

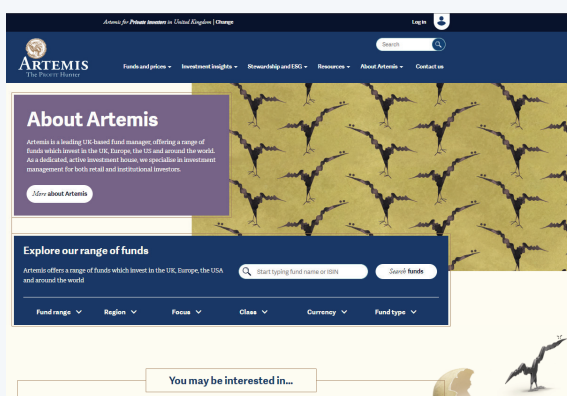
Artemis Strategic Bond *Fund*

Manager's Report
and Financial Statements

for the year ended 31 March 2025

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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 £30.1 billion* across a range of funds, an investment trust and both pooled and segregated institutional portfolios.

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

* Source: Artemis as at 31 May 2025

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 UK UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 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.

There was no change to the risk indicator in the year ended 31 March 2025.

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

OTHER INFORMATION

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 6.

Remuneration

As the Artemis Strategic Bond Fund (the “fund”) is a UK 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 209 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 2024 is £1,165,543 of which £488,892 is fixed remuneration and £676,651 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 2024 is £478,101. 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).

Taskforce for Climate-Related Financial Disclosures (“TCFD”)

In accordance with the FCA’s requirements under the Environmental, Social and Governance Sourcebook, Artemis is required to publish disclosures consistent with the Taskforce on Climate-Related Financial Disclosures (‘TCFD’) for the period 1 January 2024 to 31 December 2024. The entity-level TCFD report contains information about how Artemis manages climate-related risks and opportunities in investment portfolios and across its business operations and the product-level TCFD report contains certain climate related metrics required to be published for Artemis Strategic Bond Fund. These TCFD reports, which were published on 30 June 2025, can be found here: www.artemisfunds.com/tcf.

Manager

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

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

Investment adviser

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

Trustee and Depositary

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

Registrar

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

Auditor

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

*Authorised and regulated by 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 2025.

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

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

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

The Trustee must ensure that:

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

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

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

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

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

Northern Trust Investor Services Limited
London
2 July 2025

Statement of the manager's responsibilities

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

In preparing the financial statements the manager is required to:

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

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

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

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis Strategic Bond Fund for the year ended 31 March 2025 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

T Johnston
Director
Artemis Fund Managers Limited
London
2 July 2025

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 2025, 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 2025 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 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 including specialists where necessary to identify non-compliance with the applicable laws and regulations.

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh
3 July 2025

INVESTMENT REVIEW

Overview

Government bond yields rose modestly over the 12 months to the end of March 2025, as economic activity held up better and inflation proved stickier than many forecasters expected. This resulted in a slower pace of rate cuts than markets had priced in at the start of the period. US markets outperformed with UK 10-year yields rising the most amongst G7 peers.

Rates (government bond) markets started the period on the back foot as the market priced out cuts across UK, European and US markets. However, over the summer the situation changed dramatically. A very weak labour market print in the US over the summer caused concern. The unemployment rate jumped dramatically and the so called 'Sahm Rule' was triggered – suggesting that the world's largest economy was in danger of dipping into recession.

Government bonds yields plummeted as markets began to price lower terminal rates across developed markets, led by the US. The Federal Open Markets Committee (FOMC) leapt into action, cutting rates by 50bps in its first cut of this cycle and its first move away from 5.375%. The 10-year US Treasury yield reached a low of 3.6% as many investors looked to price the end of the economic cycle. This marked the low in yields over the review period as bond markets sold off aggressively into the end of the year.

The FOMC cut rates a further two times before year-end, but a combination of stronger US growth (particularly domestic demand), a decline in the unemployment rate and the re-election of Donald Trump brought the threat of tax cuts and fiscal spending back into focus, pushing yields higher. All rates markets re-priced higher yields despite domestic central banks continuing to ease policy rates.

Coming into 2025, the prospect of higher fiscal spending pushed yields higher across the eurozone and UK. However, yields fell in the US as rising tariff concerns began to weigh on consumer and business sentiment – in turn leading to fears that Trump's policies could tip the economy into recession. As the tariff uncertainty began to mount, markets experienced larger risk-off moves. The election of Trump has had a significant impact on the global geopolitical status quo and March witnessed the most significant change in Germany's fiscal stance in decades. A €1 trillion defence and investment package from the new chancellor pushed German bond yields sharply higher and signalled a potential sea-change in global fiscal policy. Spreads performed well over the period, though risk markets began to suffer in the final few weeks as the protectionist/tariff-driven agenda of the new US president began to take centre stage.

The fund returned 5.5%* over the 12-month period, compared with gains of 5.0% from its IA Sterling Strategic Bond sector average.

Contributors

With bond yields rising but spreads compressing over the period, performance was primarily driven by our credit holdings. Stock selection was strong. Some of the biggest contributions to returns came from the fund's property-related bonds. Holdings in the European real estate sector, where we saw a rebound in property prices and a rise in rents, were a particular highlight. Key performers here included positions in Swedish residential landlord **Heimstaden** and Czech real estate company **CPI Property Group**.

Annington, which owns housing units offered to married members of the UK armed forces, also made a strong contribution, with the Ministry of Defence buying these houses back for £6 billion in the fourth quarter of 2024. The company announced it would use the sale proceeds to start buying back its bonds at generous levels.

Our holdings in **US Treasuries** also helped out especially towards the end of the period as the expectation that tariffs would push the global economy into a recession led to a flight to safety and a fall in yields.

Detractors

Some of the biggest negative contributions came from the fund's holdings in **Thames Water** and **Southern Water**. In July, Ofwat made its initial determination on the allowable returns for investors in water companies. Relative to Ofgem, the gas and electricity regulator, Ofwat's proposals allowed for a lower return on equity and modelled a lower cost of debt. This led to a series of negative moves by the rating agencies.

Following this ruling, newly issued bonds from Welsh Water, Anglian Water and Yorkshire Water were offered at a discount to help attract investors, which weighed on bond prices across the sector. Having fallen in response to Ofwat's draft determination, bonds in Thames Water bounced in mid-September. At that juncture, we sold the fund's position as the pricing had begun to imply the market was taking an optimistic view as to the severity of the haircuts that may eventually be imposed on bondholders. The bonds have fallen again since that sale.

Our holdings in longer-dated **gilts** also worked against us. Counter to our expectations, Chancellor Rachel Reeves delivered significant fiscal easing through additional unfunded spending commitments in the UK Budget that we felt would lead to a significant increase in bond issuance.

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 2025. 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.

Activity

We started the period with a duration of about 6.3 years but reduced it to 5.5 years towards the end of October, following the UK Budget and the growing threat of similarly expansionary fiscal policies in the US under Trump. The duration is now about six years.

