

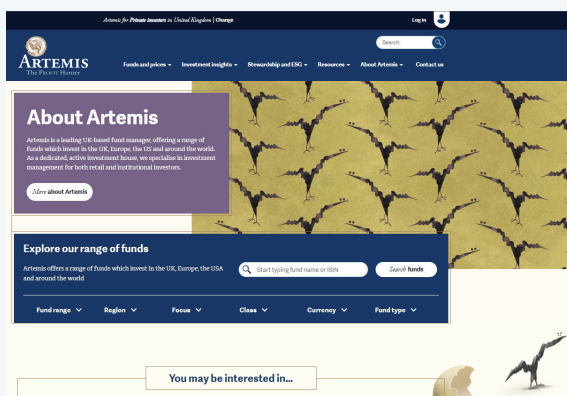
Artemis Income *Fund*

Manager's Report
and Financial Statements

for the year ended 30 April 2024

Keep up to date ...

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- Monthly fund commentaries and factsheets
- Market and fund insights
- Fund briefings and research articles
- 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 £25.0 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 May 2024

Fund status

Artemis Income Fund was constituted by a Trust Deed dated 28 April and 4 May 2000 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of 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 both income and 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"> • At least 80% in the United Kingdom • Up to 20% in other countries
	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. • The manager believes that a company's free cash flow yield drives its valuation. • Accordingly, the fund focuses on companies' free cash flow yield by taking into account current and prospective dividends and the likelihood of the dividend being maintained in the future. 	
Benchmarks	<ul style="list-style-type: none"> • FTSE All-Share Index TR A widely-used indicator of the performance of the UK stock market, 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 Equity Income 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 stock markets, 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.
- **Income risk:** The payment of income and its level is not guaranteed.
- **Charges from capital risk:** Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

There was no change to the risk indicator in the year ended 30 April 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

All UCITS schemes are required to comply with the UCITS Remuneration Code. This includes a requirement 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.

As the Artemis Income Fund (the "fund") is a UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to make these disclosures. 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 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.

Manager

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

Dealing information:
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Sunderland SR43 4BH
Telephone: 0800 092 2051
Website: artemisfunds.com

Investment adviser

Artemis Investment Management LLP *
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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

SS&C Financial Services International Limited *
(prior to 2 May 2023)
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Northern Trust UK Global Services SE †
(from 2 May 2023)
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 Income Fund ("the Trust") for the year ended 30 April 2024.

The Trustee in its capacity as Trustee of Artemis Income Fund must ensure 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 fund 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
27 June 2024

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 Trust 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 Trust will continue in operation.

The manager is responsible for the management of the Trust 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 Income Fund for the year ended 30 April 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
27 June 2024

S Dougall
Director

AUDITOR'S REPORT

Independent auditor's report to the unitholders of the Artemis Income Fund

Opinion

We have audited the financial statements of the Artemis Income Fund ("the Fund") for the year ended 30 April 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 30 April 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 rules 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 income recognition through incorrect classification of special dividends and the resulting impact on amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a revenue or capital 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
27 June 2024

INVESTMENT REVIEW

Overview

Equity markets have been generally strong over the last 12 months, supported by a global economy that has remained more resilient than expected and by inflation that has moderated significantly. In late 2023, the US central bank suggested that inflation had eased enough for it to start to consider cutting interest rates, which set in motion a strong rally across both bond and equity markets.

Latterly, however, the downward trend in US inflation appeared to have stalled. This was enough to introduce some doubt around both the timing and extent of these interest-rate cuts.

The UK's economic credentials have continued to improve. Inflation, not long ago thought to be structurally higher than in other economies, is now much more in keeping with international norms. Economic growth has been more robust than expected. And, finally, political uncertainty has eased.

Although the health of the domestic UK economy is of only modest importance to many UK-based companies, it does play an important role in shaping the thinking of international investors. As a result, the UK now looks increasingly attractive to global equity managers.

