PROFIT *hunters*

ARTEMIS
Investment *Funds*
ICVC

Annual Report and
Financial Statements
for the year ended 28 February 2019

ARTEMIS
The PROFIT Hunter

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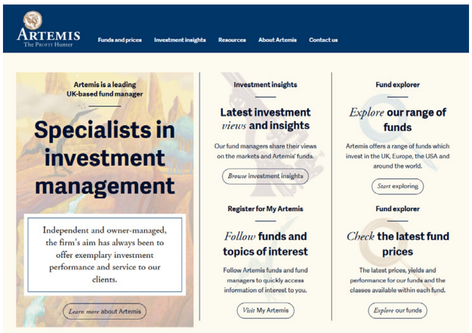

- Monthly fund commentaries and factsheets
- Artemis *Filmclub* videos by our fund managers
- Market and fund insights
- Fund briefings and research articles
- *The Hunters' Tails*, our weekly market newsletter
- Daily fund prices
- Fund literature

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* These items comprise the authorised corporate director's report for the purposes of the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL').

Company information

About Artemis…

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

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors 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 £28.2 billion* across a range of funds, two investment trusts, a venture capital 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 March 2019.

The company

Artemis Investment Funds ICVC ('the company') is an investment company with variable capital incorporated under the Open-Ended Investment Companies Regulations 2001 ('the Regulations') in England and Wales under registered number IC001014 and authorised and regulated by the Financial Conduct Authority ('FCA') with effect from 20 June 2014. The company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive. The company has an unlimited duration. Each sub-fund is treated as a segregated portfolio of assets, and those assets can only be used to meet the liabilities of that sub-fund. Shareholders are not liable for the debts of the company or any other sub-fund. The base currency of the company is Sterling.

The company has an umbrella structure and currently has eight sub-funds, each with a different investment objective. In the financial statements you will find an investment review for each sub-fund which includes details of the investment objectives.

The company is registered for sale in Austria, Denmark, Finland, France, Germany, Guernsey, Ireland, Isle of Man, Italy, Luxembourg, Netherlands, Norway, Singapore, Spain, Sweden and Switzerland. Such registrations are subject to applicable local laws and regulations and some sub-funds and/or share classes may not be available in all jurisdictions.

Annual report and financial statements

We are pleased to present the annual report and financial statements of the company for the year ended 28 February 2019. As required by the Regulations, information for each of the sub-funds has also been included in these financial statements. On the following pages we present the performance of each of those sub-funds during the period.

Annual general meetings

The company has dispensed with the need to hold annual general meetings.

Prospectus

Copies of the most recent Prospectus are available free of charge from the authorised corporate director ('ACD') at the address on page 176.

Sub-fund cross holdings

At the year end none of the shares in any of the sub-funds were held by any other sub-funds of the company.

Significant events

Transfer of shareholder's assets

The assets of 14 share classes (the "Existing Share Classes") in the following Artemis ICVC funds were transferred to corresponding share classes (the "New Share Classes") within sub-funds of Artemis Funds (Lux), our Luxembourg-domiciled SICAV, on 22 March 2019, by way of Schemes of Arrangement (the "Mergers"):

Artemis US Absolute Return Fund
Artemis US Extended Alpha Fund
Artemis US Select Fund
Artemis US Smaller Companies Fund

The Mergers were approved in advance at EGMs of shareholders. The Existing Share Classes were closed as part of the Mergers. Post-Merger confirmations, including Merger details, have been sent to shareholders.

Remuneration

Following an amendment to the UCITS Directive in the UK on 18 March 2016, all UCITS schemes are required to comply with the UCITS Remuneration Code.

This includes a requirement to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its partners and staff for its financial year.

As the Artemis Investment Funds ICVC (the 'company') is a UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to make these disclosures. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align 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' Compliance and Risk functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary. The Artemis remuneration period runs from 1 January to 31 December. As a consequence, for certain partners and staff who 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 the 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, before the end of the vesting period.

No staff are employed by AFML directly but are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 197 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 sub-funds within the company for the year ended 31 December 2018 is £9,566,246 of which £2,507,533 is fixed remuneration and £7,058,713 is variable remuneration. No amount of remuneration, including any performance fees was paid directly by the company.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the company for the year ended 31 December 2018 is £4,280,270. 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's Management and Executive Committees, certain fund managers, the Head of Compliance and the Head of Risk. This includes certain individuals who are partners in Artemis Investment Management LLP.

