

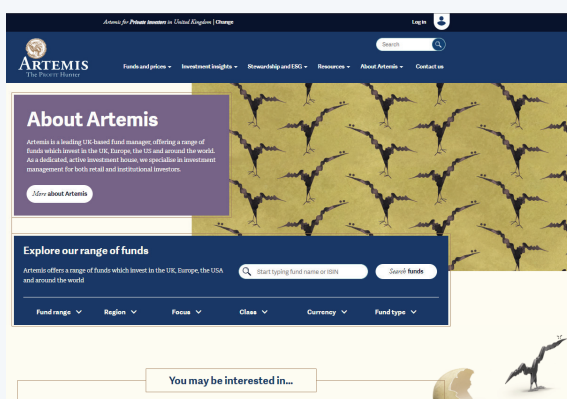
Artemis Strategic Bond *Fund*

Manager's Report
and Financial Statements

for the year ended 31 March 2024

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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 £24.3 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 30 April 2024

Fund status

Artemis Strategic Bond Fund was constituted by a Trust Deed dated 26 May 2005 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 6 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 provide a combination of income and capital growth over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in debt and debt related securities (of any credit quality). • The fund may also invest in cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, company shares, and derivatives.
	Use of derivatives	<p>The fund may use derivatives such as futures, forwards, swaps and options:</p> <ul style="list-style-type: none"> • for investment purposes to achieve the fund objective, including taking long and short positions in debt and debt-related securities, credit spreads (via credit default swaps on single issuers or indices), interest rates or inflation expectations • to produce additional income or growth • for efficient portfolio management purposes to reduce risk and manage the fund efficiently.
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • At least 80% of the fund will be invested in assets denominated in sterling or will be hedged back to sterling.
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • Returns are driven in four ways: <ul style="list-style-type: none"> - investing globally in government, Investment Grade and High Yield debt and debt-related securities - adjusting the portfolio duration - allocation between different credit ratings and different economic sectors - security selection including different levels of seniority • When investing in corporate debt and debt-related securities, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. 	
Benchmark	<ul style="list-style-type: none"> • IA £ Strategic Bond NR <p>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.</p>	

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.
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **Credit risk:** Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- **Higher-yielding bonds risk:** The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
- **Derivatives risk:** The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
- **Emerging markets risk:** Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.

- **Counterparty risk:** Investments such as derivatives are made using financial contracts with third parties. Those third parties may fail to meet their obligations to the fund due to events beyond the fund's control. The fund's value could fall because of loss of monies owed by the counterparty and/or the cost of replacement financial contracts.
- **Leverage risk:** The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.
- **Income risk:** The payment of income and its level is not guaranteed. Please refer to the fund's prospectus for full details of these and other risks which are applicable to this fund.

There was no change to the risk indicator in the year ended 31 March 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 this page.

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 Strategic Bond 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 fund 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 fund for the year ended 31 December 2023 is £331,326. Code and Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages.

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

Tax information reporting

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

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

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

Value assessment

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

Manager

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

Dealing information:

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

Investment adviser

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

Trustee and Depositary

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

Registrar

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 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 Strategic Bond Fund ("the Trust") for the year ended 31 March 2024.

The Trustee in its capacity as Trustee of the Artemis Strategic Bond Fund must ensure that the fund 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 fund and its investors.

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

The Trustee must ensure that:

- the fund's cash flows are properly monitored and that cash of the fund 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 fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
- the fund'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 fund 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 fund.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the Regulations and the Scheme documents of the fund.

Northern Trust Investor Services Limited
London
31 May 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 fund and of its revenue and expenditure for the year.

In preparing the financial statements the manager is required to:

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

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

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

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis Strategic Bond Fund for the year ended 31 March 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
31 May 2024

S Dougall
Director

AUDITOR'S REPORT

Independent auditor's report to the unitholders of the Artemis Strategic Bond Fund

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

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

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 7, 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 noncompliance 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.
- 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 noncompliance 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
31 May 2024

INVESTMENT REVIEW

- In a volatile but positive year for bond markets, the fund generated a positive return of 8.5%*, beating the 7.1% return from its peer group.
- We currently favour investment-grade corporate bonds. Around 54% of the fund is currently invested in this area of the market.
- Despite recent worries over the 'stickiness' of inflation, we continue to expect that central banks will begin cutting interest rates this year.

About the fund

The Artemis Strategic Bond Fund provides investors with exposure to a blend of different bonds. The managers dynamically manage this blend, shifting between different areas of the bond market in response to changes in the economy and financial markets. It invests in three broad types of bond:

Government bonds – These are widely viewed as being among the safest type of bond. The interest rate, or 'yield', available here is now significantly higher than it was through the long era in which central banks held yields down by buying bonds ('quantitative easing').

Investment-grade corporate bonds – These are issued by companies that independent agencies (such as S&P and Moody's) consider to be at relatively low risk of defaulting on their debts. They tend to offer a slightly higher yield (rate of interest) than government bonds.

High-yield bonds – These are issued by companies who ratings agencies regard as being at greater risk of defaulting on their debts and which therefore offer a higher yield to compensate for that risk. Their returns are influenced by movements in the underlying yields on government bonds and by changes in investors' appetite for risk and their views on the economy.

Changes to the fund

In November 2023, Liam O'Donnell joined Artemis to take the lead in managing the government-bond components of Artemis' bond funds. Before he joined Artemis, Liam managed government bond funds at SLI/Aberdeen and co-managed their strategic bond fund for over five years. Following his appointment, management of the Artemis Strategic Bond Fund is now divided between three fixed-income specialists:

- Liam O'Donnell (government bonds).
- Grace Le (investment-grade corporate bonds).
- David Ennett (high-yield bonds).

Government bonds (17% of the fund)

Through late summer and into the autumn of 2023, we began to position the fund to reflect our expectation that

interest rates had peaked. As part of this, we sought to take advantage of volatile market conditions to increase the fund's potential to profit from a fall in interest rates (in technical terms, we increased its duration). As a result, the fund's allocation to bonds issued by governments in the UK, the US and New Zealand increased. The fund then enjoyed strong returns from these holdings as bond markets rallied sharply through the final two months of 2023.

Given the scale of the move higher in bond prices we saw in December, it seemed prudent to take some profits going into the end of the year. So, in the final week of 2023, we reduced the fund's exposure to government bonds. By the time the year under review ended, 17% of the fund was invested here.

Investment-grade bonds (54% of the fund)

We continue to favour the higher-quality end of the investment-grade bond market. Recent additions here have included newly issued bonds from Virgin Money, Coventry Building Society, Telereal, Anheuser-Busch and Land Securities.

Within financials, meanwhile, we added new holdings in UBS, Citigroup and BCFM, a French banking cooperative. We sold positions in Swedbank, Morgan Stanley, and UK specialist lender, Close Brothers, where we had increasing concerns around regulatory scrutiny of its auto-finance activities.

Elsewhere, we reduced the fund's exposure to bonds from Vodafone and Bayer. We sold a holding in US media giant Warner.

High-yield bonds (27% of the fund)

Our allocation to high-yield bonds is currently low by the historic standards of this fund. We do, however, think that there are a number of compelling opportunities here – particularly among short-dated bonds. ('Short-dated' bonds are those that are due to mature – repay capital to their owners – within the next three years). Our holdings here are overwhelmingly BB-rated bonds along with some B-rated bonds (these are bonds that ratings agencies believe to be lower risk of default than lower-quality bonds rated CCC or lower).

Towards the end of the year under review, we added to some of the fund's existing high-yield positions. These included Copeland ('EMRLD Borrower LP'), which has a market-leading position in making the compressors found in heating, ventilation, air conditioning and refrigeration units. We also added to Albertsons, a US supermarket chain, Avis-Budget, the car hire firm and Miller Homes, a UK housebuilder.