Performance

The Artemis Income Fund returned 10.8%¹ (net of fees, in sterling terms) over the 12 months to April 2024, outperforming its benchmark, the FTSE All-Share Index, which returned 7.5% and its peer group, the IA UK Equity Income sector, which returned 8.1%.

On the positive side...

3i is still a considerable contributor to returns over almost all time periods since we first invested in it more than 10 years ago. Its share price is increasingly dominated by its investment in European discount retailer Action, which has been able to roll out at scale across the continent at high rates of return, with margins and profits also growing rapidly in recent years. Management believes that its current footprint of around 2,500 European stores could eventually triple. We believe the company is currently examining the feasibility of a potential push into the US. We have taken profits in 3i and trimmed the position repeatedly in recent years, but we retain conviction in our investment thesis and the stock therefore remains one of our largest holdings.

Next upgraded profit guidance for the fifth time in a row in early 2024, demonstrating its competitive strengths as a business and suggesting that the UK consumer is in better health than once thought. Higher interest rates and a challenging funding environment for private equity have allowed Next to undertake some shrewd M&A activity and acquire some well-known brands at attractive valuations. Fat Face was the latest example, having been bought by Next in late 2023. Fat Face clothing has since been made available through Total Platform, Next's brand logistics capability, which has already driven sales growth across a number of brands without the need for capital expenditure.

Nintendo shares have not only benefited from the strong performance of Japanese equities over the last year, but also from signs that its efforts to monetise its world-class intellectual property – a key tenet of our investment thesis – are bearing fruit. The success of the Super Mario Bros movie in 2023 could be a compelling blueprint for monetisation across Nintendo's bank of well-known characters. We await with interest more details about the successor to the Switch console, which will likely be confirmed before March 2025.

On the negative side...

Burberry has suffered from some company-specific issues, weak sentiment around the Chinese economy (one of Burberry's largest markets) and a global slowdown in sales of luxury goods. Burberry's brand elevation has not quite lived up to expectations thus far. We perhaps underestimated just how challenging turning around the brand would be, especially in what remains a volatile and unpredictable operating environment. At a recent meeting with the chief executive, however, we heard that the business is now in a better place operationally. We would also note that Burberry is the last remaining independent luxury brand so could become a target for one of the larger participants in the industry.

Dr Martens has warned on profits several times over the last 12 months. Another disappointing set of results in early 2024 culminated in the chief executive leaving the company. He is being replaced by Ije Nworie, a former retail brand director at Apple. Our early interactions suggest that Nworie is highly credible, but re-gaining the confidence of the market after a prolonged period of poor guidance and execution will be challenging. However, the company's modest valuation means there are likely to be several suitors to take it back into private hands. This may include Permira, who still own 35% of the business having sold a significant amount of their stake at IPO.

Past performance is not a guide to the future.

¹ Source: Lipper Limited class I distribution units. 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.

In recent years, food service company SSP (the owner of Upper Crust and Ritazza, among other outlets) has invested in order to grow. As shareholders, we fully supported these investments. With cafés and eateries in travel hubs worldwide, SSP is a truly global businesses and still has a significant growth opportunity before it, particularly in the US. In the past, it was owned by private equity investors who recognised its growth potential and were comfortable with its relatively high levels of debt. Although the UK stockmarket has yet to fully recognise the potential of this business, we are prepared to be patient.

Activity

We added two new positions over the period:

- Lloyds: A decade of ultra-low interest rates, litigation and increasing their capital buffers added up to a challenging period for the UK's banks. But interest rates are higher now, transforming the sector's earnings power. UK banks are returning a portion of those growing earnings to their shareholders through dividends and share buybacks. As well as buying Lloyds, we added to existing positions in NatWest and Barclays.
- Shell: We switched some of our holding in BP into Shell, given its marginally lower debt load and its strong position in liquefied natural gas (LNG). The argument that LNG will be an important 'transition fuel' – a bridge between traditional fossil fuels and renewables – carries significant merit, in our view.