Changes to Artemis' funds from February 2019

With effect from 1 February 2019, Artemis made changes to how its funds operate:

- the way in which fund charges are calculated, moving from variable expenses to an administration fee with a discount applied based on fund size.
- how our unit trust funds are priced, changing from 'bid price' and 'offer price' to a 'single price'.

The prospectus was updated on 4 February 2019 as a result of the changes.

Tax information reporting

UK tax legislation requires fund managers to provide information to HM Revenue & Customs ('HMRC') on certain investors who purchase shares or units in collective investment schemes. Accordingly, the fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident out with 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 investors that invest in the fund must complete a certification form as part of the application form. Existing shareholders 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.

Statement of the depositary's responsibilities in respect of the scheme and report of the depositary to the shareholders of the Artemis Investment Funds ICVC ('the Company') for the year ended 28 February 2019

The depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares is carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets

Company information (continued)

is remitted to the Company within the usual time limits;

- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ('the ACD'), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

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

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

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

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

J.P. Morgan Europe Limited
London
9 May 2019

Statement of the ACD's responsibilities

COLL requires the ACD to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the company at the year end and of the net revenue or expense and net gains or losses on the scheme property of the company for the period then ended.

In preparing the financial statements the ACD is required to:

(i) follow applicable accounting standards;

(ii) make judgements and estimates that are reasonable and prudent;

(iii) select suitable accounting policies and then apply them consistently;

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation for the foreseeable future; and

(v) comply with the Instrument of Incorporation and the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 ('SORP'). The ACD is required to keep proper accounting records and to manage the company in accordance with the Regulations, the Instrument of Incorporation and prospectus.

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

Report of the authorised corporate director

We hereby approve the Annual Report and Financial Statements of Artemis Investment Funds ICVC for the year ended 28 February 2019 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director

J L Berens
Director

Artemis Fund Managers Limited
London
9 May 2019

Independent auditor's report to the members of Artemis Investment Funds ICVC

Opinion

We have audited the financial statements of Artemis Investment Funds ICVC 'the Company' for the year ended 28 February 2019 which comprise the Statement of Total Return and the Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the Accounting, Distribution and Risk policies, the Related Notes and Distribution Tables of each of the Company's sub-funds. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 28 February 2019 and of the net revenue or expense and the net capital gains or losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 ACD is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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

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 Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

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 Financial Conduct Authority 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.

Company information (continued)

Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 3, the ACD 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 ACD 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 ACD is responsible for assessing the Company'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 ACD either intends to liquidate the Company 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.

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 Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
9 May 2019

Notes:
1. The maintenance and integrity of the artemisfunds.com web site is the responsibility of the manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Investment objective and policy

The objective of the Artemis Global Emerging Markets Fund (the 'sub-fund') is to achieve positive long-term returns through a combination of capital growth and income. The sub-fund invests principally in companies listed, quoted and/or traded in emerging market countries and in companies which are headquartered or have a significant part of their activities in emerging markets which are quoted on a regulated market in developed countries.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments either by company size, industry, or the geographical split of the portfolio.

The sub-fund may also invest in other transferable securities, fixed interest securities, derivative instruments, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	**5**	6	7

- The sub-fund is in the category shown due to its historic volatility (how much and how quickly the value of shares in the sub-fund have risen and fallen in the past). It may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- 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 sub-fund performance:

- The value of the sub-fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.

- Some or all of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency. The value of the assets, and the income from them, may decrease if the currency falls in relation to the accounting currency.

- Investments in fixed interest securities are subject to market and credit risk and will be impacted by movements in interest rates. Interest rate movements are determined by a number of economic factors, in particular market expectations of future inflation.

- The sub-fund may invest in derivatives with the aim of profiting from falling as well as rising prices ('shorting'). If the related assets' value moves in the opposite direction the sub-fund will lose money. In addition, a derivative may not perform as expected, and may create losses for the sub-fund greater than the cost of the derivative.

- Investment in emerging markets can involve greater risk than that usually associated with more established markets. As a result, the sub-fund may be subject to greater swings in value.

- The sub-fund can invest in China A-shares (shares traded on Chinese stock exchanges in Renminbi). There is a risk that the sub-fund may suffer difficulties or delays in enforcing its rights in these shares, including title and assurance of ownership.

