

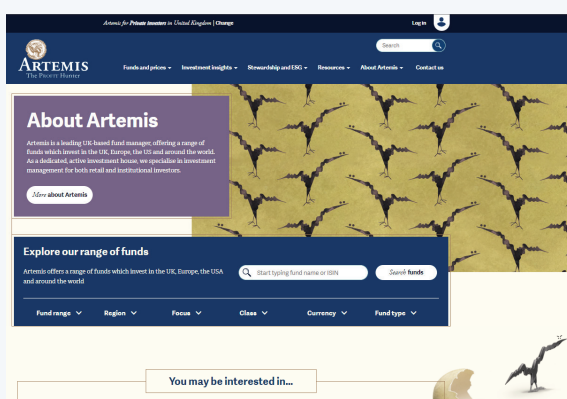
Artemis Monthly Distribution *Fund*

Manager's Report
and Financial Statements

for the year ended 31 December 2024

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- Daily fund prices
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[artemisfunds.com](https://www.artemisfunds.com)

GENERAL INFORMATION

Company profile

Artemis is a leading UK-based fund manager, offering a range of funds which invest in the UK, Europe, the US and around the world.

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors across Europe.

Independent and owner-managed, Artemis opened for business in 1997. Its aim was, and still is, exemplary investment performance and client service. All Artemis' staff share these two precepts – and the same flair and enthusiasm for fund management.

The firm now manages some £28.3 billion* across a range of funds and both pooled and segregated institutional portfolios.

Our managers invest in their own and their colleagues' funds. This has been a basic tenet of the Artemis approach since the firm started. It means that interests of our fund managers are directly aligned with those of our investors.

* Source: Artemis as at 31 January 2025

Fund status

Artemis Monthly Distribution Fund was constituted by a Trust Deed dated 10 February 2012 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UK UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 5 or via the website **artemisfunds.com**. Valuation of the fund takes place each dealing day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at www.artemisfunds.com/non-dealing-days. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

OBJECTIVE AND INVESTMENT POLICY

Objective	To generate monthly income, combined with some capital growth over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 40% to 80% in bonds (of any credit quality). • 20% to 60% in company shares. • The fund may also invest in near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently.
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • Bond returns are principally driven in four ways: <ul style="list-style-type: none"> - Investing globally in government bonds, Investment Grade and High Yield bonds - Adjusting the portfolio duration - Allocation between different credit ratings and different economic sectors - Security selection including different levels of seniority • When investing in corporate bonds, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. • When investing in company shares, the Manager selects companies which exhibit strong levels of free cashflow generation (cash that is left over after a company pays for its operating and capital expenditures which can be returned to investors through dividends and share buybacks) relative to other companies in the market, dividend distribution and dividend growth. 	
Benchmark	<ul style="list-style-type: none"> • IA Mixed Investment 20-60% Shares NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. 	

RISK AND REWARD PROFILE



- The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund may have risen and fallen in the past due to movements in markets, currencies and interest rates). It may not be a reliable indication of the future risk profile of the fund.
- The risk category has been calculated using historic data and may not be a reliable indicator of the fund's future risk profile.
- A risk indicator of "1" does not mean that the investment is "risk free".

The risk indicator may not fully take into account the following risks and the following may affect fund performance:

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **Income risk:** The payment of income and its level is not guaranteed.
- **Emerging markets risk:** Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.
- **Credit risk:** Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- **Higher-yielding bonds risk:** The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
- **Charges from capital risk:** Because one of the key objectives of the fund is to provide income, the fund charges are taken from capital. This may constrain capital growth or erode capital.

There was no change to the risk indicator in the year ended 31 December 2024.

Please refer to the fund's prospectus for full details of these and other risks which are applicable to this fund.

OTHER INFORMATION

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 5.

Remuneration

As the Artemis Monthly Distribution Fund (the "fund") is a UK UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its partners and staff for its financial year. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website [artemisfunds.com](https://www.artemisfunds.com). Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all non-executive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Risk and Compliance functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm. The payment of some of their variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 232 Artemis partners and staff in respect of AFML's duties performed for the UCITS schemes based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the funds for the year ended 31 December 2023 is £916,539 of which £422,204 is fixed remuneration and £494,335 is variable remuneration.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the funds for the year ended 31 December 2023 is £331,326. Code and Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages.

For the purposes of UCITS Remuneration Code, the AFML Code staff are the members of Artemis' Management and Executive Committees, certain fund managers and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

Tax information reporting

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

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

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

Value assessment

Artemis Fund Managers Limited (AFML) has conducted a detailed assessment on whether its funds are providing value to unitholders. AFML must publish publicly on an annual basis, a statement setting out a summary of the outcome of the process and whether or not AFML believes the payments out of the scheme property are justified in the context of the overall value delivered to unitholders. Composite reports on Assessment of Value have been published via the website artemisfunds.com.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

In accordance with the FCA's requirements under the Environmental, Social and Governance Sourcebook, Artemis is required to publish disclosures consistent with the Taskforce on Climate-Related Financial Disclosures ("TCFD") for the period 1 January 2023 to 31 December 2023. The entity-level TCFD report contains information about how Artemis manages climate-related risks and opportunities in investment portfolios and across its business operations and the product-level TCFD report contains certain climate related metrics required to be published for Artemis Monthly Distribution Fund. These TCFD reports, which were published on 30 June 2024, can be found here: www.artemisfunds.com/tcfd

Manager

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

Dealing information:
Artemis Fund Managers Limited
Sunderland SR43 4BH
Telephone: 0800 092 2051
Website: artemisfunds.com

Investment adviser

Artemis Investment Management LLP *
Cassini House
57 St James's Street
London SW1A 1LD

Trustee and Depositary

Northern Trust Investor Services Limited *
50 Bank Street
Canary Wharf
London E14 5NT

Registrar

Northern Trust UK Global Services SE †
50 Bank Street
Canary Wharf
London
E14 5NT

Auditor

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

*Authorised and regulated by the Financial Conduct Authority.

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

STATEMENTS OF RESPONSIBILITIES

Statement of the Trustee's Responsibilities in respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis Monthly Distribution Fund ("the Trust") for the year ended 31 December 2024.

The Trustee in its capacity as Trustee of Artemis Monthly Distribution Fund must that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the regulations and the Scheme documents of the Trust.

Northern Trust Investor Services Limited
London
3 March 2025

Statement of the manager's responsibilities

COLL requires the manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of its revenue and expenditure for the year.

In preparing the financial statements, the manager is required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 ('SORP');
- (iii) follow applicable accounting standards;
- (iv) keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- (v) make judgements and estimates that are reasonable and prudent; and
- (vi) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation.

The manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and COLL.

The manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis Monthly Distribution Fund for the year ended 31 December 2024 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director
Artemis Fund Managers Limited
London
3 March 2025

S Dougall
Director

AUDITOR'S REPORT

Independent auditor's report to the unitholders of the Artemis Monthly Distribution Fund

Opinion

We have audited the financial statements of the Artemis Monthly Distribution Fund ("the Fund") for the year ended 31 December 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2024 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 6, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such

internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our approach was as follows:

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

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

Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
4 March 2025

INVESTMENT REVIEW

About the fund

The Artemis Monthly Distribution Fund gives investors access to the income-generating potential of a blend of bonds and shares.

Dividend-paying company shares (currently 56% of the fund) – These are shares in companies worldwide that return a portion of their profits to their shareholders through regular cash payments ('dividends').

High-yield bonds (24% of the fund) – High-yield bonds are issued by companies that ratings agencies (such as S&P and Moody's) deem to be at greater risk of defaulting on their debts. As their name suggests, they offer a higher 'yield' (rate of interest) to compensate for the higher level of risk.

Investment-grade corporate bonds (9% of the fund) – These are issued by companies with higher credit ratings. These are businesses that ratings agencies consider to be at relatively low risk of defaulting on their debts.