We also bought newly issued high-yield bonds from Sally Holdings, a global distributor of beauty products and Kier Group, a building contractor focused on the UK public sector.

Past performance is not a guide to the future.

* Source: Artemis/ Lipper Limited, reflects class QI accumulation units, in sterling, with interest reinvested to 31 March 2024. 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 sector benchmark. Sector is IA £ Strategic Bond NR.

Explaining the fund's performance

Over the year, the fund returned 8.5% compared to an average return of 7.1% from its peer group, the Investment Association's Sterling Strategic Bond sector. (This acts as a 'comparator benchmark' against which the fund's performance can be compared.)

The greater part of the returns the fund produced over the past 12 months came in the final quarter of 2023. As we outlined in the fund's interim report, bond markets moved slightly lower through the summer of 2023 as a consensus formed that interest rates would need to remain higher for longer than had once been hoped.

Sentiment, however, shifted decisively going into the end of the year in response to a clear shift in guidance from the US central bank, the Federal Reserve. As inflation eased, it signalled that it had finished pushing interest rates higher and that it would likely start cutting them in 2024. From the perspective of the bond market, which tends to thrive when interest rates are falling more quickly than expected, this was welcome news.

The broader context

Despite recent signs that inflationary pressures, particularly in the US, might not be fading as quickly as once hoped, our central view remains that interest rates worldwide will begin to move lower in 2024. If and when they do, then bonds have the potential to deliver handsome capital gains. But, if we are wrong and central banks don't start cutting rates, then bondholders can continue to harvest yields from both investment-grade corporate bonds and high-yield bonds that are significantly higher than inflation. We regard this as a 'win-win' situation for our fund.

INVESTMENT INFORMATION

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

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury Inflation-Linked 0.13% 22/03/2029	91,029	UK Treasury Inflation-Linked 0.13% 22/03/2029	99,471
US Treasury Inflation-Linked 1.38% 15/07/2033	58,060	UK Treasury 0.13% 31/01/2028	57,866
UK Treasury 0.13% 31/01/2028	57,003	UK Treasury 0.13% 31/01/2024	48,536
UK Treasury 0.25% 15/07/2029	30,608	UK Treasury 0.38% 22/10/2026	46,070
UK Treasury 4.75% 22/10/2043	23,163	US Treasury Inflation Indexed 1.40% 15/07/2033	39,630
UK Treasury 1.25% 22/10/2041	22,866	US Treasury Notes 2.88% 30/04/2029	33,936
UK Treasury 1.63% 22/10/2054	20,913	UK Treasury 1.25% 22/10/2041	33,167
UK Treasury 3.25% 22/01/2044	20,068	UK Treasury 3.75% 22/10/2053	29,344
UK Treasury 3.75% 22/10/2053	19,755	US Treasury Bonds 2.38% 15/02/2042	23,871
US Treasury Inflation-Linked 1.13% 15/01/2033	18,303	UK Treasury 4.75% 22/10/2043	19,622

Portfolio statement as at 31 March 2024

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 0.00% (0.00%)			
Cayman Islands 0.00% (0.00%)			
NVP ^	1,301	–	–
		–	–
Equities total		–	–
Government Bonds 17.36% (21.48%)			
Canada 2.72% (1.92%)			
Canadian Government Real Return Bond 1.50% 01/12/2044	\$10,000,000	7,748	0.85
CPPIB Capital 1.25% 07/12/2027	£10,000,000	8,962	0.98
CPPIB Capital 4.38% 02/03/2026	£8,200,000	8,150	0.89
		24,860	2.72
Finland 0.00% (0.98%)			
New Zealand 1.97% (2.12%)			
New Zealand Government Inflation Linked Bond 2.50% 20/09/2035	\$30,000,000	17,995	1.97
		17,995	1.97
United Kingdom 4.97% (10.10%)			
UK Treasury 0.50% 22/10/2061	£18,000,000	5,581	0.61
United Kingdom Gilt 1.63% 22/10/2054	£11,000,000	5,951	0.65
United Kingdom Gilt 3.25% 22/01/2044	£24,000,000	20,410	2.24
United Kingdom Gilt 4.50% 07/06/2028	£9,000,000	9,196	1.01
United Kingdom Gilt 4.75% 22/10/2043	£4,000,000	4,193	0.46
		45,331	4.97
United States of America 7.70% (6.36%)			
US Treasury Inflation Indexed 0.25% 15/07/2029	\$20,000,000	17,647	1.93
US Treasury Inflation Indexed 1.17% 15/01/2033	\$24,000,000	18,505	2.03
US Treasury Inflation Indexed 1.38% 15/02/2044	\$16,000,000	14,755	1.62
US Treasury Inflation Indexed 1.40% 15/07/2033	\$25,000,000	19,347	2.12
		70,254	7.70
Government Bonds total		158,440	17.36
Corporate Bonds 80.93% (72.44%)			
Australia 0.61% (0.81%)			
Mineral Resources 8.00% 01/11/2027	\$3,000,000	2,431	0.27
Perenti Finance 6.50% 07/10/2025	\$4,000,000	3,149	0.34
		5,580	0.61

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 80.93% (72.44%) (continued)			
Austria 0.00% (0.42%)			
Belgium 1.02% (0.00%)			
Anheuser-Busch InB 3.75% 22/03/2037	€10,600,000	9,267	1.02
		9,267	1.02
Canada 0.62% (0.00%)			
GFL Environmental 3.75% 01/08/2025	\$7,300,000	5,635	0.62
		5,635	0.62
Denmark 0.65% (0.93%)			
Nassa Topco 2.88% 06/04/2024	€7,000,000	5,970	0.65
		5,970	0.65
France 5.83% (5.32%)			
AXA, FRN 5.13% 17/01/2047	\$11,500,000	8,987	0.99
AXA, FRN 6.38% Perpetual	€5,900,000	5,240	0.57
Banque Federative du Credit Mutuel 5.00% 22/10/2029	£14,500,000	14,616	1.60
Credit Agricole, FRN 5.38% 15/01/2029	£7,900,000	7,964	0.87
Societe Generale 5.75% 22/01/2032	£5,600,000	5,661	0.62
SPCM 3.13% 15/03/2027	\$4,850,000	3,559	0.39
TDF Infrastructure 5.63% 21/07/2028	€8,000,000	7,196	0.79
		53,223	5.83
Germany 1.58% (1.38%)			
Bayer, FRN 7.00% 25/09/2083	€5,300,000	4,554	0.50
Cheplapharm Arzneimittel 5.50% 15/01/2028	\$4,000,000	3,038	0.33
CT Investment 6.38% 15/04/2030	€3,100,000	2,661	0.29
Deutsche Bank, FRN 4.00% 24/06/2026	£2,600,000	2,541	0.28
Gruenenthal 3.63% 15/11/2026	€1,900,000	1,588	0.18
		14,382	1.58
Hong Kong 0.91% (0.68%)			
Seaspan 5.50% 01/08/2029	\$12,000,000	8,332	0.91
		8,332	0.91
Israel 0.80% (1.46%)			
Teva Pharmaceutical Finance Netherlands II 7.38% 15/09/2029	€1,980,000	1,871	0.21
Teva Pharmaceutical Finance Netherlands III 5.13% 09/05/2029	\$4,319,000	3,292	0.36
Teva Pharmaceutical Finance Netherlands III 6.00% 15/04/2024	\$2,668,000	2,112	0.23
		7,275	0.80
Italy 0.50% (0.72%)			
Itelyum Regeneration 4.63% 01/10/2026	€5,418,000	4,552	0.50
		4,552	0.50
Japan 0.00% (0.61%)			
Luxembourg 1.40% (1.36%)			
Blackstone Property Partners Europe 4.88% 29/04/2032	£14,200,000	12,747	1.40
		12,747	1.40
Netherlands 2.95% (2.09%)			
Cooperatieve Rabobank UA 4.63% 23/05/2029	£11,000,000	10,556	1.16
ING Groep, FRN 6.25% 20/05/2033	£6,300,000	6,355	0.70
Q-Park Holding I 2.00% 01/03/2027	€8,500,000	6,817	0.75
United Group 6.75% 15/02/2031	€3,600,000	3,151	0.34
		26,879	2.95
Singapore 0.00% (0.69%)			
Spain 1.73% (3.13%)			
Abertis Infraestructuras 3.38% 27/11/2026	€9,000,000	8,553	0.94