While credit spreads widened towards the end of the period, there was very little decompression, so the fund generically trimmed some of its higher-beta holdings and recycled the proceeds into lower-beta holdings that had underperformed.

With US bank equity wobbling and US bank credit spreads underperforming in other currencies, the resilience of this sector in sterling credit was stark. We reduced exposure.

Outlook

Higher tariffs act as a headwind to global growth while also raising inflation. We believe central banks will focus on the former and the impact on domestic demand, leading to lower interest rates, all else being equal.

Ultimately, we believe that the US president will back-pedal on aggressive tariffs should it become clear that growth is falling rapidly. If the administration does not pivot to a less aggressive regime (market consensus seems to be that reciprocal tariffs will be of the order of 15% across the board) and it's not, as has been claimed, a negotiating tactic, then a global growth slowdown is inevitable.

However, we believe a more significant change in fiscal policy globally presents a new wildcard for bond markets. What is clear from recent months is that fiscal policy outside the US is set to become more expansionary while the Trump administration is intent on reducing government/federal spending and directing that towards the private sector via tax cuts.

The US is focusing on reducing state/government spending and at the same time forcing other countries to look at greater spending to fund defence spending/subsidies. The difference this time (as opposed to the previous Trump administration) is that the stakes are higher and more immediate for Europe, which is why the German fiscal response has been so shocking. It's also likely that Canada will boost defence spending.

Across the globe, governments are likely to take a more activist fiscal approach to combat the hardened US protectionist agenda. This means greater spending and greater government bond supply (or EU bond supply in the case of the bloc) compared with the US where the administration is hoping to reduce the deficit from its current level of about 6.5% towards 3% through a combination of tariffs and reduced government spending. This leads us to continue favouring US duration versus peers, while steeper curves remain the most likely path ahead for all government bonds.

David Ennett, Liam O'Donnell and Grace Le
Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 31 March 2025

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury 4.13% 22/07/2029	48,284	UK Treasury 4.13% 22/07/2029	47,931
UK Treasury 1.88% 15/07/2034	46,690	US Treasury Inflation-Linked 1.38% 15/07/2033	44,271
UK Treasury 1.63% 22/10/2054	38,883	UK Treasury 1.63% 22/10/2054	44,058
UK Treasury 4.38% 31/07/2054	36,932	United Kingdom Gilt 4.50% 07/06/2028	36,920
US Treasury Inflation Indexed 1.38% 15/07/2033	36,518	Deutsche Bank, FRN 0.10% 15/04/2033	36,163
Deutsche Bank, FRN 0.10% 15/04/2033	36,343	UK Treasury 2.13% 15/04/2029	32,013
US Treasury Inflation Indexed 2.13% 15/02/2054	34,947	UK Treasury 1.88% 15/07/2034	31,622
US Treasury Inflation Indexed 2.13% 15/04/2029	31,981	UK Treasury 4.38% 31/07/2054	30,471
UK Treasury 1.25% 22/11/2054	30,487	UK Treasury 1.25% 22/11/2054	30,331
UK Treasury 0.88% 22/10/2029	30,235	New Zealand Government Inflation Linked Bond 2.50% 20/09/2035	27,301

Portfolio statement as at 31 March 2025

	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 13.89% (17.36%)			
Canada 0.00% (2.72%)			
Germany 1.76% (0.00%)			
Bayerische Landesbank 5.25% 28/11/2029	£6,000,000	6,015	0.73
Bundesobligation 2.50% 11/10/2029	€10,000,000	8,458	1.03
		14,473	1.76
New Zealand 2.75% (1.97%)			
New Zealand Government Bond 4.25% 15/05/2036	NZD20,000,000	8,468	1.03
New Zealand Government Inflation Linked Bond 3.30% 20/09/2035	NZD24,889,000	14,126	1.72
		22,594	2.75
Sweden 0.91% (0.00%)			
Sweden Government Bond 2.25% 11/05/2035	kr100,000,000	7,447	0.91
		7,447	0.91
United Kingdom 3.28% (4.97%)			
United Kingdom Gilt 0.88% 22/10/2029	£24,000,000	20,876	2.54
United Kingdom Gilt 4.38% 31/07/2054	£7,000,000	6,087	0.74
		26,963	3.28
United States of America 5.19% (7.70%)			
US Treasury Inflation Indexed 1.44% 15/07/2033	\$15,000,000	11,775	1.43
US Treasury Inflation Indexed 2.20% 15/02/2054	\$20,000,000	15,164	1.85
US Treasury Inflation Indexed, 1.90% 15/07/2034	\$20,000,000	15,709	1.91
		42,648	5.19
Government Bonds total		114,125	13.89
Corporate Bonds 82.41% (80.93%)			
Australia 1.13% (0.61%)			
Mineral Resources 9.25% 01/10/2028	\$7,000,000	5,414	0.66
Perenti Finance 6.50% 07/10/2025	\$950,464	734	0.09
Perenti Finance 7.50% 26/04/2029	\$3,900,000	3,107	0.38
		9,255	1.13

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 82.41% (80.93%) (continued)			
Belgium 1.31% (1.02%)			
Azelis Finance 4.75% 25/09/2029	€2,500,000	2,122	0.26
KBC Group, FRN 6.15% 19/03/2034	£7,000,000	7,106	0.86
Ontex Group 5.25% 15/04/2030	€1,800,000	1,519	0.19
		10,747	1.31
Bermuda 1.04% (0.00%)			
RLGH Finance Bermuda 8.25% 17/07/2031	\$10,000,000	8,581	1.04
		8,581	1.04
Canada 0.00% (0.62%)			
Czech Republic 0.95% (0.00%)			
CPI Property Group 1.75% 14/01/2030	€11,200,000	7,782	0.95
		7,782	0.95
Denmark 0.44% (0.65%)			
Danske Bank FRN 4.63% 13/04/2027	£1,300,000	1,298	0.16
Welltec International 8.25% 15/10/2026	\$3,000,000	2,336	0.28
		3,634	0.44
France 3.73% (5.83%)			
Afflelou 6.00% 25/07/2029	€1,500,000	1,295	0.16
AXA, FRN 5.13% 17/01/2047	\$11,500,000	8,886	1.08
Forvia 5.50% 15/06/2031	€4,000,000	3,235	0.39
OVH Groupe SAS 4.75% 05/02/2031	€2,500,000	2,073	0.25
SNF SACA 4.50% 15/03/2032	€1,000,000	834	0.10
SPCM 3.13% 15/03/2027	\$6,443,000	4,736	0.58
TDF Infrastructure 5.63% 21/07/2028	€8,000,000	7,106	0.86
Tereos Finance Groupe I 5.75% 30/04/2031	€3,000,000	2,527	0.31
		30,692	3.73
Germany 2.21% (1.58%)			
Cheplapharm Arzneimittel 4.38% 15/01/2028	€700,000	535	0.06
Cheplapharm Arzneimittel 5.50% 15/01/2028	\$2,100,000	1,444	0.18
CT Investment 6.38% 15/04/2030	€2,500,000	2,134	0.26
Gruenenthal 4.63% 15/11/2031	€4,000,000	3,235	0.39
IHO Verwaltungs 6.75% 15/11/2029	€1,600,000	1,370	0.17
IHO Verwaltungs 8.75% 15/05/2028	€5,000,000	4,364	0.53
Techem Verwaltungsgesellschaft 675 5.38% 15/07/2029	€6,000,000	5,087	0.62
		18,169	2.21
Hong Kong 0.86% (0.91%)			
Seaspan 5.50% 01/08/2029	\$10,000,000	7,045	0.86
		7,045	0.86
Israel 0.00% (0.80%)			
Italy 0.00% (0.50%)			
Luxembourg 0.00% (1.40%)			
Netherlands 1.46% (2.95%)			
Cooperatieve Rabobank 5.25% 14/09/2027	£12,000,000	11,984	1.46
		11,984	1.46
Poland 0.59% (0.00%)			
InPost 2.25% 15/07/2027	€6,000,000	4,842	0.59
		4,842	0.59
Spain 2.04% (1.73%)			
Abertis Infraestructuras 3.38% 27/11/2026	£8,000,000	7,784	0.95
Banco Santander, FRN 5.63% 27/01/2031	£5,000,000	5,018	0.61