Government bonds (8% of the fund) – These are widely viewed as being among the safest bonds (governments in developed economies rarely default on their debts). The interest rate, or 'yield', available here is lower than it is on high-yield and investment-grade corporate bonds – but they can provide a useful counterweight to the fund's holdings in more economically sensitive bonds and shares.

Overview

2024 was packed with political drama, war and economic uncertainty.

- A snap election in France saw various forms of political populists making gains.
- There were two attempts to assassinate President Trump.
- Some data suggested that the US economy was slowing; some data suggested that it wasn't.
- Interest rates went down in the US and in the UK but went up in Japan.
- There was a short, sharp sell-off in early August (one that had been entirely erased by the time the year ended).
- China announced a new package of fiscal and monetary stimulus measures.

Amid all this, global stockmarket indices posted one of their strongest years of returns this century, with the gains continuing to be led by the US. Amid this, share prices of the largest mega-cap technology companies in the US continued to move sharply higher helped, in part, by the continued frenzy surrounding the potential for artificial intelligence (AI) to transform their profits.

Bond prices, meanwhile, rose in the early part of the year as investors anticipated cuts in interest rates. But that positive momentum faded as the year progressed. In the final quarter of the year, bond prices fell sharply due to signs that inflation might be re-accelerating and amid concerns that the policy agenda of the incoming Trump administration could reignite inflation.

Performance

The fund returned 15.7%¹ over the year and thereby significantly outperformed the average return of 6.2% from the IA's Mixed Investment 20-60% Shares sector. The fund's longer-term performance is also strong and places it in the top decile of its peer group over one, three and five years as well as since launch in May 2012.

The significant outperformance of shares relative to bonds ensured that the fund's equity holdings accounted for the lion's share of returns over the year.

Contributors

Defence contractors

Companies like **Rheinmetall** and **Mitsubishi Heavy Industries** continued to benefit from the new emphasis many governments are placing on defence spending.

Power generation

Billions of dollars are being invested in building AI data centres, driving growth in demand for new sources of power. **Siemens Energy** has been a key beneficiary. **Mitsubishi Heavy Industries** also benefits from this trend given its strong market positions in gas turbine power stations and nuclear energy.

Gold miners

Kinross and **Newmont** were both strong performers. We bought their shares in early 2024 at a time when their share-price performance had been lacklustre due to rising input costs and supply-chain disruptions. They went on to rally strongly as the gold price reached a new all-time high.

Banks

Holdings in lenders such as **KB Financial**, **Mitsubishi UFJ Financial** and **Erste Bank** performed well. Higher interest rates are driving a step-change in profitability in the banking sector. The fund's bank holdings are delivering attractive cash returns through dividends and, in some cases, share buybacks.

Past performance is not a guide to the future.

¹ Source: Artemis/Lipper Limited, class I distribution, in sterling. All figures show total returns with dividends and/or income reinvested, net of all charges.

Detractors

Inflation-linked government bonds

The fund has holdings in inflation-linked government bonds, mostly in US Treasury Inflation-Protected Securities (TIPS). After rallying briefly in the summer as investors feared a slowdown in economic growth, they have underperformed as bond yields have risen. We continue to believe that these serve an important purpose, however. They should perform well when market conditions are less favourable for other parts of the portfolio, such as our short-dated high-yield bonds and equities.

Mega-cap US technology stocks (not held)

One of the biggest negatives for the fund's relative returns over the year came from not owning mega-cap US technology stocks. Most of these companies do not pay (meaningful) dividends and, while their earnings growth has been impressive, that is fully reflected in their valuations. All of these stocks posted strong returns and, given their growing dominance in global indices, this was a headwind for the fund's relative returns.

Activity and positioning

Our exposure to the '**core income**' areas of the equity market (consumer staples, real estate and utilities) is close to its lowest level since the fund's launch in 2012. These businesses tend to carry significant amounts of debt on their balance sheets, which has held back share-price returns as interest rates have risen. We continue to see more attractive investment ideas in other areas of the market.

Despite some turnover in the bonds we hold, the overall positioning of the fund's fixed-income portfolio remains broadly unchanged. We continue to find **short-dated, higher-quality high-yield bonds** attractive. Many of these bonds offer high single-digit yields with little duration (interest-rate) risk. Furthermore, many high-yield bonds are called (redeemed) before they are due to mature, giving a capital uplift.

Outlook

Investor sentiment has rarely been so bullish and equity markets appear expensive by most valuation measures relative to their history. We would also suggest that there is a greater risk that inflation surprises to the upside than to the downside, given the enduring strength of the global economy.

We therefore continue to stay away from the most widely held (and expensive) areas of the stockmarket. Despite the growing concentration of equity markets, we have no shortage of investment ideas. We own a selection of modestly valued companies that can provide us with an attractive combination of income and capital growth.

Spreads in the high-yield bond market – the additional yield they offer relative to government bonds – are as tight as they have been for two decades. But we take comfort from the fact that interest cover remains high and net leverage remains low.

We launched the fund in 2012 and, for the majority of the first decade of its existence, interest rates were close to zero and bond yields were low, resulting in a challenging environment for a fund that looks to generate an attractive level of income. Following the reset in bond yields in 2022, however, sources of income are abundant. We are therefore optimistic as to the portfolio's ability to generate attractive level of monthly income – and total returns – going forward.

Jacob de Tusch-Lec, James Davidson, Jack Holmes and David Ennett

Fund managers

INVESTMENT INFORMATION

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

Purchases	Cost £'000	Sales	Proceeds £'000
Oracle	25,722	Rheinmetall	28,449
Artemis Funds (Lux) - Short-Dated Global High Yield Bond Fund class I distribution USD	22,609	US Treasury Inflation Indexed, 0.75% 15/02/2045	26,670
Hon Hai Precision Industry	21,519	Broadcom	25,076
Newmont	20,113	Newmont	22,213
AXA	19,289	Kinross Gold	21,142
Kinross Gold	18,675	CRH	20,097
US Treasury Inflation Indexed, 0.25% 22/03/2052	18,408	US Treasury Inflation Indexed, 0.25% 22/03/2052	17,637
BHP Group	18,283	BHP Group	17,371
General Motors	17,236	Verizon Communications	16,736
AbbVie	17,234	HSBC Holdings	15,598

Portfolio statement as at 31 December 2024

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 55.85% (49.47%)			
Austria 0.83% (0.98%)			
Erste Bank	145,772	7,181	0.83
		7,181	0.83
Brazil 0.00% (2.06%)			
Canada 0.96% (0.00%)			
Bank of Nova Scotia	104,694	4,490	0.52
Kinross Gold	519,315	3,798	0.44
		8,288	0.96
China 2.51% (0.00%)			
Haier Smart Home	1,234,000	3,478	0.40
People's Insurance Company of China	17,150,000	6,815	0.78
Ping An Insurance of China	2,434,500	11,512	1.33
		21,805	2.51
Denmark 0.12% (0.33%)			
DFDS	72,090	1,071	0.12
		1,071	0.12
France 1.29% (1.01%)			
AXA	307,181	8,749	1.01
Vinci	29,832	2,460	0.28
		11,209	1.29
Germany 4.94% (3.46%)			
Commerzbank	1,046,219	13,657	1.57
Rheinmetall	17,492	8,925	1.03
Siemens Energy	487,400	20,296	2.34
		42,878	4.94
Greece 0.99% (0.00%)			
National Bank of Greece	1,349,636	8,573	0.99
		8,573	0.99
Hong Kong 0.62% (0.00%)			
WH Group	8,695,500	5,366	0.62
		5,366	0.62
Israel 1.21% (0.00%)			
Bank Leumi Le-Israel	782,772	7,358	0.85