We sold out of two holdings over the period:

- Nordea: While Nordea has been a successful investment since we first bought its shares several years ago, we believed changes in the balance between risk and reward made investing in UK-focused banks such as Lloyds more compelling.
- British American Tobacco: We were concerned by the company's significant debt load and by signs that the move to 'next generation' products had eroded some of the industry's pricing power.

We received shares in LondonMetric Property when its acquisition of LXI REIT completed. We believe that combining two high-quality portfolios of real-estate assets led by a team of property experts that we regard to be among the best in the market makes sense. The combined entity should be well placed to create significant value going forward.

Outlook

A relatively stable currency, an economy that is growing more strongly than expected and a marked reduction in political uncertainty mean the UK is no longer the outlier it once was. While domestic events are of limited importance to the success of many UK companies, perceptions matter. So, as the UK's problems ease, shares in UK companies are beginning to look increasingly attractive to global investors once again.

During a recent presentation it gave to investors in the US, Tesco's management team was asked why shares of such a high-quality business with a strengthening competitive position do not command a higher valuation. Good question. However, if the negative headlines surrounding the UK continue to fade, investors could reappraise the attractions of Tesco and indeed, the wider UK market.

The steady trickle of international investors who are returning to shareholder registers of UK companies has yet to become a torrent, but we are confident that things are moving in the right direction. In the meantime, with a little help from share buybacks, we expect the recent improvement in the absolute and relative performance of UK-listed companies to continue.

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 30 April 2024

Purchases	Cost £'000	Sales	Proceeds £'000
Lloyds Banking Group	126,315	3i Group	134,524
Shell	111,753	BP	108,170
Haleon	59,211	Nordea Bank	56,721
Tesco	42,797	British American Tobacco	55,671
GSK	33,273	Phoenix Group Holdings	50,856
NatWest Group	28,293	AstraZeneca	38,394
Barclays	27,097	RELX	37,920
Anglo American	20,890	NatWest Group	28,641
RS Group	18,426	Nintendo	27,545
Pearson	12,786	Direct Line Insurance Group	27,413

Portfolio statement as at 30 April 2024

	Holding	Valuation £'000	% of net assets
Equities 99.69% (98.39%)			
Basic Materials 3.37% (3.03%)			
Anglo American	4,383,150	115,452	2.49
Boliden	1,544,385	41,037	0.88
		156,489	3.37
Consumer Discretionary 27.23% (27.20%)			
Burberry Group	3,075,901	35,373	0.76
Card Factory	16,344,503	17,848	0.39
Dr Martens	34,270,755	26,046	0.56
easyJet	12,946,653	69,731	1.50
Informa	23,828,333	189,531	4.08
ITV	127,847,437	89,877	1.94
Next	1,966,596	177,151	3.81
Nintendo	1,496,700	58,642	1.26
Pearson	18,999,394	184,978	3.98
RELX	5,827,471	192,481	4.14
SSP Group	31,465,423	61,955	1.33
Wolters Kluwer	1,343,904	161,816	3.48
		1,265,429	27.23
Consumer Staples 10.45% (12.07%)			
C&C Group	32,089,978	52,884	1.14
Corbion	2,190,424	38,451	0.83
Ebro Foods	3,799,221	52,067	1.12
Imperial Brands	7,309,737	133,659	2.88
Origin Enterprises *	7,708,603	22,026	0.47
Tesco	62,870,826	186,161	4.01
		485,248	10.45
Energy 6.45% (6.10%)			
BP	34,500,227	179,539	3.87
Shell	4,186,451	119,858	2.58
		299,397	6.45
Financials 31.19% (29.87%)			
3i Group	9,116,231	262,183	5.65
Aviva	33,324,511	155,192	3.34
Barclays	65,392,731	132,551	2.85
Direct Line Insurance Group	14,832,014	27,543	0.59