Artemis Global Emerging Markets Fund – Investment review

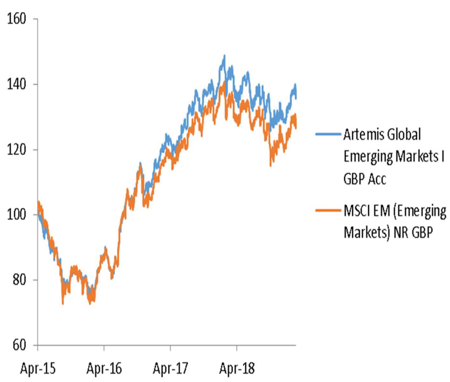
- The fund falls by 5.9%* versus a 6.7%* decline in the benchmark.
- Performance boosted by oil stocks.
- Cheaper stocks are coming back into favour.

Performance – Ahead in a volatile market …

The fund fell by 5.9% in the 12 months to 28 February 2019, a better result than the benchmark's decline of 6.7% and the 7.2% decline in the average fund in the peer group.

The fund has outperformed over the longer term too. An annualised return of 8.1% since its launch in April 2015 puts it firmly ahead of an annualised return from the benchmark of 6.2% and the average peer's 6.5%.

Chart 1 – Performance since launch (GBP)



SmartGARP® – Evidence-based investing…

The Artemis Global Emerging Markets Fund is one of four Artemis funds that rely heavily on SmartGARP, Artemis' proprietary stock-screening tool.

SmartGARP screens 2,300 stocks across emerging and frontier markets, looking for those whose valuation appears out of line with their growth prospects and where there is a catalyst that might cause investors to reappraise their views about the company. And while SmartGARP helps partly by singling out potentially undervalued stocks, it also monitors whether the reasons for investing in our existing holdings are still valid.

The last 12 months have been no different to our experience from the last 16 years, we have once again found the unemotional and objective yardstick of SmartGARP to be an extremely valuable tool.

Review – Challenging times …

Emerging markets faced a number of challenges this year. Hawkish statements from US Federal Reserve ('Fed') prompted a further rise in the US dollar. This created tighter financial conditions and put pressure on emerging markets, particularly those with large current account deficits. Tensions over global trade and country-specific shocks added to that weakness. As a result, emerging-market stocks fell by 10% (in US dollar terms) between February and October. This, however, marked the bottom and thanks to supportive valuations and an easing of negative sentiment, emerging-market equities then staged a recovery. As is often the case, it was the areas that had fallen the most in the previous six months that rebounded the most. Despite this late recovery, however, emerging markets underperformed developed markets markedly over the period.
At the country level, Brazil, Russia and India outperformed, whereas China underperformed. Smaller markets such as Turkey and Argentina suffered disproportionately. By sector, consumer discretionary, technology and healthcare were the laggards, while energy and utilities stocks outperformed as markets fell.

One surprising – but welcome – trend over the period was the outperformance of 'value' stocks (those that trade on below-market valuations) versus their 'growth' counterparts. While value stocks continued to suffer in other markets around the world, early signs of a turnaround appeared in emerging markets from around July until the end of the year.

Our positions in the energy sector were by far the largest contributors to relative performance over the year. Four of the fund's top 10 contributors came from this sector, with Russian Lukoil leading the way. Stockpicking in China also helped: China Railway, Lenovo and China Communications Services all saw their share prices rise even as the wider Chinese market fell.

Less helpful was the fund's overweight position in Turkey. The plight of the Turkish economy made many headlines, as it struggled to cope with its large external debt. This left the currency vulnerable as monetary policy tightened globally, leading to high inflation and the need for rebalancing. Turkish stocks fell 40% in US dollar terms over the period. Our positions in Turkcell and Akbank hurt performance. Elsewhere, investments in some Asian consumer stocks, such as Geely, LG Electronics and Midea also detracted from returns.

Volatility of the sort we have seen over the past year often presents opportunities, particularly when selling becomes indiscriminate. During these volatile times we stick to our discipline and focus our attention on companies that are continuing to thrive.

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the MSCI Emerging Markets Index. Sector is IA Global Emerging Markets.

This year, we saw signs of positive fundamental trends in Taiwanese financial Chailease. It announced better-than-expected profits, which led to substantial upgrades to forecasts. We added it to the portfolio in July and kept adding to the position as the year progressed. Another addition was Philippine Globe Telecom. Its revenue and margins surprised on the upside in May, leading to improved guidance on profits from the company's management.

