



Artemis UK Special Situations *Fund*

Half-Yearly Report (unaudited)
for the six months ended 30 June 2025

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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 £32.4 billion* across a range of funds, an investment trust 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 July 2025

Fund status

Artemis UK Special Situations Fund was constituted by a Trust Deed dated 25 and 28 February 2000 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 grow capital over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in company shares. • Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The 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"> • United Kingdom, including companies in other countries that are headquartered or have a significant part of their activities in the United Kingdom.
	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. • A research-driven, bottom-up stock selection process is used to identify unrecognised growth potential in companies that are often out-of-favour. • The manager seeks companies that are in recovery, need re-financing or are suffering from investor indifference ('special situations'). These companies often have the potential to deliver significant capital growth. • Companies are assessed on the basis of absolute and relative valuation with consideration to potential upside. 	
Benchmarks	<ul style="list-style-type: none"> • 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 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. • IA UK All Companies 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.
- **Special situations risk:** The fund invests in companies that are in recovery, need re-financing or are suffering from lack of market attention (special situations). These companies are subject to higher-than-average risk of capital loss.

There was no change to the risk indicator in the six months ended 30 June 2025.

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.

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 of 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 2024 to 31 December 2024. 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 UK Special Situations Fund. These TCFD reports, which were published on 30 June 2025, can be found here: www.artemisfunds.com/tcfd.

Manager

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*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.

Report of the manager

We hereby approve the Half-Yearly Report of the Artemis UK Special Situations Fund for the six months ended 30 June 2025 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

T Johnston
Director
Artemis Fund Managers Limited
London
28 August 2025

S Dougall
Director

INVESTMENT REVIEW

Performance

While 2024 was dominated by elections, 2025 has been about dealing with the subsequent policy decisions, with headwinds on both sides of the Atlantic.

In the UK, companies have faced additional employer national insurance costs and another material rise in the minimum wage. In the US, the announcement and subsequent postponement of 'Liberation Day' tariffs by President Donald Trump led to significant market volatility.

Yet we have seen strong operational delivery from our holdings across a range of sectors, which has been rewarded with share price outperformance. The fund returned 14.2% over the six-month period, ahead of the FTSE All-Share index, which returned 9.1%¹.

Contributors

- **Babcock** has raised its medium-term margin targets. With defence budgets set to rise faster than GDP and the UK's Strategic Defence Review pointing to submarine and nuclear deterrent investment as key priorities for the government, Babcock's mid-single-digit revenue-growth guidance looks well underpinned and set to be maintained for many years.
- A new chief executive at bookmaker **Entain** continues to drive improvements in the business, with the UK and US operations performing ahead of expectations. This builds credibility in the medium-term profit target of its US joint venture BetMGM and underscores the value we believe is being created.
- **Next** has continued to outperform expectations, with international sales a strong growth driver.
- **FirstGroup** continues to raise margins in its UK bus division and expects earnings growth in the year ahead despite headwinds from the government's nationalisation of its rail franchise.
- **Smiths Group** announced the breakup of the business, which should reduce the conglomerate discount. The Interconnect division will be sold and the Detection business sold or de-merged. This will leave the US-focused John Crane and Flex-Tek units listed in the UK.

Detractors

- **Watches of Switzerland** has seen trading stabilise in the UK, but investors remain concerned about the impact of tariffs on US consumers.
- **Conduit**, the Bermuda-based reinsurer, released a disappointing update due to losses from the Los Angeles wildfire. It purchased additional reinsurance ahead of the hurricane season to protect it for the remainder of the year.

- **B&M European Value Retail** reported resilient full-year results. Profits were at the upper end of management's EBITDA (earnings before interest, tax, depreciation and amortisation) guidance and it confirmed confidence in the year ahead. However, like-for-like sales were down. The company recently appointed a new chief executive to drive operational improvements.

Activity

We took advantage of the April volatility to add to holdings such as **Barclays**, **Barratt Redrow** and **Entain** which fell sharply despite not being materially affected by tariffs.

As part of our active strategy, we sold longstanding positions in **Tesco**, **Imperial Brands** and **Computacenter** and took sizeable profits in **Babcock**, **Next** and **FirstGroup**. All have performed well and re-rated, so we recycled the capital into companies that offer, in our view, more prospective upside.

We added five new holdings during the six months and participated in a placing to fund a large acquisition.

- **Rosebank** raised more than £1bn for its first acquisition, US-based ECI, a manufacturer of critical electrical components. ECI has strong market positions and a blue-chip customer base. Rosebank's management team sees an opportunity to raise margins through operational improvements, a focus on more profitable end markets and better pricing discipline.
- **On The Beach** has been taking share in the UK holiday market by packaging low-cost flights with hotels and recently signed a new partnership with Ryanair. The launch of city-break packages and entry into Ireland more than double the addressable market.
- Retailer **Wickes** de-rated during a period of difficult trading following the Covid lockdown-induced pull-forward of home-improvement spending. However, management set about investing in the proposition and modernising the customer experience during this time. We see significant volume recovery potential after years of industry decline, as well as additional market share gains.
- **Future** is a publisher that owns titles such as TechRadar, Homes & Gardens and Marie Claire. It also owns the price-comparison website Go.Compare. Concerns over the impact of generative-AI platforms, such as ChatGPT, have led the company to fall to a low valuation. We believe customers and cashflows will prove to be more resilient.