	Holding	Valuation £'000	% of net assets
Equities 99.69% (98.39%) (continued)			
Financials 31.19% (29.87%) (continued)			
IG Group Holdings	12,991,816	97,179	2.09
Legal & General Group	50,433,663	119,023	2.56
Lloyds Banking Group	279,017,355	144,810	3.12
London Stock Exchange Group	2,078,027	183,781	3.96
M&G	46,530,576	93,526	2.01
NatWest Group	44,271,175	134,363	2.89
NextEnergy Solar Fund	35,556,243	26,845	0.58
Phoenix Group Holdings	14,700,683	72,004	1.55
		1,449,000	31.19
Health Care 8.09% (7.04%)			
AstraZeneca	1,082,558	130,556	2.81
GSK	10,045,549	168,012	3.62
Haleon	20,550,221	69,747	1.50
Indivior	525,837	7,577	0.16
		375,892	8.09
Industrials 7.14% (7.75%)			
RS Group	10,086,702	74,339	1.60
Smiths Group	8,786,638	141,904	3.06
Spectris	1,722,592	57,362	1.24
Travis Perkins	7,666,008	57,725	1.24
		331,330	7.14
Real Estate 3.40% (3.20%)			
LondonMetric Property	39,592,156	77,799	1.68
Segro	9,418,541	79,869	1.72
		157,668	3.40
Technology 1.89% (1.59%)			
Sage Group	7,533,606	87,842	1.89
		87,842	1.89
Utilities 0.48% (0.54%)			
SSE	1,347,666	22,459	0.48
		22,459	0.48
Equities total		4,630,754	99.69
Forward Currency Contracts 0.07% (0.02%)			
Buy Sterling 248,669,560 sell Euro 289,638,321 dated 08/05/2024		840	0.02
Buy Sterling 38,578,223 sell Swedish Krona 518,345,799 dated 08/05/2024		833	0.02
Buy Sterling 52,924,289 sell Japanese Yen 10,108,989,460 dated 08/05/2024		1,504	0.03
Forward Currency Contracts total		3,177	0.07
Investment assets		4,633,931	99.76
Net other assets		11,057	0.24
Net assets attributable to unitholders		4,644,988	100.00

The comparative percentage figures in brackets are as at 30 April 2023.

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

FINANCIAL STATEMENTS

Statement of total return for the year ended 30 April 2024

	Note	30 April 2024		30 April 2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		245,056		154,470
Revenue	5	178,362		189,213	
Expenses	6	(40,294)		(43,102)	
Interest payable and similar charges	7	(74)		(44)	
Net revenue before taxation		137,994		146,067	
Taxation	8	(557)		(1,912)	
Net revenue after taxation			137,437		144,155
Total return before distributions			382,493		298,625
Distributions	9		(175,345)		(184,959)
Change in net assets attributable to unitholders from investment activities			207,148		113,666

Statement of change in net assets attributable to unitholders for the year ended 30 April 2024

	30 April 2024		30 April 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		4,746,633		4,693,628
Amounts receivable on issue of units	542,333		210,007	
Amounts payable on cancellation of units	(944,652)		(368,545)	
		(402,319)		(158,538)
Dilution adjustment		4		(2)
Change in net assets attributable to unitholders from investment activities		207,148		113,666
Retained distribution on accumulation units		93,520		97,877
Unclaimed distributions		2		2
Closing net assets attributable to unitholders		4,644,988		4,746,633

Balance sheet as at 30 April 2024

	Note	30 April 2024		30 April 2023	
		£'000	£'000	£'000	£'000
Assets					
Fixed assets					
Investments	10	4,633,931		4,672,555	
Current assets					
Debtors	11	70,955		54,343	
Cash and cash equivalents	12	3,828		79,987	
Total current assets		74,783		134,330	
Total assets		4,708,714		4,806,885	
Liabilities					
Investment liabilities	10	–		1,036	
Creditors					
Bank overdraft	13	3,501		–	
Distribution payable		40,113		46,019	
Other creditors	14	20,112		13,197	
Total creditors		63,726		59,216	
Total liabilities		63,726		60,252	
Net assets attributable to unitholders		4,644,988		4,746,633	

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 close of business on the last working day of the accounting period. 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. Open forward currency contracts are shown in the portfolio statement at market value and the net gains are reflected within forward currency contracts under net capital gains.