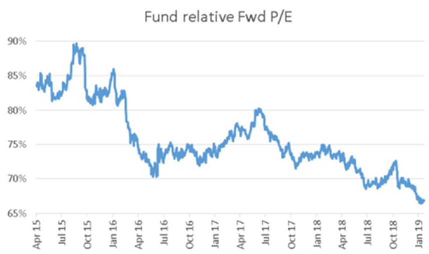
Chinese stocks presented us with some particularly compelling opportunities in the latter part of the year. We invested across a range of sectors, with additions including Gree Electric (air conditioners), Dongfeng (cars), Lenovo (PCs) and Bank of Communications. With monetary and fiscal stimulus from China outweighing the weaker economic data at the start of 2019, Chinese markets began to recover.

These purchases were funded, in part, by a significant reduction to our long-held overweight position in the energy sector. Energy stocks had performed well for much of the year, but oil prices lost momentum in the last few months of the year. This was a catalyst to reduce our weightings in CNOOC, Sinopec and Petrobras. Elsewhere, we reduced our holding in Hynix (semiconductors) on the back of disappointing corporate news and a flurry of analysts downgrading their earnings forecasts for the company.

At the time of writing, our largest overweight positions continue to be in China, Turkey and Russia. Our largest underweights are in technology-heavy markets of Korea and Taiwan as well as in India, a market where valuations are often too high. By sector, our preference is for utilities, construction and autos and we continue to have less exposure to the more widely owned segments of the markets, such as technology and consumer goods.

Finally, we remain significantly tilted towards cheaper companies. 60% of the fund trades on a forward price/earnings (p/e) ratio of less than 10x. In aggregate, the fund trades on a p/e of 7.7x versus the index at 11.8x. This is equivalent to a 35% discount. We believe the discount to the fund's peer group is even larger.

Chart 2 – The fund's discount to the market continues to widen



Outlook – Value back in favour?

Lower valuations create opportunities. But it is important to recognise that some stocks are 'cheap' for good reason. Our investment process is designed to highlight systematically (cheaper) companies that are also showing improving growth in earnings. By focusing using SmartGARP in this way, we maintain a disciplined approach to differentiating between genuine opportunities and value traps.

Global investors remain underweight in emerging-market equities. They have even less exposure to cheap companies in emerging markets. The relative growth prospects for value stocks are improving more quickly than they are for the wider market. This could be enough to shift investors' attention back towards value stocks. If that happens, we expect the fund to benefit, given its pronounced tilt towards cheaper companies.

Since launching the fund in 2015, its performance has proved resilient in challenging times, outperforming the index when markets fall while keeping pace when markets have risen. This has largely been due to effective stockpicking and taking a disciplined approach to managing country and currency risks. Backed by the same disciplined process, we remain confident that the fund is well positioned to continue to deliver good relative returns for our investors.

Emerging markets still face challenges, but their recent performance suggests that a change in sentiment towards them is taking place. We believe the longer-term opportunity in an asset class that has diverse growth drivers – and which is attractively valued compared to developed markets – remains compelling.

Peter Saacke & Raheel Altaf
Fund Managers

Artemis Global Emerging Markets Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Country Garden Holdings	5,772	SK Hynix	4,356
Gree Electric Appliances, Inc. of Zhuhai A shares	4,662	Samsung Electronics	3,943
SK Telecom	4,426	Vale	3,942
Banco do Brasil	4,254	Tencent Holdings	3,244
Chailease Holding	3,994	Taiwan Semiconductor Manufacturing	3,189