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 55.85% (49.47%) (continued)			
Israel 1.21% (0.00%) (continued)			
Tel Aviv Stock Exchange	344,391	3,176	0.36
		10,534	1.21
Italy 3.43% (2.75%)			
Banco BPM	2,925,513	18,972	2.19
RAI Way	1,383,464	6,282	0.72
UniCredit	141,464	4,524	0.52
		29,778	3.43
Japan 3.89% (4.90%)			
Komatsu	241,900	5,347	0.62
Mitsubishi Heavy Industries	1,429,800	16,161	1.86
Mitsubishi UFJ Financial Group	836,700	7,851	0.91
Mitsubishi UFJ Financial, ADR	235,483	2,201	0.25
ORIX	125,600	2,176	0.25
		33,736	3.89
Kazakhstan 0.46% (0.00%)			
NAC Kazatomprom, GDR	134,670	4,016	0.46
		4,016	0.46
Mexico 0.41% (0.00%)			
Ternium, ADR	154,334	3,538	0.41
		3,538	0.41
Netherlands 2.07% (2.25%)			
Aegon	2,398,282	11,400	1.32
NN Group	186,426	6,517	0.75
		17,917	2.07
Norway 2.73% (2.55%)			
Elopak	1,826,624	5,779	0.67
Telenor	165,742	1,482	0.17
Var Energi	6,602,553	16,403	1.89
		23,664	2.73
Russia 0.00% (0.00%)			
Sberbank of Russia, ADR ^	784,260	–	–
		–	–
Singapore 0.00% (0.51%)			
South Korea 2.11% (2.60%)			
Hyundai Motor	91,801	10,542	1.22
KB Financial Group	172,844	7,761	0.89
		18,303	2.11
Spain 1.42% (1.82%)			
CaixaBank	2,826,381	12,299	1.42
		12,299	1.42
Taiwan 1.27% (0.00%)			
Hon Hai Precision Industry	2,466,000	11,036	1.27
		11,036	1.27
United Arab Emirates 1.15% (0.41%)			
Abu Dhabi Commercial Bank	3,249,323	7,238	0.83
Aldar Properties	1,651,697	2,750	0.32
		9,988	1.15
United Kingdom 3.66% (4.65%)			
AstraZeneca	40,702	4,257	0.49
BAE Systems	564,255	6,469	0.75

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 55.85% (49.47%) (continued)			
United Kingdom 3.66% (4.65%) (continued)			
HSBC Holdings	1,740,061	13,577	1.56
Tesco	2,027,308	7,475	0.86
		31,778	3.66
United States of America 19.78% (19.19%)			
AbbVie	129,215	18,152	2.09
American International	95,328	5,513	0.64
Baker Hughes	90,859	2,965	0.34
Blackrock	10,628	8,707	1.00
Capital One Financial	31,061	4,407	0.51
Corebridge Financial	509,423	12,170	1.40
CRH	148,417	10,940	1.26
Diversified Energy	1,574,677	20,882	2.41
Equitable Holdings	146,657	5,498	0.63
Fluor	162,290	6,383	0.74
General Motors	360,157	15,405	1.78
Hess Midstream	298,149	8,797	1.01
Hess	5,585	582	0.07
International Paper	45,724	1,956	0.22
Oracle	129,724	17,262	1.99
Simon Property	30,462	4,151	0.48
Tenaris	767,217	11,509	1.33
Wells Fargo	289,961	16,273	1.88
		171,552	19.78
Equities total		484,510	55.85
Collective Investment Schemes 3.04% (0.00%)			
Luxembourg 3.04% (0.00%)			
Artemis Funds (Lux) - Global High Yield Bond Fund class I distribution USD [†]	3,600,000	2,964	0.34
Artemis Funds (Lux) - Short-Dated Global High Yield Bond Fund class I distribution USD [†]	26,600,000	23,417	2.70
		26,381	3.04
Collective Investment Schemes total		26,381	3.04
Government Bonds 8.20% (10.61%)			
Australia 0.46% (0.00%)			
Australia Government Bond 1.75% 21/06/2051	AUD15,000,000	3,995	0.46
		3,995	0.46
Germany 1.17% (0.00%)			
Bundesrepublik Deutschland Bundesanleihe 2.60% 15/08/2034	€12,000,000	10,163	1.17
		10,163	1.17
New Zealand 0.40% (0.00%)			
New Zealand Government Inflation-Linked Bond 2.50% 20/09/2035	NZD6,000,000	3,457	0.40
		3,457	0.40
Sweden 0.00% (0.29%)			
United Kingdom 1.08% (0.67%)			
United Kingdom Gilt 4.25% 07/09/2039	£10,000,000	9,350	1.08
		9,350	1.08
United States of America 5.09% (9.65%)			
US Treasury 2.25% 15/08/2046	\$5,000,000	2,582	0.30
US Treasury Inflation Indexed, 0.25% 15/07/2029	\$20,000,000	18,227	2.10
US Treasury Inflation Indexed, 0.75% 15/02/2045	\$15,000,000	11,640	1.34

	Holding/ nominal value	Valuation £'000	% of net assets
Government Bonds 8.20% (10.61%) (continued)			
United States of America 5.09% (9.65%) (continued)			
US Treasury Inflation Indexed, 1.88% 15/07/2034	\$15,000,000	11,677	1.35
		44,126	5.09
Government Bonds total		71,091	8.20
Corporate Bonds 32.02% (39.17%)			
Australia 0.33% (0.42%)			
Mineral Resources 8.00% 01/11/2027	\$3,500,000	2,842	0.33
		2,842	0.33
Austria 0.36% (0.64%)			
ams-OSRAM 05/03/2025	€1,600,000	1,295	0.15
AT&S Austria Technologie & Systemtechnik, FRN 5.00% Perpetual	€2,800,000	1,820	0.21
		3,115	0.36
Belgium 0.09% (0.00%)			
Azelis Finance 4.75% 25/09/2029	€900,000	769	0.09
		769	0.09
Canada 0.66% (0.31%)			
GFL Environmental 3.75% 01/08/2025	\$5,300,000	4,184	0.48
New Red Finance 5.63% 15/09/2029	\$2,000,000	1,571	0.18
		5,755	0.66
Czech Republic 0.61% (0.00%)			
CPI Property Group 1.75% 14/01/2030	€5,100,000	3,562	0.41
CPI Property Group 6.00% 27/01/2032	€2,100,000	1,751	0.20
		5,313	0.61
Denmark 0.16% (0.27%)			
Danske Bank, FRN 4.63% 13/04/2027	£1,400,000	1,396	0.16
		1,396	0.16
France 0.69% (0.62%)			
Afflelou 6.00% 25/07/2029	€3,000,000	2,597	0.30
Forvia 5.50% 15/06/2031	€3,000,000	2,481	0.28
Goldstory 6.75% 01/02/2030	€1,100,000	953	0.11
		6,031	0.69
Germany 2.41% (2.24%)			
Cheplapharm Arzneimittel 5.50% 15/01/2028	\$3,400,000	2,446	0.28
CT Investment 6.38% 15/04/2030	€4,000,000	3,458	0.40
Fressnapf 5.25% 31/10/2031	€3,000,000	2,565	0.30
Gruenenthal 4.63% 15/11/2031	€2,100,000	1,762	0.20
IHO Verwaltungs 6.75% 15/11/2029	€2,000,000	1,694	0.20
IHO Verwaltungs 8.75% 15/05/2028	€1,300,000	1,139	0.13
Motel One 7.75% 02/04/2031	€2,500,000	2,231	0.26
Techem Verwaltungsgesellschaft 5.38% 15/07/2029	€4,000,000	3,427	0.39
TUI Cruises 6.25% 15/04/2029	€2,500,000	2,187	0.25
		20,909	2.41
Hong Kong 0.46% (0.54%)			
Seaspan 5.50% 01/08/2029	\$5,400,000	4,021	0.46
		4,021	0.46
Israel 0.00% (0.83%)			
Italy 0.19% (0.00%)			
IMA Industria Macchine Automatiche 3.75% 15/01/2028	€2,000,000	1,632	0.19
		1,632	0.19
Luxembourg 0.96% (1.36%)			
Albion Financing 1 6.13% 15/10/2026	\$5,900,000	4,700	0.54

