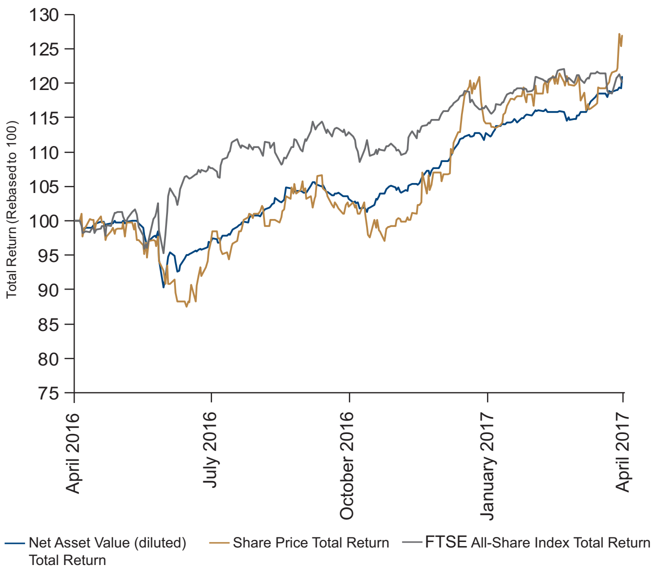
We continue to believe that this investment flexibility differentiates the Company from other trusts and will produce good returns for investors over time. It is pleasing to report an improvement in performance for the period under review.

Performance

During the year under review, the Company's net asset value rose by 20.9% on a total return basis, versus a rise of 20.1% in the FTSE All-Share Index.

There was a significant improvement in performance in the second half of the Company's financial year. That was particularly the case in the listed portfolio, where share prices recovered from the post Brexit uncertainty. As discussed in the Chairman's statement, the unquoted part of the portfolio also made a positive contribution.

Performance over one year to 30 April 2017



Source Artemis/Datastream, total returns.

The Company's share price rose by more than its net asset value over the year. We believe this reflects both the improvement in performance of the portfolio and a general narrowing of discounts across the investment trust sector as markets have risen.

The contribution from listed investments and unquoted investments can be seen below.

	Contribution %
Listed	19.0
Unquoted	3.3
Net income/(expenses)	(1.4)

Portfolio Review

The five largest stock contributors and detractors, along with an industry contribution analysis, are summarised in the tables below.

Five largest stock contributors

Company	Market	Contribution %
Hurricane Energy	AIM	4.6
Liontrust Asset Management	LSE	2.8
URICA	Unquoted	2.5
Avation	LSE	1.3
Gresham Technologies	LSE	1.0

Five largest stock detractors

Company	Market	Contribution %
Starcount Group	Unquoted	(1.3)
Gaming Realms	AIM	(0.6)
Redcentric	AIM	(0.6)
Vectura Group	LSE	(0.6)
GLI Finance	AIM	(0.5)

Industry contribution

Industry	Contribution %
Financials	10.8
Oil & Gas	6.3
Consumer Goods	2.7
Industrials	2.6
Technology	1.0
Basic Materials	0.3
Telecommunications	0.2
Utilities	–
Health Care	(0.5)
Consumer Services	(1.1)

By industry, the largest contribution came from the Company's holdings in the financial services sector. There was also a strong recovery in some of the oil and gas holdings. Weakness at a sector level tended to be as a result of stock-specific issues.

Listed investments

In the listed portfolio, the biggest positive contribution came from Hurricane Energy. This has been a longstanding investment for the Company. Initially bought as an unquoted investment, it floated on AIM in February 2014. After struggling for several years to raise the capital it needed to drill test wells to the west of Shetland, it finally raised sufficient money (primarily from a specialist oil investor) earlier in the financial year. The result was a highly successful drilling campaign that enabled Hurricane substantially to increase its estimated reserves to more than one billion barrels of oil to bring the field into production. Subsequent to the year end the company raised $520m to fund the next stage of the development of its Lancaster field.

Amid generally strong performance from the Company's financial holdings, the standout performer was Liontrust. Its funds continue to perform well which, coupled with helpful stock markets and its strong distribution capabilities, meant it was able to increase its funds under management. Its acquisition of Alliance Trust Investments brought £2.3bn of assets and a highly regarded investment team with a long-term pedigree. The acquisition increased the group's assets under management to £8bn; by the end of March 2017 this had grown to £9bn. It has also had the effect of diversifying Liontrust's product range and improving the quality of its earnings. Despite the strong performance in Liontrust's shares since the deal was announced, it still trades at a discount to its peers. We feel this is unjustified and so retain a holding.

Another longstanding holding in the fund management sector was Polar Capital Holdings. After a couple of lean years, the successful launch of a new UK equity product and the announcement of a new chief executive with a formidable reputation, Gavin Rachussen (formerly of J O Hambro), saw its shares make a strong recovery. Polar Capital has been suffering from net outflows over the last couple of years but we are hopeful that Mr Rachussen will turn the business around.

Elsewhere, aircraft-leasing business Avation performed strongly. It sold a number of its aircraft at a premium to book value at a time when the stock market was valuing its portfolio at a discount to net asset value. The sale of these aircraft has helped to narrow the discount between Avation's share price and its value on a sum-of-parts basis. We believe this re-rating can continue.

Meanwhile, many of the UK domestic shares that performed poorly following the Brexit referendum – such as Helical, St. Modwen Properties and Telford Homes – recovered strongly in the second half of the Company's financial year. In many cases, the shares have rebounded to levels that are higher than they were before the referendum. The portfolio also benefited from a bid for Market Tech Holdings, the Camden-based property developer, from its founder Teddy Sagi.

On the negative side, Gaming Realms, a mobile gaming company, continued to struggle. We have been reducing our holding. Redcentric was hit by accounting irregularities although we had largely exited our position before the problem was discovered.

Elsewhere, GLI Finance, the owner of a number of online lending platforms, continued to perform poorly. The shares are trading at a substantial discount to the net asset value so we are inclined to hold on at this time. Another disappointment was Vectura Group. After completing the takeover of Skyepharma, there were a number of disappointments in its drug pipeline. That we were already selling down the position, however, helped to mitigate the impact.

Unquoted investments

Overall, the performance from the Company's unquoted holdings was much stronger compared to the previous year. Their overall value increased by almost 11%, with total realisations exceeding £4m.

The strongest performance came from URICA, which provides SMEs with early settlement of their invoices in real time through its online platform. Following initial funding from the UK Government (via the Business Finance Partnership) in collaboration with other credit providers it has now expanded its business from the UK to include France. To fund this growth, URICA raised further capital in April, a small part of which the Company provided. The resulting uplift in valuation added around 2.5% to the Company's net asset value.

Elsewhere, Metapack, the dominant provider of fulfilment software services to online retailers in the UK and Europe, continued to perform strongly: its sales grew by 20%. The business is forecast to become increasingly profitable in the financial year to March 2018. Other strong performers included Gundaline, an Australian farming business, the value of whose water rights has increased and N+1 Singer, a small-cap London broker.

Two other investments raised new equity at valuations above the Company's previous carrying values. The first was Oxford Sciences Innovation, a business created to work with Oxford University to commercialise its intellectual property assets. The second was Retail Money Market, one of the UK's leading peer-to-peer lenders. Both businesses are now well funded and their carrying values reflect the uplifts achieved in these recent funding rounds.

On the negative side, we had to write down the carrying value of the Company's holding in Starcount Group after a heavily discounted fundraising. The underlying position and momentum in the business, however, is improving. It has been engaged by two new major blue-chip clients and these contracts are generating revenues as planned.

We continued our efforts to reduce the Company's overall exposure to unquoted holdings by selling out of Equus Petroleum and Infusion 2002. There was also a partial realisation of our holding in Oxford Nanopore Technologies.

Strategic Report (continued)

More information on the Company's ten largest unquoted investments is set out on page 15.

Portfolio themes and transactions

The Company's largest sector exposure remains financials, which account for 37.5% of its total assets. We do not invest, however, in banks, preferring fund managers, wealth managers and specialist lenders. Although these investments have, in general, been made for stock-specific reasons, rising equity markets and a stronger than expected economy have certainly been helpful. Nonetheless, we continue to see value in this part of the market.

One aspect that we should highlight is that a quarter of the portfolio is now invested in large- and mid-caps. These holdings are all interesting on a stock level but they also help to increase the liquidity and flexibility of the portfolio. We have, meanwhile, drawn on the knowledge of Artemis' other investment teams to make a selected number of investments. Examples include Rocket Internet, a German 'incubator' of internet businesses, and Nintendo, a Japanese manufacturer of games consoles.

New investments over the year included Bovis Homes. A profits warning and the subsequent departure of its chief executive allowed us to pick up its shares at a substantial discount to its peers. This came in addition to other holdings in the sector including M J Gleeson, a house-builder focused on northern England, and Telford Homes (although we sold this down following a strong run). We continued to add to our property holdings in the weakness that followed the Brexit vote, particularly St. Modwen Properties and Helical.

We also participated in the IPO market, buying shares in Ramsdens Holdings, a Middlesbrough-based pawnbroker and travel money broker now expanding nationwide. We also subscribed to an offering by FreeAgent Holdings, which provides (cloud-based) accounting software to small businesses. Shares in both have performed well since their listings.

Other deals we participated in included the restructuring of IGas Energy, an onshore oil and gas company. The company has substantial fracking coverage that is ascribed no value by the stock market despite much of the company's costs being carried by Total and INEOS on its substantial work programme. Lastly we bought Attraqt, which provides search and merchandising solutions to online retailers in the UK and US.

On the sell side, we sold our holdings in BP and Dalata Hotel Group. We also took profits in a number of long-term holdings such as Brewin Dolphin, Telford Homes and Vectura Group. We locked in profits made on Booker Group after Tesco announced its intention to buy it (subject to approval from the competition authorities).

We sold a number of smaller holdings from the tail of the portfolio during the year, predominately those that had become very small in size. No new investments were made in unquoteds other than some small follow-on investments into existing holdings.

Investment strategy

The strategy remains the same. On the Company's behalf, we invest in a range of companies, predominantly in the UK but also drawing on the global expertise of Artemis' wider investment team where necessary. We have made progress in reducing the overall percentage of the portfolio accounted for by unquoted holdings. Although we are committed to making further disposals in this area in the year ahead, we still believe that the potential of many of these investments is exciting and will look to exit where these meet our valuation assessment.

Outlook

As investors have attempted to anticipate what the recent general election and its aftermath might mean for Brexit and, by extension, the UK economy, politics is exercising a greater influence than usual over the UK market. As the prospect of a comfortable majority for the Conservatives faded and vanished, Sterling fell. Dovish comments from the Bank of England's Mark Carney added to the downward pressure on the pound. As overseas earners, the mega caps of the FTSE 100 Index have been beneficiaries of this weakness. But returns from small- and mid-caps, which tend to be domestic earners – and which dominate the Company's portfolio – have been more modest.

In broad terms, the election has made it more likely that there will be some form of 'transitional' deal for the UK after the two-year negotiating period with the EU comes to an end in March 2019. This reduces the risk of a 'no deal' or 'hard' Brexit. A further positive for the economy is that inflation should start to drop, helped by progressively easier year-on-year comparisons for the oil price. This, in turn, should reduce the squeeze on the real incomes of consumers. That ought to help stocks with a domestic focus. At the same time, the UK market's overseas earners, most of which are large caps, have benefited from strong earnings momentum because of Sterling's fall since the referendum. A weak pound has, in some cases, masked weak underlying performance. These companies could be exposed once support from the currency fades. There are reasons to hope that the Company's bias to small caps – and away from mega caps – won't remain a handicap for much longer.

We are, however, stock-pickers rather than political commentators or currency traders. That politics and other macro matters continue to exercise so much influence over the market is frustrating. But history suggests that it won't last: in time, underlying company fundamentals always prevail. So our focus remains on monitoring the Company's existing holdings and seeking new opportunities.

John Dodd and Adrian Paterson
Fund managers
Artemis Fund Managers Limited
20 July 2017

Twenty-Five Largest Investments as at 30 April 2017

Investment	Business activity	Market Value £'000	% of total investments
Liontrust Asset Management	Asset management	7,480	4.8
URICA[2,3]	Global payment network for SMEs	6,896	4.4
Hurricane Energy[1]	West of Shetland oil & gas exploration	5,875	3.7
Gleeson (M.J.) Group	Urban regeneration & land trading	5,838	3.7
Polar Capital Holdings[1]	Asset management	5,417	3.5
Metapack[2]	Delivery optimisation technology	5,248	3.3
Avation	Aircraft leasing	4,312	2.7
Vectura Group	Drug delivery specialist	4,233	2.7
Claremont Alpha[2]	Taiwan casino developments	3,822	2.4
Gresham Technologies	Financial software services	3,243	2.1
Reaction Engines[2]	Rocket propulsion systems	3,217	2.1
Starcount Group[2]	Social media data analytics	3,119	2.0
St. Modwen Properties	Property development & investment	2,833	1.8
Tesco	Retailer	2,794	1.8
Halley Asian Prosperity Fund	Asian investment fund	2,638	1.7
Gundaline[2]	Australian agriculture	2,601	1.7
Helical	Property development & investment	2,565	1.6
City of London Investment Group	Emerging markets asset management	2,506	1.6
Ramsdens Holdings[1]	Financial services provider and retailer	2,505	1.6
Rocket Internet	Online retail and food delivery	2,455	1.6
Sports Direct International	UK sports retailer	2,454	1.6
Majestic Wine[1]	Specialist wine retailer	2,442	1.6
Attraqt Group[1]	Online visual merchandising	2,436	1.6
Oxford Sciences Innovation[2]	Oxford University spin-out companies	2,200	1.4
Nintendo	Video games	2,081	1.3
Top 25 investments		**91,210**	**58.3**

[1] AIM quoted

[2] Unquoted, delisted or suspended investment

[3] Includes fixed interest element

Strategic Report (continued)

Portfolio of Investments as at 30 April 2017

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Financials				
Brewin Dolphin Holdings	Private client & wealth management	UK	1,472	0.9
Charles Stanley	Stockbroking & investment management	UK	1,733	1.1
City of London Investment Group	Emerging markets asset management	UK	2,506	1.6
GLI Finance[1]	Peer-to-peer lending investments	UK	1,140	0.7
Halley Asian Prosperity Fund	Asian investment fund	Luxembourg	2,638	1.7
Hawk Group[2]	SME finance solutions	Luxembourg	–	–
Helical	Property development & investment	UK	2,565	1.6
JRP Group	Specialist retirement products & services	UK	1,493	1.0
K3 Capital Group[1]	Corporate finance	UK	868	0.6
Lamp Group[2]	Healthcare & specialist insurance	UK	1,356	0.9
Liontrust Asset Management	Asset management	UK	7,480	4.8
LumX Group	Asset Management	Switzerland	1,433	0.9
Market Tech Holdings	Property and technology holding company	UK	1,634	1.0
Miton Group[1]	Asset management	UK	1,110	0.7
N+1 Singer[2]	Stockbroking	UK	1,360	0.9
Newriver Retail[1]	UK retail property investments	UK	–	–
Orchard Funding Group[1]	Professional fee funding solutions	UK	1,006	0.6
Oxford Sciences Innovation[2]	Oxford University spin-out companies	UK	2,200	1.4
Park Group[1]	Retail vouchers & gift cards	UK	1,257	0.8
Path Investments	Turkish oil & gas investments	UK	21	–
Plus500[1]	Online trading platform	UK	1,584	1.0
Polar Capital Holdings[1]	Asset management	UK	5,417	3.5
Property Franchise Group[1]	Estate agent services	UK	1,938	1.2
Ramsdens Holdings[1]	Financial services provider and retailer	UK	2,505	1.6
Randall & Quilter[1]	Global non-life insurance activities	UK	685	0.4
Retail Money Market[2]	Peer-to-peer lender	UK	2,012	1.3
St. Modwen Properties	Property development & investment	UK	2,833	1.8
URICA[2,3]	Global payment network for SMEs	UK	6,896	4.4
Waverton Southeast Asian Fund	Asian investment fund	Luxembourg	1,726	1.1
Total Financials			**58,868**	**37.5**
Consumer Services				
Be Heard Group[1]	Digital marketing network	UK	639	0.4
Booker Group	Food wholesaler	UK	1,455	0.9
Carpetright	Floor coverings & bed retailer	UK	364	0.2
Claremont Alpha[2]	Taiwan casino developments	Isle of Man	3,822	2.4
Entertainment One	Media distribution company	UK	606	0.4
Flying Brands[2]	Multi brand home shopping group	Jersey	–	–
Gaming Realms[1]	Online bingo & gaming	UK	1,658	1.1
Hardlyever[2]	Online portal selling pre-owned luxury goods	UK	971	0.6
Maison Seven[2]	Online fashion retailing	UK	–	–
Majestic Wine[1]	Specialist wine retailer	UK	2,442	1.6
Millennium & Copthorne	Hospitality & hotel group	UK	1,462	0.9
ROK Entertainment[2]	Global mobile entertainment group	USA	–	–
ROK Global[2]	Global mobile entertainment group	UK	–	–
Sports Direct International	UK sports retailer	UK	2,454	1.6
Starcount Group[2]	Social media data analytics	UK	3,119	2.0
Tesco	Retailer	UK	2,794	1.8
Zinc Media Group[1]	Media Production	UK	760	0.5
Total Consumer Services			**22,546**	**14.4**