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 82.41% (80.93%) (continued)			
Spain 2.04% (1.73%) (continued)			
Iberdrola Finanzas 5.25% 31/10/2036	£4,100,000	3,949	0.48
		16,751	2.04
Sweden 0.78% (1.19%)			
Heimstaden 8.38% 29/01/2030	€4,000,000	3,348	0.41
Verisure 3.25% 15/02/2027	€3,700,000	3,052	0.37
		6,400	0.78
Switzerland 3.35% (3.69%)			
Argentum Netherlands for Swiss Re, FRN 5.75% 15/08/2050	\$10,000,000	7,721	0.94
UBS Group, FRN 7.38% 07/09/2033	£5,000,000	5,542	0.67
Willow No. 2 Ireland for Zurich Insurance, FRN 4.25% 01/10/2045	\$7,500,000	5,747	0.70
Zurich Finance Ireland Designated Activity, FRN 5.13% 23/11/2052	£9,000,000	8,551	1.04
		27,561	3.35
United Kingdom 41.15% (39.83%)			
180 Medical 3.88% 15/10/2029	\$5,000,000	3,612	0.44
AA Bond 3.25% 31/07/2050	£4,900,000	4,479	0.54
AA Bond 7.38% 31/07/2029	£7,500,000	7,795	0.95
Allwyn Entertainment Financing UK 7.25% 30/04/2030	€3,600,000	3,167	0.39
Arqiva Financing 7.21% 30/06/2045	£7,800,000	8,218	1.00
Aviva, FRN 4.00% 03/06/2055	£15,000,000	12,230	1.49
Barclays, FRN 5.75% 31/07/2032	£11,700,000	11,687	1.42
Belron UK Finance 4.63% 15/10/2029	€2,400,000	2,024	0.25
Belron UK Finance 5.75% 15/10/2029	\$5,600,000	4,293	0.52
BP Capital Markets, FRN 4.25% Perpetual	£8,100,000	7,857	0.96
Bunzl Finance 5.25% 18/03/2031	£7,000,000	6,987	0.85
Miller Homes Finco 7.00% 15/05/2029	£5,600,000	5,390	0.66
Centrica, FRN 6.50% 21/05/2055	£7,200,000	7,254	0.88
Constellation Automotive Financing 4.88% 15/07/2027	£2,500,000	2,525	0.31
CPUK Finance 5.94% 28/02/2047	£4,700,000	4,787	0.58
Great Portland Estates 5.38% 25/09/2031	£4,800,000	4,706	0.57
Heathrow Funding 6.45% 10/12/2033	£12,000,000	12,617	1.54
HSBC, FRN 5.29% 16/09/2032	£10,000,000	9,864	1.20
HSBC, FRN 6.75% 11/09/2028	£1,000,000	1,041	0.13
Inchcape 6.50% 09/06/2028	£9,200,000	9,398	1.14
INEOS Quattro Finance 2 8.50% 15/03/2029	€4,000,000	3,508	0.43
International Distribution Services 7.38% 14/09/2030	£3,000,000	3,109	0.38
Kier Group 9.00% 15/02/2029	£4,500,000	4,737	0.58
Land Securities Capital Markets 4.63% 23/09/2034	£9,000,000	8,510	1.04
Legal & General Group 6.63% 01/04/2055	£7,200,000	7,175	0.87
Legal & General Group, FRN 5.50% 27/06/2064	£10,000,000	9,613	1.17
Lloyds Banking Group, FRN 6.63% 02/06/2033	£5,000,000	5,130	0.62
Logicor 2019-1 UK 1.88% 17/11/2031	£10,000,000	9,556	1.16
Longstone Finance 4.90% 19/04/2036	£200,000	187	0.02
Maison Finco 6.00% 31/10/2027	£5,000,000	4,897	0.60
Marston's Issuer, FRN 5.18% 15/07/2032	£12,200,000	11,682	1.42
Meadowhall Finance 4.99% 12/07/2037	£6,837,734	6,302	0.76
Mitchells & Butlers Finance 6.01% 15/12/2028	£5,012,010	5,029	0.61
Mitchells & Butlers Finance 6.47% 15/09/2032	£5,205,000	5,165	0.63
Mobico Group 4.88% 26/09/2031	€8,000,000	6,589	0.80
Nationwide Building Society, FRN 5.53% 13/01/2033	£12,700,000	12,674	1.54
NatWest Group, FRN 7.42% 06/06/2033	£7,200,000	7,539	0.92
Notting Hill Genesis 6.00% 01/04/2035	£5,100,000	5,110	0.62
Pearson Funding 5.38% 12/09/2034	£6,200,000	5,991	0.73
Pension Insurance 3.63% 21/10/2032	£600,000	499	0.06