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 98.38% (99.98%)			
Brazil 6.19% (6.07%)			
Banco do Brasil	428,400	4,466	1.89
Engie Brasil Energia	394,750	3,336	1.41
Itausa - Investimentos Itau Preference shares	696,699	1,768	0.75
Tupy	626,000	2,307	0.98
Vale	289,905	2,723	1.16
		14,600	**6.19**
Chile 0.94% (0.00%)			
Enel Chile	27,100,000	2,217	0.94
		2,217	**0.94**
China 37.21% (34.16%)			
Anhui Conch Cement H shares	984,000	4,231	1.79
Bank of China H shares	8,707,000	3,043	1.29
Bank of Communications H shares	7,456,000	4,705	1.99
China Communications Services H shares	2,260,000	1,705	0.72
China Construction Bank H shares	5,404,000	3,607	1.53
China Railway Construction H shares	2,129,000	2,300	0.98
China Railway Group H shares	4,888,000	3,641	1.54
China Railway Signal & Communication H shares	4,120,000	2,541	1.08
China Resources Land	1,534,000	4,304	1.82
China Resources Pharmaceutical Group	1,441,000	1,452	0.62
China Suntien Green Energy H shares	9,320,000	1,945	0.82
COSCO SHIPPING Ports	2,250,000	1,795	0.76
Country Garden Holdings	5,167,000	5,116	2.17
Daqin Railway A shares	2,479,930	2,490	1.06
Dongfeng Motor Group H shares	5,084,957	4,066	1.72
ENN Energy Holdings	651,300	5,048	2.14
Great Wall Motor H shares	2,840,000	1,561	0.66
Gree Electric Appliances, Inc. of Zhuhai A shares	806,941	4,065	1.72
Guangzhou R&F Properties H shares	1,965,836	2,760	1.17
Huadian Fuxin Energy H shares	10,750,000	1,812	0.77
Huishang Bank H shares	1,649,120	546	0.23
Industrial & Commercial Bank of China H shares	8,430,000	4,867	2.06
Lenovo Group	6,519,082	4,413	1.87
Ping An Insurance Group Co. of China H shares	305,000	2,414	1.02
Qudian, ADR	230,394	1,205	0.51
Sany Heavy Industry A shares	2,549,945	2,979	1.26
Shenzhen Expressway H shares	2,302,000	1,902	0.81
Shenzhen Overseas Chinese Town A shares	959,995	747	0.32
Weichai Power H shares	2,787,172	2,909	1.23
Yangtze Optical Fibre and Cable Joint Stock H shares	810,000	2,164	0.92
YiChang HEC ChangJiang Pharmaceutical H shares	460,000	1,476	0.63
		87,809	**37.21**

Investment	Holding	Valuation £'000	% of net assets
Colombia 0.62% (0.00%)			
Bancolombia Preference shares	163,000	1,476	0.62
		1,476	**0.62**
Greece 0.22% (1.82%)			
Motor Oil Hellas Corinth Refineries	28,000	517	0.22
		517	**0.22**
Hong Kong 0.46% (0.94%)			
Xinyi Glass Holdings	1,264,087	1,085	0.46
		1,085	**0.46**
Hungary 0.91% (0.55%)			
MOL Hungarian Oil & Gas	242,100	2,140	0.91
		2,140	**0.91**
India 4.38% (4.43%)			
HCL Technologies	337,868	3,773	1.60
Oil & Natural Gas	1,269,000	2,029	0.86
Power Grid Corp. of India	665,000	1,285	0.54
Tech Mahindra	369,000	3,246	1.38
		10,333	**4.38**
Indonesia 1.69% (3.49%)			
Bukit Asam	8,580,000	1,824	0.77
Charoen Pokphand Indonesia	5,530,000	2,157	0.92
		3,981	**1.69**
Kenya 1.20% (1.06%)			
Safaricom	10,770,000	2,100	0.89
Safaricom (Merrill Lynch International) Warrant 13/06/2019	3,860,000	726	0.31
		2,826	**1.20**
Malaysia 0.60% (2.61%)			
Astro Malaysia Holdings	4,640,713	1,406	0.60
		1,406	**0.60**
Mexico 3.91% (0.79%)			
Bolsa Mexicana de Valores	1,330,000	2,052	0.87
Grupo Aeroportuario del Centro Norte	248,000	1,095	0.46
Grupo Financiero Banorte O shares	386,000	1,563	0.66
Megacable Holdings	364,000	1,242	0.53
Nemak	3,534,000	1,844	0.78
Regional	363,000	1,431	0.61
		9,227	**3.91**
Peru 0.00% (0.75%)			
Philippines 3.58% (0.77%)			
Globe Telecom	129,400	3,547	1.50
LT Group	7,876,350	1,692	0.72
Manila Electric	600,000	3,205	1.36
		8,444	**3.58**
Poland 1.36% (0.33%)			
PLAY Communications	432,730	1,803	0.76
Tauron Polska Energia	3,040,000	1,405	0.60
		3,208	**1.36**
Russia 6.65% (9.88%)			
Gazprom, ADR	606,000	2,157	0.91
Globaltrans Investment, GDR	331,000	2,471	1.05
Lukoil, ADR	65,950	4,170	1.77
MMC Norilsk Nickel, ADR	153,300	2,490	1.05
Sberbank of Russia, ADR	184,000	1,748	0.74
Surgutneftegas, ADR	435,000	1,265	0.54
Tatneft, ADR	25,800	1,384	0.59
		15,685	**6.65**