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 80.93% (72.44%) (continued)			
Spain 1.73% (3.13%) (continued)			
Banco Santander, FRN 4.75% 30/08/2028	£7,300,000	7,200	0.79
		15,753	1.73
Sweden 1.19% (1.65%)			
Heimstaden, FRN 6.75% Perpetual	€5,900,000	1,255	0.14
Vattenfall, FRN 6.88% 17/08/2083	£3,000,000	3,059	0.34
Verisure 3.25% 15/02/2027	€4,700,000	3,846	0.42
Verisure 7.13% 01/02/2028	€3,000,000	2,674	0.29
		10,834	1.19
Switzerland 3.69% (3.58%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$14,900,000	11,694	1.28
UBS Group 7.38% 07/09/2033	£10,000,000	11,331	1.24
Willow No. 2 Ireland for Zurich Insurance, FRN 4.25% 01/10/2045	\$7,500,000	5,761	0.63
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	£5,000,000	4,858	0.54
		33,644	3.69
United Kingdom 39.83% (33.46%)			
AA Bond 7.38% 31/07/2050	£11,900,000	12,281	1.35
Admiral Group 8.50% 06/01/2034	£2,800,000	3,120	0.34
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€4,600,000	4,130	0.45
Allwyn Entertainment Financing UK 7.88% 30/04/2029	\$700,000	570	0.06
Annington Funding 4.75% 09/08/2033	£13,500,000	12,666	1.39
Arqiva Financing 7.21% 30/06/2045	£7,100,000	7,650	0.84
Aviva, FRN 4.00% 03/06/2055	£13,000,000	10,832	1.19
Barclays, FRN 7.09% 06/11/2029	£10,000,000	10,639	1.17
BP Capital Markets, FRN 4.25% Perpetual	£13,400,000	12,638	1.39
Castle UK Finco 7.00% 15/05/2029	£5,600,000	5,200	0.57
Coventry Building Society 5.88% 12/03/2030	£7,700,000	7,786	0.85
CPUK Finance 4.50% 28/08/2027	£5,550,000	5,046	0.55
Drax Finco 6.63% 01/11/2025	\$9,671,000	7,591	0.83
Hiscox, FRN 6.13% 24/11/2045	£6,000,000	5,966	0.65
HSBC, FRN 6.80% 14/09/2031	£10,500,000	11,310	1.24
Inchcape 6.50% 09/06/2028	£9,200,000	9,433	1.03
INEOS Quattro Finance 2 8.50% 15/03/2029	€3,000,000	2,702	0.30
INEOS Quattro Finance 2 8.50% 15/03/2029	€1,000,000	900	0.10
International Distributions Services 7.38% 14/09/2030	£3,000,000	3,162	0.35
Investec, FRN 1.88% 16/07/2028	£4,700,000	4,091	0.45
Investec, FRN 10.50% Perpetual	£5,000,000	5,250	0.58
Kane Bidco 6.50% 15/02/2027	£5,000,000	4,808	0.53
Kier Group 9.00% 15/02/2029	£4,000,000	4,079	0.45
Land Securities Capital Markets 4.75% 18/09/2033	£1,400,000	1,396	0.15
Legal & General Group, FRN 5.50% 27/06/2064	£10,000,000	9,712	1.06
Liverpool Victoria Friendly Society, FRN 9.44% 22/05/2043	£4,001,000	3,967	0.43
Lloyds Banking Group, FRN 6.63% 02/06/2033	£11,000,000	11,183	1.23
Logicor 2019-1 UK 1.88% 17/11/2031	£10,000,000	9,176	1.01
Marston's Issuer, FRN 5.18% 15/07/2032	£6,850,000	6,070	0.67
Meadowhall Finance 4.99% 12/07/2037	£3,963,776	3,659	0.40
Mobico Group 4.88% 26/09/2031	€8,000,000	6,769	0.74
NatWest Group, FRN 3.62% 14/08/2030	£8,000,000	7,762	0.85
NatWest Group, FRN 7.42% 06/06/2033	£3,900,000	4,076	0.45
Neptune Energy Bondco 6.63% 15/05/2025	\$8,000,000	6,343	0.69
NGG Finance, FRN 5.63% 18/06/2073	£4,200,000	4,157	0.46
Ocado Group 3.88% 08/10/2026	£4,000,000	3,580	0.39
Pension Insurance 8.00% 13/11/2033	£5,700,000	6,227	0.68
Pension Insurance, FRN 7.38% Perpetual	£5,000,000	4,904	0.54

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 80.93% (72.44%) (continued)			
United Kingdom 39.83% (33.46%) (continued)			
Phoenix Group 5.87% 13/06/2029	£4,700,000	4,644	0.51
Places For People Treasury 6.25% 06/12/2041	£10,000,000	10,770	1.18
Premier Foods Finance 3.50% 15/10/2026	£5,200,000	4,965	0.54
Quadgas Finance 3.38% 17/09/2029	£8,000,000	7,091	0.78
RAC Bond 4.87% 06/05/2046	£13,700,000	13,415	1.47
Rothsay Life, FRN 6.88% Perpetual	£14,600,000	13,743	1.51
Santander UK Group, FRN 7.10% 16/11/2027	£11,600,000	11,969	1.31
SW Finance I 7.00% 16/04/2040	£10,900,000	10,925	1.20
Telereal Securitisation 5.63% 10/12/2031	£9,200,000	9,261	1.01
Tesco 3.86% 24/03/2036	£2,000,000	3,403	0.37
Thames Water Utilities Finance 7.75% 30/04/2044	£9,000,000	9,001	0.99
TP ICAP Finance 7.88% 17/04/2030	£6,930,000	7,581	0.83
Unique Pub Finance 5.66% 30/06/2027	£2,262,350	2,130	0.23
Unique Pub Finance 6.46% 30/03/2032	£3,500,000	3,650	0.40
Victoria 3.63% 24/08/2026	€6,500,000	4,401	0.48
Virgin Money UK 4.00% 18/03/2028	€1,600,000	1,373	0.15
Weir Group 6.88% 14/06/2028	£4,000,000	4,190	0.46
		363,343	39.83
United States of America 17.62% (14.15%)			
Adient Global Holdings 7.00% 15/04/2028	\$1,300,000	1,053	0.12
Albertsons Cos 3.25% 15/03/2026	\$5,000,000	3,780	0.41
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€6,500,000	4,723	0.52
Ardagh Metal Packaging Finance 3.25% 01/09/2028	\$4,400,000	3,014	0.33
Avis Budget Car Rental/ Avis Budget Finance 4.75% 01/04/2028	\$6,600,000	4,839	0.53
Brundage-Bone Concrete Pumping Holdings 6.00% 01/02/2026	\$6,000,000	4,699	0.52
Catalent Pharma Solutions 2.38% 01/03/2028	€8,300,000	6,733	0.74
Caterpillar Financial Services 5.72% 17/08/2026	£8,100,000	8,265	0.91
Citigroup 4.50% 03/03/2031	£6,850,000	6,427	0.70
Citigroup 6.80% 25/06/2038	£8,000,000	9,321	1.02
Cloud Software Group 6.50% 31/03/2029	\$5,000,000	3,763	0.41
Coty 5.00% 15/04/2026	\$6,000,000	4,688	0.51
Dresdner Funding Trust I 8.15% 30/06/2031	\$8,000,000	6,944	0.76
EMRLD Borrower 6.63% 15/12/2030	\$3,500,000	2,802	0.31
Encore Capital Group 4.25% 01/06/2028	£7,500,000	6,340	0.70
Energizer Holdings 4.38% 31/03/2029	\$5,500,000	3,916	0.43
Ford Motor Credit Co 5.63% 09/10/2028	£10,000,000	10,039	1.10
Goldman Sachs Group 6.88% 18/01/2038	£8,000,000	8,853	0.97
GTCR W-2 Merger Sub 7.50% 15/01/2031	\$2,370,000	1,968	0.22
GTCR W-2 Merger Sub 8.50% 15/01/2031	£8,000,000	8,620	0.94
Iron Mountain UK 3.88% 15/11/2025	£5,000,000	4,844	0.53
Medline Borrower LP/Medline Co-Issuer 6.25% 01/04/2029	\$910,000	725	0.08
Metropolitan Life Global Funding I 1.63% 12/10/2028	£8,000,000	7,058	0.77
Miter Brands Acquisition Holdco/ MIWD Borrower 6.75% 01/04/2032	\$652,000	519	0.06
MPT Operating Partnership 3.69% 05/06/2028	£13,000,000	9,609	1.05
Owens & Minor 4.50% 31/03/2029	\$6,000,000	4,355	0.48
Penske Automotive Group 3.50% 01/09/2025	\$5,000,000	3,858	0.42
Sally Capital 6.75% 01/03/2032	\$7,100,000	5,588	0.61
Sotheby's/Bidfair 5.88% 01/06/2029	\$6,000,000	3,999	0.44
Wells Fargo 4.88% 29/11/2035	£10,000,000	9,437	1.03
		160,779	17.62
Corporate Bonds total		738,195	80.93