	Holding/ nominal value	Valuation £'000	% of net assets
Corporate Bonds 82.41% (80.93%) (continued)			
United Kingdom 41.15% (39.83%) (continued)			
Pension Insurance 6.88% 15/11/2034	£9,900,000	9,818	1.19
Phoenix Group, FRN 7.75% 06/12/2053	£5,000,000	5,215	0.63
Premier Foods Finance 3.50% 15/10/2026	£4,000,000	3,935	0.48
Quadgas Finance 3.38% 17/09/2029	£8,000,000	7,221	0.88
RAC Bond 4.87% 06/05/2046	£10,200,000	10,175	1.24
Rothsay Life 7.73% 16/05/2033	£8,000,000	8,468	1.03
Synthomer 7.38% 02/05/2029	€3,000,000	2,531	0.31
Telereal Securitisation 3.56% 10/12/2031	£5,000,000	4,514	0.55
Tesco 4.04% 24/03/2036	£2,000,000	3,288	0.40
Tesco Property Finance 1 7.62% 13/07/2039	£6,697,214	7,435	0.90
TP ICAP Finance 5.25% 29/05/2026	£3,000,000	3,006	0.37
TP ICAP Finance 7.88% 17/04/2030	£7,830,000	8,363	1.02
Unique Pub Finance 6.46% 30/03/2032	£3,500,000	3,641	0.44
Whitbread Group 3.00% 31/05/2031	£8,800,000	7,605	0.93
		338,148	41.15
United States of America 21.37% (17.62%)			
Albertsons Cos 3.25% 15/03/2026	\$4,400,000	3,322	0.40
Ardagh Metal Packaging Finance 2.00% 01/09/2028	€3,000,000	2,271	0.28
Athene Global Funding 5.15% 01/11/2029	£9,100,000	9,069	1.10
Avis Budget Finance 4.75% 01/04/2028	\$1,000,000	706	0.09
Avis Budget Finance 7.00% 28/02/2029	€5,600,000	4,589	0.56
Avis Budget Finance 7.25% 31/07/2030	€1,500,000	1,229	0.15
Carnival 5.75% 15/01/2030	€8,000,000	7,079	0.86
Carnival 6.13% 15/02/2033	\$6,600,000	5,038	0.61
Caterpillar Financial Services 5.72% 17/08/2026	£4,000,000	4,050	0.49
Citigroup 4.50% 03/03/2031	£3,800,000	3,597	0.44
Citigroup 6.80% 25/06/2038	£6,000,000	6,580	0.80
Clarios Global 6.75% 15/02/2030	\$3,000,000	2,342	0.28
Cloud Software Group 6.50% 31/03/2029	\$5,000,000	3,749	0.46
Crocs 4.13% 15/08/2031	\$5,600,000	3,809	0.46
Digital Stout 3.75% 17/10/2030	£5,000,000	4,595	0.56
Dresdner Funding Trust I 8.15% 30/06/2031	\$3,500,000	2,968	0.36
EMRLD Borrower 6.63% 15/12/2030	\$4,200,000	3,248	0.40
Encore Capital Group 4.25% 01/06/2028	£7,000,000	6,615	0.80
Energizer 4.38% 31/03/2029	\$6,000,000	4,306	0.52
Foot Locker 4.00% 01/10/2029	\$3,500,000	2,255	0.27
GFL Environmental 4.75% 15/06/2029	\$6,400,000	4,755	0.58
Goldman Sachs Group 6.88% 18/01/2038	£5,000,000	5,222	0.64
Greystar Real Estate Partners 7.75% 01/09/2030	\$1,400,000	1,124	0.14
GTCR W-2 Merger Sub 8.50% 15/01/2031	£5,000,000	5,316	0.65
Herc 6.63% 15/06/2029	\$6,000,000	4,649	0.57
HFC Prestige International 6.63% 15/07/2030	\$4,000,000	3,163	0.38
IGT Lottery 4.25% 15/03/2030	€5,000,000	4,197	0.51
Insulet 6.50% 01/04/2033	\$404,000	316	0.04
Iron Mountain 4.88% 15/09/2027	\$2,000,000	1,515	0.18
Iron Mountain UK 3.88% 15/11/2025	£3,900,000	3,846	0.47
Live Nation Entertainment 4.75% 15/10/2027	\$4,100,000	3,082	0.38
Masterbrand 7.00% 15/07/2032	\$7,000,000	5,411	0.66
Medline Borrower 3.88% 01/04/2029	\$3,700,000	2,669	0.32
Morgan Stanley, FRN 5.21% 24/10/2035	£8,300,000	8,005	0.97
New York Life Global Funding 4.88% 30/04/2031	£6,000,000	5,953	0.72
Owens & Minor 6.63% 01/04/2030	\$6,600,000	4,454	0.54
Penske Automotive 3.50% 01/09/2025	\$5,000,000	3,835	0.47
Quikrete 6.38% 01/03/2032	\$4,000,000	3,095	0.38

	Holding/ nominal value	Global exposure ^ £'000	Valuation £'000	% of net assets
Corporate Bonds 82.41 % (80.93%) (continued)				
United States of America 21.37% (17.62%) (continued)				
Sally Capital 6.75% 01/03/2032	\$5,000,000		3,865	0.47
Shift4 Payments 6.75% 15/08/2032	\$3,600,000		2,804	0.34
Verizon Communications 1.13% 03/11/2028	\$5,500,000		4,826	0.59
Victoria's Secret 4.63% 15/07/2029	\$5,000,000		3,367	0.41
Wells Fargo 4.88% 29/11/2035	£9,700,000		8,773	1.07
			175,659	21.37
Corporate Bonds total			677,250	82.41
Swaps (0.22)% (0.14%)				
Inflation Swaps J.P. Morgan Pay fixed 2.36% Receive floating CPI 1 day 10/03/2055	\$5,600,000	4,328	8	–
Inflation Swaps J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.24% 15/03/2055	€(7,200,000)	(6,021)	(7)	–
Inflation Swaps J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.27% 15/03/2055	€3,600,000	3,010	22	–
Inflation Swaps J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.28% 15/03/2055	€3,600,000	3,010	28	–
Inflation Swaps J.P. Morgan Pay floating CPTFE 1 day Receive fixed 2.32% 15/03/2055	€3,600,000	3,010	64	0.01
Interest Rate Swap J.P. Morgan Pay fixed 2.47% Receive floating CORPIA 1 day 22/03/2029	CAD(123,900,000)	(66,692)	(57)	(0.01)
Interest Rate Swap J.P. Morgan Pay fixed 3.45% Receive floating CORRA 1 day 21/02/2054	CAD(17,200,000)	(9,258)	(889)	(0.11)
Interest Rate Swap J.P. Morgan Pay floating BBSW 3 months Receive fixed 4.58% 07/03/2034	AUD100,000,000	48,313	6	–
Interest Rate Swap J.P. Morgan Pay floating BBSW 6 months Receive fixed 4.91% 10/01/2035	AUD25,000,000	12,078	95	0.01
Interest Rate Swap J.P. Morgan Pay floating ESTR 1 day Receive fixed 2.31% 25/03/2029	€77,900,000	65,143	57	0.01
Interest Rate Swap J.P. Morgan Pay floating ESTR 1 day Receive fixed 2.37% 22/03/2029	€77,900,000	65,143	124	0.02
Interest Rate Swap J.P. Morgan Pay floating NDBB 3 months Receive fixed 4.44% 03/01/2035	NZD(96,000,000)	(42,196)	(268)	(0.03)
Interest Rate Swap J.P. Morgan Pay floating SONIA 1 day Receive fixed 3.92% 15/03/2029	£(95,000,000)	(95,000)	(47)	(0.01)
Interest Rate Swap J.P. Morgan Pay floating SONIA 1 day Receive fixed 3.95% 18/03/2029	£(95,000,000)	(95,000)	(4)	–
Interest Rate Swap J.P. Morgan Pay floating SONIA 1 day Receive fixed 4.03% 07/02/2035	£(45,000,000)	(45,000)	(532)	(0.06)
Interest Rate Swap J.P. Morgan Pay floating STBOR 3 months Receive fixed 2.50% 13/01/2029	kr(1,240,000,000)	(95,579)	(397)	(0.05)
Interest Rate Swap J.P. Morgan Pay floating STBOR 3 months Receive fixed 2.77% 17/03/2029	kr600,000,000	46,248	2	–
Swaps total		(204,463)	(1,795)	(0.22)
Forward Currency Contracts 0.18% ((0.17)%)				
Buy Euro 1,800,000, sell Sterling 1,501,357 dated 03/04/2025			4	–
Buy Sterling 104,712,597, sell Euro 124,684,189 dated 08/04/2025			412	0.05
Buy Sterling 23,043,474, sell New Zealand Dollar 51,661,787 dated 08/04/2025			332	0.04
Buy Sterling 7,535,751, sell Swedish Krona 97,836,515 dated 08/04/2025			(8)	–
Buy Sterling 189,626,216, sell US Dollar 244,338,474 dated 08/04/2025			792	0.09
Forward Currency Contracts total			1,532	0.18