(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. 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.

(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.

(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 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 trustee 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. 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 gains

	30 April 2024 £'000	30 April 2023 £'000
Non-derivative securities	215,369	152,744
Forward currency contracts	27,391	1,092
Currency gains	2,296	634
Net capital gains	245,056	154,470

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 30 April 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	558,500	207	2,744	561,451	0.04	0.49
Sales						
Equities	818,486	282	1	818,203	0.03	–
Total		489	2,745			
Percentage of fund average net assets		0.01%	0.06%			

Year ended 30 April 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	677,934	188	3,352	681,474	0.03	0.49
Sales						
Equities	805,982	249	16	805,717	0.03	–
Total		437	3,368			
Percentage of fund average net assets		0.01%	0.07%			

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 0.07% (2023: 0.05%). 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

	30 April 2024 £'000	30 April 2023 £'000
UK dividends	153,657	155,975
Overseas dividends	15,507	25,101
Revenue from UK REITs	7,314	6,874
Bank interest	1,884	1,263
Total revenue	178,362	189,213

6. Expenses

	30 April 2024 £'000	30 April 2023 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	38,058	40,804
Administration fees	2,236	2,298
Total expenses	40,294	43,102

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

The audit fee (excluding VAT) accrued during the year was £10,150 (2023: £9,650). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	30 April 2024 £'000	30 April 2023 £'000
Interest payable	74	44
Total interest payable and similar charges	74	44

8. Taxation

	30 April 2024 £'000	30 April 2023 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	557	1,912
Total taxation (note 8b)	557	1,912
b) Factors affecting the tax charge for the year		
Net revenue before taxation	137,994	146,067
Corporation tax of 20% (2023: 20%)	27,599	29,213
Effects of:		
Unutilised management expenses	6,596	7,357
Irrecoverable overseas tax	557	1,912
Revenue taxable in different periods	(362)	–
Non-taxable overseas dividends	(3,102)	(5,020)
Tax on franked dividends	(30,731)	(31,550)
Tax charge for the year (note 8a)	557	1,912

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 £150,434,000 (2023: £143,838,000) arising as a result of having unutilised management expenses of £752,166,000 (2023: £719,188,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	30 April 2024 £'000	30 April 2023 £'000
Interim dividend distribution	81,978	84,384
Final dividend distribution	89,353	98,718
	171,331	183,102
Add: amounts deducted on cancellation of units	8,301	2,902
Deduct: amounts added on issue of units	(4,287)	(1,045)
Distributions	175,345	184,959
Movement between net revenue and distributions		
Net revenue after taxation	137,437	144,155
Expenses paid from capital	38,058	40,805
Undistributed revenue brought forward	1	–
Undistributed revenue carried forward	(1)	(1)
Revenue paid on conversion of units	(150)	–
	175,345	184,959

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 22 and 23.

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).

	30 April 2024		30 April 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	4,630,754	–	4,670,390	–
Level 2	3,177	–	2,165	1,036
Total	4,633,931	–	4,672,555	1,036

11. Debtors

	30 April 2024 £'000	30 April 2023 £'000
Accrued revenue	45,635	46,038
Amounts receivable for issue of units	10,359	1,117
Sales awaiting settlement	7,984	358
Overseas withholding tax recoverable	6,938	6,791
Income tax recoverable from UK REITs	39	39
Total debtors	70,955	54,343

12. Cash and cash equivalents

	30 April 2024 £'000	30 April 2023 £'000
Amounts held in liquidity funds	2,927	70,133
Cash and bank balances	901	9,154
Collateral held with brokers	–	660
Total cash and cash equivalents	3,828	79,987