	Holding/ nominal value	Global exposure * £'000	Valuation £'000	% of net assets
Swaps 0.14% (0.07%)				
Inflation Rate Swap J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.17% 15/02/2024	11,600,000	9,919	(37)	–
Inflation Rate Swap J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.33% 15/01/2044	7,500,000	6,413	(38)	(0.01)
Inflation Rate Swap J.P. Morgan Pay floating RPI 1 day Receive fixed 3.63% 15/03/2034	10,000,000	10,000	(17)	–
Inflation Swap JP Morgan Pay floating CPTFE 1 day Receive fixed 2.43% 15/08/2042	5,000,000	4,275	(100)	(0.01)
Inflation Swap JP Morgan Pay floating FPCPX 1 day Receive fixed 2.85% 15/01/2043	5,000,000	4,275	263	0.03
Inflation Swap JP Morgan Pay floating RPI 1 day Receive fixed 3.78% 15/02/2033	10,000,000	10,000	(93)	(0.01)
Interest Rate Swap J.P. Morgan Pay fixed 2.07% Receive floating EURIBOR 6 months 01/03/2054	12,700,000	10,859	(132)	(0.01)
Interest Rate Swap J.P. Morgan Pay fixed 2.31% Receive floating EURIBOR 6 months 22/11/2053	41,300,000	35,314	(1,103)	(0.12)
Interest Rate Swap J.P. Morgan Pay fixed 2.75% Receive floating STBOR 3 months 28/02/2034	759,000,000	56,273	(454)	(0.05)
Interest Rate Swap J.P. Morgan Pay fixed 3.22% Receive floating SOFR 1 day 05/01/2059	25,600,000	20,297	565	0.06
Interest Rate Swap J.P. Morgan Pay fixed 3.45% Receive floating CORRA 1 day 21/02/2054	17,200,000	10,029	(162)	(0.02)
Interest Rate Swap J.P. Morgan Pay fixed 3.45% Receive floating SOFR 1 day 28/03/2059	11,800,000	9,356	(73)	(0.01)
Interest Rate Swap J.P. Morgan Pay floating BBSW 3 months Receive fixed 3.94% 11/01/2029	117,400,000	60,415	211	0.02
Interest Rate Swap J.P. Morgan Pay floating BBSW 3 months Receive fixed 3.98% 08/02/2029	118,000,000	60,724	241	0.03
Interest Rate Swap J.P. Morgan Pay floating BBSW 3 months Receive fixed 4.58% 07/03/2034	100,000,000	51,461	184	0.02
Interest Rate Swap J.P. Morgan Pay floating CORRA 1 day Receive fixed 3.63% 21/02/2024	38,000,000	22,158	293	0.03
Interest Rate Swap J.P. Morgan Pay floating EURIBOR 6 months Receive fixed 2.72% 01/03/2034	29,800,000	25,481	245	0.03
Interest Rate Swap J.P. Morgan Pay floating EURIBOR 6 months Receive fixed 2.99% 22/11/2033	76,200,000	65,156	1,412	0.15
Interest Rate Swap J.P. Morgan Pay floating SOFR 1 day Receive fixed 3.58% 05/01/2039	56,700,000	44,955	(534)	(0.06)
Interest Rate Swap J.P. Morgan Pay floating SOFR 1 day Receive fixed 3.80% 28/03/2039	25,700,000	20,377	65	0.01
Interest Rate Swap J.P. Morgan Pay floating SONIA 1 day Receive fixed 3.70% 01/03/2034	64,000,000	64,000	553	0.06
Swaps total		601,737	1,289	0.14
Forward Currency Contracts (0.17)% (0.75%)				
Buy Euro 3,100,000 Sell Sterling 2,661,517 dated 05/04/2024			(11)	–
Buy Sterling 7,729,300 Sell Canadian Dollar 13,361,305 dated 08/04/2024			(63)	(0.01)
Buy Sterling 93,469,207 Sell Euro 109,279,026 dated 08/04/2024			12	–
Buy Sterling 18,275,432 Sell New Zealand Dollar 37,999,130 dated 08/04/2024			315	0.03
Buy Sterling 203,545,242 Sell US Dollar 259,056,561 dated 08/04/2024			(1,846)	(0.19)
Forward Currency Contracts total			(1,593)	(0.17)
Futures (0.03)% (0.31%)				
CBT 10 Years US T-Notes 18/06/2024	1,010	88,567	159	0.02
CBT 5 Year US T-Notes 28/06/2024	1,828	155,014	89	0.01

	Holding/ nominal value	Global exposure * £'000	Valuation £'000	% of net assets
Futures (0.03)% (0.31%) (continued)				
CBT Ultra US T-Bonds 18/06/2024	(280)	(28,583)	(56)	(0.01)
Euro-Bobl 06/06/2024	614	62,192	(110)	(0.01)
Euro-BTP 06/06/2024	(252)	(25,584)	(59)	(0.01)
Euro-Buxl 06/06/2024	(161)	(18,369)	(326)	(0.03)
ICE 3 Months SONIA Index 17/06/2025	376	90,073	35	–
OSE 10 Year T-Bond JGB 13/06/2024	(27)	(20,578)	–	–
US 2 Year T-Notes 06/06/2024	921	74,652	17	–
Futures total		377,384	(251)	(0.03)
Investment assets (including investment liabilities)			896,080	98.23
Net other assets			16,197	1.77
Net assets attributable to unitholders			912,277	100.00

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

^ Unlisted, suspended or delisted security.

* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

FINANCIAL STATEMENTS

Statement of total return for the year ended 31 March 2024

	Note	31 March 2024		31 March 2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		34,410		(131,792)
Revenue	5	59,181		58,002	
Expenses	6	(6,816)		(8,005)	
Interest payable and similar charges	7	(3,063)		(438)	
Net revenue before taxation		49,302		49,559	
Taxation	8	–		–	
Net revenue after taxation			49,302		49,559
Total return before distributions			83,712		(82,233)
Distributions	9		(49,305)		(49,560)
Change in net assets attributable to unitholders from investment activities			34,407		(131,793)

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

	31 March 2024		31 March 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		1,108,639		1,331,129
Amounts receivable on issue of units	195,674		86,509	
Amounts payable on cancellation of units	(461,526)		(211,709)	
		(265,852)		(125,200)
Dilution adjustment		153		–
Change in net assets attributable to unitholders from investment activities		34,407		(131,793)
Retained distribution on accumulation units		34,930		34,503
Closing net assets attributable to unitholders		912,277		1,108,639

Balance Sheet as at 31 March 2024

	Note	31 March 2024	31 March 2023
		£'000	£'000
Assets			
Fixed assets			
Investments	10	901,482	1,054,552
Current assets			
Debtors	11	18,021	15,929
Cash and cash equivalents	12	20,524	71,517
Total current assets		38,545	87,446
Total assets		940,027	1,141,998
Liabilities			
Investment liabilities	10	5,402	2,303
Creditors			
Bank overdraft	13	665	7,266
Distribution payable		1,487	1,302
Other creditors	14	20,196	22,488
Total creditors		22,348	31,056
Total liabilities		27,750	33,359
Net assets attributable to unitholders		912,277	1,108,639

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

(b) Valuation of investments. All investments, including any derivatives, have been valued at 12 noon on the last working day of the accounting period. The last valuation point in the period has been used for the purposes of preparing the report and financial statements and in the manager's opinion there have been no material movements in the fund between the last valuation point and close of business on the balance sheet date. Where a fund invests in markets that are closed for trading at the fund's valuation point, the manager will allow for the net asset value to be adjusted (based on movements of index futures or other suitable proxies in markets closed at the fund valuation point, since the last market close), to reflect more accurately the fair value of the fund's investments. Listed investments are valued at fair value which is generally deemed to be the bid price. Unquoted investments are valued at fair value which is determined by the manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board. Exchange traded derivatives, including options and futures, are shown in the portfolio statement, and are priced at fair value, which is deemed to be the quoted bid price for long positions and quoted offer price for short positions. Open forward currency contracts are shown in the portfolio statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses). Over-the-counter derivatives, including interest rate swaps and credit default swaps, are shown in the portfolio statement, and are priced at fair value using valuation models or data sourced from market data providers.

(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. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Interest from debt securities bought or sold is excluded from the capital cost of such securities, and accounted for as part of revenue. Bank interest and interest on margin accounts held with brokers is recognised as revenue

on an accruals basis. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Net gains are reflected within derivative contracts under net capital gains/(losses) in the notes to the financial statements. Where futures generate total returns the returns are apportioned between capital and income to reflect the nature of the transaction. Any capital gains/losses are included within net capital gains/(losses) and any revenue or expense is included within revenue or interest payable and similar charges respectively in the statement of total return. The revenue return element in respect of futures is calculated by reference to the quoted yield of the index upon which the future is based. Interest receivable or payable on interest rate swaps and premiums on credit default swaps are recognised as revenue on an accruals basis and included within derivative revenue or interest payable and similar charges respectively in the statement of total return.

(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/accumulate all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout each distribution period and where applicable will pay an interest 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/(losses)

	31 March 2024 £'000	31 March 2023 £'000
Non-derivative securities	23,387	(114,130)
Forward currency contracts	12,278	(26,965)
Derivative contracts	1,352	6,999
Currency (losses)/gains	(2,607)	2,304
Net capital gains/(losses)	34,410	(131,792)

4. Direct transaction costs

There were no commissions or taxes paid in relation to transactions on the portfolio during the current year or previous year.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.54% (2023: 0.68%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

5. Revenue

	31 March 2024 £'000	31 March 2023 £'000
Interest on debt securities	56,879	56,227
Bank interest	1,917	298
Revenue from other derivatives	385	1,477
Total revenue	59,181	58,002

6. Expenses

	31 March 2024 £'000	31 March 2023 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	5,881	6,909
Administration fees	935	1,096
Total expenses	6,816	8,005

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

The audit fee (excluding VAT) accrued during the period was £12,150 (2023: £11,600). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	31 March 2024 £'000	31 March 2023 £'000
Interest payable on short futures	2,949	376
Interest payable	114	62
Total interest payable and similar charges	3,063	438

8. Taxation

	31 March 2024 £'000	31 March 2023 £'000
a) Analysis of the tax charge for the year		
Corporation Tax	–	–
Total taxation (note 8b)	–	–
b) Factors affecting the tax charge for the year		
Net revenue before taxation	49,301	49,559
Corporation tax of 20% (2023: 20%)	9,860	9,912
Effects of:		
Tax deductible interest distributions	(9,860)	(9,912)
Total charge for the year (note 8a)	–	–
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 (2023: £nil).		

9. Distributions

	31 March 2024 £'000	31 March 2023 £'000
Interim gross interest distribution – April 2023	1,558	1,399
Interim gross interest distribution – May 2023	1,752	1,703
Interim gross interest distribution – June 2023	9,764	8,443
Interim gross interest distribution – July 2023	2,025	1,631
Interim gross interest distribution – August 2023	1,820	1,857
Interim gross interest distribution – September 2023	8,646	9,390
Interim gross interest distribution – October 2023	1,878	1,803
Interim gross interest distribution – November 2023	1,593	1,810
Interim gross interest distribution – December 2023	8,234	9,509
Interim gross interest distribution – January 2024	1,563	1,834
Interim gross interest distribution – February 2024	1,307	1,954
Final gross interest distribution – March 2024	7,947	7,687
	48,087	49,020
Add: amounts deducted on cancellation of units	2,024	792
Deduct: amounts added on issue of units	(806)	(252)
Distributions	49,305	49,560
Movement between net revenue and distributions		
Net revenue after taxation	49,301	49,559
Revenue received on conversion of units	4	–
Undistributed revenue carried forward	–	1
	49,305	49,560

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 28 to 31.

10. Fair value hierarchy

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

The disclosure is split into the following categories:

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

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

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

	31 March 2024		31 March 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	158,739	551	242,682	1,199
Level 2	742,743	4,851	811,870	1,104
Total	901,482	5,402	1,054,552	2,303

11. Debtors

	31 March 2024 £'000	31 March 2023 £'000
Accrued revenue	14,860	14,844
Amounts receivable for issue of units	3,007	1,085
Sales awaiting settlement	154	–
Total debtors	18,021	15,929

12. Cash and cash equivalents

	31 March 2024 £'000	31 March 2023 £'000
Collateral held with brokers	7,161	–
Amounts held in liquidity funds	6,964	–
Amounts held at brokers	6,200	2,205
Cash and bank balances	199	69,312
Total cash and cash equivalents	20,524	71,517

13. Bank overdraft

	31 March 2024 £'000	31 March 2023 £'000
Collateral pledged with brokers	509	–
Amounts held at futures clearing houses and brokers	153	7,266
Bank overdrafts	3	–
Total bank overdraft	665	7,266

14. Other creditors

	31 March 2024 £'000	31 March 2023 £'000
Purchases awaiting settlement	13,026	18,225
Amounts payable for cancellation of units	6,652	3,641
Accrued annual management charge	437	522
Accrued administration fee payable to the manager	70	100
Interest payable	11	–
Total other creditors	20,196	21,244

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in issue at 31 March 2023	Units issued	Units cancelled	Units converted	Units in issue at 31 March 2024
MC distribution	1,071,962	20,027	(132,314)	–	959,675
MC accumulation	160,265	10,408	(25,416)	–	145,257
MI distribution	438,638,378	71,467,049	(148,077,035)	14,413,787	376,442,179
MI accumulation	282,042,591	98,416,299	(210,684,704)	16,469,150	186,243,336
MR distribution	15,298,509	512,562	(905,840)	(14,072,004)	833,227
MR accumulation	39,499,707	1,372,007	(7,356,222)	(11,802,486)	21,713,006
QC distribution	2,145,276	118,746	(118,376)	(96,584)	2,049,062
QC accumulation	2,084,364	43,400	(224,206)	7,923	1,911,481
QI distribution	89,901,457	9,694,300	(30,792,067)	1,169,632	69,973,322
QI accumulation	489,546,456	76,002,674	(185,447,140)	957,169	381,059,159
QR distribution	6,112,116	272,067	(841,245)	(1,600,429)	3,942,509
QR accumulation	91,517,321	6,764,399	(18,449,682)	(1,164,377)	78,667,661

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

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

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

As part of the process the VaR is used on a daily basis to calculate the market price risk on the fund in absolute terms. The maximum absolute VaR limit for UCITS funds is 20% of its net asset value, in accordance with the Committee of European Securities Regulators ('CESR') guidance. VaR expresses the maximum expected loss by the fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses one year risk factor data and a 20 business day holding period.