	Holding/ nominal value	Global exposure ^ £'000	Valuation £'000	% of net assets
Futures 0.08% ((0.03)%)				
CBT 10 Year US Treasury Note 18/06/2025	336	28,977	3	–
CBT 2 Year US Treasury Note 30/06/2025	831	133,196	272	0.03
CBT 5 Year US Treasury Note 30/06/2025	1,314	110,130	446	0.06
CBT Ultra 10 Year US Treasury Note 18/06/2025	(245)	(21,689)	15	–
CBT Ultra US Treasury Bond 18/06/2025	(174)	(16,528)	(164)	(0.02)
Eurex 10 Year Euro BUND 06/06/2025	329	35,565	1	–
Eurex 30 Year Euro BUXL 06/06/2025	128	12,817	(48)	(0.01)
Eurex Euro-Schatz 06/06/2025	(981)	(87,818)	54	0.01
Long Gilt 26/06/2025	(347)	(31,931)	(83)	(0.01)
MSE 10 Year Treasury Bond 19/06/2025	371	24,849	143	0.02
OSE 10 Year JPN Treasury Bond 13/06/2025	(18)	(12,894)	(101)	(0.01)
SFE 10 Year AUST 16/06/2025	392	21,336	106	0.01
Futures total		196,010	644	0.08
Investment assets (including investment liabilities)			791,756	96.34
Net other assets			30,048	3.66
Net assets attributable to unitholders			821,804	100.00

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

* 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 2025

	Note	31 March 2025		31 March 2024	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		3,701		34,410
Revenue	5	49,524		59,181	
Expenses	6	(5,591)		(6,816)	
Interest payable and similar charges	7	(2,875)		(3,063)	
Net revenue before taxation		41,058		49,302	
Taxation	8	–		–	
Net revenue after taxation			41,058		49,302
Total return before distributions			44,759		83,712
Distributions	9		(41,056)		(49,305)
Change in net assets attributable to unitholders from investment activities			3,703		34,407

Statement of change in net assets attributable to unitholders for the year ended 31 March 2025

	31 March 2025		31 March 2024	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		912,277		1,108,639
Amounts receivable on issue of units	162,397		195,674	
Amounts payable on cancellation of units	(285,999)		(461,526)	
		(123,602)		(265,852)
Dilution adjustment		15		153
Change in net assets attributable to unitholders from investment activities		3,703		34,407
Retained distribution on accumulation units		29,411		34,930
Closing net assets attributable to unitholders		821,804		912,277

Balance Sheet as at 31 March 2025

	Note	31 March 2025	31 March 2024
		£'000	£'000
Assets			
Fixed assets			
Investments	10	794,361	901,482
Current assets			
Debtors	11	21,544	18,021
Cash and cash equivalents	12	31,318	20,524
Total current assets		52,862	38,545
Total assets		847,223	940,027
Liabilities			
Investment liabilities	10	2,605	5,402
Creditors			
Bank overdraft	13	2,603	665
Distribution payable		1,337	1,487
Other creditors	14	18,874	20,196
Total creditors		22,814	22,348
Total liabilities		25,419	27,750
Net assets attributable to unitholders		821,804	912,277

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 excluding any element of accrued interest. 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 are reflected within forward currency contracts under net capital gains. Over-the-counter derivatives, including interest rate swaps and inflation 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 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. Both motive and circumstance are used to determine whether the returns should be treated as capital or revenue. Any capital gains/losses are included within net capital gains 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 inflation 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. Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment and are made up of direct and indirect portfolio transaction costs. Direct portfolio transaction costs include Broker execution commission and taxes. Indirect portfolio transaction costs relate to the 'Dealing spread', which is the difference between the purchase and sale prices of the fund's investments. Some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

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

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

2. Distribution policy

The distribution policy of the fund is to distribute/accumulate all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund 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 may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments and derivatives whether realised or unrealised, if taken to capital are not available for distribution. With the exception of the manager's annual management charge, which is directly attributable to each unit class, all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised. All available net revenue accounted for in accordance with the above policies is distributed to holders of income units or retained and reinvested for holders of accumulation units. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital. Distributions which have remained unclaimed by unitholders for six years are credited to the capital property of the fund. Income equalisation applies to the fund. Equalisation applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

3. Net capital gains

	31 March 2025 £'000	31 March 2024 £'000
Forward currency contracts	7,207	12,278
Derivative contracts	4,438	1,352
Currency gains/(losses)	3,518	(2,607)
Non-derivative securities	(11,462)	23,387
Net capital gains	3,701	34,410

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 0.47% (2024: 0.54%). 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 2025 £'000	31 March 2024 £'000
Interest on debt securities	47,440	56,879
Bank interest	1,265	1,917
Revenue from other derivatives	819	385
Total revenue	49,524	59,181

6. Expenses

	31 March 2025 £'000	31 March 2024 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	4,819	5,881
Administration fees	772	935
Total expenses	5,591	6,816

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

The audit fee (excluding VAT) accrued during the period was £12,510 (2024: £12,150). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	31 March 2025 £'000	31 March 2024 £'000
Interest payable on short futures	2,358	2,949
Interest payable	279	114
Interest payable on interest rate swaps	238	–
Total interest payable and similar charges	2,875	3,063

8. Taxation

	31 March 2025 £'000	31 March 2024 £'000
a) Analysis of the tax charge for the year		
Total taxation (note 8b)	–	–
b) Factors affecting the tax charge for the year		
Net revenue before taxation	41,058	49,301
Corporation tax of 20% (2024: 20%)	8,212	9,860
Effects of:		
Tax deductible interest distributions	(8,212)	(9,860)
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 (2024: £nil).		