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 32.02% (39.17%) (continued)			
Luxembourg 0.96% (1.36%) (continued)			
Blackstone Property Partners Europe Holdings 2.00% 20/10/2025	£3,700,000	3,593	0.42
		8,293	0.96
Netherlands 0.00% (0.56%)			
Poland 0.19% (0.00%)			
InPost 2.25% 15/07/2027	€2,000,000	1,619	0.19
		1,619	0.19
Spain 0.00% (0.35%)			
Sweden 0.54% (0.63%)			
Heimstaden, FRN 6.75% Perpetual	€1,700,000	991	0.12
Verisure Holdings 3.25% 15/02/2027	€4,500,000	3,679	0.42
		4,670	0.54
Switzerland 1.03% (1.32%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$3,300,000	2,624	0.30
Willow No 2 Ireland for Zurich Insurance, FRN 4.25% 01/10/2045	\$4,400,000	3,467	0.40
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	£3,000,000	2,863	0.33
		8,954	1.03
United Kingdom 11.81% (14.13%)			
180 Medical 3.88% 15/10/2029	\$2,800,000	2,032	0.23
AA Bond 3.25% 31/07/2050	£400,000	360	0.04
AA Bond 7.38% 31/07/2050	£1,600,000	1,659	0.19
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€2,100,000	1,865	0.22
Amber Finco 6.63% 15/07/2029	€2,000,000	1,754	0.20
Annington Funding 3.94% 12/07/2047	£2,700,000	2,196	0.25
Aviva, FRN 4.00% 03/06/2055	£2,900,000	2,380	0.27
Barclays, FRN 8.88% Perpetual	£2,600,000	2,704	0.31
BCP V Modular Services Finance II 6.13% 30/11/2028	£5,000,000	4,825	0.56
Belron UK Finance 4.63% 15/10/2029	€2,000,000	1,699	0.20
Belron UK Finance 5.75% 15/10/2029	\$500,000	394	0.05
BP Capital Markets, FRN 4.25% Perpetual	£800,000	771	0.09
Castle UK Finco 7.00% 15/05/2029	£3,500,000	3,405	0.39
Centrica, FRN 6.50% 21/05/2055	£3,500,000	3,548	0.41
Coca-Cola Europacific Partners 3.25% 21/03/2032	€1,700,000	1,417	0.16
Constellation Automotive Financing 4.88% 15/07/2027	£2,500,000	2,381	0.27
Coventry Building Society, FRN 5.88% 12/03/2030	£2,100,000	2,138	0.25
Coventry Building Society, FRN 8.75% Perpetual	£900,000	927	0.11
CPUK Finance 5.94% 28/02/2047	£2,000,000	2,027	0.23
Deuce Finco 5.50% 15/06/2027	£2,100,000	2,052	0.24
Great Portland Estates 5.38% 25/09/2031	£2,200,000	2,157	0.25
HSBC 5.29% 16/09/2032	£1,500,000	1,487	0.17
INEOS Quattro Finance 2 8.50% 15/03/2029	€3,100,000	2,754	0.32
Iron Mountain 3.88% 15/11/2025	£4,000,000	3,926	0.45
Kane Bidco 6.50% 15/02/2027	£2,000,000	1,992	0.23
Kier Group 9.00% 15/02/2029	£2,100,000	2,209	0.25
Legal & General Group, FRN 5.38% 27/10/2045	£3,000,000	2,996	0.35
Lloyds Banking Group, FRN 8.50% Perpetual	£3,000,000	3,104	0.36
Maison Finco 6.00% 31/10/2027	£2,000,000	1,962	0.23
Meadowhall Finance 4.99% 12/07/2037	£1,627,339	1,544	0.18
Mobico Group 4.88% 26/09/2031	€2,600,000	2,164	0.25
National Grid 3.50% 16/10/2026	£3,400,000	3,318	0.38
NatWest Group, FRN 7.42% 06/06/2033	£3,800,000	3,985	0.46
Pearson Funding 5.38% 12/09/2034	£3,100,000	3,031	0.35
Pension Insurance 8.00% 13/11/2033	£2,000,000	2,142	0.25

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 32.02% (39.17%) (continued)			
United Kingdom 11.81% (14.13%) (continued)			
Phoenix Group Holdings 5.87% 13/06/2029	£1,400,000	1,395	0.16
Premier Foods Finance 3.50% 15/10/2026	£3,300,000	3,222	0.37
Quadgas Finance 3.38% 17/09/2029	£3,000,000	2,702	0.31
Rothsay Life 7.73% 16/05/2033	£5,000,000	5,317	0.61
Synthomer 7.38% 02/05/2029	€1,600,000	1,387	0.16
Telereal Securitisation 5.63% 10/12/2031	£4,800,000	4,727	0.54
Unique Pub Finance 6.46% 30/03/2032	£2,700,000	2,822	0.33
Weir Group 6.88% 14/06/2028	£1,500,000	1,557	0.18
		102,434	11.81
United States of America 11.53% (14.95%)			
Albertsons 3.25% 15/03/2026	\$4,000,000	3,112	0.36
Alta Equipment Group 9.00% 01/06/2029	\$2,500,000	1,906	0.22
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€1,800,000	1,357	0.16
Ardagh Metal Packaging Finance 3.25% 01/09/2028	\$3,300,000	2,357	0.27
At Home Group 4.88% 15/07/2028	\$1,750,000	544	0.06
Avis Budget Car Rental 4.75% 01/04/2028	\$600,000	447	0.05
Avis Budget Finance 7.00% 28/02/2029	€3,400,000	2,957	0.34
Avis Budget Finance 7.25% 31/07/2030	€1,000,000	872	0.10
Capstone Borrower 8.00% 15/06/2030	\$2,700,000	2,231	0.26
Carnival 5.75% 15/01/2030	€3,700,000	3,321	0.38
Citigroup 4.50% 03/03/2031	£2,100,000	1,970	0.23
Crocs 4.13% 15/08/2031	\$4,300,000	2,981	0.34
Dream Finders Homes 8.25% 15/08/2028	\$2,500,000	2,072	0.24
Emerald Borrower 6.63% 15/12/2030	\$3,700,000	2,951	0.34
Encore Capital 4.25% 01/06/2028	£4,200,000	3,935	0.45
Energizer 4.38% 31/03/2029	\$3,500,000	2,589	0.30
Gap 3.63% 01/10/2029	\$4,000,000	2,864	0.33
GTCR W-2 Merger Sub 8.50% 15/01/2031	£3,000,000	3,207	0.37
Herc Holdings 6.63% 15/06/2029	\$2,900,000	2,341	0.27
HFC Prestige International 6.63% 15/07/2030	\$3,000,000	2,424	0.28
Hilton Domestic Operating 3.75% 01/05/2029	\$3,000,000	2,204	0.25
IGT Lottery 4.25% 15/03/2030	€4,000,000	3,375	0.39
International Game Technology 3.50% 15/06/2026	€4,800,000	3,966	0.46
LGI Homes 4.00% 15/07/2029	\$1,400,000	999	0.12
Masterbrand 7.00% 15/07/2032	\$3,678,000	2,947	0.34
Medline Borrower 3.88% 01/04/2029	\$5,100,000	3,762	0.43
Meritage Homes 5.13% 06/06/2027	\$2,500,000	1,998	0.23
New Home 9.25% 01/10/2029	\$2,400,000	2,008	0.23
Owens & Minor 6.63% 01/04/2030	\$4,444,000	3,323	0.38
Penske Automotive 3.50% 01/09/2025	\$4,600,000	3,622	0.42
Realty Income 5.75% 05/12/2031	£2,400,000	2,437	0.28
Sally Holdings 6.75% 01/03/2032	\$3,400,000	2,716	0.31
SCIL IV 5.38% 01/11/2026	\$4,000,000	3,124	0.36
Tibco Software 6.50% 31/03/2029	\$4,500,000	3,526	0.41
Victoria's Secret 4.63% 15/07/2029	\$2,500,000	1,815	0.21
Warnermedia Holdings 3.64% 15/03/2025	\$6,000,000	4,767	0.55
Williams Scotsman 4.63% 15/08/2028	\$3,500,000	2,668	0.31
ZipRecruiter 5.00% 15/01/2030	\$6,000,000	4,303	0.50
		99,998	11.53
Corporate Bonds total		277,751	32.02
Forward Currency Contracts (0.14%) (0.01%)			
Buy Sterling 4,074,224, sell Australian Dollar 8,044,413 dated 08/01/2025		90	0.01
Buy Sterling 81,982,156, sell Euro 98,982,979 dated 08/01/2025		(209)	(0.02)