[1] AIM quoted
[2] Unquoted, delisted or suspended investment
[3] Includes fixed interest element

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Industrials				
Augean[1]	Specialist waste management	UK	1,280	0.8
Avation	Aircraft leasing	UK	4,312	2.7
Fox Marble[1]	Kosovo marble mining	UK	1,069	0.6
Gama Aviation[1]	Aviation services	UK	1,017	0.7
IWG	Business office facilities	UK	1,462	0.9
MBA Polymers[2,3]	Post-consumer recycled plastics producer	USA	137	0.1
Metapack[2]	Delivery optimisation technology	UK	5,248	3.4
Rated People[2]	Home maintenance services	UK	802	0.5
Reaction Engines[2]	Rocket propulsion systems	UK	3,217	2.1
Utilitywise[1]	Energy management solutions	UK	607	0.4
Volex	Power & data cabling solutions	UK	467	0.3
Total Industrials			**19,618**	**12.5**
Consumer Goods				
Bovis Homes Group	National housebuilder	UK	1,943	1.2
Chateau Lafite Rothschild 2009[2]	Physical wine holding	France	401	0.3
Chateau Lafite Rothschild 2010[2]	Physical wine holding	France	347	0.2
Chateau Rieussec 2010[2]	Physical wine holding	France	18	–
Gundaline[2]	Australian agriculture	Australia	2,601	1.7
Hornby[1]	Hobby & toy products	UK	867	0.5
Houseology Design Group[2]	Home interiors & furniture design	UK	876	0.6
Gleeson (M.J.) Group	Urban regeneration & land trading	UK	5,838	3.7
Nintendo	Video games	Japan	2,081	1.3
Pittards[1]	High performance leather goods	UK	2,006	1.3
Telford Homes[1]	London housing developments	UK	1,378	0.9
Total Consumer Goods			**18,356**	**11.7**
Oil & Gas				
Africa Oil	East Africa oil & gas exploration	Canada	1,170	0.7
Buried Hill Energy (Cyprus)[2]	Turkmenistan oil & gas exploration	Cyprus	809	0.5
Ceramic Fuel Cells[2]	Electric fuel cells	Australia	–	–
Energy Equity Resources (Norway)[2]	African oil & gas exploration	UK	–	–
Homeland Renewable Energy[2]	US renewable energy production	USA	–	–
Hurricane Energy[1]	West of Shetland oil & gas exploration	UK	5,875	3.7
IGas Energy[1]	UK onshore gas production	UK	2,018	1.3
Lansdowne Oil & Gas[1]	Irish gas storage & exploration	UK	239	0.2
Leed Resources[2]	Natural resources investments	UK	–	–
PetroHunter Energy[2]	US oil & gas exploration	USA	–	–
Providence Resources[1]	Irish gas storage & exploration	Ireland	289	0.2
Trinity Exploration & Production[1]	Oil & gas exploration	UK	1,382	0.9
Total Oil & Gas			**11,782**	**7.5**
Technology				
Attraqt Group[1]	Online visual merchandising	UK	2,436	1.6
Coretx Holdings[1]	Data & network infrastructure	UK	1,017	0.7
Emis Group[1]	Medical software supplier	UK	1,878	1.2
Fitbit	Provider of health and fitness devices	USA	663	0.4
FreeAgent Holdings[1]	Online accounting software provider	UK	797	0.5

[1] AIM quoted
[2] Unquoted, delisted or suspended investment
[3] Includes fixed interest element

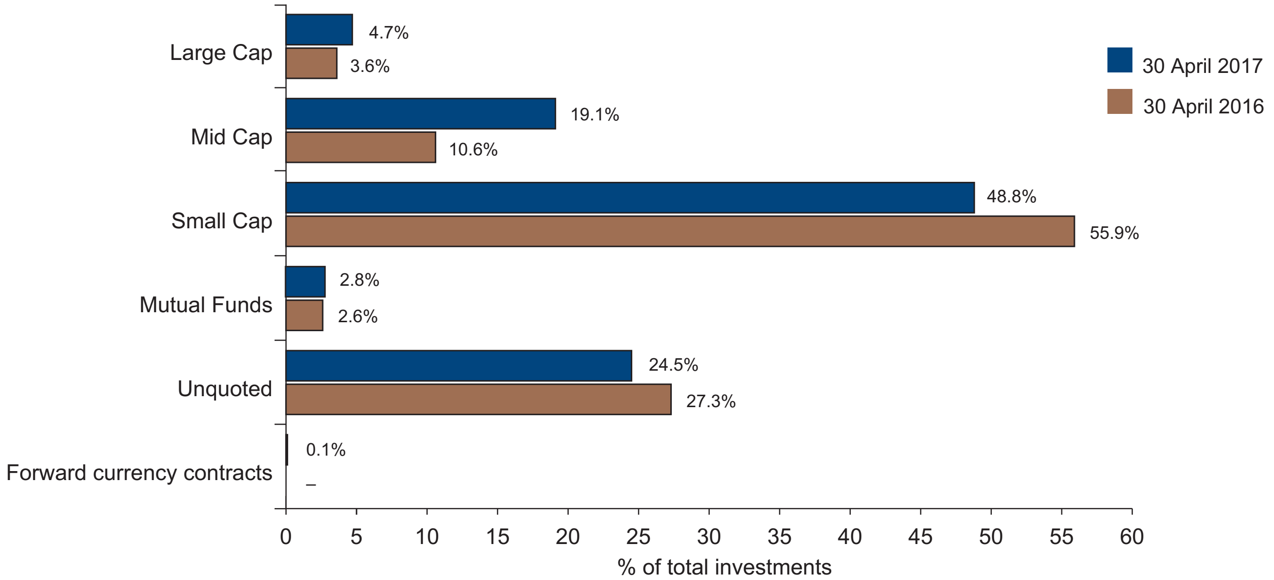
Strategic Report (continued)

Portfolio of Investments (continued)

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Technology (continued)				
Gresham Technologies	Financial software services	UK	3,243	2.1
Mporium Group[1]	Mobile retail design	UK	1,750	1.1
Rocket Internet	Online retail and food delivery	Germany	2,455	1.6
Total Technology			**14,239**	**9.2**
Health Care				
Eden Research[1]	Agricultural chemicals	UK	1,352	0.9
hVIVO[1]	Vaccine testing	UK	870	0.6
Oxford Nanopore Technologies[2]	Nanopore DNA sequencing	UK	822	0.5
Physiolab Technologies[2,3]	Cryotherapy technology	UK	1,327	0.8
Quantum Pharma[1]	Pharmaceutical developer, manufacturer and supplier	UK	645	0.4
Summit[1]	Drug development	UK	680	0.4
Vectura Group	Drug delivery specialist	UK	4,233	2.7
Total Health Care			**9,929**	**6.3**
Basic Materials				
Duke Royalty[1]	Mining royalty payment investments	UK	733	0.5
Eastcoal[2]	Ukrainian coal mining	Canada	–	–
Ironveld[1]	South African iron mining	UK	352	0.2
Total Basic Materials			**1,085**	**0.7**
Telecommunications				
Mobile Streams[1]	Mobile content store	UK	186	0.1
Total Telecommunications			**186**	**0.1**
Total equity investments			**156,609**	**99.9**
Forward currency contracts				
Buy Sterling 2,448,171 dated 15/08/2017			2,448	1.6
Sell Australian Dollars 4,000,000 dated 15/08/2017			(2,301)	(1.5)
Total forward currency contracts			**147**	**0.1**
Total investments			**156,756**	**100.0**

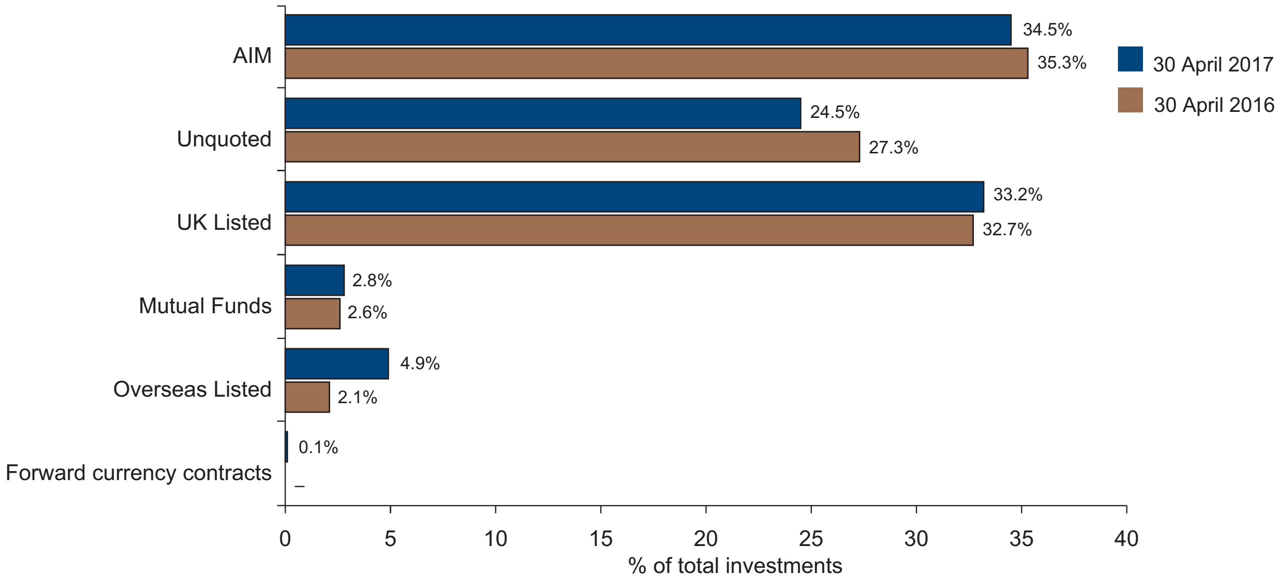
[1] AIM quoted
[2] Unquoted, delisted or suspended investment
[3] Includes fixed interest element

Market cap analysis



Large cap – market cap equivalent to FTSE 100 companies
Mid cap – market cap equivalent to FTSE 250 companies
Small cap – market cap equivalent to companies below FTSE 250

Market analysis

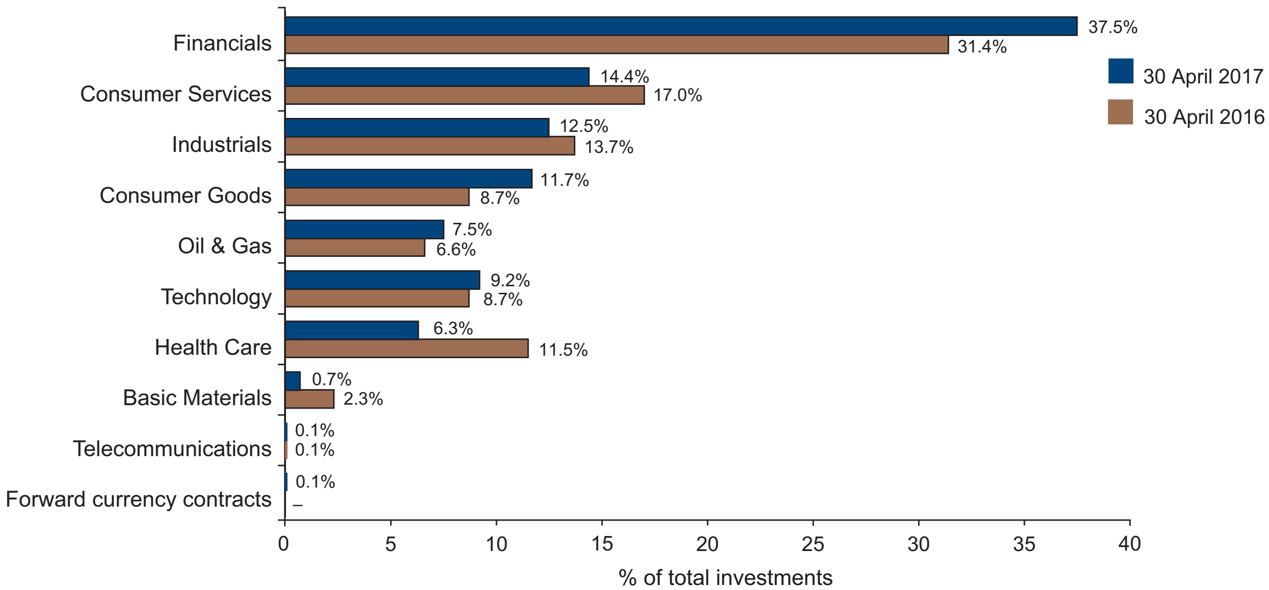


Portfolio of Investments (continued)

Geographical analysis

Country of incorporation	2017 % of total investments	2016 % of total investments
UK	86.8	87.8
Luxembourg	2.8	2.6
Isle of Man	2.4	2.7
Australia	1.7	1.5
Germany	1.6	–
Japan	1.3	–
Switzerland	0.9	0.1
Canada	0.7	1.5
Cyprus	0.5	0.6
France	0.5	0.4
USA	0.5	0.5
Ireland	0.2	1.3
Finland	–	1.0
Forward currency contracts	0.1	–
	100.0	**100.0**

Industry analysis



Portfolio has been analysed using ICB industry classifications.