9. Distributions

	31 March 2025 £'000	31 March 2024 £'000
Interim gross interest distribution - April 2024	1,425	1,558
Interim gross interest distribution - May 2024	1,448	1,752
Interim gross interest distribution - June 2024	8,146	9,764
Interim gross interest distribution - July 2024	1,350	2,025
Interim gross interest distribution - August 2024	1,298	1,820
Interim gross interest distribution - September 2024	7,105	8,646
Interim gross interest distribution - October 2024	1,298	1,878
Interim gross interest distribution - November 2024	1,262	1,593
Interim gross interest distribution - December 2024	7,672	8,234
Interim gross interest distribution - January 2025	1,196	1,563
Interim gross interest distribution - February 2025	1,126	1,307
Final gross interest distribution - March 2025	7,206	7,947
	40,532	48,087
Add: amounts deducted on cancellation of units	1,304	2,024
Deduct: amounts added on issue of units	(780)	(806)
Distributions	41,056	49,305
Movement between net revenue and distributions		
Net revenue after taxation	41,058	49,301
Revenue (paid)/received on conversion of units	(1)	4
Undistributed revenue carried forward	(1)	–
	41,056	49,305

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 2025		31 March 2024	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	115,165	396	158,739	551
Level 2	679,196	2,209	742,743	4,851
Total	794,361	2,605	901,482	5,402

11. Debtors

	31 March 2025 £'000	31 March 2024 £'000
Accrued revenue	12,318	14,860
Amounts receivable for issue of units	8,916	3,007
Sales awaiting settlement	310	154
Total debtors	21,544	18,021

12. Cash and cash equivalents

	31 March 2025 £'000	31 March 2024 £'000
Amounts held in liquidity funds	17,313	6,964
Collateral held with brokers	9,718	7,161
Amounts held at brokers	3,960	6,200
Cash and bank balances	327	199
Total cash and cash equivalents	31,318	20,524

13. Bank overdraft

	31 March 2025 £'000	31 March 2024 £'000
Collateral pledged with brokers	2,427	509
Amounts held at futures clearing houses and brokers	176	153
Bank overdrafts	–	3
Total bank overdraft	2,603	665

14. Other creditors

	31 March 2025 £'000	31 March 2024 £'000
Purchases awaiting settlement	14,603	13,026
Amounts payable for cancellation of units	3,813	6,652
Accrued annual management charge	395	437
Accrued administration fee payable to the manager	63	70
Interest payable	–	11
Total other creditors	18,874	20,196

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 2024	Units issued	Units cancelled	Units converted	Units in issue at 31 March 2025
MC distribution	959,675	13,364	(12,879)	–	960,160
MC accumulation	145,257	1,358	(31,441)	–	115,174
MI distribution	376,442,179	68,352,498	(123,396,713)	474,658	321,872,622
MI accumulation	186,243,336	31,493,758	(63,060,255)	(32,854)	154,643,985
MR distribution	833,227	87,373	(210,072)	(68,163)	642,365
MR accumulation	21,713,006	972,316	(4,440,796)	–	18,244,526
QC distribution	2,049,062	156,679	(296,535)	91,956	2,001,162
QC accumulation	1,911,481	60,362	(298,593)	1,889	1,675,139
QI distribution	69,973,322	14,238,965	(16,212,099)	309,315	68,309,503
QI accumulation	381,059,159	72,396,020	(127,003,409)	(364,056)	326,087,714
QR distribution	3,942,509	218,317	(1,752,125)	(120,166)	2,288,535
QR accumulation	78,667,661	9,207,975	(13,058,180)	(1,895)	74,815,561

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, interest rate risk, currency 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 2025 %	31 March 2024 %
At 31 March	2.23	7.42
Average utilisation during the year	2.91	9.01
Highest utilisation during the year	5.92	11.05
Lowest utilisation during the year	2.01	7.42

(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 2025				
Sterling	163,025	333,106	1,135	497,266
US Dollar	22,636	163,797	3,061	189,494
Euro	4,205	97,737	435	102,377
New Zealand Dollar	355	22,594	(112)	22,837
Swedish Krona	633	7,447	(240)	7,840
Canadian Dollar	1,129	–	(803)	326
Australian Dollar	(284)	–	517	233
Japanese Yen	–	–	(101)	(101)
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)

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 2025, if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 6.1% fall in the prices of the underlying bonds it holds (2024: 6.3%). 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 £7,207,000 (2024: £12,278,000).

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

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

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
31 March 2025				
Sterling	472,416	25,755	323,417	821,588
Australian Dollar	207	131	–	338
Swedish Krona	7,052	763	(7,544)	271
New Zealand Dollar	22,326	536	(22,711)	151
Japanese Yen	(101)	42	–	(59)
Canadian Dollar	(803)	711	–	(92)
US Dollar	186,731	2,007	(188,835)	(97)
Euro	102,396	103	(102,795)	(296)
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)

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 £11,000 (2024: £56,000). 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 £39,588,000 (2024: £44,804,000). 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 2025 or 31 March 2024.

Debt security credit analysis

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

	31 March 2025 £'000	31 March 2024 £'000
Investment grade securities	521,567	647,623
Below investment grade securities	259,836	239,854
Unrated securities	9,972	9,158
Total of debt securities	791,375	896,635

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:

Currency	Swaps £'000	Futures £'000	Forward currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
31 March 2025					
J.P. Morgan	(1,795)	644	–	(1,151)	13,165
Northern Trust	–	–	1,532	1,532	(2,090)
31 March 2024					
J.P. Morgan	1,289	(251)	–	1,038	11,009
Northern Trust	–	–	(1,594)	(1,594)	1,690

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 2025 or 31 March 2024.

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 from the manager as at 31 March 2025 in respect of these transactions was £4,645,000 (2024: £4,152,000 due to the manager).

19. Unit classes

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

MC distribution	0.950%
MC accumulation	0.950%
MI distribution	0.500%
MI accumulation	0.500%
MR distribution	1.000%
MR accumulation	1.000%
QC distribution	0.950%
QC accumulation	0.950%
QI distribution	0.500%
QI accumulation	0.500%
QR distribution	1.000%
QR accumulation	1.000%

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 2024	30 April 2024	1 May 2024	31 May 2024
Second interim	1 May 2024	31 May 2024	1 June 2024	28 June 2024
Third interim	1 June 2024	30 June 2024	1 July 2024	31 July 2024
Fourth interim	1 July 2024	31 July 2024	1 August 2024	30 August 2024
Fifth interim	1 August 2024	31 August 2024	1 September 2024	30 September 2024
Sixth interim	1 September 2024	30 September 2024	1 October 2024	31 October 2024
Seventh interim	1 October 2024	31 October 2024	1 November 2024	29 November 2024
Eighth interim	1 November 2024	30 November 2024	1 December 2024	31 December 2024
Ninth interim	1 December 2024	31 December 2024	3 January 2025	31 January 2025
Tenth interim	1 January 2025	31 January 2025	1 February 2025	28 February 2025
Eleventh interim	1 February 2025	28 February 2025	1 March 2025	31 March 2025
Final	1 March 2025	31 March 2025	1 April 2025	30 April 2025