Past performance is not a guide to the future.

¹ Artemis/Lipper Limited, class I accumulation, in sterling. All figures show total returns with dividends and/or 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 have charges or a hedging approach different from those in the IA sector benchmark.

- **Marks & Spencer** has struggled for many years, losing market share against competitors such as Next. More recently it has been the victim of a cyber-attack that led to the suspension of online orders. The share price correction was overdone in our view and the incident masks underlying improvements in brand perception. M&S is fashionable again. We see opportunities for further investment into value and quality in the years ahead, leading to sustained volume and earnings growth.
- **Crest Nicholson** is a mid-sized UK housebuilder that has lost its way over the past decade. A new chief executive is refocusing the business on its heritage of premium new homes. Higher-specification houses, improved build management to reduce costs and improved sales practices to reduce discounting should lead to improved margins and a higher return on capital.

Outlook

It looks likely that the UK will be a relative winner from US tariffs. Ours is primarily a service-based economy and, with the trade deal signed off, a tariff rate of 10% looks comparatively low even before significant exemptions that are also in place. The company management teams we speak to are confident in their ability to mitigate the impact, with their relative competitiveness improved if anything.

The UK market has performed well in recent years, but valuations are still attractive. It remains cheap compared with other international markets and we would expect that gap to close as UK growth and inflation converge with those of other major economies. A weak dollar also lessens the appeal of US assets for domestic investors.

Overall, we are still seeing many opportunities to buy good companies with strong operating momentum at attractive valuations. We have recycled capital to preserve the value credentials of the fund, so we remain optimistic about the potential for further strong returns.

Andy Gray and Henry Flockhart

Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the six months ended 30 June 2025

Purchases	Cost £'000	Sales	Proceeds £'000
WH Smith	9,331	Babcock International Group	18,300
Barratt Redrow	9,143	Imperial Brands	16,018
Entain	8,921	Next	13,150
Rosebank Industries	7,752	Firstgroup	10,064
Oxford Instruments	7,264	NatWest Group	8,634
Watches of Switzerland Group	6,938	Tesco	8,190
Hill & Smith	6,644	Britvic	7,391
Intermediate Capital Group	6,497	Barclays	7,229
Marks & Spencer Group	6,482	Standard Chartered	6,877
On The Beach Group	5,347	Jet2	5,723

Portfolio statement as at 30 June 2025

	Holding	Valuation £'000	% of net assets
Equities 98.55% (99.05%)			
Basic Materials 5.17% (4.74%)			
Anglo American	588,352	12,594	1.99
Hill & Smith	1,118,009	20,079	3.18
		32,673	5.17
Consumer Discretionary 27.60% (21.47%)			
Barratt Redrow	3,185,425	14,793	2.34
Crest Nicholson plc	300,728	581	0.09
DFS Furniture	3,606,668	6,023	0.95
Dunelm Group	956,272	11,332	1.79
Entain	3,293,836	29,855	4.72
Future	544,000	4,009	0.63
JET2 *	870,882	15,972	2.53
Mitchells & Butlers	7,165,937	20,602	3.26
Next	104,958	13,073	2.07
On the Beach Group	2,196,482	6,425	1.02
Watches of Switzerland Group	3,414,551	14,157	2.24
WH Smith	1,194,500	13,187	2.09
Whitbread	685,584	19,402	3.07
Wickes Group	2,225,000	5,084	0.80
		174,495	27.60
Consumer Staples 6.32% (10.20%)			
B&M European Value Retail	5,896,353	15,867	2.51
Marks & Spencer Group	1,718,000	6,011	0.95
Unilever	404,493	18,081	2.86
		39,959	6.32
Energy 7.85% (8.50%)			
BP	3,978,899	14,617	2.31
Hunting	1,633,101	4,908	0.78
Shell	1,169,413	30,112	4.76
		49,637	7.85
Financials 28.95% (28.90%)			
Aviva	2,332,650	14,458	2.29
Barclays	9,222,474	30,918	4.89
Beazley	855,000	8,050	1.27
Conduit Holdings	3,337,489	12,716	2.01
Direct Line Insurance Group	1,850,000	5,672	0.90