Ten largest unquoted investments

Name	Valuation £'000	% of total investments	% of equity held	Market cap (m)	Date of first investment	Website
URICA	6,896	4.4%	28.3%	£23.8	June 2013	urica.com
URICA provides SME companies with early settlement of their invoices through its own real time online platform. The fund is based in the UK, and recently in launched a fund in France.						
Metapack	5,248	3.4%	4.4%	£139.7	May 2011	metapack.com
Metapack is a software as a service ("SaaS") company that has developed a platform that manages the home delivery process for online retailers. The company is the dominant provider of fulfilment software services with a 70% share of the top 100 online retailers in the UK.						
Claremont Alpha	3,822	2.4%	40.5%	£9.5	November 2011	–
Claremont Group was set up to identify, develop and monetise early stage opportunities in the gaming sector. The company owns real estate assets in New York and Taiwan.						
Reaction Engines	3,217	2.1%	3.4%	£95.1	September 2009	reactionengines.co.uk
Reaction Engines is a technology company that is developing innovative lightweight heat exchangers for space and hypersonic propulsion systems. The company has received grant funding from the UK Space Agency and has BAE as a strategic investor.						
Starcount	3,119	2.0%	14.6%	£20.0	January 2013	starcount.com
Starcount is a social media data analytics business run by Edwina Dunn and Clive Humby who were behind the company DunnHumby, which pioneered the analysis of consumer data to inform strategic decisions. Starcount is looking to leverage social media data sets to provide insights in to decision making for brands, retailers and financial institutions.						
Gundaline	2,601	1.7%	12.0%	£21.6	January 2014	–
Gundaline is the holding company for a 15,000 hectare soft commodities farm located in New South Wales, Australia. The farm owns 16,000 ML of groundwater entitlements which command significant values due to the scarcity of secure water. Australia uniquely operates a liquid market in tradable water rights.						
Oxford Sciences Innovation	2,200	1.4%	0.3%	£704.0	June 2015	oxfordsciencesinnovation.com
Oxford Sciences was established to work with Oxford University to commercialise the IP assets of the University derived from its Mathematical, Physical and Life Sciences Division (MPLS) and Medical Sciences Division (MSD).						
Retail Money Market	2,012	1.3%	2.1%	£195.0	March 2015	ratesetter.com
Retail Money Market trades as RateSetter which is one of the largest peer-to-peer (P2P) lender in the UK.						
N+1 Singer	1,360	0.9%	6.8%	£21.4	March 2010	n1singer.com
N+1 Singer is an independent UK stockbroker that specialises in corporate advisory and sales, research and trading services in the small and mid cap sectors.						
Lamp Group	1,356	0.9%	6.9%	£20.0	January 2005	lampinsurance.com
Lamp is a boutique insurance company that underwrites risk in the areas of legal expenses, healthcare, and miscellaneous financial losses.						

Strategic Report (continued)

Strategy and Business Review

Corporate strategy & policy

The Company is incorporated in England. Its business as an investment trust is to buy and sell investments with the aim of achieving the objective and in accordance with the policy set out on page 2.

Gearing

The Company uses gearing as part of its investment strategy. The Articles of Association (the "Articles") permit the Company to borrow up to 25% of its adjusted capital and reserves. Subject to this being complied with, the level of borrowing is a matter for the Board, whilst the utilisation of borrowings is delegated to the Investment Manager. This utilisation may be subject to specific guidelines established by the Board from time to time. The current guidelines permit the Investment Manager to employ borrowings of up to 20% of net assets. The Company has a £30.0m borrowing facility with The Royal Bank of Scotland plc, of which £13.0m (2016: £8.5m) was drawn down at the year end. The use of gearing by the Investment Manager will vary from time to time, reflecting its views on the potential returns from stock markets. The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis.

Operating environment

The Company operates as an investment trust company and is an investment company within the meaning of section 833 of the Companies Act 2006 (the "Act").

The Company has been approved as an investment trust in accordance with the requirements of section 1158 of the Corporation Taxes Act 2010 which remains subject to the Company continuing to meet the eligibility conditions and ongoing requirements of the regulations. The Board will manage the Company so as to continue to meet these conditions.

The Company has no employees and delegates most of its operational functions to service providers.

Current & future developments

A summary of the Company's developments during the year ended 30 April 2017, together with its prospects for the future, is set out in the Chairman's Statement on pages 4 and 5 and Investment Manager's Review on pages 6 to 8. The Board's principal focus is the delivery of positive long-term returns for shareholders and this will be dependent on the success of the investment strategy. The investment strategy, and factors that may have an influence on it, such as economic and stock market conditions, are discussed regularly by the Board and the Investment Manager. The Board regularly considers the ongoing development and strategic direction of the Company, including its promotion and the effectiveness of communication with shareholders.

Key Performance Indicators ("KPIs")

The performance of the Company is reviewed regularly by the Board and it uses a number of KPIs to assess the Company's success in meeting its objective. The KPIs which have been established for this purpose are:

- Discrete annual total returns

Year ended 30 April	Diluted Net asset value	Share price	FTSE All-Share Index
2013	(2.8)%	4.5%	17.8%
2014	13.3%	3.1%	10.5%
2015	(0.9)%	(6.9)%	7.5%
2016	(6.1)%	(13.2)%	(5.7)%
2017	20.9%	26.7%	20.1%

Source: Artemis/Datastream

- Dividends per ordinary share

Year ended 30 April	Pence per ordinary share	Increase
2013	3.05p	3.4%
2014	3.20p	4.9%
2015	3.55p	10.9%
2016	3.90p	9.9%
2017*	6.30p	61.5%

* Includes special dividend of 2.00p

- Ongoing charges as a proportion of shareholders' funds (excluding performance fees)

As at 30 April	Ongoing charges
2013	0.9%
2014	1.0%
2015	0.9%
2016	0.9%
2017	0.9%

In addition to the above KPIs, the Board monitors the discount to the underlying net asset value at which the shares trade. No specific discount target has been set, but the Board sets the policy and has given the Investment Manager discretion to exercise the Company's authority to buy-back its own shares from time to time to address any imbalances between the supply and demand in the Company's shares. This is reviewed regularly by the Board. The Board will also use its authority to issue new ordinary shares from time to time should there be excess demand for the Company's shares.

Principal risks and risk management

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company. It is used to monitor these risks and to review the effectiveness of the controls established to mitigate them. Further information on the Company's internal controls is set out in the corporate governance section on pages 24 and 25. As an investment company the main risks relate to the nature of the individual investments and the investment activities generally. These include market price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

A summary of the key areas of risk is set out below:

- *Strategic:* investment objective and policy are not appropriate in the current market and not favoured by investors.

  The investment objective and policy of the Company is set by the Board and is subject to ongoing review and monitoring in conjunction with the Investment Manager. This includes the views expressed by the Company's shareholders.

- *Investment:* the Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider UK market (FTSE All-Share Index). The Company invests in small cap (listed), AIM traded and unquoted investments which can be subject to a higher degree of risk than larger quoted investments. The Company may also have significant exposure to particular industry sectors from time to time.

  The Board considers that this risk is justified by the longer term nature of the investment objective and the Company's closed-ended structure, and that such investments should be a source of positive returns for shareholders. Risk will be diversified through having a broad range of investments in the portfolio. The Board discusses the investment portfolio with the Investment Manager at each Board meeting and part of this discussion includes a detailed review of the Company's unquoted investments, their valuations and future prospects.

  The Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of the losses. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

  All borrowing arrangements entered into require the prior approval of the Board and gearing levels are regularly discussed by the Board and Investment Manager.

- *Regulatory:* failure to comply with the requirements of a framework of regulation and legislation, within which the Company operates.

  The Company relies on the services of the Company Secretary and Investment Manager to monitor ongoing compliance with relevant regulations and legislation.

- *Operational:* disruption to, or failure of, the Investment Manager's and/or any other third party service providers' systems which could result in an inability to report accurately and monitor the Company's financial position.

  Both the Investment Manager and the Administrator have established business continuity plans to facilitate continued operation in the event of a major service disruption or disaster.

Further information on risks and the management of them are set out in the notes to the financial statements on pages 50 and 51.

Other matters

Viability Statement

In accordance with the UK Corporate Governance Code, the Board has considered the longer term prospects for the Company. The period assessed is the five years to 30 April 2022. During this period the Board is required to put forward an ordinary resolution for the continuation of the Company for a further five years, with the next vote due to take place at the annual general meeting to be held in October 2018. The Board believes that a review to this date would be too short to be meaningful for shareholders and has considered a five year period to be appropriate.

As part of its assessment of the viability of the Company, the Board has considered each of the principal risks and the impact on the Company's portfolio of a significant fall in UK markets. The Board has also considered the liquidity of the Company's portfolio to ensure that it will be able to meet its liabilities as they fall due.

The conclusion of this review is that the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2022, subject to shareholders approving the continuation of the Company at the annual general meeting in 2018.

Life of the Company

The Company's Articles provide that, at the AGM to be held in 2018 and at every fifth AGM thereafter, a vote on whether the Company should continue in existence as an investment trust will be proposed as an ordinary resolution.

Share capital

Shareholders authorised the Company to buy back up to 14.99% of the shares in issue at last year's AGM. This has been used to manage the balance between supply and demand for the Company's shares in the market.

During the year the Company repurchased a total of 1,040,706 ordinary shares, representing 2.5% of the issued share capital as at 1 May 2016 (2016: 676,000). The Company has repurchased a further 152,500 ordinary shares since the year end.

A resolution to renew the Company's buy-back authority will be put to shareholders at the AGM on 5 October 2017.

Strategic Report (continued)

3,539 ordinary shares were issued during the year as a result of the exercise of subscription shares (2016: 265).

Directors

The Directors of the Company and their biographical details are set out on page 19.

No Director has a contract of service with the Company.

The Board supports the principles of diversity in the boardroom and acknowledges the benefits of having greater diversity, including gender, and considers this in seeking to ensure that the overall balance of skills and knowledge that the Board has remains appropriate so that it can continue to operate effectively. The Board's director selection policy will, first and foremost, seek to identify the person best qualified to become a director of the Company, but in so doing, consideration will be given to diversity, including gender. The Board is currently comprised of four male directors and one female director.

Modern Slavery Act 2015

The Company does not fall within the scope of the Modern Slavery Act 2015 as its turnover is less than £35 million. Therefore no slavery and human trafficking statement is included in the Annual Financial Report.

Social and environmental matters

The Company has no employees and has delegated the management of the Company's investments to Artemis which, in its capacity as Investment Manager, has a Corporate Governance and Shareholder Engagement document which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders. Artemis undertakes extensive evaluation and engagement with company managements on a variety of matters such as strategy, performance, risk, dividend policy, governance and remuneration. All risks and opportunities are considered as part of the investment process in the context of enhancing the long-term value of shareholders' investments. This will include matters relating to material environmental, human rights and social considerations that will ultimately impact the profitability of a company or its stock market rating and hence these matters are an integral part of Artemis' thinking as investors.

As the Company has delegated the investment management and administration of the Company to third party service providers, and has no fixed premises, there are no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the underlying investment portfolio.

Leverage

Leverage is defined in the Alternative Investment Fund Manager Directive ("AIFMD") as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions. The Company is permitted by its Articles to borrow up to 25% of its net assets (equivalent to 125% under the commitment and gross ratios in the AIFMD). The Company is permitted to have additional leverage of up to 100% of its net assets, which results in permitted total leverage of 225% under both ratios. Artemis as the Alternative Investment Fund Manager ("AIFM"), monitors leverage limits on a daily basis and reviews them annually. No changes have been made to these limits during the period. At 30 April 2017, the Company's leverage was 107.0% as determined using the gross method and 108.7% under the commitment method.

The Investment Manager requires prior Board approval to:

(i) enter into any stocklending agreements;

(ii) to borrow money against the security of the Company's investments; or

(iii) create any charges over any of the Company's investments.

Financial Statements

The financial statements of the Company are included on pages 36 to 52 of this report.

For and on behalf of the Board,

Duncan Budge
Chairman

20 July 2017

Directors

Duncan Budge (Chairman)

Duncan Budge, aged 61, was an Executive Director and Chief Operating Officer of RIT Capital Partners plc between 1995 and 2011. He is chairman of Dunedin Enterprise Investment Trust plc and a director of Lazard World Trust Fund, Lowland Investment Company plc, Menhaden Capital plc, BioPharma Credit plc and Asset Value Investors Limited.

Appointed as a non-executive Director on 19 November 2013 and Chairman on 2 October 2014, Mr Budge was also appointed Chairman of the Nomination and Management Engagement Committees on 2 October 2014.

John Ayton MBE

John Ayton, aged 55, practised as a corporate lawyer in Hong Kong and the City of London before founding Links of London, a global jewellery brand. After selling the company in 2007, Mr Ayton has been an investor in, and mentor to, a number of emerging luxury brands businesses, as well as launching the jewellery brand Annoushka. He is director of a number of private companies. He was awarded an MBE for his services to the UK jewellery industry in 2012.

Appointed as a non-executive Director on 25 June 2015.

Blathnaid Bergin

Blathnaid Bergin, aged 42, joined Aviva in 2017 as Chief Finance Operations Officer. Prior to that she was Group Financial Controller for RSA Insurance Group plc. Before joining RSA, Ms Bergin spent 11 years at General Electric where she held a number of finance roles both in the capital and industrial businesses. She has worked in the UK and across much of Europe, Asia and Australia. Ms Bergin has extensive experience in building strong control environments and financial reporting and driving change and transformation. She is a Fellow of the Institute of Chartered Accountants in Ireland.

Appointed as a non-executive Director on 9 July 2015 and Chairman of the Audit Committee on 2 December 2015.

Ms Bergin is the Company's Senior Independent Director.

Tom Cross Brown

Tom Cross Brown, aged 69, was global chief executive officer of ABN AMRO Asset Management, having previously been chief executive officer of ABN AMRO Asset Management in the UK and global head of business development. Prior to joining ABN AMRO, Mr Cross Brown spent 21 years at Lazard Brothers & Co. and was chief executive of Lazard Brothers Asset Management Limited between 1994 and 1997. He is currently deputy chairman of JRP Group plc, and is a non-executive member of the management committee of Artemis Investment Management LLP.

Appointed as a non-executive Director on 5 April 2006.

Jamie Korner

Jamie Korner, aged 62, is a partner of Stanhope Capital LLP. A Cambridge graduate, he joined Inchcape in 1978 and worked both overseas and in the UK, following a period in farming. After working at stockbroker Fielding Newson Smith and as a manager of institutional funds at M&G, he moved to Newton Investment Management in 1995. He led the charity and smaller institutional business of Newton until his retirement in 2011. He is a non-executive director of Henderson Alternative Strategies Trust plc, a trustee of the Foyle Foundation and other charities as well as an adviser to other institutions in the arts and education fields.

Appointed as a non-executive Director on 6 April 2017.

Mr Budge, Mr Ayton and Ms Bergin were considered independent of the Investment Manager throughout the year ended 30 April 2017 and up to the date of this report. They were members of the Audit, Nomination and Management Engagement Committees throughout the period.

Mr Cross Brown is not considered independent of the Investment Manager due to his role as a non-executive member of the management committee of Artemis Investment Management LLP.

Mr Korner was both considered independent of the Investment Manager upon appointment and up to the date of this report. He was appointed to the Audit, Nomination and Management Engagement Committees on 6 April 2017.

Directors and Corporate Governance

Directors' Report

The Directors have pleasure in presenting their report, together with the audited financial statements of the Company for the year ended 30 April 2017.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 36. The Board has declared dividends for the year totalling 6.30 pence per ordinary share. This is made up of a first interim dividend of 1.55 pence, a second interim dividend of 2.75 pence and a special dividend of 2.00 pence. The second interim dividend and a special dividend for the year ended 30 April 2017 will be paid on 25 August 2017 to shareholders who are on the register at the close of business on 28 July 2017 with an ex dividend date of 27 July 2017.

Management and management fees

The Company's investments are managed by Artemis Fund Managers Limited ("Artemis"), subject to an Investment Management Agreement dated 15 July 2014 (the "Agreement"). Pursuant to the Agreement, Artemis is entitled to a management fee of 0.75% per annum of the average monthly market capitalisation of the Company, payable quarterly in arrears. In addition, a performance-related fee may be payable equal to 15% of any outperformance by the Company's share price (on a total return basis) of the rate of total return on the FTSE All-Share Index plus 2% per annum, measured over a rolling three year period.