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2024	30 June 2024	1 July 2024	31 July 2024
Second interim	1 July 2024	30 September 2024	1 October 2024	31 October 2024
Third Interim	1 October 2024	31 December 2024	3 January 2025	31 January 2025
Final	1 January 2025	31 March 2024	1 April 2025	30 April 2025

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

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

MC distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1947	0.0000	0.1947	0.1535
Second interim	0.1980	0.0000	0.1980	0.1739
Third interim	0.2021	0.0000	0.2021	0.2105
Fourth interim	0.1885	0.0000	0.1885	0.1922
Fifth interim	0.1824	0.0000	0.1824	0.1707
Sixth interim	0.1610	0.0000	0.1610	0.1483
Seventh interim	0.0743	0.1166	0.1909	0.1887
Eighth interim	0.1886	0.0000	0.1886	0.1638
Ninth interim	0.2034	0.0000	0.2034	0.1723
Tenth interim	0.1840	0.0000	0.1840	0.1947
Eleventh interim	0.1771	0.0000	0.1771	0.1626
Final	0.1913	0.0000	0.1913	0.1944

MC accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.3898	0.0000	0.3898	0.2948
Second interim	0.3979	0.0000	0.3979	0.3347
Third interim	0.4078	0.0000	0.4078	0.4055
Fourth interim	0.3819	0.0000	0.3819	0.3728
Fifth interim	0.3711	0.0000	0.3711	0.3323
Sixth interim	0.1148	0.2136	0.3284	0.2897
Seventh interim	0.3905	0.0000	0.3905	0.3697
Eighth interim	0.3875	0.0000	0.3875	0.3223
Ninth interim	0.4193	0.0000	0.4193	0.3401
Tenth interim	0.3808	0.0000	0.3808	0.3856
Eleventh interim	0.3678	0.0000	0.3678	0.3231
Final	0.3989	0.0000	0.3989	0.3878

MI distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1053	0.1085	0.2138	0.1724
Second interim	0.1113	0.1064	0.2177	0.1932
Third interim	0.1133	0.1081	0.2214	0.2296
Fourth interim	0.1110	0.0975	0.2085	0.2112
Fifth interim	0.0889	0.1139	0.2028	0.1897
Sixth interim	0.0753	0.1050	0.1803	0.1665
Seventh interim	0.0985	0.1130	0.2115	0.2074
Eighth interim	0.1092	0.0989	0.2081	0.1822
Ninth interim	0.1348	0.0883	0.2231	0.1919
Tenth interim	0.0975	0.1068	0.2043	0.2140
Eleventh interim	0.0837	0.1117	0.1954	0.1817
Final	0.0718	0.1398	0.2116	0.2144

MI accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1498	0.1545	0.3043	0.2338
Second interim	0.1590	0.1521	0.3111	0.2631
Third interim	0.1626	0.1552	0.3178	0.3139
Fourth interim	0.1380	0.1625	0.3005	0.2903
Fifth interim	0.1308	0.1627	0.2935	0.2616
Sixth interim	0.1291	0.1330	0.2621	0.2307
Seventh interim	0.1300	0.1784	0.3084	0.2881
Eighth interim	0.1546	0.1499	0.3045	0.2544
Ninth interim	0.1938	0.1342	0.3280	0.2689
Tenth interim	0.1278	0.1738	0.3016	0.3009
Eleventh interim	0.1393	0.1503	0.2896	0.2562
Final	0.1351	0.1796	0.3147	0.3039

MR distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.0951	0.0975	0.1926	0.1515
Second interim	0.1010	0.0948	0.1958	0.1719
Third interim	0.1035	0.0966	0.2001	0.2083
Fourth interim	0.0485	0.1378	0.1863	0.1901
Fifth interim	0.0306	0.1497	0.1803	0.1676
Sixth interim	0.0251	0.1338	0.1589	0.1460
Seventh interim	0.0383	0.1502	0.1885	0.1867
Eighth interim	0.0272	0.1594	0.1866	0.1618
Ninth interim	0.0641	0.1371	0.2012	0.1701
Tenth interim	0.0360	0.1457	0.1817	0.1927
Eleventh interim	0.0263	0.1488	0.1751	0.1604
Final	0.0575	0.1317	0.1892	0.1923

MR accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1902	0.1946	0.3848	0.2904
Second interim	0.2023	0.1905	0.3928	0.3301
Third interim	0.2082	0.1945	0.4027	0.4014
Fourth interim	0.1966	0.1800	0.3766	0.3682
Fifth interim	0.1221	0.2436	0.3657	0.3276
Sixth interim	0.1066	0.2169	0.3235	0.2852
Seventh interim	0.2267	0.1582	0.3849	0.3651
Eighth interim	0.1761	0.2062	0.3823	0.3178
Ninth interim	0.2048	0.2090	0.4138	0.3352
Tenth interim	0.1270	0.2482	0.3752	0.3807
Eleventh interim	0.1526	0.2102	0.3628	0.3183
Final	0.1409	0.2523	0.3932	0.3827

QC distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1050	0.4910	0.5960	0.5387
Second interim	0.4135	0.1193	0.5328	0.5119
Third Interim	0.3846	0.1993	0.5839	0.5255
Final	0.2303	0.3231	0.5534	0.5526

QC accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.2110	0.9869	1.1979	1.0374
Second interim	0.6745	0.4087	1.0832	0.9967
Third Interim	0.7132	0.4861	1.1993	1.0342
Final	0.7400	0.4093	1.1493	1.0987

QI distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1715	0.8127	0.9842	0.8967
Second interim	0.4913	0.3999	0.8912	0.8547
Third Interim	0.5995	0.3691	0.9686	0.8758
Final	0.4719	0.4492	0.9211	0.9191

QI accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.2446	1.1591	1.4037	1.2199
Second interim	0.5792	0.7082	1.2874	1.1772
Third Interim	0.7888	0.6262	1.4150	1.2206
Final	0.5256	0.8369	1.3625	1.2956

QR distribution

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.1040	0.4857	0.5897	0.5325
Second interim	0.3375	0.1887	0.5262	0.5057
Third Interim	0.2210	0.3564	0.5774	0.5192
Final	0.4538	0.0931	0.5469	0.5463

QR accumulation

Interest distributions for the year ended 31 March 2025	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2023-2024 Distribution per unit (p)
First interim	0.2085	0.9738	1.1823	1.0236
Second interim	0.4118	0.6557	1.0675	0.9831
Third Interim	0.5881	0.5950	1.1831	1.0200
Final	0.4691	0.6640	1.1331	1.0839