13. Bank overdraft

	30 April 2024 £'000	30 April 2023 £'000
Collateral pledged with brokers	3,500	–
Bank overdraft	1	–
Total bank overdraft	3,501	–

14. Other creditors

	30 April 2024 £'000	30 April 2023 £'000
Amounts payable for cancellation of units	16,743	9,699
Accrued annual management charge	3,179	3,303
Accrued administration fee payable to the manager	190	195
Total other creditors	20,112	13,197

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 30 April 2023	Units issued	Units cancelled	Units converted	Units In issue at 30 April 2024
C distribution	14,144,926	474,807	(1,118,365)	338	13,501,706
C accumulation	12,774,361	239,605	(1,260,693)	15,078	11,768,351
E distribution	675,435,256	72,974,572	(178,548,221)	23,753,094	593,614,701
E accumulation	–	22,096	(180,001)	14,338,138	14,180,233
I distribution	511,222,560	70,626,999	(122,552,580)	40,497,395	499,794,374
I accumulation	286,970,326	45,087,019	(60,328,829)	25,046,599	296,775,115
R distribution	59,714,582	472,503	(2,400,140)	(47,374,740)	10,412,205
R accumulation	149,691,785	4,403,072	(17,571,464)	(34,762,307)	101,761,086

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 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. As the majority of the fund's financial assets are non-interest bearing, the fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been presented.

(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 £27,391,000 (2023: £1,092,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. No hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

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

Currency	Investments £'000	Net other assets £'000	Forward currency contracts £'000	Total £'000
30 April 2024				
Sterling	4,256,716	3,639	340,171	4,600,526
Euro	274,359	455	(247,829)	26,985
Swedish Krona	41,037	6,213	(37,745)	9,505
Japanese Yen	58,642	750	(51,420)	7,972
30 April 2023				
Sterling	4,188,053	65,200	437,419	4,690,672
Euro	294,129	121	(263,213)	31,037
Swedish Krona	116,221	8,695	(110,651)	14,265
Japanese Yen	71,986	1,089	(62,425)	10,650
US Dollar	–	9	–	9

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 £2,223,000 (2023: £2,798,000). 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 £231,538,000 (2023: £233,576,000). A five percent decrease would have an equal and opposite effect.

(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 the commitment method.

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 30 April 2024 and 30 April 2023 the leverage ratios of the fund were:

	2024 %	2023 %
Sum of the notionals	106.1	118.7
Commitment	100.0	100.0

(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 held at the year end are disclosed in the portfolio statement and Northern Trust is the counterparty for the 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 30 April 2024 or 30 April 2023.

Counterparty and collateral exposure

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

Currency	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
30 April 2024			
Northern Trust	3,177	3,177	(3,500)
30 April 2023			
Northern Trust	1,129	1,129	660

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 30 April 2024 or 30 April 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 13 and notes 6, 9, 11 and 14 on pages 16 to 18 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 30 April 2024 in respect of these transactions was £9,753,000 (2023: £12,080,000).

19. Unit classes

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

C distribution	1.20%
C accumulation	1.20%
E distribution	0.60%
E accumulation	0.60%
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 24 and 25.

The distributions per unit class are given in the distribution tables on pages 22 and 23. 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 semi-annual dividend distributions. The following table sets out the distribution period.

Semi-annual distribution period	Start	End	Ex-dividend date	Pay date
Interim	1 May 2023	31 October 2023	1 November 2023	29 December 2023
Final	1 November 2023	30 April 2024	1 May 2024	28 June 2024

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.