	Holding/ nominal value	Valuation £'000	% of net assets
Forward Currency Contracts (0.14%) (0.01%) (continued)			
Buy Sterling 3,619,796, sell New Zealand Dollar 7,853,188 dated 08/01/2025		100	0.01
Buy Sterling 170,321,685, sell US Dollar 216,514,425 dated 08/01/2025		(2,338)	(0.27)
Buy US Dollar 78,273,981, sell Euro 73,774,000 dated 15/01/2025		1,143	0.13
Forward Currency Contracts total		(1,214)	(0.14)
Investment assets (including investment liabilities)		858,519	98.97
Net other assets		8,977	1.03
Net assets attributable to unitholders		867,496	100.00

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

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

[†]Related party.

FINANCIAL STATEMENTS

Statement of total return for the year ended 31 December 2024

	Note	31 December 2024 £'000	31 December 2023 £'000
Income			
Net capital gains	3	79,487	17,539
Revenue	5	39,567	38,043
Expenses	6	(6,601)	(5,730)
Interest payable and similar charges	7	(97)	(59)
Net revenue before taxation		32,869	32,254
Taxation	8	(4,903)	(5,593)
Net revenue after taxation		27,966	26,661
Total return before distributions		107,453	44,200
Distributions	9	(33,822)	(31,672)
Change in net assets attributable to unitholders from investment activities		73,631	12,528

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

	31 December 2024 £'000	31 December 2023 £'000
Opening net assets attributable to unitholders	663,115	658,979
Amounts receivable on issue of units	263,539	81,171
Amounts payable on cancellation of units	(151,714)	(106,933)
	111,825	(25,762)
Change in net assets attributable to unitholders from investment activities	73,631	12,528
Retained distribution on accumulation units	18,925	17,370
Closing net assets attributable to unitholders	867,496	663,115

Balance sheet as at 31 December 2024

	Note	31 December 2024 £'000	31 December 2023 £'000
Assets			
Fixed assets			
Investments	10	861,066	659,948
Current assets			
Debtors	11	11,328	10,178
Cash and cash equivalents	12	6,175	2,879
Total current assets		17,503	13,057
Total assets		878,569	673,005
Liabilities			
Investment liabilities	10	2,547	1,725
Creditors			
Bank overdraft	13	2,171	1,370
Distribution payable		4,727	4,033
Other creditors	14	1,628	2,762
Total creditors		8,526	8,165
Total liabilities		11,073	9,890
Net assets attributable to unitholders		867,496	663,115

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

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

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts ("REITs"), are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Dividends are recognised gross of any overseas tax. Overseas tax is included as part of the tax charge. A provision is made for any overseas tax not considered recoverable at the balance sheet date, whether due to uncertainty as to receipt either due to circumstances or recovery experience in specific jurisdictions, or due to the significant time lag since the receipt of the dividend. Special dividends are reviewed on a case by case basis when determining if a dividend is to be treated as revenue or capital. It is likely that where a special

dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Income from US REITs is split between revenue and capital depending on the composition of the distribution from the REIT. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Interest from debt securities bought or sold is excluded from the capital cost of such securities, and accounted for as part of revenue. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis.

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

(f) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

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

2. Distribution policy

The distribution policy of the fund is to distribute/accumulate all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund did not satisfy the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 and where applicable will pay a dividend distribution. The manager and the depositary have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. The manager may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments and derivatives

whether realised or unrealised, if taken to capital are not available for distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised. All available net revenue accounted for in accordance with the above policies is distributed to holders of income units or retained and reinvested for holders of accumulation units. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund. Income equalisation applies to the fund. Equalisation applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

3. Net capital gains

	31 December 2024 £'000	31 December 2023 £'000
Non-derivative securities	76,120	8,782
Forward currency contracts	3,893	5,123
Rebate of capital management fees from underlying investments	11	–
Currency (losses)/gains	(537)	3,634
Net capital gains	79,487	17,539

4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

Year ended 31 December 2024						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	752,364	197	463	753,024	0.03	0.06
Bonds	349,508	–	–	349,508	–	–
Funds	25,442	–	–	25,442	–	–
Sales						
Equities	668,386	151	121	668,114	0.02	0.02
Bonds	334,341	–	–	334,341	–	–
Corporate Actions	5,079	–	–	5,079	–	–
Total		348	584			
Percentage of fund average net assets		0.05%	0.08%			

Year ended 31 December 2023						
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	406,577	17	305	406,899	–	0.08
Bonds	291,049	–	–	291,049	–	–
Sales						
Equities	398,827	33	92	398,702	0.01	0.02
Bonds	300,040	–	–	300,040	–	–
Total		50	397			
Percentage of fund average net assets		0.00%	0.06%			

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

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.25% (2023: 0.35%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

5. Revenue

	31 December 2024 £'000	31 December 2023 £'000
Interest on debt securities	22,044	20,576
Overseas dividends	15,001	15,211
UK dividends	1,659	1,868
Bank interest	863	388
Total revenue	39,567	38,043

6. Expenses

	31 December 2024 £'000	31 December 2023 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	5,856	5,011
Administration fees	745	719
Total expenses	6,601	5,730

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

The audit fee (excluding VAT) accrued during the period was £10,450 (2023: £10,150). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	31 December 2024 £'000	31 December 2023 £'000
Interest payable	97	59
Total interest payable and similar charges	97	59

8. Taxation

	31 December 2024 £'000	31 December 2023 £'000
a) Analysis of the tax charge for the year		
UK corporation tax	3,162	3,227
Irrecoverable overseas tax	1,741	2,359
Prior year adjustments	–	185
Double tax relief	–	(178)
Total taxation (note 8b)	4,903	5,593
b) Factors affecting the tax charge for the year		
Net revenue before taxation	32,869	32,253
Corporation tax of 20% (2023: 20%)	6,574	6,451
Effects of:		
Irrecoverable overseas tax	1,642	2,181
Revenue taxable in different periods	49	(12)
Tax effect on capital management fee rebate	2	–
Prior year adjustments	–	185
Indexed gilt edged securities adjustment	(115)	(45)
Non-taxable UK dividends	(332)	(374)
Non-taxable overseas dividends	(2,917)	(2,793)
Tax charge for the year (note 8a)	4,903	5,593
c) Provision for deferred tax		
No provision for deferred tax has been made in the current or prior accounting year.		

9. Distributions

	31 December 2024 £'000	31 December 2023 £'000
Interim dividend distribution - January 2024	1,577	1,343
Interim dividend distribution - February 2024	2,255	2,468
Interim dividend distribution - March 2024	2,990	1,984
Interim dividend distribution - April 2024	3,732	3,624
Interim dividend distribution - May 2024	5,190	4,885
Interim dividend distribution - June 2024	2,428	3,005
Interim dividend distribution - July 2024	2,339	1,610
Interim dividend distribution - August 2024	2,267	3,266
Interim dividend distribution - September 2024	2,925	2,069
Interim dividend distribution - October 2024	2,673	2,278
Interim dividend distribution - November 2024	3,993	3,124
Final dividend distribution - December 2024	1,662	1,958
	34,031	31,614
Add: amounts deducted on cancellation of units	252	221
Deduct: amounts added on issue of units	(461)	(163)
Distributions	33,822	31,672
Movement between net revenue and distributions		
Net revenue after taxation	27,966	26,661
Expenses paid from capital	5,856	5,011
	33,822	31,672

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 28 to 30.