The performance fee payable each year cannot exceed 2.5% of the Company's market capitalisation at the end of the performance period. The performance fee operates a "high water mark" such that it will only be payable if the Company's share price ends the measurement period higher than at the start of such period and is higher (on a total return basis) than the share price level at which a performance fee was last paid. Any relative underperformance compared to the FTSE All-Share Index (plus 2%) each year is carried forward to the next period. This ensures that any under performance from prior years needs to be made up before any performance fee can become payable. No performance fee was earned for the year ended 30 April 2017 or 30 April 2016. At 30 April 2017, the share price would have had to be higher than 525 pence per share in order for a performance fee to become payable (2016: 438 pence per share).

The Agreement may be terminated by either party on twelve months' written notice. In the event of the Company terminating the Agreement by giving less than twelve months' notice, Artemis is entitled to an amount in lieu of notice equivalent to 0.75% of the market capitalisation of the Company on the date of termination and the performance fee (if any) due in accordance with the Agreement.

John Dodd and Adrian Paterson are the day-to-day fund managers. Portfolio ideas may also generated by the other members of the Artemis investment team from time to time, but all investment decisions are the responsibility of the fund managers.

Artemis is also the Alternative Investment Fund Manager ("AIFM") to the Company. The Agreement sets out Artemis' duties to the Company in respect of the AIFMD. No fees are paid to Artemis in respect of its role as the AIFM to the Company. Artemis has delegated responsibility for the day-to-day portfolio management of the Company's portfolio to Artemis Investment Management LLP.

Both Artemis entities are authorised and regulated by the Financial Conduct Authority and at 30 April 2017 had £25.5 billion, in aggregate, of assets under management.

Continuing appointment of the Investment Manager

The Board has reviewed the Investment Manager's engagement, including its management processes, risk controls and the quality of support provided to the Board and believes that its continuing appointment, on its current terms, remains in the interests of shareholders at this time. Such a review is carried out on an annual basis.

Elections of Directors

The Board has adopted a policy that all Directors should stand for re-election on an annual basis at each AGM.

The Board recommends the re-election of Mr Budge, Mr Ayton, Ms Bergin and Mr Cross Brown on the basis of their industry knowledge, experience and their contribution to the operation of the Company.

Mr Korner, having been appointed on 6 April 2017, is due to stand for election at the first AGM following his appointment, and therefore is proposed for election at this years' AGM.

Mr Barron retired as a Director of the Company on 5 October 2016.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in conducting their duties.

The Company's Articles provide the Directors subject to the provisions of UK law, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no qualifying third party indemnity provisions in force.

Share capital

The Company has two share classes: ordinary shares of 1 pence each and subscription shares of 1 pence each. As at 30 April 2017 the Company had 41,127,975 ordinary shares (2016: 42,899,142) and 6,859,138 subscription shares (2016: 6,862,677) in issue.

The Company made market purchases of its own ordinary shares totalling 1,040,706 (2016: 676,000) during the year for an aggregate consideration of £2,376,000 (2016: £1,576,000). This represented 2.5% of issued ordinary share capital at the start of the period, with a nominal value of £10,407. The shares were bought at an average discount of 24.3% (2016: 23.1%) and are currently held in treasury.

During the year the Company issued and allotted 3,539 (2016: 265) ordinary shares in connection with the exercise of subscription rights by holders of a corresponding number of subscription shares. These shares were issued at the subscription price of 345 pence per share.

The ordinary share capital includes 1,223,706 shares held in treasury (2016: 734,000). The Company has a policy whereby any shares held in treasury for more than twelve months from the date of acquisition will be cancelled. During the year 551,000 treasury shares were cancelled (2016: 520,294).

Since the year end a further 152,500 ordinary shares have been purchased into treasury and 2,792 subscription shares were exercised and a corresponding number of ordinary shares issued and allotted. As at 20 July 2017, the Company had 42,099,473 ordinary shares and 6,856,346 subscription shares in issue. Of these, 1,121,206 ordinary shares are held in treasury, and therefore the Company's total voting rights are 40,978,267.

The subscription shares rank equally with each other and do not carry any voting rights or the right to receive any dividends from the Company. Each subscription share confers the right (but not the obligation) to subscribe for one ordinary share at 345 pence on the last business day in June and December of each year up to 31 December 2017, after which the subscription shares will lapse. The subscription shares are freely transferable in the form of which they are currently registered and are traded on the London Stock Exchange.

Holders of the Company's subscription shares should note that the last business day in December 2017 is the last occasion on which they can exercise their subscription rights. We will be writing to all registered holders of these shares later in the year with a reminder of the final exercise date and information on what happens to any subscription rights that remain unexercised at expiry.

At any general meeting of the Company, every ordinary shareholder attending in person or by proxy (or by corporate representative) is entitled to one vote on a show of hands and, where a poll is called, every ordinary shareholder attending in person or by proxy is entitled to have one vote for every ordinary share of which he is the holder. There are no restrictions concerning the voting rights of the Company's ordinary shares or the holding or transfer of the Company's shares and there are no special rights attached to any of the ordinary shares. The Company's ordinary shareholders may declare dividends provided such dividends are not in excess of any dividends recommended by the Directors by ordinary resolution. The Directors may also pay interim dividends. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or on the voting rights.

As at the date of this Report, the table below sets out those shareholders who have notified the Company that they hold more than 3% of the voting rights attaching to the ordinary shares in issue.

Shareholder	Number of ordinary shares held as at 20 July 2017	20 July 2017 % of voting rights
1607 Capital Partners	4,523,700	11.04
Mr John Dodd	2,660,955	6.49
Mr Mark Tyndall	2,125,590	5.19
Mr Adrian Paterson	1,750,000	4.27
Schroders plc	1,734,182	4.23
Investec Wealth Investment	1,683,799	4.11

Treasury shares

The Board believes that the use of treasury shares can assist with the liquidity of the Company's ordinary shares to address any imbalances between supply and demand.

Any shares held in treasury for more than twelve months from the date of acquisition will be cancelled.

Additional shareholder information

The requirements relating to the appointment and replacement of Directors are contained in the Articles of the Company, a copy of which can be found on the Company's web site at artemisalphatrust.co.uk. Amendments to the Articles, and the giving of powers to issue or buy-back the Company's shares, require appropriate resolutions to be passed by shareholders. The current authorities to buy-back and issue shares will expire at the AGM and proposals for their renewal are set out on pages 53 and 54. There are no agreements to which the Company is party that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Going concern

The Directors, having considered the likely cash flows and operational costs of the Company for the 18 months from the year end, are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2017 AGM are set out in the Chairman's Statement on page 5 and the Notice of Meeting on pages 53 and 54. Resolutions in relation to the re-issue of treasury shares and special business are set out below.

Directors and Corporate Governance (continued)

Directors' Report (continued)

Authority to allot shares and disapply pre-emption rights

The Directors were authorised at the AGM in October 2016 to allot up to an aggregate nominal amount of £68,627 pursuant to the exercise of rights attaching to the subscription shares and up to an aggregate nominal amount of £21,026 under a general authority to allot ordinary shares. These authorities will expire at the forthcoming AGM of the Company. Resolution 10, which will be proposed as an ordinary resolution, seeks to renew these authorities.

The current authority for Directors to allot shares in the Company without first offering them to existing shareholders, in accordance with statutory pre-emption procedures, will also expire at the forthcoming AGM. The Directors believe it to be in shareholders' interests to continue to have such an authority for the forthcoming year and will seek to renew the authority and to disapply pre-emption rights at the forthcoming AGM.

Accordingly, Resolution 11 will, if approved, authorise the Directors to allot new ordinary shares up to an aggregate nominal amount of £68,563 in respect of subscription shares and £20,489, under a general authority, representing approximately 16.7% and 5% of the Company's issued ordinary share capital as at the date of this report, for cash without first offering such shares to existing shareholders pro rata to their existing holdings. Resolution 11 will be proposed as a special resolution and the authorities will continue in effect until the conclusion of the AGM to be held in 2018. The Directors will only issue new ordinary shares pursuant to the general authority if they believe it is advantageous to the Company's shareholders to do so.

Authority to buy-back shares

The Company's existing authority to make market purchases of up to 14.99% of the issued ordinary and subscription share capital will expire at the forthcoming AGM. The Directors consider that the Company should continue to have authority to make market purchases of its own shares and accordingly Resolution 12 will be proposed as a special resolution at the forthcoming AGM to renew that authority.

Repurchased ordinary shares may be held in treasury or cancelled. All repurchased subscription shares will be cancelled.

The maximum price which may be paid for purchases of ordinary shares and subscription shares (as applicable) through the market will not exceed the higher of: (i) 5.0% above the average of the middle market quotations (as derived from the Official List) for the relevant shares for the five business days immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of ordinary shares or subscription shares, as applicable, on the trading venue where the purchase is carried out. In addition, repurchases of ordinary shares will only be made in the market at prices below the prevailing net asset value per ordinary share.

Recommendation

The Board considers that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole and unanimously recommend that shareholders vote in favour of each of these resolutions, as the Directors intend to do in respect of their own holdings.

Independent auditor

KPMG LLP has expressed its willingness to continue in office as independent auditor. The Audit Committee has responsibility for making a recommendation to the Board on the re-appointment of the external auditor.

After careful consideration of the services provided during the year and a review of their effectiveness, the Audit Committee recommended to the Board that KPMG LLP be re-appointed as auditor. Accordingly, a resolution will be proposed at the forthcoming AGM for its re-appointment and to authorise the Directors to agree its remuneration.

Audited information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code. This statement outlines how the principles of the AIC Code, issued in July 2016, were applied throughout the financial year. The AIC Code has been endorsed by the Financial Reporting Council (the "FRC") and compliance with the AIC Code enables the Company to meet its obligations in relation to the provisions of the FRC's UK Corporate Governance Code insofar as they relate to the Company's business. The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the AIC Code. It is the Board's intention that the Company will continue to comply with the terms of the AIC Code in the future. Set out below is how the Company applied the principles of the AIC Code.

All Directors of the Company are non-executive and the Company's day-to-day responsibilities are delegated to third party service providers.

Board responsibilities

The Board is responsible for determining the strategic direction of the Company. It meets at least four times a year to review the performance of the Company's investments, the financial position of the Company, its performance in relation to the investment objective and all other important issues to ensure that the Company's affairs are managed within a framework of prudent and effective controls. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Board, the Investment Manager and a number of third party service providers.

No one individual has unfettered powers of decision. The Chairman, Mr Budge, was at the time of his appointment, and remains, independent of the Investment Manager. The Chairman leads the Board and ensures its effectiveness on all aspects of its operation ensuring that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board. The Company Secretary liaises with the Chairman prior to each meeting to agree agenda content and papers to be submitted to Board and Committee meetings. In addition, the Chairman is responsible for ensuring there is effective communication with shareholders.

The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and in Board minutes. Representatives of the Investment Manager attend each Board meeting enabling the Directors to seek clarification on its activities in managing the Company.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representatives, who are responsible to the Board for ensuring that proper procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board composition

The Board comprises five Directors, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 19 of this Report.

The Board considers that all the Directors, with the exception of Mr Cross Brown, are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code. Mr Cross Brown is not considered independent due to his position on the management committee of Artemis Investment Management LLP. Each of the Directors is deemed to be independent in character and judgement. The Nomination Committee meets annually to consider matters of independence.

Ms Bergin is the Company's Senior Independent Director. This position is reviewed annually.

Appointment of Directors and performance evaluation

Directors are appointed subject to the provisions of the Act and the Company's Articles. Any Directors appointed by the Board are subject to election by shareholders at the first AGM following their appointment and annual re-election.

As Mr Korner was appointed on 6 April 2017, he stands for election at the AGM. The Board recommends election of Mr Korner and the re-election of Mr Budge, Mr Ayton, Ms Bergin and Mr Cross Brown to shareholders on the basis of their expertise and experience in investment matters and their continuing effectiveness and commitment to the Company.

	Date of appointment	Due for election/ re-election
Mr Ayton	25 June 2015	AGM 2017
Ms Bergin	9 July 2015	AGM 2017
Mr Budge	19 November 2013	AGM 2017
Mr Cross Brown	5 April 2006	AGM 2017
Mr Korner	6 April 2017	AGM 2017

The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of their appointments are set out in letters of appointment, which are available for inspection at the registered office of the Company and at the AGM.

The Board, led by the Nomination Committee, conducts an annual review of its performance and that of its Committees, the Chairman and individual Directors. This review is based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the Senior Independent Director. The Board is satisfied that it continues to have an appropriate balance of skills and experience and therefore supports the resolutions to re-elect the Directors at the forthcoming AGM.

Board committees

In order to enable the Directors to discharge their duties, three Board Committees, each with written terms of reference, have been established. Committee membership is set out on page 19 of this Report. Attendance at meetings of the Committees is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary or on the Company's website artemisalphatrust.co.uk. The Chairman of the Board acts as Chairman for the Committees, with the exception of the Audit Committee, which is currently chaired by Ms Bergin.

Directors and Corporate Governance (continued)

Directors' Report (continued)

The Company Secretary acts as the Secretary to each Committee.

Audit Committee

The responsibilities of the Audit Committee are disclosed in the Report of the Audit Committee on pages 30 and 31 of this Report.

Management Engagement Committee

The Management Engagement Committee, which meets at least annually, reviews the terms of appointment and the performance of each of the Company's third party service providers, including the Investment Manager but excluding the Auditor, which is reviewed by the Audit Committee. The Committee makes recommendations to the Board for improvement or change as appropriate.

Nomination Committee

The Nomination Committee meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The Committee undertakes an annual performance evaluation of the Board, led by the Chairman. On those occasions when the Committee is reviewing the Chairman, or considering his successor, the Nomination Committee will normally be chaired by the Senior Independent Director.

As detailed in the Strategic Report on page 18, the Board supports the principles of diversity in the boardroom, and considers this in seeking to ensure that the overall balance of skills and knowledge of the Directors remains appropriate so that it can continue to operate effectively.

Board and Committee Meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year to 30 April 2017.

	Board Meetings	Audit Committee Meetings
Number of meetings held	4	3
Mr Ayton	4/4	3/3
Mr Barron^	2/2	1/1
Ms Bergin	4/4	3/3
Mr Budge	4/4	3/3
Mr Cross Brown*	4/4	3/3
Mr Korner†	0/0	0/0

^ Mr Barron retired on 5 October 2016.

* Mr Cross Brown is not a member of the Audit, Management Engagement or Nomination Committees, but he is invited to attend any meetings held.

† Mr Korner was appointed on 6 April 2017.

	Management Engagement Committee Meetings	Nomination Committee Meetings
Number of meetings held	1	1
Mr Ayton	1/1	1/1
Mr Barron^	1/1	1/1
Ms Bergin	1/1	1/1
Mr Budge	1/1	1/1
Mr Cross Brown*	1/1	1/1
Mr Korner†	0/0	0/0

^ Mr Barron retired on 5 October 2016.

* Mr Cross Brown is not a member of the Audit, Management Engagement or Nomination Committees, but he is invited to attend any meetings held.

† Mr Korner was appointed on 6 April 2017.

Directors' tenure

The Board has adopted a policy of annual re-election by Shareholders. Directors are subject to a rigorous review after six years of service. The Board does not consider length of service itself to affect a Director's independence. The Board has agreed a procedure for the appointment of new Directors. Formal consideration of the skills and experience of the Board is undertaken to help identify the capabilities of a new Director when a vacancy arises.

An external independent consultant was engaged for the appointment of Mr Korner.

Induction and training

New Directors appointed to the Board are provided with an induction which is tailored to the particular circumstances of the appointee. Regular updates are provided on changes in regulatory requirements that could affect the Company. The Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts and receive other training as necessary.

Relations with shareholders

The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. The Board aims to ensure that shareholders are kept fully informed of developments in the Company's business through the Annual and Half-Yearly Financial Reports, as well as the daily announcement of the net asset values of the Company's ordinary shares to the London Stock Exchange. The Investment Manager produces a monthly factsheet, which can be found on the Company's website at artemisalphatrust.co.uk, along with other information on the Company. The Investment Manager meets with the Company's major shareholders on a periodic basis.

All shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager will be available to discuss issues affecting the Company. Details of shareholder voting are declared at every AGM and are available on the website as soon as practicable following the close of the meeting. All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 53 and 54 of this report.

UK Stewardship Code

Artemis has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this can be found on the Investment Manager's website at artemisfunds.com.

Voting policy

The Board has given the Investment Manager discretion to exercise the Company's voting rights and the Investment Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. The Investment Manager's voting for its clients is summarised on its website at artemisfunds.com.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly and policies and procedures have been established to prevent bribery.

Conflicts of interest

The Board has put in place procedures to deal with conflicts and potential conflicts of interest and considers that these have operated effectively throughout the year. The Board also confirms that its procedures for the approval of conflicts and potential conflicts of interest have been followed by the Directors during the year under review.

Internal controls and management of risk

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed, as well as ensuring that a sound system of internal control is maintained to safeguard shareholders' interests and the Company's assets. As the majority of the Company's systems are maintained on behalf of the Company by third party service providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances on their systems of internal control, which are designed to manage, rather than eliminate, risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board does, however, ensure that these service providers are employed subject to clearly defined contracts.

Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company. In addition, the Investment Manager reports quarterly to the Board on compliance with the terms of its delegated authorities under the Investment Management Agreement and other restrictions determined by the Board.

The Administrator also reports, on a quarterly basis, any operational errors and any breaches of law and regulation. This enables the Board to address any issues with regard to the management of the Company as and when they arise and to identify any known internal control failures. The key procedures which have been established to provide effective internal controls are as follows:

- The Board, through its audit committee, carried out and documented a risk and control assessment, which was reviewed twice during the year and will be kept under ongoing, and at least a six monthly, review.
- Investment management, accounting and custody of assets are segregated. The procedures of the individual parties carying out these functions are designed to complement each other.
- Investment management and company secretarial services are provided by Artemis. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager. The Board reviews information produced by the Investment Manager in detail on a regular basis.
- Administration services are provided by J.P. Morgan Europe Limited. The Administrator reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives the Administrator's reports on internal controls.
- The Board is aware of the whistleblowing procedures of Artemis and the Administrator, which are considered satisfactory.
- Safekeeping of the Company's assets is undertaken by J.P. Morgan Chase Bank N.A..
- Oversight of certain administrative and custodial procedures is undertaken by the Company's Depositary, J.P. Morgan Europe Limited. The Board reviews information provided by the Depositary on a regular basis.

Directors and Corporate Governance (continued)

Directors' Report (continued)

- The Board clearly defines the duties and responsibilities of its agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of their capabilities to deliver the required services; their ongoing performance and contractual arrangements are monitored to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are approved by the Board.

By the procedures set out above, the Directors have reviewed the effectiveness of the Company's internal controls throughout the year under review and up to the date of this Report.

Further information on the risks and the management of them is set out in the Strategic Report on pages 16 and 17 and in note 18 of the notes to the financial statements.

The Directors consider that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's performance, business model and strategy.

By order of the Board

Artemis Fund Managers Limited
Company Secretary
20 July 2017

Directors' Remuneration Policy and Report

Directors' Remuneration Policy

The remuneration policy of the Company was approved by shareholders at the annual general meeting held on 2 October 2014. The policy will apply until the 2017 AGM (being three years from the date of shareholder approval of the policy), and therefore the policy requires to be approved by shareholders at the AGM being held on 5 October 2017. Resolution 2, as set out in the Notice of Meeting on page 53, is being proposed as an ordinary resolution to seek to approve this policy for a further three years.

Fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles state the maximum aggregate amount of fees that can be paid to Directors in any year. This is currently set at £200,000 per annum and shareholder approval is required for any changes to this. The Board reviews and sets the level of Directors' fees annually, or at the time of the appointment of a new director, taking into account a range of external information, including peer group comparisons and relevant independent research.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than the other Directors to reflect the additional work required to be carried out in this role. The Chairman of the Audit Committee also receives an additional fee to reflect the additional responsibilities and work associated with the role.

No Director is entitled to any benefits in kind, share options, annual bonuses, long-term incentives, pensions or other retirement benefits or compensation for loss of office.

Directors are appointed with no fixed notice periods and are not entitled to any extra payments on resignation. It is also considered appropriate that no aspect of Directors' remuneration is performance-related in light of the Directors' non-executive status.

Directors are able to claim expenses that are incurred in respect of duties undertaken in connection with the management of the Company.

New Directors will be remunerated in accordance with this policy and will not be entitled to any payments from the Company in respect of remuneration arrangements in place with any other employers which are terminated upon appointment as a Director of the Company.

To date no comments have been received from shareholders in respect of the Remuneration Policy.

Directors' Remuneration Report

The Directors are pleased to present the Company's remuneration report for the year ended 30 April 2017. The Company's Auditor is required to audit certain information contained within this report and, where information set out below has been audited, it is clearly indicated. The Auditor's opinion is included in the Independent Auditor's Report which can be found on pages 32 to 35.

An ordinary resolution, Resolution 3, to approve this report will be put to shareholders at the AGM.

The Board

During the year ended 30 April 2017, the Board consisted solely of non-executive Directors who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established.

After consideration at a meeting of the Board on 29 June 2017, it was agreed that the fees for each Director, for the year ending 30 April 2018, should remain unchanged.

The current annual fees are £28,000 (2016: £28,000) for the Chairman £22,000 (2016: £22,000) for the Chairman of the Audit Committee and £20,000 (2016: £20,000) for the other directors.

The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions, although the Directors carry out reviews from time to time of the fees paid to directors of other investment trusts.

The Directors do not have a contract of service with the Company but are instead appointed by letters of appointment. A Director may resign in writing to the Board at any time; there are no fixed notice periods or any entitlement to compensation for loss of office.

Directors' fees (audited)

The Directors who served during the years ended 30 April 2017 and 30 April 2016 received the following emoluments:

Director[1]	2017	2016
Mr Ayton	£20,000	£16,978
Mr Barron[2]	£9,446	£21,172
Ms Bergin	£22,000	£17,041
Mr Budge	£28,000	£28,000
Mr Cross Brown	£20,000	£20,000
Mr Dalrymple[3]	–	£8,407
Mr Korner[4]	£1,404	–
	£100,850	**£111,598**

1 None of the Directors who are Directors of the Company's wholly owned subsidiary received any remuneration from this company.

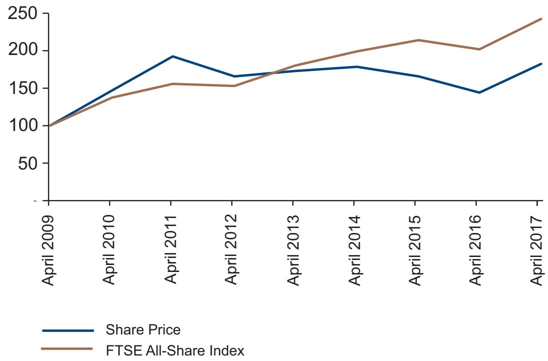
2 Mr Barron retired on 5 October 2016.

3 Mr Dalrymple retired on 1 October 2015.

4 Mr Korner was appointed on 6 April 2017.

Directors and Corporate Governance (continued)

Performance graph



Source: Artemis/Datastream

The performance graph above sets out the Company's ordinary share price total return (assuming re-investment of dividends) from 30 April 2009 to 30 April 2017 compared with the total return of a notional investment in the FTSE All-Share Index. As investments are selected on their individual merits, the portfolio will not track any comparative index, and there is likely to be a divergence in performance between the Company and the index.

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last annual general meeting of shareholders, held on 5 October 2016, in respect of the approval of the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total	Number of votes
Number	%	Number	%	votes cast	withheld
15,199,128	98.06	301,436	1.94	15,500,564	37,920

Directors' interests

The Directors' interests in the capital of the Company who held office at 30 April 2017 were as follows:

Ordinary shares

	30 April 2017		1 May 2016	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	–	–	–	–
Mr Barron	8,792	–	8,792	–
Ms Bergin	–	–	–	–
Mr Budge	15,000	–	15,000	–
Mr Cross Brown	44,321	–	44,321	–
Mr Korner	10,000	–	–	–

Subscription shares

	30 April 2017		1 May 2016	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	–	–	–	–
Mr Barron	713	–	713	–
Ms Bergin	–	–	–	–
Mr Budge	–	–	–	–
Mr Cross Brown	6,331	–	6,331	–
Mr Korner	–	–	–	–

There have been no changes to the above holdings between 30 April 2017 and the date of this Report.

At no time during the year did any Director hold a material interest in any contract, arrangement or transaction with the Company or its subsidiary undertakings.

On behalf of the Board and in accordance with the Regulations, I confirm that the Directors' Remuneration Report summarises, for the year ended 30 April 2017, the review undertaken and the decisions made regarding the fees paid to the Board.

For and on behalf of the Board

Duncan Budge
Chairman
20 July 2017

Statement of Directors' Responsibilities in respect of the Annual Financial Report

Management Report

Listed companies are required by the Financial Conduct Authority's Disclosure and Transparency Rules (the "Rules") to include a management report in their annual financial statements. The information required to be in the management report for the purpose of the Rules is included in the Strategic Report (pages 4 to 18). Therefore no separate management report has been included.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The financial statements are published on a website, artemisalphatrust.co.uk, maintained by the Company's Investment Manager, Artemis. Responsibility for the maintenance and integrity of the corporate and financial information relating to the Company on this website has been delegated to the Investment Manager by the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 April 2017, and of the profit or loss of the Company for the year then ended; and

(b) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Duncan Budge
Chairman
20 July 2017

Audit Information

Report of the Audit Committee

Roles and responsibilities

The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements, the appropriateness of its accounting policies, reviewing the internal control systems and the risks to which the Company is exposed. It is also responsible for making recommendations to the Board regarding the appointment of the auditor, the independence of the auditor, the objectivity and effectiveness of the audit process, monitoring the non-audit services provided to the Company by its Auditor and approving the financial statements and confirming to the Board that they are fair, balanced and understandable.

The Audit Committee provides a forum through which the Company's auditor reports to the Board.

Composition and meetings

All members of the Audit Committee are considered to have relevant and recent financial and investment experience as a result of their employment in financial services and other industries. Blathnaid Bergin, the Chairman of the Audit Committee, is a chartered accountant.

The Committee meets at least twice each year and representatives from the Investment Manager and the Administrator may be invited to attend the meetings of the Audit Committee to report on issues as required.

The Audit Committee meets with representatives of the Company's Auditor at least once each year to discuss any matters arising from the audit.

Internal audit and controls

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties. Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report to the Board, on a quarterly basis, any operational errors or breaches of law or regulation.

The Audit Committee considers annually whether there is a need for an internal audit function, and has agreed that it remains appropriate for the Company to rely on the internal controls that exist within its third party service providers.

As part of the Board's review of internal controls, the Audit Committee carries out and documents a risk and control assessment, which is kept under ongoing, and at least a six monthly, review. The Audit Committee reports its findings and recommendations to the Board.

Auditor appointment and remuneration

KPMG LLP ("KPMG") was appointed as Auditor to the Company on 7 July 2005. No tender for the audit of the Company has been undertaken since this date although in accordance with new regulations a tender will be undertaken ahead of the year ending 30 April 2018 in which KPMG will be invited to participate.

The fees paid to KPMG in respect of audit services and non-audit services are disclosed in note 4 of the notes to the financial statements. As part of its review of the continuing appointment of the Auditor ahead of making a recommendation to the Board, the Audit Committee considered the quality of service provided by, and the effectiveness of, the Auditor, the length of tenure of the audit firm, its fees and independence from the Investment Manager, along with any matters raised during the audit.

It also noted that Catherine Burnet rotated off the Company's audit ahead of the 2017 year end and has been replaced as engagement leader by Phil Merchant.

As noted in the Directors' Report on page 22, KPMG has expressed its willingness to continue in office as independent Auditor. After careful consideration of the services provided during the year and a review of its effectiveness, the Audit Committee recommended to the Board that KPMG should be re-appointed as Auditor. However an audit tender process will take place before the next year end and KPMG is eligible to participate in this process. Accordingly, a resolution will be proposed at the forthcoming AGM for its re-appointment and to authorise the Directors to agree its remuneration.

Audit for the year ended 30 April 2017

As part of the planning for the annual audit, the Audit Committee reviewed KPMG's audit strategy document, which highlighted the level of materiality applied by the Auditor, its key perceived audit risks and the scope of the audit.

Following this review, the Audit Committee considered the main risk that arises in relation to the financial statements to be the valuation and ownership of both listed and unquoted investments held by the Company.

As part of the annual audit, the Auditor has agreed the valuation of all listed investments in the portfolio to independent pricing sources, and for unquoted investments, discussed and challenged the valuations with the Investment Manager and Directors. The Auditor also validated the existence of all securities held by the Company to the records of the Custodian.

The Audit Committee also considered the valuation of unquoted investments included in the Annual Financial Report and discussed these in detail with the Investment Manager.

The Auditor also highlighted, as part of its planning, the calculation of the investment management fee and performance fee and the Company's compliance with section 1158 of the Corporation Taxes Act 2010 as other key areas considered as part of the audit. The Auditor has not reported any exceptions as part of its work in these areas.

The Audit Committee met with representatives of the Company's Auditor at the Audit Committee meeting held on 29 June 2017 to discuss any matters arising from the annual audit. An unqualified audit opinion on the financial statements has been provided, which is set out on pages 32 to 35.

Audited information

The Audit Committee considers that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's performance, business model and strategy.

Non-audit services

The Audit Committee has established a policy for the provision of non-audit services to the Company which prohibits the provision of certain services by the Auditor which the Audit Committee believes would compromise auditor independence. Non-audit services are permitted subject to the Audit Committee being satisfied that the engagement would not compromise auditor independence where the total fees for non-audit services is less than 70% of the average audit fees for the last three years and where auditor knowledge would be advantageous in carrying out the service.

During the year, PwC was appointed to provide services in relation to the preparation and submission of the Company and its subsidiary's tax returns and computations to HM Revenue & Customs. Previously KPMG provided this service, but under the Statutory Audit Amending Directive and Regulation which came into force on 17 June 2016, the provision of non-audit services by the auditor were restricted. The engagement has been approved by the Audit Committee.

By order of the Board

Blathnaid Bergin

Chairman of the Audit Committee

20 July 2017

Audit Information (continued)

KPMG

Independent auditor's report to the members of Artemis Alpha Trust plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Artemis Alpha Trust plc for the year ended 30 April 2017 set out on pages 36 to 52. In our opinion the financial statements:

— give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;

— have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Overview		
Materiality: financial statements as a whole	£1.6m (2016: £1.4m) 1% (2016: 1%) of Total Assets	
Risks of material misstatement		***vs 2016***
Recurring risks	Valuation of unquoted investments	◄►
	Carrying amount of quoted investments	◄►

2. *Our assessment of risks of material misstatement*

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows (unchanged from 2016):

	The risk	*Our response*
Valuation of unquoted investments (£41.0m; 2016: £39.0m) *Refer to pages 30 and 31 (report of the Audit Committee), pages 40 and 41 (accounting policy) and pages 36 to 52 (financial disclosures).*	***Subjective valuation*** 25.0% of the company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments.	Our procedures included: — ***Control design:*** Documenting and assessing the design and implementation of the investment valuation processes and controls; — ***Control observation:*** Attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; — ***Historical Comparisons:*** Assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations; — ***Methodology choice:*** In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected; — ***Our valuations experience:*** Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

Audit Information (continued)

	The risk	*Our response*
		— ***Comparing valuations:*** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. — ***Assessing transparency:*** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.
Carrying amount of quoted investments (£118.4m; 2016: £97.9m) *Refer to pages 30 and 31 (report of the Audit Committee), pages 40 and 41 (accounting policy) and pages 36 to 52 (financial disclosures).*	***Low risk, high value*** The company's portfolio of quoted investments makes up 72.1% of the company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — ***Control design:*** Documenting and assessing the processes in place to record investment transactions and to value the portfolio; — ***Tests of detail:*** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and — ***Enquiry of custodians:*** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians.