COMPARATIVE TABLES

	MC distribution			MC accumulation		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	51.32	49.51	54.99	102.74	94.94	101.59
Return before operating charges *	3.02	4.46	(3.04)	6.18	8.81	(5.65)
Operating charges	(0.54)	(0.52)	(0.53)	(1.10)	(1.01)	1.00
Return after operating charges *	2.48	3.94	(3.57)	5.08	7.80	(6.65)
Distributions	(2.26)	(2.13)	(1.91)	(4.62)	(4.16)	(3.58)
Retained distributions on accumulation units	–	–	–	4.62	4.16	3.58
Closing net asset value per units	51.54	51.32	49.51	107.82	102.74	94.94
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	4.83%	7.96%	6.49%	4.94%	8.22%	(6.55)%
Other information						
Closing net asset value (£'000)	495	492	531	124	149	152
Closing number of units	960,160	959,675	1,071,962	115,174	145,257	160,265
Operating charges	1.04%	1.04%	1.04%	1.04%	1.04%	1.04%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	53.05	51.59	55.20	108.69	102.89	101.97
Lowest unit price (p)	49.92	47.26	47.19	100.31	92.61	88.77

	MI distribution			MI accumulation		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	51.41	49.60	55.09	73.16	67.31	71.69
Return before operating charges *	3.02	4.45	(3.05)	4.40	6.26	(3.98)
Operating charges	(0.30)	(0.29)	(0.30)	(0.44)	(0.41)	(0.40)
Return after operating charges *	2.72	4.16	(3.35)	3.96	5.85	(4.38)
Distributions	(2.50)	(2.35)	(2.14)	(3.64)	(3.27)	(2.84)
Retained distributions on accumulation units	–	–	–	3.64	3.27	2.84
Closing net asset value per units	51.63	51.41	49.60	77.12	73.16	67.31
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	5.29%	8.39%	(6.08)%	5.41%	8.69%	(6.11)%
Other information						
Closing net asset value (£'000)	166,190	193,528	217,545	119,265	136,262	189,856
Closing number of units	321,872,622	376,442,179	438,638,378	154,643,985	186,243,336	282,042,591
Operating charges	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	53.15	51.69	55.30	77.72	73.26	71.97
Lowest unit price (p)	50.01	47.36	47.28	71.44	65.82	62.79

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		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	51.32	49.51	54.99	102.53	94.81	101.48
Return before operating charges *	3.02	4.45	(3.04)	6.16	8.77	(5.62)
Operating charges	(0.56)	(0.54)	(0.56)	(1.15)	(1.05)	(1.05)
Return after operating charges *	2.46	3.91	(3.60)	5.01	7.72	(6.67)
Distributions	(2.24)	(2.10)	(1.88)	(4.56)	(4.10)	(3.53)
Retained distributions on accumulation units	–	–	–	4.56	4.10	3.53
Closing net asset value per units	51.54	51.32	49.51	107.54	102.53	94.81
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	4.79%	7.90%	(6.55)%	4.89%	8.14%	(6.57)%
Other information						
Closing net asset value (£'000)	331	428	7,574	19,620	22,262	37,449
Closing number of units	642,365	833,227	15,298,509	18,244,526	21,713,006	39,499,707
Operating charges	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	53.05	51.59	55.20	108.41	102.68	101.86
Lowest unit price (p)	49.92	47.26	47.19	100.09	92.44	88.65

	QC distribution			QC accumulation		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	51.22	49.40	54.92	102.93	95.13	101.78
Return before operating charges *	3.03	4.47	(3.08)	6.18	8.81	(5.65)
Operating charges	(0.54)	(0.52)	(0.53)	(1.10)	(1.01)	(1.00)
Return after operating charges *	2.49	3.95	(3.61)	5.08	7.80	(6.65)
Distributions	(2.27)	(2.13)	(1.91)	(4.63)	(4.17)	(3.59)
Retained distributions on accumulation units	–	–	–	4.63	4.17	3.59
Closing net asset value per units	51.44	51.22	49.40	108.01	102.93	95.13
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	4.86%	0.80%	(6.57)%	4.94%	8.20%	(6.53)%
Other information						
Closing net asset value (£'000)	1,029	1,049	1,060	1,809	1,968	1,983
Closing number of units	2,001,162	2,049,062	2,145,276	1,675,139	1,911,481	2,084,364
Operating charges	1.04%	1.04%	1.04%	1.04%	1.04%	1.04%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	53.33	51.85	55.13	108.88	103.08	102.16
Lowest unit price (p)	50.01	47.15	47.09	100.49	92.78	88.93

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		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	77.15	74.41	82.74	110.04	101.25	107.83
Return before operating charges *	4.58	6.73	(4.65)	6.62	9.40	(5.98)
Operating charges	(0.46)	(0.44)	(0.46)	(0.67)	(0.61)	(0.60)
Return after operating charges *	4.12	6.29	(5.11)	5.95	8.79	(6.58)
Distributions	(3.77)	(3.55)	(3.22)	(5.47)	(4.91)	(4.27)
Retained distributions on accumulation units	–	–	–	5.47	4.91	4.27
Closing net asset value per units	77.50	77.15	74.41	115.99	110.04	101.25
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	5.34%	8.45%	(6.18)%	5.41%	8.68%	(6.10)%
Other information						
Closing net asset value (£'000)	52,937	53,987	66,897	378,232	419,332	495,651
Closing number of units	68,309,503	69,973,322	89,901,457	326,087,714	381,059,159	489,546,456
Operating charges	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	80.41	78.18	83.06	116.89	110.19	108.24
Lowest unit price (p)	75.34	71.04	70.94	107.45	99.00	94.45

	QR distribution			QR accumulation		
	2025	2024	2023	2025	2024	2023
Change in net assets per unit (p)						
Opening net asset value per unit	51.22	49.40	54.92	102.71	94.98	101.66
Return before operating charges *	3.02	4.46	(3.08)	6.17	8.79	(5.63)
Operating charges	(0.56)	(0.54)	(0.56)	(1.15)	(1.06)	(1.05)
Return after operating charges *	2.46	3.92	(3.64)	5.02	7.73	(6.68)
Distributions	(2.24)	(2.10)	(1.88)	(4.57)	(4.11)	(3.53)
Retained distributions on accumulation units	–	–	–	4.57	4.11	3.53
Closing net asset value per units	51.44	51.22	49.40	107.73	102.71	94.98
* after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	4.80%	7.94%	(6.63)%	4.89%	8.14%	(6.57)%
Other information						
Closing net asset value (£'000)	1,177	2,019	3,019	80,595	80,801	86,922
Closing number of units	2,288,535	3,942,509	6,112,116	74,815,561	78,667,661	91,517,321
Operating charges	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	53.32	51.84	55.13	108.60	102.86	102.04
Lowest unit price (p)	50.01	47.14	47.09	100.27	92.61	88.81

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 2025
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 QI accumulation performance

	Since launch *	10 years	5 years	3 years	1 year	6 months
Artemis Strategic Bond Fund **	131.7	33.3	16.0	7.5	5.5	0.6
Artemis Strategic Bond Fund ***	135.5	33.1	15.9	7.4	5.3	0.6
IA £ Strategic Bond NR	96.4	25.3	15.7	5.1	5.0	0.9
Position in sector	5/17	13/39	32/55	26/65	29/70	41/72
Quartile	2	2	3	2	2	3

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 2025 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 QI accumulation is disclosed as it is the primary unit class.

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