	Holding	Valuation £'000	% of net assets
Equities 98.55% (99.05%) (continued)			
Financials 28.95% (28.90%) (continued)			
IG Group	1,676,142	17,985	2.84
Intermediate Capital Group	964,312	18,958	3.00
Lloyds Banking Group	18,800,000	14,367	2.27
Man Group	3,566,000	6,183	0.98
NatWest Group	2,280,129	11,615	1.84
Prudential	344,046	3,137	0.50
Rosebank Industries #	136,000	458	0.07
Rosebank Industries (Placing Shares) *	2,584,000	7,752	1.22
Standard Chartered	2,558,234	30,827	4.87
		183,096	28.95
Health Care 3.12% (3.86%)			
GSK	1,403,128	19,707	3.12
		19,707	3.12
Industrials 18.62% (20.94%)			
Babcock International Group	1,398,194	15,981	2.53
Bodycote	884,551	5,232	0.83
Dyson Group ^	518,632	–	–
Firstgroup	3,472,405	8,000	1.26
Grafton Group	1,487,948	15,323	2.42
Johnson Service Group #	13,998,443	21,250	3.36
MBA Polymers ^	2,105,625	–	–
Morgan Advanced Materials	4,490,034	9,923	1.57
Oxford Instruments	957,100	18,434	2.91
Smiths Group	761,068	17,170	2.71
Zigup	1,840,144	6,542	1.03
		117,855	18.62
Technology 0.92% (0.44%)			
AdvancedAdvT #	3,627,628	5,804	0.92
		5,804	0.92
Equities total		623,226	98.55
Investment assets		623,226	98.55
Net other assets		9,138	1.45
Net assets attributable to unitholders		632,364	100.00

The comparative percentage figures in brackets are as at 31 December 2024.

#Security listed on the Alternative Investment Market ('AIM').

*Placing shares at issue price of £3.00 per share. These shares were admitted to trading on AIM on 3 July 2025 and were valued at the market price thereafter.

^Unlisted, suspended or delisted security.

FINANCIAL STATEMENTS

Statement of total return for the six months ended 30 June 2025

	30 June 2025		30 June 2024	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		70,706		40,880
Revenue	11,102		9,745	
Expenses	(3,390)		(3,157)	
Net revenue before taxation	7,712		6,588	
Taxation	(175)		(102)	
Net revenue after taxation		7,537		6,486
Total return before distributions		78,243		47,366
Distributions		(71)		(91)
Change in net assets attributable to unitholders from investment activities		78,172		47,275

Statement of change in net assets attributable to unitholders for the six months ended 30 June 2025

	30 June 2025		30 June 2024	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		571,752		531,182
Amounts receivable on issue of units	24,941		23,779	
Amounts payable on cancellation of units	(42,501)		(41,067)	
		(17,560)		(17,288)
Change in net assets attributable to unitholders from investment activities		78,172		47,275
Closing net assets attributable to unitholders		632,364		561,169

Balance sheet as at 30 June 2025

	30 June 2025	31 December 2024
	£'000	£'000
Assets		
Fixed assets		
Investments	623,226	566,321
Current assets		
Debtors	8,526	1,175
Cash and cash equivalents	11,058	5,716
Total current assets	19,584	6,891
Total assets	642,810	573,212
Liabilities		
Creditors		
Distribution payable	–	436
Other creditors	10,446	1,024
Total creditors	10,446	1,460
Total liabilities	10,446	1,460
Net assets attributable to unitholders	632,364	571,752

1. Basis of preparation

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 and amended in June 2017.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024 as set out therein.

2. 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).

	30 June 2025 Assets £'000	31 December 2024 Assets £'000
Level 1	623,226	566,321
Total	623,226	566,321

3. Post balance sheet event

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

Fund sizes & net asset values

Date	Net asset value of fund (£)	Net asset value per unit (p)	Units in issue
31 December 2022	481,522,548		
C accumulation		659.91	6,239,722
I distribution		590.44	1,139,323
I accumulation		731.05	27,581,447
R accumulation		654.28	35,456,443
31 December 2023	531,182,046		
C accumulation		746.63	5,920,311
I distribution		655.70	2,378,704
I accumulation		830.87	33,115,751
R accumulation		738.03	26,588,499
31 December 2024	571,751,818		
C accumulation		840.22	5,406,252
I distribution		723.74	2,494,238
I accumulation		939.22	32,108,950
R accumulation		828.07	24,961,805
30 June 2025	632,363,807		
C accumulation		957.11	5,169,321
I distribution		826.27	2,534,399
I accumulation		1,072.26	31,215,526
R accumulation		941.86	24,126,240

Ongoing charges

Class	30 June 2025
C accumulation	1.310%
I distribution	0.860%
I accumulation	0.860%
R accumulation	1.610%

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 accumulation performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis UK Special Situations Fund **	1,027.9	94.2	86.9	53.6	18.1	14.2
Artemis UK Special Situations Fund ***	1,023.6	93.8	87.1	52.2	18.4	13.6
FTSE All-Share Index	264.8	92.7	67.3	35.5	11.2	9.1
IA UK All Companies average	247.4	68.5	50.8	29.4	8.5	7.4
Position in sector	1/66	31/151	13/178	5/184	8/187	6/187
Quartile	1	1	1	1	1	1

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 9 March 2000 to 7 March 2008 reflects class R accumulation units, and from 7 March 2008 reflects class I accumulation units, in sterling with dividends reinvested to 30 June 2025. All figures show total returns with 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 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 accumulation is disclosed as it is the primary unit class.

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