3. *Our application of materiality and an overview of the scope of our audit*

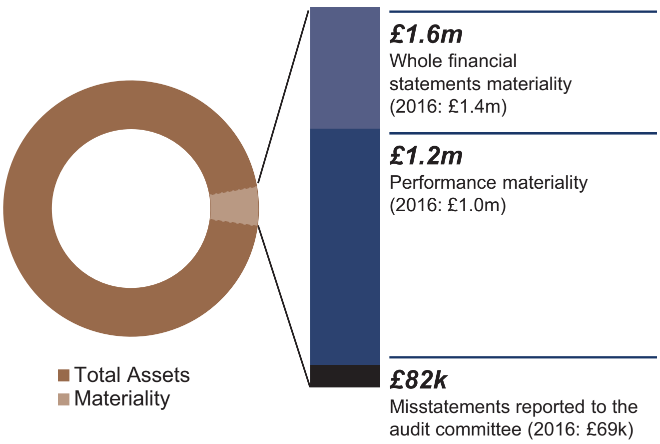
Materiality for the financial statements as a whole was set at £1.6m (2016: £1.4m), determined with reference to a benchmark of total assets, of which, it represents 1% (2016: 1%).

We reported to the Audit Committee any uncorrected identified misstatements exceeding £82k (2016: £69k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed at our offices in Edinburgh.

Total Assets
£164.1m (2016: £139.0m)

Materiality
£1.6m (2016: £1.4m)



KPMG

4. ***Our opinion on other matters prescribed by the Companies Act 2006 is unmodified***

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5. ***We have nothing to report on the disclosures of principal risks***

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' viability statement on page 17, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the five years to 30 April 2022; or
- the disclosures concerning the use of the going concern basis of accounting.

6. ***We have nothing to report in respect of the matters on which we are required to report by exception***

- Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.
- In particular, we are required to report to you if:
- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy; or
- the Report of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 16 to 18 and page 21, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace
Edinburgh
EH1 2EG

20 July 2017

Financial Statements

Statement of Comprehensive Income

For the year ended 30 April 2017

	Notes	Year ended 30 April 2017 Revenue £'000	Year ended 30 April 2017 Capital £'000	Year ended 30 April 2017 Total £'000	Year ended 30 April 2016 Revenue £'000	Year ended 30 April 2016 Capital £'000	Year ended 30 April 2016 Total £'000
Investment income	2	3,184	–	3,184	2,590	–	2,590
Total revenue		**3,184**	**–**	**3,184**	**2,590**	**–**	**2,590**
Gains/(losses) on investments		–	24,515	24,515	–	(9,577)	(9,577)
Currency gains/(losses)		–	7	7	–	(41)	(41)
Total income/(loss)		**3,184**	**24,522**	**27,706**	**2,590**	**(9,618)**	**(7,028)**
Expenses							
Investment management fee	3	(76)	(688)	(764)	(80)	(722)	(802)
Other expenses	4	(420)	(13)	(433)	(429)	(7)	(436)
Profit/(loss) before finance costs and tax		**2,688**	**23,821**	**26,509**	**2,081**	**(10,347)**	**(8,266)**
Finance costs	5	(36)	(323)	(359)	(41)	(366)	(407)
Profit/(loss) before tax		**2,652**	**23,498**	**26,150**	**2,040**	**(10,713)**	**(8,673)**
Tax	6	(37)	–	(37)	(11)	–	(11)
Profit/(loss) for the year		**2,615**	**23,498**	**26,113**	**2,029**	**(10,713)**	**(8,684)**
Earnings/(loss) per ordinary share (undiluted)	**8**	**6.31p**	**56.70p**	**63.01p**	**4.75p**	**(25.09)p**	**(20.34)p**
Earnings/(loss) per ordinary share (diluted)	**8**	**6.31p**	**56.70p**	**63.01p**	**4.75p**	**(25.09)p**	**(20.34)p**

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Artemis Alpha Trust plc. There are no minority interests.

The notes on pages 40 to 52 form part of these financial statements.

Statement of Financial Position

As at 30 April 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Investments	9	156,756	134,647
Investments in subsidiary undertaking	10	2,719	2,250
		159,475	**136,897**
Current assets			
Other receivables	12	645	469
Cash and cash equivalents		4,012	1,587
Total assets		**164,132**	**138,953**
Current liabilities			
Other payables	13	(1,129)	(2,512)
Bank loan	18	(13,000)	(8,500)
		(14,129)	(11,012)
Net assets		**150,003**	**127,941**
Equity attributable to equity holders			
Share capital	14	492	498
Share premium		657	645
Special reserve		50,646	53,022
Capital redemption reserve		98	92
Retained earnings – revenue		2,928	2,000
Retained earnings – capital	15	95,182	71,684
Total equity		**150,003**	**127,941**
Net asset value per ordinary share (undiluted)	**16**	**364.72p**	**303.43p**
Net asset value per ordinary share (diluted)	**16**	**361.90p**	**303.43p**

These financial statements were approved by the Board of Directors and signed on its behalf on 20 July 2017 by:

Duncan Budge
Chairman

The notes on pages 40 to 52 form part of these financial statements.

Company No: 253644

Financial Statements (continued)

Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2017							
At 1 May 2016	498	645	53,022	92	2,000	71,684	127,941
Total comprehensive income:							
Profit for the year	–	–	–	–	2,615	23,498	26,113
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,376)	–	–	–	(2,376)
Cancellation of ordinary shares from treasury	(6)	–	–	6	–	–	–
Conversion of subscription shares	–	12	–	–	–	–	12
Dividends paid	–	–	–	–	(1,687)	–	(1,687)
At 30 April 2017	**492**	**657**	**50,646**	**98**	**2,928**	**95,182**	**150,003**
For the year ended 30 April 2016							
At 1 May 2015	503	644	54,598	87	1,554	82,397	139,783
Total comprehensive income:							
Profit/(loss) for the year	–	–	–	–	2,029	(10,713)	(8,684)
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(1,576)	–	–	–	(1,576)
Cancellation of ordinary shares from treasury	(5)	–	–	5	–	–	–
Conversion of subscription shares	–	1	–	–	–	–	1
Dividends paid	–	–	–	–	(1,583)	–	(1,583)
At 30 April 2016	**498**	**645**	**53,022**	**92**	**2,000**	**71,684**	**127,941**

The notes on pages 40 to 52 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 April 2017

	2017 £'000	2016 £'000
Operating activities		
Profit/(loss) before tax	26,150	(8,673)
Interest payable	359	407
(Gains)/losses on investments	(24,515)	9,577
Currency (gains)/losses	(7)	41
(Increase)/decrease in other receivables	(150)	57
Decrease in other payables	(144)	(110)
Net cash inflow from operating activities before interest and tax	**1,693**	**1,299**
Interest paid	(359)	(407)
Irrecoverable overseas tax suffered	(37)	(11)
Net cash inflow from operating activities	**1,297**	**881**
Investing activities		
Purchases of investments	(45,795)	(37,988)
Sales of investments	46,574	46,091
Net cash inflow from investing activities	**779**	**8,103**
Financing activities		
Repurchase of ordinary shares into treasury	(2,593)	(1,359)
Conversion of subscription shares	12	1
Dividends paid	(1,687)	(1,583)
Increase in inter-company loan	110	396
Net cash outflow from financing activities	**(4,158)**	**(2,545)**
Net (increase)/decrease in net debt	**(2,082)**	**6,439**
Net debt at the start of the year	**(6,913)**	**(13,311)**
Effect of foreign exchange rate changes	7	(41)
Net debt at the end of the year	**(8,988)**	**(6,913)**
Bank loans	(13,000)	(8,500)
Cash and cash equivalents	4,012	1,587
	(8,988)	**(6,913)**

The notes on pages 40 to 52 form part of these financial statements.

Financial Statements (continued)

Notes to the Financial Statements

1. Accounting policies

(a) Basis of preparation. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The principal accounting policies adopted by the Company are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts and venture capital trusts issued by the Association of Investment Companies ("AIC") in November 2014 and updated in January 2017 is consistent with the requirements of IFRS, the financial statements have been prepared in accordance with the SORP.

The financial statements have been prepared applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IFRS 28) which was adopted by the European Union for account periods commencing on or after 1 January 2016.

This amendment removes the requirement to consolidate subsidiaries, where these subsidiaries can themselves be classified as investment entities in their own right and instead the subsidiary is treated as an investment at fair value through profit or loss. As the Company's dealing subsidiary, Alpha Securities Trading Limited, meets the criteria to be treated as an investment entity, the Company is now required to prepare its financial statements on a stand alone basis.

There is no impact on the net asset value per ordinary share resulting from this change, nor on the total earnings per ordinary share for the current or prior periods.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 April 2017.

The financial statements are presented in Sterling, which is the currency of the primary environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

A number of estimates and judgements have been made in the preparation of the financial statements. These are reviewed regularly by the Board and Investment Manager. The most significant judgement is the valuation of unquoted investments, which is described in note 1(b) below.

(b) Investments. Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated in the Company's financial statements at fair value, which is deemed to be the net assets of each subsidiary.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid or SETS prices without deduction for the estimated future selling costs. Unquoted investments are valued at fair value which is determined by the Board, through discussion with the Investment Manager and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board. Valuation techniques employed include: price of recent investment; earnings multiples; net assets; discounted cash flow techniques; industry valuation benchmarks; and available market prices.

Income held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(c) Revenue. Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received. Income from fixed interest securities is recognised on an effective interest rate basis. Interest receivable from cash and short-term deposits is recognised on an accruals basis. Special dividends are treated as repayment of capital or as revenue depending on the facts of each particular case.

(d) Expenses and finance costs. All expenses and interest payable are recognised on an accruals basis. Expenses are charged through the revenue column in the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital; and
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of investments.

Investment management fees, performance fees and finance costs are allocated on the basis of 10% to revenue and 90% to capital.

The performance fee is accrued in the daily net asset value and is calculated using the prevailing price of the Company's ordinary shares and benchmark performance. The accrued fee is based on the full expected liability of performance fee as at the date of the calculation. Payments will be made to the Investment Manager at the end of each performance period, in line with the Investment Management Agreement. Any amounts accrued but not due for payment may be reversed as a result of future relative performance.

(e) Taxation. Taxation represents the sum of taxation payable, any withholding tax suffered and any deferred tax. Taxation is charged or credited in the Statement of Comprehensive Income. Any taxation payable is based on the Company's profit for the year, calculated using tax rates in force at the balance sheet date. Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under section 1158 of the Corporation Taxes Act 2010 in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(f) Cash and cash equivalents. Cash and cash equivalents comprises deposits and overdrafts with banks and bank loans with maturities of less than three months from inception.

Bank borrowings are used on a periodic basis to meet the Company's cash requirements and are reviewed regularly by the Investment Manager. Loan draw downs are normally of short durations which are subject to an insignificant risk of change in valuation.

(g) Dividends. Dividends are recognised from the date on which they are irrevocably committed to payment.

(h) Foreign currency translation. Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates ruling on the date of the Statement of Financial Position. Foreign exchange differences arising on investment transactions are recognised through capital.

(i) Other receivables and payables. Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are non-interest bearing and are stated at their nominal value.

(j) Reserves.

Capital Reserve – realised
This reserve includes:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash; and
- expenses, together with any related taxation effect, in accordance with the above policies.

Capital Reserve – unrealised
This reserve includes: changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value are accounted for through this reserve.

Special Reserve
This reserve is treated as distributable profits for all purposes, excluding the payment of dividends. The cost of share buy-backs is accounted for through this reserve.

Capital Redemption Reserve
This reserve includes the nominal value of all shares bought back and cancelled by the Company.

Retained earnings – revenue
The revenue profit or loss for the year is taken to or from this reserve, and any dividends declared by the Company are paid from this reserve.

(k) Accounting developments. At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue. They are not yet mandatory, but are available for early adoption. They are not expected to have any impact on the Company:

- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 – Leases (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018).

Financial Statements (continued)

Notes to the Financial Statements (continued)

2. Income

	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
Investment income*		
UK dividend income	2,208	2,109
UK fixed interest	28	21
Overseas dividend income	942	454
	3,178	**2,584**
Other income		
Bank interest	6	6
	6	**6**
Total income	**3,184**	**2,590**
Income from investments		
UK quoted investments	1,894	1,858
UK unquoted investments	342	272
Overseas quoted investments	942	454
	3,178	**2,584**

* All investments are designated at fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

3. Investment management and performance fees

	Year ended 30 April 2017			Year ended 30 April 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	76	688	764	80	722	802

Details of the terms of the investment management fee and performance fee are set out in the Directors' Report on page 20. As at 30 April 2017, £69,000 was outstanding in respect of amounts due to the Investment Manager (2016: £235,000). As the performance of the Company's share price did not meet the criteria required for the payment of a performance fee, no payment has been made (2016: nil).

4. Other expenses

	Year ended 30 April 2017			Year ended 30 April 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Director's remuneration (excluding VAT and NIC)	110	–	110	112	–	112
Auditor's remuneration (excluding VAT):						
– Fee for the audit of the Company's financial report	25	–	25	20	–	20
– Non-audit services – taxation	–	–	–	10	–	10
Other expenses*	285	13	298	287	7	294
	420	**13**	**433**	**429**	**7**	**436**

* Other expenses include stock exchange listing fees, directors' insurance, AIC membership fees, administration fees, registrars' fees, corporate broker fee, depositary fees, and printing/postage.

In addition the subsidiary had an audit fee of £1,869 (2016: £1,850) excluding VAT.

5. Finance costs

	Year ended 30 April 2017			Year ended 30 April 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest*	20	183	203	26	233	259
Loan commitment fee	3	27	30	3	27	30
Loan non-utilisation fee	12	109	121	11	100	111
Overdraft interest*	1	4	5	1	6	7
	36	**323**	**359**	**41**	**366**	**407**

* Interest on financial liabilities that are not held at fair value through profit or loss.

6. Taxation

(a) Tax charge for the year

	Year ended 30 April 2017			Year ended 30 April 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	37	–	37	11	–	11
	37	**–**	**37**	**11**	**–**	**11**

(b) Factors affecting the tax charge for the year

	Year ended 30 April 2017			Year ended 30 April 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before tax	2,652	23,498	26,150	2,040	(10,713)	(8,673)
Profit/(loss) on ordinary activites multiplied by the standard rate of UK corporation tax of 19.92% (2016: 20.00%)	528	4,681	5,209	408	(2,143)	(1,735)
Non-taxable capital (gains)/losses	–	(4,885)	(4,885)	–	1,924	1,924
Non-taxable UK dividends	(440)	–	(440)	(422)	–	(422)
Non-taxable overseas dividends	(154)	–	(154)	(91)	–	(91)
Unutilised management expenses	99	204	303	105	219	324
Irrecoverable overseas tax	37	–	37	11	–	11
Income taxed in different years	(33)	–	(33)	–	–	–
	37	**–**	**37**	**11**	**–**	**11**

(c) Factors that may affect future tax charges

The Company has excess management expenses and surplus loan relationship deficits of £14,594,000 (2016: £13,527,000) that may be available to offset future taxable revenue. No deferred tax asset has been recognised in respect of these amounts as it is unlikely to be utilised in the foreseeable future.

Financial Statements (continued)

Notes to the Financial Statements (continued)

7. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2017.

