



Artemis Institutional
UK Special
Situations *Fund*

Manager's Report
and Financial Statements
for the year ended 31 December 2022

Keep up to date ...

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

Specialists in active management
Independent and owner-managed, Artemis is a leading UK-based fund manager.
The firm's aim has always been to offer exemplary investment performance and service to our clients.

£24.4bn assets under management
35 funds on offer
1997 established for over 25 years

About Artemis
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.

- Monthly fund commentaries and factsheets
- Market and fund insights
- Fund briefings and research articles
- The Hunters' Tails, our weekly market newsletter
- Daily fund prices
- Fund literature

artemisfunds.com

GENERAL INFORMATION

Company profile

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

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

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

The firm now manages some £25.8 billion* across a range of funds, two investment trusts 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 2023.

Note on closure

Artemis Institutional UK Special Situations Fund closed on 2 March 2022. At Artemis, we regularly review funds across our range to ensure we are offering appropriate products to our investors. We had considered a number of options for the Fund's future and decided that the best course of action was to close the Fund.

OBJECTIVE AND INVESTMENT POLICY

Objective and investment policy*	The investment objective of the Fund is to provide long-term capital growth by exploiting special situations. The Fund invests principally in UK equities and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. The securities of companies listed, quoted and/or traded in the UK but domiciled elsewhere and the securities of companies traded on PLUS may be included in the portfolio. Income within the portfolio is accumulated and reinvested. The Fund aims to provide investors with a total return in excess of that of the FTSE All-Share Index. The Manager actively manages the portfolio in order to achieve this objective. Exposure to large, medium and small companies varies over time, reflecting the Manager's views on where the greatest performance potential exists. The Fund may also invest the property in transferable securities, money market instruments, derivatives and forward transactions (for the purposes of efficient portfolio management), deposits and units in collective investment schemes.
Benchmark	FTSE All-Share Index TR A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.

* until 2 March 2022.

OTHER INFORMATION

Alternative Investment Fund Managers Directive ('AIFMD')

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

- Information in relation to the leverage of the fund is provided in note 15 in the notes to the financial statements.
- Details of the fund's principal risks and their management are provided in note 15 in the notes to the financial statements.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 15 in the notes to the financial statements.
- The manager has not entered into any stocklending agreements, borrowed money against the security of the fund's investments; or created any charges over any of the fund's investments in the year.
- Details of the fund's strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the fund before they invest, are available in its Prospectus.

Any material changes to this information is required to be reported in the annual accounts.

There have been no material changes from the prior year to the information above which requires disclosure to unitholders.

Remuneration

Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary Artemis Fund Managers Limited (AFML). Details of the group remuneration policies are available on Artemis' website artemisfunds.com.

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 219 Artemis partners and staff in respect of AFML's duties performed for the UCITS schemes based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund for the year ended 31 December 2021 is £1,043,991 of which £371,207 is fixed remuneration and £672,784 is variable remuneration.

The aggregate amount of remuneration paid to Identified Staff that is attributable to duties for the fund for the year ended 31 December 2021 is £389,871. 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. 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.

Manager and Alternative Investment Fund Manager (‘AIFM’)

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

Dealing information:
Artemis Fund Managers Limited
PO Box 9688
Chelmsford CM99 2AE
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

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

Registrar

SS&C Financial Services International Limited *
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Auditor

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

* Authorised and regulated by the FCA, 12 Endeavour Square,
London E20 1JN.

† 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 Depositary's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Artemis Institutional UK Special Situations Fund ("the Trust") for the Year Ended 31 December 2022.

The Trustee in its capacity as Trustee of Artemis Institutional UK Special Situations Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and the Investment Funds 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 Depositary 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 all of 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 Alternative Investment Fund Manager ('the AIFM') 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 consider 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 AIFM:

(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 Scheme documents of the Trust.

J.P. Morgan Europe Limited
Bournemouth
28 February 2023

Statement of the manager's responsibilities

COLL and FUND 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.

For reasons stated in Note 1 (a) to the financial statements, financial statements have not been prepared on a going concern basis.

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

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 Institutional UK Special Situations Fund for the year ended 31 December 2022 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL and FUND as issued and amended by the FCA.

M J Murray
Director
Artemis Fund Managers Limited
London
28 February 2023

L E Cairney
Director

AUDITOR'S REPORT

Independent auditor's report to the unitholders of the Artemis Institutional UK Special Situations Fund

Opinion

We have audited the financial statements of Artemis Institutional UK Special Situations Fund ("the Fund") for the year ended 31 December 2022, 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 2022 and of the net revenue and the net capital losses 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.

Emphasis of matter – Financial statements prepared on a break-up basis

We draw attention to Note 1(a) to the financial statements which explains that the Manager closed the Fund to investors on 2 March 2022 and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements of the Fund have been prepared on a break-up basis as described in Note 1(a). Our opinion is not modified in this respect of this matter.