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

	31 March 2024 %	31 March 2023 %
At 31 March	7.42	4.77
Average utilization during the period	9.01	4.75
Highest utilization during the period	11.05	6.94
Lowest utilization during the period	7.42	2.64

(ii) Interest rate risk

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

Currency	Floating Rate financial assets/ (liabilities) £'000	Fixed Rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
31 March 2024				
Sterling	214,538	376,527	248	591,313
US Dollar	26,121	176,818	3,131	206,070
Euro	11,186	81,321	(2,664)	89,843
New Zealand Dollar	–	17,995	19	18,014
Canadian Dollar	15	7,748	171	7,934
Australian Dollar	(19)	–	636	617
Japanese Yen	103	–	–	103
Swedish Krona	431	–	(454)	(23)
31 March 2023				
Sterling	272,219	449,169	3,580	724,968
US Dollar	51,630	172,449	7,039	231,118
Euro	43,426	84,856	735	129,017
New Zealand Dollar	–	23,545	(4,469)	19,076
Canadian Dollar	–	4,048	(56)	3,992
Australian Dollar	468	–	–	468

The forward currency contracts are not included within this table. These can be found in the portfolio statement on page 16.

As at 31 March 2024 if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 6.3% fall in the prices of the underlying bonds it holds (2023: 5.5%). A 1% fall in government bond yields would have an equal and opposite impact. This calculation has been prepared on a modified duration basis. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The calculation has been used to serve as an indication of the possible impact to the fund from changes to government bond yields. This concept relies on a large number of assumptions, in particular, that all bonds are equally sensitive to government bond yields. In practice, this is not the case as many bonds with higher credit risk have lower correlation with government bond yields and in some cases even negative correlation. The fund contains a high and varying proportion of bonds with sometimes a high degree of credit risk. Furthermore, this makes the assumption of a parallel shift in yields. In practice, when interest rates change, longer dated government bond yields do not usually move in parallel with short-term interest rates. It is not unusual to see a negative correlation to short-term interest rate movements. The calculation also includes the impact of any futures positions.

(iii) 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 £12,278,000 (2023: £26,965,000 loss).

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/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
31 March 2024				
Sterling	575,738	15,063	320,358	911,159
Australian Dollar	637	(257)	–	380
Euro	92,386	(1,285)	(90,806)	295
US Dollar	203,492	2,068	(205,391)	169
Canadian Dollar	7,879	55	(7,792)	142
Japanese Yen	–	103	–	103
New Zealand Dollar	17,995	19	(17,962)	52
Swedish Krona	(454)	431	–	(23)
31 March 2023				
Sterling	661,694	50,481	392,549	1,104,724
US Dollar	229,080	2,038	(228,498)	2,620
Euro	125,659	3,358	(128,043)	974
Australian Dollar	–	468	–	468
Canadian Dollar	3,980	20	(4,053)	(53)
New Zealand Dollar	23,545	25	(23,664)	(94)

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 £56,000 (2023: £196,000). A five percent decrease would have an equal and opposite effect.

(iv) 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 market-priced securities 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 £44,804,000 (2023: £52,612,000). A five percent decrease would have an equal and opposite effect.

(v) 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 leverage of a fund is expressed as a percentage of the exposure of the fund and its net asset value. The fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. The expected level of leverage for this fund is between 150% and 250%.

(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. 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 trustee receives and reviews a semi-annual report on the internal controls in place at Northern Trust Investor Services 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 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 requirement stipulated in COLL and the Prospectus. In order to diversify counterparty risk, the fund holds cash with other counterparty other than Northern Trust, which is JP Morgan. The derivatives are disclosed in the portfolio statement, and JP Morgan is the counterparty for futures contracts and swaps, while, Northern Trust is the counterparty for forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 March 2024 or 31 March 2023.

Debt security credit analysis

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

	31 March 2024 £'000	31 March 2023 £'000
Investment grade securities	647,623	754,864
Below investment grade securities	239,854	286,414
Unrated securities	9,158	–
Total of debt securities	896,635	1,310,065

Source of credit ratings: Artemis Investment Management LLP.

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were forward currency contracts, interest rate swaps, inflation rate swaps, and futures. 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:

	Swaps £'000	Futures £'000	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
31 March 2024					
J.P. Morgan	1,289	(251)	–	1,038	11,009
Northern Trust	–	–	(1,594)	(1,594)	1,690
31 March 2023					
J.P. Morgan	(727)	3,407	–	2,680	–
Northern Trust	–	–	8,291	8,291	–

Only cash collateral is pledged or held by the fund. The balance includes cash held at brokers.

(c) Liquidity risk

Liquidity risk is the risk that through market liquidity conditions, requests for redemptions from investors cannot be met in an orderly and appropriate manner. Artemis adopts a policy of mitigation and control to manage liquidity risks. Mitigation occurs through maintaining prudent levels of liquidity in each fund and a well-diversified investor base. As a result, redemption requests can be satisfied in all but exceptional circumstances. Artemis has a dedicated liquidity risk management policy which is owned by the independent investment risk team which reports to the Chief Risk Officer. Its purpose is to ensure the portfolio manager acts in the client's best interest with regards to this liquidity risk. Through the use of 3rd party modeling and assumptions, the investment risk team conduct regular monitoring and analyses of the liquidity profile of the funds and investor base. This includes but is not limited to what percentage of the fund can be liquidated within certain redemption horizons, whether the largest investors in the fund can redeem without affecting the fair treatment of remaining investors, liquidity stress testing and other analysis deemed to cover a risk specific to the strategy considered. There was no significant concentration of liquidity risk as at 31 March 2024 or 31 March 2023.

18. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 18 and notes 6, 9, 11 and 14 on pages 20 to 22 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 31 March 2024 in respect of these transactions was £4,152,000 (2023: £3,178,000).

19. Unit classes

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

MC distribution	0.95%
MC accumulation	0.95%
MI distribution	0.50%
MI accumulation	0.50%
MR distribution	1.00%
MR accumulation	1.00%
QC distribution	0.95%
QC accumulation	0.95%
QI distribution	0.50%
QI accumulation	0.50%
QR distribution	1.00%
QR accumulation	1.00%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 32 to 34.

The distributions per unit class are given in the distribution tables on pages 28 to 31. All classes have the same rights on winding up.

20. Post balance sheet event

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

DISTRIBUTION TABLES

This fund pays monthly and quarterly interest distributions. The following table sets out the distribution periods.