	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
2016 second interim dividend of 2.50p per ordinary share (2015: 2.30p)	1,050	985
2017 first interim dividend of 1.55p per ordinary share (2016: 1.40p)	637	598
	1,687	**1,583**

Dividends are recognised in the period in which they are due to be paid and are shown through the Statement of Changes in Equity. Therefore, the Statement of Changes in Equity for the year ended 30 April 2017 reflects the second interim dividend for the year ended 30 April 2016 which was paid on 19 August 2016. For the year ended 30 April 2017, a first interim dividend of 1.55p has been paid on 27 January 2017 and a second interim dividend of 2.75p together with a special dividend of 2.00p will be paid on 25 August 2017.

Set out below are the total dividends paid/payable in respect of the financial year ended 30 April 2017.

	Year ended 30 April 2017 £'000	Year ended 30 April 2016 £'000
First interim dividend of 1.55p per ordinary share (2016: 1.40p)	637	598
Second interim dividend of 2.75p per ordinary share (2016: 2.50p)	1,127	1,054
Special dividend of 2.00p per ordinary share (2016: nil)	820	–
	2,584	**1,652**

8. Earnings per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £2,615,000 (2016: £2,029,000) and on 41,443,082 (2016: 42,694,142) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital return per ordinary share is based on the capital return for the year of £23,498,000 (2016: capital loss £10,713,000) and on 41,443,082 (2016: 42,694,142) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There was no dilution to the returns for the year ended 30 April 2017 (2016: none) relating to the Company's issued subscription shares.

9. Non-current assets – Investments

(a) Valuation of investments

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses, recognised in these financial statements are treated as realised. All other fair value gains and losses are treated as unrealised.

IFRS 7 'Financial Instruments: Disclosures' requires an entity to provide an analysis of investments held at fair value through profit and loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The hierarchy used to analyse the fair values of financial assets is set out below.

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

The investments held at the balance sheet date fell in to the categories, Level 1, Level 2 and Level 3. The values in these categories are summarised as part of this note. Any investments that are delisted or suspended from a listed stock exchange are transferred from Level 1 to Level 3.

	2017 £'000	2016 £'000
UK quoted investments *(level 1)*		
– UK listed	52,370	43,895
– AIM quoted	53,732	47,553
– Preference shares	–	227
Overseas quoted investments *(level 1)*	7,802	2,676
Mutual funds *(level 2)*	4,364	3,554
Forward currency contracts *(level 2)*	147	–
Unquoted investments *(level 3)*		
– Equities and warrants	34,200	32,743
– Fixed interest	587	2,750
– Preference shares	3,554	636
– Other	–	613
	156,756	**134,647**

(b) Movements in investments – Company

	2017				2016			
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000
Opening book cost	92,784	3,040	46,424	142,248	89,083	2,427	50,234	141,744
Opening fair value adjustment	1,567	514	(9,682)	(7,601)	9,478	967	(1,935)	8,510
Opening valuation	**94,351**	**3,554**	**36,742**	**134,647**	**98,561**	**3,394**	**48,299**	**150,254**
Movements in year:								
Purchases at cost	42,617	–	2,046	44,663	33,103	1,456	4,565	39,124
Sales – proceeds	(41,427)	5	(5,178)	(46,600)	(36,212)	(1,139)	(7,808)	(45,159)
– realised gains/(losses) on sales	5,325	(5)	(5,139)	181	8,561	296	(2,318)	6,539
Transfer to/(from) unquoted investments (cost)	(2,912)	–	2,912	–	(1,751)	–	1,751	–
Transfer to/(from) unquoted investments (unrealised loss)	3,053	–	(3,053)	–	2,260	–	(2,260)	–
Increase/(decrease) in fair value adjustment	12,897	957	10,011	23,865	(10,171)	(453)	(5,487)	(16,111)
Closing valuation	**113,904**	**4,511**	**38,341**	**156,756**	**94,351**	**3,554**	**36,742**	**134,647**
Closing book cost	96,387	3,040	41,065	140,492	92,784	3,040	46,424	142,248
Closing fair value adjustment	17,517	1,471	(2,724)	16,264	1,567	514	(9,682)	(7,601)
	113,904	**4,511**	**38,341**	**156,756**	**94,351**	**3,554**	**36,742**	**134,647**

(c) Analysis of fair value assets

For Level 3 investments IFRS 7 requires that if the effect of changing one or more of the inputs to reasonably possible alternative assumptions would be to change the fair value significantly it should be disclosed. The information used in determination of the fair value of Level 3 investments is specific to each investee company and is in accordance with the methodologies set out in the accounting policies in Note 1(e). The investments have been reviewed and, where reasonable possible alternatives have been identified, these have been applied to each investment. The potential impact to the net assets of the Company by using the reasonably possible alternative assumptions would be an increase of £341,000 (2016: £346,000) of the fair value of Level 3 assets.

During the year, the valuations of the following Level 3 assets were reduced: Buried Hill Energy (Cyprus) (£47,000), Lamp Group (£308,000), MBA Polymers (£173,000), Path Investments (£164,000), Starcount (£1,609,000).

Financial Statements (continued)

Notes to the Financial Statements (continued)

9. Non-current assets – Investments (continued)

During the year, Equus Petroleum, which was valued at £436,000 at 30 April 2016, was sold during the year for proceeds of £426,000 and Infusion 2002, which was valued at £479,000 at 30 April 2016 was sold for £510,000. In addition, there was a partial sale of Oxford Nanopore Technologies, 86,897 shares with a value of £3,476,000 at 30 April 2016 were sold for £3,360,000.

d) Transaction costs

Included in purchases at cost and proceeds from sales are the following transaction costs:

	2017 £'000	2016 £'000
Purchases	90	142
Sales	27	41
	117	**183**

10. Investment in subsidiary undertaking

	% of ordinary share capital held	Principal activity	Country of incorporation and operation
Alpha Securities Trading Limited	100	Investment dealing	England and Wales

Investment in the subsidiary undertaking is held at fair value, which is deemed to be its net assets. It holds a portfolio of listed investments for short term appreciation which are measured at their quoted bid prices.

	2017 £'000	2016 £'000
Historic book cost of investment in subsidiary undertaking	–	–
Opening fair value adjustment	2,250	2,255
Opening valuation	2,250	2,255
Increase/(decrease) in fair value adjustment	469	(5)
Closing valuation	**2,719**	**2,250**

The Company controls another investee company by virtue of its voting rights.

	% of ordinary share capital held	Principal activity	Country of incorporation and operation
Claremont Alpha Limited	100	Holding company	Isle of Man

IFRS 10 provides a consolidation exemption to companies that qualify as an "Investment Entity", whereby, instead of consolidating subsidiaries, investment entities are permitted to measure the investment in subsidiaries at fair value through profit or loss.

The Company qualifies as an "Investment Entity" as:

a) the Company obtains funds from investors for the purpose of providing the investors with investment management services;

b) the Company commits to investors that its business purpose is to invest funds solely for returns for capital appreciation, investment income, or both; and

c) the Company confirms that it measures and evaluates the performance of substantially all of its investments on a fair value basis.

Other characteristics of the Company supporting this classification is that there are multiple investments and many underlying investors. Additionally investors are not exclusively related parties and the underlying investment positions taken are commonly in the form of equity.

11. Significant interests

At 30 April 2017 the Company held shares amounting to 3% or more of the nominal value of any class of share capital of the following companies, not being participating interests.

	Class Held	% of class held
Attraqt Group	Ordinary	21.53%
Avation	Ordinary	3.60%
Ceramic Fuel Cells	Ordinary	3.53%
Claremont Alpha*	Ordinary	100.00%
Duke Royalty	Ordinary	3.76%
Eden Research	Ordinary	6.66%
Flying Brands	Ordinary	3.59%
Fox Marble	Ordinary	6.54%
Gaming Realms	Ordinary	4.37%
Gresham Technologies	A Ordinary	3.21%
Gundaline	Ordinary	12.00%
Hardlyever+	A Ordinary	65.21%
Hardlyever	Ordinary	10.43%
Hornby	Ordinary	3.19%
Houseology Design	Ordinary	16.94%
Lamp Group	Ordinary	6.93%
Lansdowne Oil & Gas	Ordinary	4.07%
Liontrust Asset Management	Ordinary	3.55%
LumX Group	Ordinary	6.03%
Maison Seven	Ordinary	19.56%
Metapack	Ordinary	4.40%
Mobile Streams	Ordinary	7.37%
N+1 Singer	Ordinary	6.78%
Orchard Funding Group	Ordinary	5.39%
Physiolab Technologies	Ordinary	15.03%
Pittards	Ordinary	17.19%
Property Franchise Group	Ordinary	4.88%
Ramsdens Holdings	Ordinary	7.13%
Reaction Engines	Ordinary	4.32%
Starcount Group	A Ordinary	22.40%
Trinity Exploration & Production	Ordinary	3.63%
URICA	Ordinary	28.32%
Zinc Media Group	Ordinary	12.26%

These investments are held by the Company at fair value through profit or loss as part of a portfolio of investments rather than as a medium through which the Company carries out its business and therefore are not considered associated undertakings of the Company.

* See note 10 – entity is not consolidated.

+ The Company holds less than 50% of the total voting rights of this company and therefore does not exercise control.

12. Other receivables

	2017 £'000	2016 £'000
Amounts due from brokers	275	249
Prepayments and accrued income	333	208
Taxation recoverable	37	12
	645	**469**

Financial Statements (continued)

Notes to the Financial Statements (continued)

13. Other payables

	2017 £'000	2016 £'000
Amounts due to brokers	4	1,353
Accrued expenses	181	325
Amounts due to subsidiary undertakings	944	834
	1,129	**2,512**

14. Share capital

(a) Share capital

	2017 Shares	2017 £'000	2016 Shares	2016 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	41,127,975	411	42,165,142	422
Ordinary shares of 1p each held in treasury	1,223,706	12	734,000	7
Subscription shares of 1p each	6,859,138	69	6,862,677	69
	49,210,819	**492**	**49,761,819**	**498**

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2016	42,165,142	422
Repurchases of ordinary shares into treasury	(1,040,706)	(11)
Issue of ordinary shares upon exercise of subscription shares	3,539	–
Ordinary shares in issue on 30 April 2017	**41,127,975**	**411**

The movements in ordinary shares held in treasury during the year are as follows:

	2017 Shares	2017 £'000	2016 Shares	2016 £'000
Balance brought forward	**734,000**	**7**	**578,294**	**6**
Repurchases of ordinary shares	1,040,706	11	676,000	6
Cancellation of ordinary shares	(551,000)	(6)	(520,294)	(5)
Balance carried forward	**1,223,706**	**12**	**734,000**	**7**

During the year ended 30 April 2017, a total of 1,040,706 ordinary shares were repurchased by the Company at a total cost, including transaction costs, of £2,376,000 for placement in treasury (2016: 676,000 ordinary shares were repurchased for placement in treasury for £1,576,000).

(c) Subscription shares

The movements in subscription shares during the year are as follows:

	Shares	£'000
Balance brought forward	**6,862,677**	**69**
Conversion of subscription shares into ordinary shares	(3,539)	–
Balance carried forward	**6,859,138**	**69**

During the year, holders of 3,539 (2016: 265) subscription shares exercised their rights to covert those shares into ordinary shares at a price of 345 pence per ordinary share, giving a total consideration received of £12,000 (2016: £1,000).

Holders of the remaining subscription shares may exercise their right to convert those shares into ordinary shares at a price of 345 pence per ordinary share as at the close of business on the last business day in December 2017, whereupon rights under the subscription shares will lapse.

15. Retained earnings – Capital

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
Balance at 1 May 2016	**87,360**	**(15,676)**	**71,684**
Increase in fair value adjustment	–	24,334	24,334
Net gain on realisation of investments	181	–	181
Currency gains on capital items	7	–	7
Costs charged to capital (net of tax relief)	(1,024)	–	(1,024)
Transfer between reserves	790	(790)	–
Balance at 30 April 2017	**87,314**	**7,868**	**95,182**
Balance at 1 May 2015	**80,822**	**1,575**	**82,397**
Decrease in fair value adjustment	–	(16,116)	(16,116)
Net gain on realisation of investments	6,539	–	6,539
Currency losses on capital items	(41)	–	(41)
Costs charged to capital (net of tax relief)	(1,095)	–	(1,095)
Transfer between reserves	1,135	(1,135)	–
Balance at 30 April 2016	**87,360**	**(15,676)**	**71,684**

16. Net asset value per ordinary share

The net asset value per share is based on the net assets of £150,003,000 (2016: £127,941,000) and on 41,127,975 (2016: 42,165,142) ordinary shares, being the number of ordinary shares in issue at the year end.

The diluted net asset value per share has been calculated on the assumption that 6,859,138 (2016: nil) subscription shares were exercised (as the undiluted asset value is higher than the exercise price of 345 pence) resulting in a total of ordinary shares in issue of 47,987,113 (2016: 42,165,142).

17. Financial commitments

At 30 April 2017, the Company did not have any financial commitments which had not been accrued (2016: nil).

18. Financial instruments

As detailed on page 2, the principal investment objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream.

The Company's financial instruments comprise equities, fixed interest securities, warrants, cash balances, a revolving credit facility as well as debtors and creditors that arise from its operations. These are held in accordance with its investment policy. The principal risks the Company faces are: (i) market price risk (comprising currency risk, interest rate risk and other price risk); (ii) liquidity risk; and (iii) credit risk.

(i) Market price risk

Market risk, which includes, currency, interest rate and other price risk, arises mainly from uncertainty about future values of financial instruments held in the Company's investment portfolio. It is the Board's policy that the Company should maintain an appropriate spread of investments in the portfolio to seek to reduce the risks arising from factors specific to a particular company or sector.

The day-to-day management of the portfolio is the responsibility of the Investment Manager, in accordance with the Company's investment policy. This includes ongoing detailed analysis of existing and potential investee companies. No derivatives or hedging instruments are used to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments at 30 April 2017 are disclosed in the investment portfolio set out on pages 10 to 12.

Financial Statements (continued)

Notes to the Financial Statements (continued)

18. Financial instruments (continued)

Currency risk

The portfolio has a number of investments denominated in currencies other than Sterling and the income and capital value of these can be affected by movements in exchange rates. The Company also operates a number of currency bank accounts and exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction and its settlement. Therefore, a proportion of the net assets that are not priced in Sterling may be covered by forward currency contracts, so that the Company's exposure to currency risk is reduced.

An analysis of the Company's currency exposure is detailed below:

	Investments at 30 April 2017 £'000	Net monetary assets at 30 April 2017 £'000	Total at 30 April 2017 £'000	Investments at 30 April 2016 £'000	Net monetary assets at 30 April 2016 £'000	Total at 30 April 2016 £'000
US Dollar	5,416	152	5,568	3,113	–	3,113
Australian Dollar	2,601	(2,301)	300	1,804	–	1,804
Euro	2,455	37	2,492	1,220	11	1,231
Swiss Franc	1,433	–	1,433	109	–	109
Canadian Dollar	1,170	–	1,170	2,336	4	2,340
Danish Krone	–	(3)	(3)	–	–	–
Norwegian Krone	–	–	–	219	–	219
Total	**13,075**	**(2,115)**	**10,960**	**8,801**	**15**	**8,816**

Currency sensitivity

A 5% increase in Sterling against the relevant foreign currencies would have the effect of reducing the profit or loss and the net assets by £548,000 (2016: £441,000). A 5% decrease in Sterling would have an equal and opposite effect.

Interest rate risk

The majority of the Company's financial assets are non-interest bearing and therefore exposure to fair value interest rate fluctuations is limited.

Floating rate

When the Company has cash balances these are maintained in an interest bearing account. The benchmark that determines the interest paid on the cash balances is the UK bank base rate, which was 0.25% at 30 April 2017 (2016: 0.5%).