C distribution

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	1.2480	2.9279	4.1759	100.00%	0.00%	4.1153
Final	2.5963	2.0761	4.6724	100.00%	0.00%	4.8248

C accumulation

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	4.7034	5.0237	9.7271	100.00%	0.00%	9.2072
Final	6.9746	4.1252	11.0998	100.00%	0.00%	11.0046

E distribution

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	1.0820	0.8182	1.9002	100.00%	0.00%	1.8613
Final	0.8904	1.2433	2.1337	100.00%	0.00%	2.1900

E accumulation *

Dividend distributions for the period ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Final	0.3262	0.6208	0.9470	100.00%	0.00%	–

I distribution

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	2.6023	2.0947	4.6970	100.00%	0.00%	4.6078
Final	3.3428	1.9265	5.2693	100.00%	0.00%	5.4164

I accumulation

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	6.5289	4.2629	10.7918	100.00%	0.00%	10.1683
Final	7.5083	4.8377	12.3460	100.00%	0.00%	12.1852

* Launched on 14 March 2024.

R distribution

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	2.7775	1.3549	4.1324	100.00%	0.00%	4.0851
Final	2.7019	1.9137	4.6156	100.00%	0.00%	4.7810

R accumulation

Dividend distributions for the year ended 30 April 2024	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	5.5706	4.0568	9.6274	100.00%	0.00%	9.1404
Final	7.1889	3.7779	10.9668	100.00%	0.00%	10.9057

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	229.29	224.54	219.20	533.97	502.31	471.07
Return before operating charges *	22.14	16.45	17.29	53.31	37.88	37.42
Operating charges	(2.81)	(2.76)	(2.85)	(6.61)	(6.22)	(6.18)
Return after operating charges *	19.33	13.69	14.44	46.70	31.66	31.24
Distributions	(8.85)	(8.94)	(9.10)	(20.83)	(20.21)	(19.75)
Retained distributions on accumulation units	–	–	–	20.83	20.21	19.75
Closing net asset value per unit	239.77	229.29	224.54	580.67	533.97	502.31
* after direct transaction costs of	(0.16)	(0.18)	(0.18)	(0.38)	(0.41)	(0.39)
Performance						
Return after charges	8.43%	6.10%	6.59%	8.75%	6.30%	6.63%
Other information						
Closing net asset value (£'000)	32,373	32,433	31,341	68,336	68,212	63,365
Closing number of units	13,501,706	14,144,925	13,957,665	11,768,351	12,774,361	12,614,599
Operating charges	1.25%	1.25%	1.26%	1.25%	1.25%	1.26%
Direct transaction costs	0.07%	0.08%	0.08%	0.07%	0.08%	0.08%
Prices						
Highest unit price (p)	245.75	236.42	236.33	583.78	539.24	517.45
Lowest unit price (p)	208.87	200.44	208.93	489.42	448.45	457.44

	E distribution			E accumulation **	
	2024	2023	2022	2024	
Change in net assets per unit (p)					
Opening net asset value per unit	104.18	101.41	98.40	100.00	
Return before operating charges *	10.13	7.47	7.78	3.58	
Operating charges	(0.67)	(0.65)	(0.67)	(0.09)	
Return after operating charges *	9.46	6.82	7.11	3.49	
Distributions	(4.03)	(4.05)	(4.10)	(0.95)	
Retained distributions on accumulation units	–	–	–	0.95	
Closing net asset value per unit	109.61	104.18	101.41	103.49	
* after direct transaction costs of	(0.07)	(0.08)	(0.08)	(0.07)	
Performance					
Return after charges	9.08%	6.73%	7.23%	3.49%	
Other information					
Closing net asset value (£'000)	650,645	703,685	611,339	14,674	
Closing number of units	593,614,701	675,435,256	602,852,695	14,180,233	
Operating charges	0.65%	0.65%	0.66%	0.65%	
Direct transaction costs	0.07%	0.08%	0.08%	0.07%	
Prices					
Highest unit price (p)	112.34	107.29	106.56	104.04	
Lowest unit price (p)	95.20	90.76	94.27	99.36	

** Launched on 14 March 2024.

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.