10. Fair value hierarchy

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

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 December 2024		31 December 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	555,601	–	398,291	–
Level 2	305,465	2,547	261,557	1,725
Level 3 *	–	–	–	–
Total	861,066	2,547	659,948	1,725

* Depositary receipts with underlying exposure to Russian assets have been valued at nil due to the current sanctions in place. The manager continues to monitor and assess the valuation as information becomes available.

11. Debtors

	31 December 2024 £'000	31 December 2023 £'000
Amounts receivable for issue of units	5,576	4,028
Accrued revenue	4,986	5,469
Overseas withholding tax recoverable	718	612
Corporation tax recoverable	45	69
Expense fee rebate receivable	3	–
Total debtors	11,328	10,178

12. Cash and cash equivalents

	31 December 2024 £'000	31 December 2023 £'000
Amounts held in liquidity funds	3,347	1,486
Collateral held with brokers	2,730	1,070
Cash and bank balances	98	323
Total cash and cash equivalents	6,175	2,879

13. Bank overdraft

	31 December 2024 £'000	31 December 2023 £'000
Bank overdrafts	911	–
Collateral pledged with brokers	1,260	1,370
Total bank overdraft	2,171	1,370

14. Other creditors

	31 December 2024 £'000	31 December 2023 £'000
Amounts payable for cancellation of units	1,012	2,274
Accrued annual management charge	551	426
Accrued administration fee payable to the manager	65	62
Total other creditors	1,628	2,762

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in issue at 31 December 2023	Units issued	Units cancelled	Units converted	Units in issue at 31 December 2024
C distribution	7,585,081	559,268	(627,138)	(99,270)	7,417,941
C accumulation	1,078,865	251,538	(332,375)	105,530	1,103,558
I distribution	413,612,164	137,634,376	(87,110,712)	244,944	464,380,772
I accumulation	307,167,880	117,428,725	(65,065,177)	(150,161)	359,381,267
R distribution	3,214,366	1,004,610	(754,227)	(74,569)	3,390,180
R accumulation	7,557,700	7,101,508	(2,062,978)	–	12,596,230

17. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the funds' operations. The fund only executes derivative contracts where both the derivative instrument and the counter party have been approved by the manager.

The manager has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the fund's positions and their contribution to the overall risk profile of the fund. In addition, our Investment Committee and Risk and Compliance Committee meet monthly and quarterly respectively, and as required to evaluate risk across each of our funds. These policies have been consistent for both the current and prior period to which these financial statements relate.

In the normal course of business, the fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk, other market price risk and leverage risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the fund's investment portfolio. The fund, in order to meet its investment objective and policy, invests predominantly in bonds and equities and maintains an appropriate spread of investments in accordance with COLL, the Trust Deed and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The manager's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, governments' fiscal positions, short-term interest rates and international market comparisons.

As part of the continuing review of the portfolio, the manager monitors and reviews these factors.

Currency	Floating Rate financial assets [†] £'000	Fixed Rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
31 December 2024				
US Dollar	6,183	138,916	184,739	329,838
Euro	2,811	77,853	142,827	223,491
Sterling	32,206	87,422	39,823	159,451
Hong Kong Dollar	–	–	36,324	36,324
Japanese Yen	–	–	31,535	31,535
Norwegian Krone	–	–	23,734	23,734
South Korean Won	–	–	18,303	18,303
Taiwan Dollar	–	–	11,036	11,036
Israeli New Shekel	1	–	10,539	10,540
UAE Dirham	–	–	9,988	9,988
Canadian Dollar	–	–	4,490	4,490
Australian Dollar	–	3,995	4	3,999
New Zealand Dollar	–	3,457	4	3,461
Danish Kroner	–	–	1,088	1,088
Swedish Krona	–	–	215	215
Brazilian Real	3	–	–	3
31 December 2023				
US Dollar	8,788	153,013	119,683	281,484
Sterling	39,677	79,660	33,870	153,207
Euro	3,577	46,972	88,944	139,493
Japanese Yen	–	–	32,609	32,609
South Korean Won	–	–	17,283	17,283
Norwegian Krone	–	–	16,983	16,983
Swiss Franc	–	–	11,464	11,464
Hong Kong Dollar	–	–	6,943	6,943
Brazilian Real	23	–	3,617	3,640
Singapore Dollar	–	–	3,397	3,397
UAE Dirham	–	–	2,745	2,745
Danish Kroner	–	–	2,274	2,274
Swedish Krona	–	–	225	225
Israeli New Shekel	–	–	1	1

[†] Include cash and bank balances.

As at 31 December 2024 if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 1.87% fall in the prices of the underlying bonds it holds (2023: 4.9%). A 1% fall in government bond yields would have an equal and opposite impact. This calculation has been prepared on a modified duration basis. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The calculation has been used to serve as an indication of the possible impact to the fund from changes to government bond yields. This concept relies on a large number of assumptions, in particular, that all bonds are equally sensitive to government bond yields. In practice, this is not the case as many bonds with higher credit risk have lower correlation with government bond yields and in some cases even negative correlation. The fund contains a high and varying proportion of bonds with sometimes a high degree of credit risk. Furthermore, this makes the assumption of a parallel shift in yields. In practice, when interest rates change, longer dated government bond yields do not usually move in parallel with short-term interest

rates. It is not unusual to see a negative correlation to short-term interest rate movements. The calculation also includes the impact of any futures positions.

(ii) Currency risk

A portion of the net assets of the fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced. The gain on forward currency contracts for the year was £3,893,000 (2023: £5,123,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the table below.

Currency	Investments £'000	Net other assets £'000	Forward currency contracts £ '000	Total £'000
31 December 2024				
Sterling	154,566	4,694	259,998	419,258
US Dollar	328,846	2,188	(110,236)	220,798
Euro	222,009	1,691	(143,471)	80,229
Hong Kong Dollar	36,240	84	–	36,324
Japanese Yen	31,535	–	–	31,535
Norwegian Krone	23,664	70	–	23,734
South Korean Won	18,303	–	–	18,303
Taiwan Dollar	11,036	–	–	11,036
Israeli New Shekel	10,534	6	–	10,540
UAE Dirham	9,988	–	–	9,988
Canadian Dollar	4,490	–	–	4,490
Danish Kroner	1,070	18	–	1,088
Swedish Krona	–	215	–	215
Australian Dollar	3,995	4	(3,985)	14
Brazilian Real	–	3	–	3
New Zealand Dollar	3,457	4	(3,520)	(59)
31 December 2023				
Sterling	144,000	514	219,067	363,581
US Dollar	278,660	2,824	(134,529)	146,955
Euro	138,516	947	(84,448)	55,015
Japanese Yen	32,480	129	–	32,609
South Korean Won	17,258	25	–	17,283
Norwegian Krone	16,894	89	–	16,983
Swiss Franc	11,464	–	–	11,464
Hong Kong Dollar	6,943	–	–	6,943
Brazilian Real	3,617	23	–	3,640
Singapore Dollar	3,397	–	–	3,397
UAE Dirham	2,745	–	–	2,745
Danish Kroner	2,159	115	–	2,274
Swedish Krona	–	225	–	225
Israeli New Shekel	–	1	–	1

A five percent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £22,412,000 (2023: £14,977,000). A five percent decrease would have an equal and opposite effect.

(iii) 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 risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five percent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £42,926,000 (2023: £32,911,000). A five percent decrease would have an equal and opposite effect.

Returns from bonds are fixed at the time of purchase, the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However,

over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date may have a different price to its purchase level and a gain or loss may be realised. Bond investments are exposed to credit rating risk which reflects the ability of a bond issuer to meet its obligations (i.e. pay interest on a bond and return the capital on the redemption date). Generally, the higher the credit rating of the bond issuer, the rate at which they can borrow money may be lower than a bond issuer with a lower credit rating reflecting the potentially higher risk. Additionally, the credit rating of a bond is likely to impact upon the market price of a bond with a higher credit rating reflecting the greater expectation that the bond will be redeemed by the issuer on the maturity date at the nominal amount. An element of the market price of a bond will reflect this.