The Company has a 5 year multi-currency revolving credit facility of £30,000,000 of which £13,000,000 was drawn down at 30 April 2017 (2016: £8,500,000). Interest is charged at variable rates equivalent to 1.70% over the London interbank market rate.

Fixed rate

The table below sets out the weighted average effective interest rates for the fixed interest-bearing financial instruments:

	30 April 2017			30 April 2016		
	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years
Interest bearing securities	587	4.09	0.74	2,750	0.87	2.18

Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate and credit risk), whether caused by factors specific to an investment of wider issues affecting the market generally. The value of equities is dependent on a number of factors arising from the performance of the individual company and also wider macro-economic matters. As part of the ongoing review of the portfolio, the Investment Manager monitors these factors. A 5% increase in the value of the Company's investments would have the effect of increasing net assets by £7,974,000 (2016: £6,845,000). A 5% decrease would have an equal and opposite effect.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial commitments. A proportion of the Company's financial instruments include companies that are trading on AIM or are unquoted and these may not be readily realisable. As a result, the Company may not be able to realise some of its investments quickly at their fair value to meet any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Company's investment strategy is to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements.

The AIFM has a liquidity management policy for the Company which is intended to ensure that the Company's investment portfolio maintains an appropriate level of liquidity in view of the Company's expected outflows, including share buy backs, dividends and operational expenses. This policy involves an assessment of the prices or values at which it expects to be able to realise its assets over varying periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors. This requires the AIFM to identify and monitor investment in asset classes which are considered to be relatively illiquid. Illiquid assets of the Company are likely to include investments in unquoted companies. The majority of the Company's investment portfolio is invested directly in listed equities and is monitored on an ongoing basis to ensure that it is adequately diversified. The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

There were no material changes to the liquidity management policy during the year ended 30 April 2017. In addition, none of the Company's assets are subject to any special arrangements linked to their liquidity.

Financial liabilities

The Company primarily finances its operations through equity, retained profits and bank borrowings. As at 30 April 2017, the Company had drawn down £13,000,000 of its committed £30,000,000 multi-currency revolving credit facility with The Royal Bank of Scotland plc (30 April 2016: £8,500,000). Interest is incurred at a variable rate as agreed at the time of draw down and is payable at the maturity date of each advance. The interest rate at 30 April 2017 was 1.96% per annum (2016: 2.21% per annum). There was no interest rate risk associated with other short-term creditors at 30 April 2017 or 30 April 2016. There is no difference between the fair value of the financial liabilities and their carrying value.

The credit facility is committed until 30 November 2018. The amount that can be drawn down under the facility is limited by a covenant measured against a proportion of the Company's portfolio and cash such that the Company's gross borrowings must not exceed 35% of adjusted net assets (net assets adjusted for unquoted holdings and other concentration deductions).

(iii) Credit and counterparty risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- Where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Company's investments are held on its behalf by J.P. Morgan Chase Bank N.A., the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting on its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Investment Manager.

Notes to the Financial Statements (continued)

19. Transactions with the Investment Manager and related parties

The amounts paid to the Investment Manager and amounts outstanding at the year end are disclosed in Note 3. However, the existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under IAS 24: Related Party Disclosures, the Investment Manager is not considered to be a related party.

The Company surrendered excess management expenses without payment to Alpha Securities Trading Limited of £445,000 (2016: £nil). All other transactions with subsidiary undertakings were on an arms length basis. During the year transactions in securities between the Company and its subsidiary undertakings amounted to £nil (2016: £nil). During the year the Company paid its subsidiary undertaking interest on the intercompany loan amounting to £nil (2016: £7,000). Outstanding balances are set out in Note 13.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Artemis Alpha Trust plc (the "Company") will be held at The Science Room, The Royal Society of Chemistry, Burlington House, Piccadilly, London W1J 0BA on Thursday, 5 October 2017 at 12.30 pm for the purpose of transacting the following business:

Ordinary Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

Resolution 1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 April 2017.

Resolution 2. To approve the Directors' remuneration policy.

Resolution 3. To approve the Directors' Remuneration Report for the year ended 30 April 2017.

Resolution 4. To re-elect Mr Duncan Budge as a Director of the Company.

Resolution 5. To re-elect Mr John Ayton as a Director of the Company.

Resolution 6. To re-elect Ms Blathnaid Bergin as a Director of the Company.

Resolution 7. To re-elect Mr Tom Cross Brown as a Director of the Company.

Resolution 8. To elect Mr Jamie Korner as a Director of the Company.

Resolution 9. To re-appoint KPMG LLP as independent auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which financial statements are laid and to authorise the Directors to determine the remuneration of KPMG LLP.

Special Business

To consider and, if thought fit, to pass the following as an ordinary resolution:

Resolution 10. That, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot:

(i) up to 6,856,346 ordinary shares having an aggregate nominal value of £68,563 to the holders of subscription shares on completion of conversion; and

(ii) up to an aggregate nominal value of £20,489 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 20 July 2017);

provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2018, unless previously revoked, varied or extended by the Company at a general meeting, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this Resolution had not expired.

To consider and, if thought fit, to pass the following as special resolutions:

Resolution 11. That, subject to the passing of Resolution 10 set out above, the Directors be and they are hereby authorised, pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares in the capital of the Company and the sale of any ordinary shares held by the Company in treasury) wholly for cash as if section 561(1) of the Act did not apply to any such allotment, grant or sale provided that this power shall:

(a) expire at the conclusion of the next annual general meeting of the Company to be held in 2018 unless previously revoked, varied or extended by the Company at a general meeting, save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the Directors may allot such equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired; and

(b) be limited to the allotment of equity securities and the sale or transfer of treasury shares:

Notice of Annual General Meeting (continued)

(i) in connection with an offer of such securities by way of rights to holders of ordinary shares and/or subscription shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of ordinary shares and/or subscription shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange;

(ii) pursuant to the conversion rights of the subscription shares having an aggregate nominal value of £68,563; and

(iii) otherwise than pursuant to paragraph (i) and (ii) above up to an aggregate nominal value of £20,489 representing approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 20 July 2017.

Resolution 12. That, the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued ordinary shares for cancellation or to be held in treasury and subscription shares for cancellation, provided that:

(a) the maximum aggregate number of ordinary shares and subscription shares hereby authorised to be purchased shall not exceed 6,142,642 or 1,027,766 respectively or, if less, that number of ordinary shares or subscription shares which is equal to 14.99% of the relevant share class of the Company's issued share capital as at the date of this Resolution;

(b) the minimum price which may be paid for both an ordinary share and a subscription share shall be 1 pence per share, being the nominal value thereof;

(c) the maximum price which may be paid for both an ordinary share and a subscription share shall not exceed the higher of:

(i) 5% above the average of the middle market quotations for the relevant class of share (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the purchase is made; and

(ii) the higher of the price quoted for (a) the last independent trade of; and (b) the highest current independent bid for any number of shares of the relevant class on the trading venue where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in 2018 unless previously revoked, varied or extended by the Company at a general meeting; and

(e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

By order of the Board:

Artemis Fund Managers Limited
Secretary
20 July 2017

Registered Office:
Cassini House
57 St James's Street
London SW1A 1LD

Notes:

1. Attending the AGM in person

   If you wish to attend the AGM in person, you should arrive at the venue for the AGM in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity prior to being admitted to the AGM.

2. Appointment of proxies

   Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent a member. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

   If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them.

   Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact Capita Registrars on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

   A member may instruct their proxy to abstain from voting on any resolution to be considered at the meeting by marking the "vote withheld" option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" the resolution.

   The appointment of a proxy will not prevent a member from attending the AGM and voting in person if they wish.

   A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

3. Appointment of a proxy using a proxy form

   A proxy form for use in connection with the AGM is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 48 hours (excluding non working days) before the time of the AGM or any adjournment of that meeting.

   If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

4. Appointment of a proxy through CREST

   CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the Registrar (ID RA10) no later than 48 hours (excluding non working days) before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Shareholder Information (continued)

Notice of Annual General Meeting (continued)

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Appointment of proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

7. Entitlement to attend and vote

To be entitled to attend and vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at close of business on 3 October 2017 (or, if the AGM is adjourned, at close of business two working days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the AGM.

8. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Forms of proxy

A personalised form of proxy will be sent to each registered shareholder with the Annual Financial Report and instructions on how to vote will be contained therein.

10. Website giving information regarding the AGM

Information regarding the AGM, including information required by section 311A of the Act, and a copy of this notice of AGM is available on the website: artemisalphatrust.co.uk.

11. Voting rights

As at 20 July 2017 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 42,099,473 ordinary shares, carrying one vote each, of which 1,121,206 are held in treasury and 6,856,346 subscription shares, which carry no voting rights. Therefore, the total voting rights in the Company as at 20 July 2017 were 40,978,267 votes.

12. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the AGM as their proxy will need to ensure that they both comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

13. Notification of shareholdings

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast, and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's ordinary shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

14. Members' right to require circulation of resolution to be proposed at the meeting

    Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Act.

15. Further questions and communication

    Under section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

    Members who have any queries about the AGM should contact the Company Secretarial Department by writing to Artemis Fund Managers Limited, Cassini House, 57 St James's Street, London, SW1A 1LD.

    Members may not use any electronic address provided in this notice or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.

16. Documents available for inspection

    The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting:

    16.1 a statement of all transactions of each Director and of their family interests in the share capital of the Company; and

    16.2 copies of the Directors' letters of appointment.

    No Director has a service contract with the Company.

17. Director biographies

    The biographies of the Directors standing for re-election are set out on page 19 of the Company's Annual Financial Report for the year ended 30 April 2017.

18. Announcement of results

    As soon as practicable following the AGM, the results of the voting at the AGM will be announced via a Regulatory Information Service and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be placed on the website: artemisalphatrust.co.uk.

19. Audit concerns

    Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Shareholder Information (continued)

Information for Shareholders

Buying shares in the Company

The Company's ordinary and subscription shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker. The Company is also a qualifying investment trust for ISA purposes.

Company numbers:

Ordinary shares

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATS.L

Bloomberg code: ATS:LN

Subscription shares

London Stock Exchange (SEDOL) number: B5SLGR8

ISIN number: GB00B5SLGR82

Reuters code: ATSS.L

Bloomberg code: ATSS:LN

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address, loss of certificate or to be placed on a mailing list should be addressed to the Company's registrars at: Capita Asset Services, Shareholder Enquiries, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

If you would like to receive dividend payments directly into your bank account, please contact the Company's registrar at the address above.

Dividend Reinvestment Plan (the "Plan")

Shareholders are able to re-invest their cash dividends using the Plan operated by Capita Registrars. To find out more about the Plan, please contact Capita at: Capita Asset Services, Shareholder Enquiries, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

Financial advisors

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisors to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA's") rules in relation to non-mainstream investment products and intends to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The share prices are listed in the Financial Times and also on the TrustNet website (trustnet.com). Up-to-date information can be found on the website (artemisalphatrust.co.uk), including a factsheet which is updated monthly. Shareholders can also contact the Chairman to express any views on the Company or to raise any questions they have using the email address alpha.chairman@artemisfunds.com.

Subscription shares

Subscription shareholders will have a final opportunity to exercise their subscription shares on the last business day in December 2017.

If you received subscription shares when they were issued, for the purposes of UK taxation, the issue of subscription shares is treated as a reorganisation of the Company's share capital. Such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, but they do require shareholders to reallocate the base cost of their ordinary shares between their ordinary shares and subscription shares received.

At the close of business on 13 December 2010 the middle market prices of the Company's ordinary shares and subscription shares were as follows:

Ordinary shares:	308.25 pence
Subscription shares:	62.75 pence

To exercise subscription shares, in whole or in part, shareholders must complete the notice of exercise of subscription share rights on the reverse of the share certificate and lodge the relevant subscription share certificate(s) at the office of the Company's registrars during the period 28 days ending at 5.00 pm on the relevant subscription date, accompanied by a remittance for the aggregate conversion price for the ordinary shares in respect of which the subscription share rights are exercised.

Subscription shares that are in uncertificated form on the relevant subscription date shall be exercisable, in whole or in part, if (i) an uncertificated subscription notice is received on or within 28 days prior to the relevant subscription date (but not later than the latest time for input of the instruction permitted by the relevant electronic systems on that date) and (ii) a remittance for the aggregate conversion price for the ordinary shares in respect of which the subscription share rights are being exercised is received by the Company (or by such person as it may require for these purposes).

Taxation

For capital gains purposes, the cost of the Company's ordinary shares at 31 March 1982 was 13.22 pence per share.

AIC

The Company is a member of The Association of Investment Companies ("AIC") which publishes monthly statistics on the majority of investment trusts. Further details can be obtained by contacting the AIC on 020 7282 5555 or at its website theaic.co.uk.

AIFMD disclosures

A number of disclosures are required to be made under the AIFMD as follows:

- Information in relation to the leverage of the Company is provided in the Strategic Report on page 18.
- Details of the Company's principal risks and their management are provided in the Strategic Report on pages 16 and 17.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 18 in the notes to the financial statements.
- The Investment Manager requires prior Board approval to:
  - (i) enter into any stocklending agreements;
  - (ii) to borrow money against the security of the Company's investments; or
  - (iii) create any charges over any of the Company's investments.
- Details of the Company's strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the Company before they invest, are available at artemisalphatrust.co.uk.

Any material changes to this information is required to be reported in the Company's Annual Financial Report. There have been no material changes from the prior year to the information above which requires disclosure to shareholders.

Artemis may be required to make certain disclosures regarding remuneration which will be disclosed at the appropriate time.

Common Reporting Standard

New legislation was introduced in the UK on 1 January 2016 implementing the Organisation for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard').

This requires the Company to provide information annually to HM Revenue & Customs ("HMRC") on the tax residencies of those certificated shareholders that are tax resident in countries outwith the UK that have signed up to the Common Reporting Standard.

All new shareholders, excluding those whose shares are held in CREST, that enter the share register from 1 January 2016 will be sent a certification form by the Registrar to complete. Existing shareholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence.

Failure to provide this information may result in the holding being reported to HMRC.

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

Reporting Calendar

Year End

30 April

Results Announced

Interim: December
Annual: July

Dividends Payable

February and August

Annual General Meeting

October

Shareholder Information (continued)

Glossary

Discount/Premium

If the share price of an investment trust is lower than the net asset value per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the use of borrowings.

Leverage

Leverage is defined in the AIFMD as any method by which an AIFM increases the exposure of an Alternative Investment Fund it manages, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

There are two measures of calculating leverage:

- the Gross Method, which does not reduce exposure for hedging; and
- the Commitment Method, which reduces exposure for hedging.

Net asset value

Net asset value represents the total value of the Company's assets less the total value of its liabilities, and is normally expressed on a per share basis.

Ongoing charges

Total expenses (excluding finance costs, performance fees and taxation) incurred by the Company as a percentage of average net asset values.

Total return

The total return on an investment is made up of capital appreciation (or depreciation) and any income paid out (which is deemed to be reinvested) by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of the period.

Investment Manager, Company Secretary and Advisers

Registered Office

Cassini House
57 St James's Street
London SW1A 1LD

Website: artemisalphatrust.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary

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

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Tel: 0800 092 2051
Email: investor.support@artemisfunds.com

Registrar

Capita Asset Services
Shareholder Enquiries
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholder enquiries: 0871 664 0300
(calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales)

Administrator

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Banker & Custodian

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Depositary

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Tax adviser

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Financial Adviser and Corporate Broker

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London E14 5RB

Solicitors

Dickson Minto W.S.
Broadgate Tower
Primrose Street
London EC2A 2EW

An investment company as defined under section 833 of the Companies Act 2006.
Registered in England No. 253644

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