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2023	30 April 2023	1 May 2023	31 May 2023
Second interim	1 May 2023	31 May 2023	1 June 2023	30 June 2023
Third interim	1 June 2023	30 June 2023	1 July 2023	31 July 2023
Fourth interim	1 July 2023	31 July 2023	1 August 2023	31 August 2023
Fifth interim	1 August 2023	31 August 2023	1 September 2023	29 September 2023
Sixth interim	1 September 2023	30 September 2023	1 October 2023	31 October 2023
Seventh interim	1 October 2023	31 October 2023	1 November 2023	30 November 2023
Eighth interim	1 November 2023	30 November 2023	1 December 2023	29 December 2023
Ninth interim	1 December 2023	31 December 2023	3 January 2024	31 January 2024
Tenth interim	1 January 2024	31 January 2024	1 February 2024	29 February 2024
Eleventh interim	1 February 2024	29 February 2024	1 March 2024	31 March 2024
Final	1 March 2024	31 March 2024	1 April 2024	30 April 2024

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2023	30 June 2023	1 July 2023	31 July 2023
Second interim	1 July 2023	30 September 2023	1 October 2023	31 October 2023
Third Interim	1 October 2023	31 December 2023	3 January 2024	31 January 2024
Final	1 January 2024	31 March 2023	1 April 2024	30 April 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.

MC distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.1535	0.0000	0.1535	0.1231
Second interim	0.0877	0.0862	0.1739	0.1524
Third interim	0.2105	0.0000	0.2105	0.1588
Fourth interim	0.1922	0.0000	0.1922	0.1490
Fifth interim	0.1707	0.0000	0.1707	0.1700
Sixth interim	0.1483	0.0000	0.1483	0.1791
Seventh interim	0.1887	0.0000	0.1887	0.1704
Eighth interim	0.1638	0.0000	0.1638	0.1731
Ninth interim	0.1723	0.0000	0.1723	0.1810
Tenth interim	0.1947	0.0000	0.1947	0.1734
Eleventh interim	0.1626	0.0000	0.1626	0.1667
Final	0.1944	0.0000	0.1944	0.1087

MC accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.2948	0.0000	0.2948	0.2275
Second interim	0.1688	0.1659	0.3347	0.2820
Third interim	0.4055	0.0000	0.4055	0.2950
Fourth interim	0.3728	0.0000	0.3728	0.2781
Fifth interim	0.3323	0.0000	0.3323	0.3176
Sixth interim	0.2897	0.0000	0.2897	0.3357
Seventh interim	0.3697	0.0000	0.3697	0.3203
Eighth interim	0.3223	0.0000	0.3223	0.3267
Ninth interim	0.3401	0.0000	0.3401	0.3428
Tenth interim	0.3856	0.0000	0.3856	0.3294
Eleventh interim	0.3231	0.0000	0.3231	0.3177
Final	0.3878	0.0000	0.3878	0.2076

MI distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.0696	0.1028	0.1724	0.1429
Second interim	0.0970	0.0962	0.1932	0.1738
Third interim	0.1076	0.1220	0.2296	0.1786
Fourth interim	0.1176	0.0936	0.2112	0.1680
Fifth interim	0.0977	0.0920	0.1897	0.1919
Sixth interim	0.0624	0.1041	0.1665	0.1981
Seventh interim	0.1014	0.1060	0.2074	0.1891
Eighth interim	0.0873	0.0949	0.1822	0.1917
Ninth interim	0.0883	0.1036	0.1919	0.2000
Tenth interim	0.1063	0.1077	0.2140	0.1939
Eleventh interim	0.0785	0.1032	0.1817	0.1845
Final	0.1062	0.1082	0.2144	0.1281

MI accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.0944	0.1394	0.2338	0.1860
Second interim	0.1320	0.1311	0.2631	0.2267
Third interim	0.1470	0.1669	0.3139	0.2337
Fourth interim	0.1617	0.1286	0.2903	0.2208
Fifth interim	0.1348	0.1268	0.2616	0.2527
Sixth interim	0.0864	0.1443	0.2307	0.2620
Seventh interim	0.1408	0.1473	0.2881	0.2510
Eighth interim	0.1218	0.1326	0.2544	0.2557
Ninth interim	0.1238	0.1451	0.2689	0.2676
Tenth interim	0.1494	0.1515	0.3009	0.2604
Eleventh interim	0.1107	0.1455	0.2562	0.2489
Final	0.1505	0.1534	0.3039	0.1733

MR distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.0605	0.0910	0.1515	0.1210
Second interim	0.0867	0.0852	0.1719	0.1500
Third interim	0.0974	0.1109	0.2083	0.1567
Fourth interim	0.1075	0.0826	0.1901	0.1473
Fifth interim	0.0866	0.0810	0.1676	0.1677
Sixth interim	0.0530	0.0930	0.1460	0.1771
Seventh interim	0.0913	0.0954	0.1867	0.1681
Eighth interim	0.0775	0.0843	0.1618	0.1711
Ninth interim	0.0773	0.0928	0.1701	0.1790
Tenth interim	0.0961	0.0966	0.1927	0.1712
Eleventh interim	0.0686	0.0918	0.1604	0.1599
Final	0.0953	0.0970	0.1923	0.1065

MR accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.1161	0.1743	0.2904	0.2232
Second interim	0.1665	0.1636	0.3301	0.2773
Third interim	0.1877	0.2137	0.4014	0.2906
Fourth interim	0.2082	0.1600	0.3682	0.2740
Fifth interim	0.1693	0.1583	0.3276	0.3128
Sixth interim	0.1038	0.1814	0.2852	0.3315
Seventh interim	0.1786	0.1865	0.3651	0.3161
Eighth interim	0.1522	0.1656	0.3178	0.3225
Ninth interim	0.1525	0.1827	0.3352	0.3384
Tenth interim	0.1897	0.1910	0.3807	0.3248
Eleventh interim	0.1361	0.1822	0.3183	0.3135
Final	0.1897	0.1930	0.3827	0.2034

QC distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.0989	0.4398	0.5387	0.4350
Second interim	0.0544	0.4575	0.5119	0.4992
Third Interim	0.0789	0.4466	0.5255	0.5254
Final	0.0968	0.4558	0.5526	0.4493

QC accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.1904	0.8470	1.0374	0.8060
Second interim	0.1059	0.8908	0.9967	0.9334
Third Interim	0.1552	0.8790	1.0342	0.9918
Final	0.1925	0.9062	1.0987	0.8568

QI distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.1626	0.7341	0.8967	0.7462
Second interim	0.0944	0.7603	0.8547	0.8409
Third Interim	0.1336	0.7422	0.8758	0.8747
Final	0.1605	0.7586	0.9191	0.7627

QI accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.2211	0.9988	1.2199	0.9723
Second interim	0.1300	1.0472	1.1772	1.1062
Third Interim	0.1861	1.0345	1.2206	1.1647
Final	0.2262	1.0694	1.2956	1.0266

QR distribution

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.0979	0.4346	0.5325	0.4281
Second interim	0.0535	0.4522	0.5057	0.4929
Third Interim	0.0777	0.4415	0.5192	0.5191
Final	0.0958	0.4505	0.5463	0.4428

QR accumulation

Interest distributions for the year ended 31 March 2024	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2022-2023 Distribution per unit (p)
First interim	0.1880	0.8356	1.0236	0.7924
Second interim	0.1040	0.8791	0.9831	0.9199
Third Interim	0.1528	0.8672	1.0200	0.9787
Final	0.1901	0.8938	1.0839	0.8432