(iv) Leverage risk

Leverage is defined as any method by which the fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The manager is required to calculate and monitor the level of leverage of a fund, expressed as a percentage of the exposure of the fund and its net asset value under both the sum of the notionals and the commitment methods. The fund can use cash borrowing and financial derivatives (subject to restrictions as set out in its Prospectus and COLL) as sources of leverage.

The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 31 December 2024 and 31 December 2023 the leverage ratios of the fund were:

	2024 %	2023 %
Sum of the notionals	129.6	177.9
Commitment	100.0	100.3

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the fund, resulting in a financial loss. From time to time, the fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with Northern Trust Investor Services Limited, the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of Northern Trust Investor Services Limited may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The fund is also exposed to counterparty risk through holding specific financial instruments.

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

The derivatives are disclosed in the portfolio statement, Goldman Sachs, Northern Trust and UBS are the counterparties for forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 December 2024 or 31 December 2023.

Debt Security credit analysis

At the reporting date, the credit analysis of the fund's debt securities was as follows:

	31 December 2024 £'000	31 December 2023 £'000
Investment grade securities	147,773	172,792
Below investment grade securities	197,954	153,859
Unrated securities	3,115	3,467
Total of debt securities	348,842	330,118

Source of credit ratings: Artemis Investment Management LLP.

Counterparty and collateral exposure

The type of derivatives held at the balance sheet date was forward currency contracts. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty and the collateral pledged, at the balance sheet date, were as follows:

Currency	Forward currency contracts £'000	Net collateral (pledged)/held £'000
31 December 2024		
Goldman Sachs	958	(1,020)
Northern Trust	(2,358)	2,730
UBS	186	(240)
31 December 2023		
Northern Trust	1,701	(1,370)
UBS	(981)	1,070

Only cash collateral is pledged or held by the fund.

(c) Liquidity risk

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

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

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

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

18. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 18 and notes 6, 9, 11 and 14 on pages 21 to 23 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 December 2024 in respect of these transactions was £3,951,000 (2023: £1,267,000).

19. Unit classes

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

C distribution	1.20%
C accumulation	1.20%
I distribution	0.75%
I accumulation	0.75%
R distribution	1.50%
R accumulation	1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 31 and 32.

The distributions per unit class are given in the distribution tables on pages 28 to 30. All classes have the same rights on winding up.

20. Post balance sheet event

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

DISTRIBUTION TABLES

This fund pays monthly dividend distributions. The following table sets out the distribution periods.

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 January 2024	31 January 2024	1 February 2024	28 March 2024
Second interim	1 February 2024	29 February 2024	1 March 2024	30 April 2024
Third interim	1 March 2024	31 March 2024	1 April 2024	31 May 2024
Fourth interim	1 April 2024	30 April 2024	1 May 2024	28 June 2024
Fifth interim	1 May 2024	31 May 2024	1 June 2024	31 July 2024
Sixth interim	1 June 2024	30 June 2024	1 July 2024	30 August 2024
Seventh interim	1 July 2024	31 July 2024	1 August 2024	30 September 2024
Eighth interim	1 August 2024	31 August 2024	1 September 2024	31 October 2024
Ninth interim	1 September 2024	30 September 2024	1 October 2024	29 November 2024
Tenth interim	1 October 2024	31 October 2024	1 November 2024	31 December 2024
Eleventh interim	1 November 2024	30 November 2024	1 December 2024	31 January 2025
Final	1 December 2024	31 December 2024	1 January 2025	28 February 2025

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

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

The fund has not held more than 60% of its net assets in interest bearing securities during any distribution periods. Corporate unitholders should note that a holding in a fund with more than 60% of its net assets in interest bearing assets may be required to be treated as a creditor loan relationship for corporation tax purposes.

C distribution

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.0775	0.0846	0.1621	19.10%	80.90%	0.1364
Second interim	0.1224	0.1045	0.2269	49.68%	50.32%	0.2468
Third interim	0.1655	0.1318	0.2973	58.93%	41.07%	0.1998
Fourth interim	0.2303	0.1347	0.3650	59.69%	40.31%	0.3589
Fifth interim	0.2736	0.2244	0.4980	69.67%	30.33%	0.4834
Sixth interim	0.1203	0.1113	0.2316	28.66%	71.34%	0.3005
Seventh interim	0.0795	0.1417	0.2212	37.55%	62.45%	0.1645
Eighth interim	0.0904	0.1214	0.2118	46.88%	53.12%	0.3299
Ninth interim	0.1228	0.1445	0.2673	89.22%	10.78%	0.2113
Tenth interim	0.0810	0.1588	0.2398	43.66%	56.34%	0.2332
Eleventh interim	0.2180	0.1323	0.3503	64.69%	35.31%	0.3162
Final	0.0019	0.1435	0.1454	16.48%	83.52%	0.2010

C accumulation

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.1257	0.1372	0.2629	19.10%	80.90%	0.2104
Second interim	0.1990	0.1700	0.3690	49.68%	50.32%	0.3814
Third interim	0.2696	0.2148	0.4844	58.93%	41.07%	0.3103
Fourth interim	0.3773	0.2208	0.5981	59.69%	40.31%	0.5588
Fifth interim	0.4502	0.3694	0.8196	69.67%	30.33%	0.7571
Sixth interim	0.1991	0.1842	0.3833	28.66%	71.34%	0.4741
Seventh interim	0.2064	0.1617	0.3681	37.55%	62.45%	0.2608
Eighth interim	0.3295	0.0240	0.3535	46.88%	53.12%	0.5242
Ninth interim	0.2763	0.1709	0.4472	89.22%	10.78%	0.3376
Tenth interim	0.3739	0.0287	0.4026	43.66%	56.34%	0.3738
Eleventh interim	0.4586	0.1317	0.5903	64.69%	35.31%	0.5087
Final	0.2288	0.0175	0.2463	16.48%	83.52%	0.3250

I distribution

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.0806	0.0881	0.1687	19.10%	80.90%	0.1421
Second interim	0.1289	0.1094	0.2383	49.68%	50.32%	0.2602
Third interim	0.1749	0.1387	0.3136	58.93%	41.07%	0.2084
Fourth interim	0.2449	0.1419	0.3868	59.69%	40.31%	0.3787
Fifth interim	0.2913	0.2381	0.5294	69.67%	30.33%	0.5122
Sixth interim	0.1267	0.1166	0.2433	28.66%	71.34%	0.3163
Seventh interim	0.1438	0.0884	0.2322	37.55%	62.45%	0.1710
Eighth interim	0.1209	0.1012	0.2221	46.88%	53.12%	0.3483
Ninth interim	0.1601	0.1219	0.2820	89.22%	10.78%	0.2214
Tenth interim	0.1080	0.1440	0.2520	43.66%	56.34%	0.2448
Eleventh interim	0.1616	0.2098	0.3714	64.69%	35.31%	0.3341
Final	0.0850	0.0659	0.1509	16.48%	83.52%	0.2103

I accumulation

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.1300	0.1418	0.2718	19.10%	80.90%	0.2179
Second interim	0.2082	0.1766	0.3848	49.68%	50.32%	0.3999
Third interim	0.2835	0.2247	0.5082	58.93%	41.07%	0.3214
Fourth interim	0.3983	0.2308	0.6291	59.69%	40.31%	0.5861
Fifth interim	0.4763	0.3893	0.8656	69.67%	30.33%	0.7974
Sixth interim	0.2085	0.1919	0.4004	28.66%	71.34%	0.4960
Seventh interim	0.2292	0.1541	0.3833	37.55%	62.45%	0.2694
Eighth interim	0.1717	0.1962	0.3679	46.88%	53.12%	0.5501
Ninth interim	0.2304	0.2381	0.4685	89.22%	10.78%	0.3514
Tenth interim	0.1977	0.2225	0.4202	43.66%	56.34%	0.3899
Eleventh interim	0.2758	0.3454	0.6212	64.69%	35.31%	0.5339
Final	0.1464	0.1070	0.2534	16.48%	83.52%	0.3378