	I distribution			I accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	257.60	251.12	244.04	591.71	554.12	517.34
Return before operating charges *	25.00	18.48	19.27	59.37	41.99	41.15
Operating charges	(2.02)	(1.98)	(2.04)	(4.70)	(4.40)	(4.37)
Return after operating charges *	22.98	16.50	17.23	54.67	37.59	36.78
Distributions	(9.97)	(10.02)	(10.15)	(23.14)	(22.35)	(21.74)
Retained distributions on accumulation units	–	–	–	23.14	22.35	21.74
Closing net asset value per unit	270.61	257.60	251.12	646.38	591.71	554.12
* after direct transaction costs of	(0.18)	(0.21)	(0.20)	(0.42)	(0.46)	(0.43)
Performance						
Return after charges	8.92%	6.57%	7.06%	9.24%	6.78%	7.11%
Other information						
Closing net asset value (£'000)	1,352,500	1,316,925	1,353,123	1,918,283	1,698,042	1,661,874
Closing number of units	499,794,374	511,222,560	538,825,054	296,775,115	286,970,326	299,911,138
Operating charges	0.80%	0.80%	0.81%	0.80%	0.80%	0.81%
Direct transaction costs	0.07%	0.08%	0.08%	0.07%	0.08%	0.08%
Prices						
Highest unit price (p)	277.36	265.37	263.98	649.83	597.01	570.12
Lowest unit price (p)	235.20	224.61	233.51	542.80	495.66	504.30

	R distribution			R accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	227.09	223.06	218.41	528.91	499.05	469.42
Return before operating charges *	21.82	16.29	17.20	52.60	37.51	37.23
Operating charges	(3.41)	(3.39)	(3.50)	(8.08)	(7.65)	(7.60)
Return after operating charges *	18.41	12.90	13.70	44.52	29.86	29.63
Distributions	(8.75)	(8.87)	(9.05)	(20.59)	(20.05)	(19.64)
Retained distributions on accumulation units	–	–	–	20.59	20.05	19.64
Closing net asset value per unit	236.75	227.09	223.06	573.43	528.91	499.05
* after direct transaction costs of	(0.16)	(0.18)	(0.18)	(0.38)	(0.41)	(0.39)
Performance						
Return after charges	8.11%	5.78%	6.27%	8.42%	5.98%	6.31%
Other information						
Closing net asset value (£'000)	24,651	135,604	145,304	583,526	791,732	827,281
Closing number of units	10,412,205	59,714,582	65,140,722	101,761,086	149,691,785	165,772,472
Operating charges	1.55%	1.55%	1.56%	1.55%	1.55%	1.56%
Direct transaction costs	0.07%	0.08%	0.08%	0.07%	0.08%	0.08%
Prices						
Highest unit price (p)	242.65	234.30	234.97	576.49	534.44	514.51
Lowest unit price (p)	206.54	198.87	207.64	484.50	444.96	454.67

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	30 April 2024
C distribution	1.250%
C accumulation	1.250%
E distribution	0.650%
E Accumulation *	0.650%
I distribution	0.800%
I accumulation	0.800%
R distribution	1.550%
R accumulation	1.550%

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.

* Ongoing charges shows the estimated annual operating expenses as a percentage of the average net assets of that class since launch.

Class I distribution performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis Income Fund **	636.1	91.2	37.8	25.6	10.8	17.0
Artemis Income Fund ***	633.9	89.8	37.4	24.6	9.2	17.2
FTSE All-Share Index TR	224.8	75.8	30.1	23.9	7.5	14.2
IA UK Equity Income NR	266.8	62.7	24.7	18.4	8.1	15.1
Position in sector	2/22	4/57	5/68	16/69	18/70	17/70
Quartile	1	1	1	1	2	1

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 6 June 2000 to 7 March 2008 reflects class R distribution units and from 7 March 2008 reflects class I distribution units. 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.

** Value at 12 noon valuation point.

*** Value at close of business.

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

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