COMPARATIVE TABLES

	MC distribution			MC accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	49.51	54.99	57.99	94.94	101.59	104.85
Return before operating charges *	4.46	(3.04)	(1.18)	8.81	(5.65)	(2.18)
Operating charges	(0.52)	(0.53)	(0.59)	(1.01)	1.00	(1.08)
Return after operating charges *	3.94	(3.57)	(1.77)	7.80	(6.65)	(3.26)
Distributions	(2.13)	(1.91)	(1.23)	(4.16)	(3.58)	(2.25)
Retained distributions on accumulation units	–	–	–	4.16	3.58	2.25
Closing net asset value per unit	51.32	49.51	54.99	102.74	94.94	101.59
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	7.96%	6.49%	(3.05)%	8.22%	(6.55)%	(3.11)%
Other information						
Closing net asset value (£'000)	492	531	682	149	152	251
Closing number of units	959,675	1,071,962	1,240,607	145,257	160,265	246,781
Operating charges	1.04%	1.04%	1.02%	1.04%	1.04%	1.03%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	51.59	55.20	58.77	102.89	101.97	107.11
Lowest unit price (p)	47.26	47.19	54.67	92.61	88.77	100.77

	MI distribution			MI accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	49.60	55.09	58.09	67.31	71.69	73.66
Return before operating charges *	4.45	(3.05)	(1.17)	6.26	(3.98)	(1.54)
Operating charges	(0.29)	(0.30)	(0.33)	(0.41)	(0.40)	(0.43)
Return after operating charges	4.16	(3.35)	(1.50)	5.85	(4.38)	(1.97)
Distributions	(2.35)	(2.14)	(1.50)	(3.27)	(2.84)	(1.92)
Retained distributions on accumulation units	–	–	–	3.27	2.84	1.92
Closing net asset value per unit	51.41	49.60	55.09	73.16	67.31	71.69
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	8.39%	(6.08)%	(2.58)%	8.69%	(6.11)%	(2.67)%
Other information						
Closing net asset value (£'000)	193,528	217,545	254,663	136,262	189,856	209,558
Closing number of units	376,442,179	438,638,378	462,241,924	186,243,336	282,042,591	292,304,940
Operating charges	0.59%	0.59%	0.58%	0.59%	0.59%	0.57%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	51.69	55.30	58.89	73.26	71.97	75.40
Lowest unit price (p)	47.36	47.28	54.78	65.82	62.79	71.10

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.

	MR distribution			MR accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	49.51	54.99	57.99	94.81	101.48	104.79
Return before operating charges *	4.45	(3.04)	(1.18)	8.77	(5.62)	(2.18)
Operating charges	(0.54)	(0.56)	(0.62)	(1.05)	(1.05)	(1.13)
Return after operating charges	3.91	(3.60)	(1.80)	7.72	(6.67)	(3.31)
Distributions	(2.10)	(1.88)	(1.20)	(4.10)	(3.53)	(2.20)
Retained distributions on accumulation units	–	–	–	4.10	3.53	2.20
Closing net asset value per unit	51.32	49.51	54.99	102.53	94.81	101.48
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	7.90%	(6.55)%	(3.10)%	8.14%	(6.57)%	(3.16)%
Other information						
Closing net asset value (£'000)	428	7,574	52,591	22,262	37,449	42,804
Closing number of units	833,227	15,298,509	95,629,437	21,713,006	39,499,707	42,180,552
Operating charges	1.09%	1.09%	1.08%	1.09%	1.09%	1.08%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	51.59	55.20	58.77	102.68	101.86	107.02
Lowest unit price (p)	47.26	47.19	54.67	92.44	88.65	100.66

	QC distribution			QC accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	49.40	54.92	57.92	95.13	101.78	105.04
Return before operating charges *	4.47	(3.08)	(1.18)	8.81	(5.65)	(2.18)
Operating charges	(0.52)	(0.53)	(0.59)	(1.01)	(1.00)	(1.08)
Return after operating charges	3.95	(3.61)	(1.77)	7.80	(6.65)	(3.26)
Distributions	(2.13)	(1.91)	(1.23)	(4.17)	(3.59)	(2.26)
Retained distributions on accumulation units	–	–	–	4.17	3.59	2.26
Closing net asset value per unit	51.22	49.40	54.92	102.93	95.13	101.78
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	8.00%	(6.57)%	(3.06)%	8.20%	(6.53)%	(3.10)%
Other information						
Closing net asset value (£'000)	1,049	1,060	1,175	1,968	1,983	1,991
Closing number of units	2,049,062	2,145,276	2,139,143	1,911,481	2,084,364	1,955,909
Operating charges	1.04%	1.04%	1.02%	1.04%	1.04%	1.02%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	51.85	55.13	58.85	103.08	102.16	107.30
Lowest unit price (p)	47.15	47.09	54.81	92.78	88.93	100.95

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.

	Q1 distribution			Q1 accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	74.41	82.74	87.26	101.25	107.83	110.79
Return before operating charges *	6.73	(4.65)	(1.77)	9.40	(5.98)	(2.32)
Operating charges	(0.44)	(0.46)	(0.50)	(0.61)	(0.60)	(0.64)
Return after operating charges	6.29	(5.11)	(2.27)	8.79	(6.58)	(2.96)
Distributions	(3.55)	(3.22)	(2.25)	(4.91)	(4.27)	(2.89)
Retained distributions on accumulation units	–	–	–	4.91	4.27	2.89
Closing net asset value per unit	77.15	74.41	82.74	110.04	101.25	107.83
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	8.45%	(6.18)%	(2.60)%	8.68%	(6.10)%	(2.67)%
Other information						
Closing net asset value (£'000)	53,987	66,897	88,324	419,332	495,651	571,950
Closing number of units	69,973,322	89,901,457	106,743,369	381,059,159	489,546,456	530,416,456
Operating charges	0.59%	0.59%	0.58%	0.59%	0.59%	0.58%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	78.18	83.06	88.75	110.19	108.24	113.41
Lowest unit price (p)	71.04	70.94	82.66	99.00	94.45	106.94

	QR distribution			QR accumulation		
	2024	2023	2022	2024	2023	2022
Change in net assets per unit (p)						
Opening net asset value per unit	49.40	54.92	57.92	94.98	101.66	104.98
Return before operating charges *	4.46	(3.08)	(1.18)	8.79	(5.63)	(2.18)
Operating charges	(0.54)	(0.56)	(0.62)	(1.06)	(1.05)	(1.14)
Return after operating charges	3.92	(3.64)	(1.80)	7.73	(6.68)	(3.32)
Distributions	(2.10)	(1.88)	(1.20)	(4.11)	(3.53)	(2.20)
Retained distributions on accumulation units	–	–	–	4.11	3.53	2.20
Closing net asset value per unit	51.22	49.40	54.92	102.71	94.98	101.66
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	7.94%	(6.63)%	(3.11)%	8.14%	(6.57)%	(3.16)%
Other information						
Closing net asset value (£'000)	2,019	3,019	3,598	80,801	86,922	103,542
Closing number of units	3,942,509	6,112,116	6,550,154	78,667,661	91,517,321	101,849,918
Operating charges	1.09%	1.09%	1.08%	1.09%	1.09%	1.08%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	51.84	55.13	58.85	102.86	102.04	107.21
Lowest unit price (p)	47.14	47.09	54.81	92.61	88.81	100.84

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

Ongoing charges

Class	31 March 2024
MC distribution	1.040%
MC accumulation	1.040%
MI distribution	0.590%
MI accumulation	0.590%
MR distribution	1.090%
MR accumulation	1.090%
QC distribution	1.040%
QC accumulation	1.040%
QI distribution	0.590%
QI accumulation	0.590%
QR distribution	1.090%
QR accumulation	1.090%

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 Strategic Bond Fund **	108.2	33.0	9.2	(0.8)	8.5	9.3
Artemis Strategic Bond Fund ***	123.6	33.0	9.2	(0.7)	8.3	9.3
IA £ Strategic Bond NR	82.7	27.2	8.1	(2.2)	7.1	8.0
Position in sector	7/24	17/44	26/56	29/65	27/69	17/70
Quartile	2	2	2	2	2	1

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 30 June 2005 to 7 March 2008 reflects class QR accumulation units and from 7 March 2008 to 31 March 2024 reflects class QI accumulation units, in sterling. 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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