R distribution

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.0781	0.0853	0.1634	19.10%	80.90%	0.1375
Second interim	0.1225	0.1050	0.2275	49.68%	50.32%	0.2466
Third interim	0.1652	0.1320	0.2972	58.93%	41.07%	0.2013
Fourth interim	0.2292	0.1349	0.3641	59.69%	40.31%	0.3586
Fifth interim	0.2717	0.2234	0.4951	69.67%	30.33%	0.4824
Sixth interim	0.1203	0.1118	0.2321	28.66%	71.34%	0.3010
Seventh interim	0.1241	0.0977	0.2218	37.55%	62.45%	0.1660
Eighth interim	0.0661	0.1463	0.2124	46.88%	53.12%	0.3278
Ninth interim	0.1765	0.0908	0.2673	89.22%	10.78%	0.2122
Tenth interim	0.1928	0.0474	0.2402	43.66%	56.34%	0.2338
Eleventh interim	0.1415	0.2074	0.3489	64.69%	35.31%	0.3157
Final	0.1311	0.0159	0.1470	16.48%	83.52%	0.2020

R accumulation

Dividend distributions for the year ended 31 December 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2023 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
First interim	0.1267	0.1385	0.2652	19.10%	80.90%	0.2124
Second interim	0.1995	0.1712	0.3707	49.68%	50.32%	0.3819
Third interim	0.2700	0.2157	0.4857	58.93%	41.07%	0.3129
Fourth interim	0.3762	0.2214	0.5976	59.69%	40.31%	0.5592
Fifth interim	0.4483	0.3687	0.8170	69.67%	30.33%	0.7564
Sixth interim	0.1998	0.1855	0.3853	28.66%	71.34%	0.4753
Seventh interim	0.2951	0.0747	0.3698	37.55%	62.45%	0.2637
Eighth interim	0.2889	0.0659	0.3548	46.88%	53.12%	0.5238
Ninth interim	0.2806	0.1664	0.4470	89.22%	10.78%	0.3396
Tenth interim	0.1798	0.2242	0.4040	43.66%	56.34%	0.3756
Eleventh interim	0.2561	0.3328	0.5889	64.69%	35.31%	0.5090
Final	0.1340	0.1154	0.2494	16.48%	83.52%	0.3273

COMPARATIVE TABLES

	C distribution			C accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	66.34	65.33	72.93	107.59	100.83	107.32
Return before operating charges *	10.90	5.03	(3.47)	17.96	8.09	(5.15)
Operating charges	(0.92)	(0.84)	(0.89)	(1.53)	(1.33)	(1.34)
Return after operating charges *	9.98	4.19	(4.36)	16.43	6.76	(6.49)
Distributions	(3.22)	(3.18)	(3.24)	(5.33)	(5.02)	(4.87)
Retained distributions on accumulation units	–	–	–	5.33	5.02	4.87
Closing net asset value per unit	73.10	66.34	65.33	124.02	107.59	100.83
* after direct transaction costs of	(0.09)	(0.04)	(0.09)	(0.14)	(0.06)	(0.13)
Performance						
Return after charges	15.04%	6.41%	(5.98)%	15.27%	6.70%	(6.05)%
Other information						
Closing net asset value (£'000)	5,423	5,032	4,848	1,369	1,161	1,190
Closing number of units	7,417,941	7,585,081	7,421,833	1,103,558	1,078,865	1,180,233
Operating charges	1.30%	1.31%	1.31%	1.30%	1.31%	1.31%
Direct transaction costs	0.12%	0.06%	0.13%	0.12%	0.06%	0.13%
Prices						
Highest unit price (p)	74.77	67.55	73.41	126.07	107.76	108.03
Lowest unit price (p)	66.04	61.97	63.03	107.11	98.09	96.30

	I distribution			I accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	71.19	69.79	77.56	114.69	107.09	113.55
Return before operating charges *	11.66	5.34	(3.74)	19.07	8.53	(5.52)
Operating charges	(0.65)	(0.59)	(0.62)	(1.07)	(0.93)	(0.94)
Return after operating charges *	11.01	4.75	(4.36)	18.00	7.60	(6.46)
Distributions	(3.39)	(3.35)	(3.41)	(5.57)	(5.25)	(5.10)
Retained distributions on accumulation units	–	–	–	5.57	5.25	5.10
Closing net asset value per unit	78.81	71.19	69.79	132.69	114.69	107.09
* after direct transaction costs of	(0.09)	(0.04)	(0.09)	(0.15)	(0.06)	(0.14)
Performance						
Return after charges	15.47%	6.81%	(5.62)%	15.69%	7.10%	(5.69)%
Other information						
Closing net asset value (£'000)	365,976	294,464	285,357	476,851	352,297	357,148
Closing number of units	464,380,772	413,612,164	408,856,852	359,381,267	307,167,880	333,494,799
Operating charges	0.85%	0.86%	0.86%	0.85%	0.86%	0.86%
Direct transaction costs	0.12%	0.06%	0.13%	0.12%	0.06%	0.13%
Prices						
Highest unit price (p)	80.57	71.52	78.08	134.84	114.88	114.30
Lowest unit price (p)	70.89	66.36	67.27	114.20	104.27	102.19

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

	R distribution			R accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	65.57	64.77	72.52	106.56	100.11	106.82
Return before operating charges *	10.81	5.00	(3.41)	17.86	8.07	(5.07)
Operating charges	(1.12)	(1.02)	(1.09)	(1.88)	(1.62)	(1.64)
Return after operating charges *	9.69	3.98	(4.50)	15.98	6.45	(6.71)
Distributions	(3.22)	(3.18)	(3.25)	(5.34)	(5.04)	(4.89)
Retained distributions on accumulation units	–	–	–	5.34	5.04	4.89
Closing net asset value per unit	72.04	65.57	64.77	122.54	106.56	100.11
* after direct transaction costs of	(0.09)	(0.04)	(0.09)	(0.14)	(0.06)	(0.13)
Performance						
Return after charges	14.78%	6.14%	(6.21)%	15.00%	6.44%	(6.28)%
Other information						
Closing net asset value (£'000)	2,442	2,108	3,810	15,435	8,053	6,626
Closing number of units	3,390,180	3,214,366	5,882,460	12,596,230	7,557,700	6,618,716
Operating charges	1.60%	1.61%	1.61%	1.60%	1.61%	1.61%
Direct transaction costs	0.12%	0.06%	0.13%	0.12%	0.06%	0.13%
Prices						
Highest unit price (p)	73.71	66.94	73.00	124.58	106.73	107.52
Lowest unit price (p)	65.27	61.34	62.53	106.07	97.33	95.67

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

Ongoing charges

Class	31 December 2024
C distribution	1.300%
C accumulation	1.300%
I distribution	0.850%
I accumulation	0.850%
R distribution	1.600%
R accumulation	1.600%

Ongoing charges shows the annual operating expenses of each unit class as a percentage of the average net assets of that class for the preceding 12 months.

Class I distribution performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis Monthly Distribution Fund **	179.2	93.4	34.3	16.9	15.7	5.0
Artemis Monthly Distribution Fund ***	180.0	93.5	35.6	25.9	15.4	6.8
Mixed Investment 20-60% Shares Average	80.1	45.5	13.8	2.4	6.2	2.4
Position in sector	1/72	2/98	2/138	4/159	1/174	3/176
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

* Source: Lipper Limited, data from 21 May 2012 to 31 December 2024, in sterling. All figures show total returns with dividends/income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

** Value at 12 noon valuation point.

*** Value at close of business.

Class I distribution is disclosed as it is the primary class.

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