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 fraud risks with relation to the incomplete

or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. 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 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
1 March 2023

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 31 December 2022 *

Purchases	Cost £'000	Sales	Proceeds £'000
BP	342	AstraZeneca	1,108
Micro Focus International	168	Tesco	997
ITV	165	Anglo American	955
Spectris	79	3i Group	915
Bodycote	64	Barclays	838
Melrose Industries	52	Johnson Service Group	723
Flutter Entertainment	46	Computacenter	696
Entain	36	Imperial Brands	683
Intermediate Capital Group	33	Redde Northgate	668
AstraZeneca	30	BP	666

* Fund closed on 2 March 2022.

FINANCIAL STATEMENTS

Statement of total return for the year ended 31 December 2022

	Note	31 December 2022		31 December 2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	3		(1,186)		644
Revenue	5	54		619	
Expenses	6	(26)		(197)	
Interest payable and similar charges	6	-		-	
Net revenue before taxation		28		422	
Taxation	7	-		(6)	
Net revenue after taxation			28		416
Total return before distributions			(1,158)		1,060
Distributions	8		(19)		(416)
Change in unitholders funds from investment activities			(1,177)		644

Statement of change in unitholders' funds for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	£'000	£'000	£'000	£'000
Opening net assets		20,937		69,243
Amounts receivable on issue of units	409		3,534	
Amounts payable on cancellation of units	(4,937)		(55,911)	
Amounts payable on in-specie transfers	(15,232)		-	
		(19,760)		(52,377)
Dilution adjustment		-		56
Change in unitholders funds from investment activities		(1,177)		3,644
Retained distribution on accumulation units		-		371
Stamp duty reserve tax		-		-
Closing net assets		-		20,937

Balance sheet as at 31 December 2022

	Note	31 December 2022		31 December 2021	
		£'000	£'000	£'000	£'000
Assets					
Current assets					
Investments *	9	-		20,197	
Debtors	10	-		166	
Cash and cash equivalents	11	5		610	
Total current assets		5		776	
Total assets		5		20,973	
Liabilities					
Investment liabilities	9	-		-	
Provisions for liabilities		-		-	
Creditors					
Bank overdraft		-		-	
Distribution payable		-		-	
Other creditors	12	5		36	
Total creditors		5		36	
Total liabilities		5		36	
Net assets attributable to unitholders		-		20,937	

* The financial statements have been prepared on a break-up basis. As a result Investments have been reclassified as current assets.

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, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"). The financial statements have been prepared on a break-up basis as this fund closed to investors on 2 March 2022. Under this basis, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the closure of the fund will be borne by the Manager.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at recoverable value which is deemed to be the bid or SETS price. The last valuation point in the year 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 dealing point and close of business on the balance sheet date. Unquoted investments are valued at recoverable value which is determined by the investment 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) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at recoverable value, which is deemed to be the bid price. Over-the-counter derivatives are priced at recoverable values using valuation models or data sourced from market data providers. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case.

(e) Revenue. Dividends receivable from equity and non-equity shares 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. 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. Bank interest is recognised on an accruals basis. Underwriting commission is recognised when the issue underwritten takes place.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are initially charged against revenue on an accruals basis. The Manager has agreed to cap the expenses of the fund. Any reimbursement due back to the fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) 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.

(h) Dilution adjustment. The fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing unitholders' interest in the fund. In order to counter this and to protect unitholders' interests, the manager will apply "swing pricing" 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 a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation. Gains and losses on investments, derivatives and currencies, 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. The fund is not more than 60% invested in qualifying investments (as defined in Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19) and where applicable will pay a dividend distribution.

For accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund.

3. Net capital (losses)/gains

	31 December 2022 £'000	31 December 2021 £'000
Non-derivative securities		
Realised gains on non-derivative securities	1,284	6,866
Capital transaction charges	-	(6)
Unrealised losses on non-derivative securities	(2,470)	(6,216)
Net capital (losses)/gains	(1,186)	644

4. Direct transaction costs

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

	Year ended 31 December 2022					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,259	-	6	1,265	-	0.48
Sales						
Equities	5,276	1	-	5,275	0.02	-
In-specie sales						
Equities	15,001	-	-	15,001	-	-
Total		1	6			
Percentage of fund average net assets		0.00%	0.03%			

	Year ended 31 December 2021					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	11,980	3	55	12,038	0.03	0.46
Sales						
Equities	63,089	17	1	63,071	0.03	-
Total		20	56			
Percentage of fund average net assets		0.08%	0.22%			

During the year the fund incurred nil (2021: £6,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.00% (2021: 0.25%). 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 2022 £'000	31 December 2021 £'000
UK dividends	54	591
Overseas dividends	-	27
UK stock dividends	-	1
Total revenue	54	619

6. Expenses

	31 December 2022 £'000	31 December 2021 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	26	195
Administration fees	2	-
Expense fee rebate	(2)	(13)
Other expenses:		
Auditor's remuneration: audit fee *	2	10
Trustee fees	-	2
Administration fees	(2)	1
Safe custody fees	-	1
Registration fees	-	1
Total expenses	26	197

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

* The audit fee (excluding VAT) accrued during the period was £3,500 (2021: £8,000).

7. Taxation

	31 December 2022 £'000	31 December 2021 £'000
a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	-	6
Total taxation (note 7b)	-	6
b) Factors affecting the tax charge for the year		
Net revenue before taxation	28	422
Corporation tax at 20% (2021: 20%)	6	84
Effects of:		
Unutilised management expenses	5	39
Irrecoverable overseas tax	-	6
Non-taxable overseas dividends	-	(5)
Non-taxable UK dividends	(11)	(118)
Tax charge for the year (note 7a)	-	6

c) Provision for deferred tax

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

d) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £2,904,000 (2021: £2,899,000) arising as a result of having unutilised management expenses of £14,522,000 (2021: £14,496,000) and it is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

8. Distributions

	31 December 2022 £'000	31 December 2021 £'000
Final dividend distribution	-	371
Add: amounts deducted on cancellation of units	19	74
Deduct: amounts added on issue of units	-	(29)
Distributions	19	416

9. 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 2022		31 December 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	-	-	20,197	-
Total	-	-	20,197	-

10. Debtors

	31 December 2022 £'000	31 December 2021 £'000
Amounts receivable for issue of units	-	107
Accrued revenue	-	46
Expense fee rebate receivable	-	13
Sales awaiting settlement	-	-
Overseas withholding tax recoverable	-	-
Total debtors	-	166

11. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	5	580
Cash and bank balances	-	30
Total cash and cash equivalents	5	610

12. Other creditors

	31 December 2022 £'000	31 December 2021 £'000
Accrued other expenses	5	15
Accrued annual management charge	-	12
Amounts payable for cancellation of units	-	9
Total other creditors	5	36

13. Contingent liabilities and commitments

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

14. Reconciliation of unit movements

	Units in issue at 31 December 2021	Units issued	Units cancelled	Units converted	Units in issue at 31 December 2022
Distribution	-	-	-	-	-
Accumulation	10,505,998	206,435	(10,712,433)	-	-

15. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, 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 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. The manager uses a value-at-risk approach to measure the fund's exposure to market risk.

(i) Value-at-Risk ('VaR')

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

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

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

(ii) Leverage risk

Leverage is defined as any method by which the fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The 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, COLL and FUND) as sources of leverage.

The maximum level of leverage which the AIFM may employ on behalf of the fund is 270% under the gross method and 210% under the commitment method. There has been no change to the maximum level of leverage that can be employed, under both the gross and commitment methods, during the year. Under both methods a result of 100% indicates that no leverage has been used.

As at 31 December 2022 and 31 December 2021 the leverage ratios of the fund were:

	31 December 2022	31 December 2021
	%	%
Sum of the notionals	100.00	100.00
Commitment	100.00	100.00

(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 JP Morgan Chase N.A. ('JP Morgan'), the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JP Morgan 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.

There were no significant concentrations of credit risk to counterparties 31 December 2022 or 31 December 2021.

(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 2022 or 31 December 2021.

16. 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 10 and notes 6, 9, 11 and 13 on pages 13 to 14 including all issues and cancellations where the manager acted as principal. The balance due from the manager as at 31 December 2022 in respect of these transactions was £nil (2021: due from the manager: £86,000).

17. Unit classes

The annual management charge is:

Accumulation: 0.75%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 18.

DISTRIBUTION TABLES

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

Annual distribution periods	Start	End	Ex-dividend date	Pay date
Final	1 January 2022	31 December 2022	1 January 2023	28 February 2023

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.

Accumulation

Dividend distributions for the year ended 31 December 2022	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2021 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	-	-	-	100.00%	0.00%	3.5289

COMPARATIVE TABLES

	I accumulation		
	2022	2021	2020
Change in net assets per unit (p)			
Opening net asset value unit	199.29	172.52	173.96
Return before operating charges *	(198.94)	28.28	(0.31)
Operating charges	(0.35)	(1.51)	(1.13)
Return after operating charges	(199.29)	26.77	(1.44)
Distributions	-	(3.53)	(2.76)
Retained distributions on accumulation units	-	3.53	2.76
Closing net asset value per unit	-	199.29	172.52
* after direct transaction costs of	(0.08)	(0.57)	(0.49)
Performance			
Return after charges	(100.00)%	15.52%	(0.83)%
Other information			
Closing net asset value (£'000)	-	20,937	69,243
Closing number of units	-	10,505,998	40,136,273
Operating charges (%)	0.18%	0.79%	0.78%
Prices**	-	-	-
Highest unit price (p)	204.41	207.35	177.26
Lowest unit price (p)	186.43	168.60	101.60

** 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.

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