Artemis Global Emerging Markets Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Saudi Arabia 0.57% (0.62%)			
Riyad Bank (Merrill Lynch International) Warrant 12/02/2020	299,500	1,336	0.57
		1,336	**0.57**
Singapore 0.59% (0.00%)			
IGG	1,312,000	1,387	0.59
		1,387	**0.59**
South Africa 3.81% (5.19%)			
FirstRand	504,000	1,752	0.74
Kumba Iron Ore	165,000	3,411	1.44
MultiChoice Group	11,000	62	0.03
Naspers N shares	11,000	1,809	0.77
Vodacom Group	307,000	1,955	0.83
		8,989	**3.81**
South Korea 8.51% (10.20%)			
GS Home Shopping	10,500	1,291	0.55
Hansol Chemical	30,900	1,857	0.79
JB Financial Group	625,000	2,482	1.05
Samsung Electro-Mechanics	24,700	1,767	0.75
Shinhan Financial Group	127,400	3,709	1.57
SK Hynix	18,100	847	0.36
SK Telecom	23,900	4,154	1.76
Woori Financial Group	222,000	2,196	0.93
Youngone	76,000	1,783	0.75
		20,086	**8.51**
Taiwan 6.94% (7.16%)			
Accton Technology	1,160,000	3,070	1.30
Chailease Holding	1,543,000	4,536	1.92
CTBC Financial Holding	1,290,000	656	0.28
Simplo Technology	556,000	2,964	1.26
Synnex Technology International	490,000	447	0.19
Taiwan Cement	2,457,000	2,302	0.97
TCI	171,608	1,970	0.83
Yageo	52,000	439	0.19
		16,384	**6.94**
Thailand 3.44% (3.60%)			
Indorama Ventures	1,681,000	2,067	0.88
Thanachart Capital	2,772,200	3,690	1.56
Tisco Financial Group	1,138,000	2,371	1.00
		8,128	**3.44**
Turkey 3.96% (4.08%)			
KOC Holding	922,000	2,434	1.03
Soda Sanayii	2,316,760	2,499	1.06
Tofas Turk Otomobil Fabrikasi	831,951	2,516	1.06
Ulker Biskuvi Sanayi	692,000	1,905	0.81
		9,354	**3.96**
United Arab Emirates 0.30% (0.00%)			
First Abu Dhabi Bank	230,000	711	0.30
		711	**0.30**

Investment	Holding	Valuation £'000	% of net assets
Vietnam 0.34% (1.48%)			
Hoa Phat Group	739,380	804	0.34
		804	**0.34**
Equities total		**232,133**	**98.38**
Investment assets		232,133	98.38
Net other assets		3,826	1.62
Net assets attributable to shareholders		235,959	100.00

The comparative percentage figures in brackets are as at 28 February 2018.

Artemis Global Emerging Markets Fund – Financial statements

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital (losses)/gains	3		(10,039)		16,479
Revenue	5	6,670		3,372	
Expenses	6	(1,623)		(989)	
Interest payable and similar charges	7	(9)		(4)	
Net revenue before taxation		5,038		2,379	
Taxation	8	(707)		(310)	
Net revenue after taxation			4,331		2,069
Total return before distributions			**(5,708)**		**18,548**
Distributions	9		(4,639)		(2,346)
Change in net assets attributable to shareholders from investment activities			(10,347)		16,202

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		135,651		67,729
Amounts receivable on issue of shares	133,854		53,248	
Amounts payable on cancellation of shares	(28,798)		(3,412)	
		105,056		49,836
Dilution adjustment		158		59
Change in net assets attributable to shareholders from investment activities		(10,347)		16,202
Retained distribution on accumulation shares		5,441		1,825
Closing net assets attributable to shareholders		235,959		135,651

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	232,133	135,627
Current assets			
Debtors	11	4,159	3,892
Cash and bank balances	12	3,243	404
Total current assets		**7,402**	**4,296**
Total assets		**239,535**	**139,923**
Liabilities			
Creditors			
Bank overdraft		-	144
Distribution payable		1,501	1,076
Other creditors	13	2,075	3,052
Total creditors		**3,576**	**4,272**
Total liabilities		**3,576**	**4,272**
Net assets attributable to shareholders		235,959	135,651

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unlisted investments are valued at fair value which is determined by the investment manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Equity linked notes ('ELN') are valued using the price derived by the issuer of the note. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Dividends received as shares (scrip/ stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

The ACD and the depositary have agreed, for the distribution class only, that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment.
Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

3. Net capital (losses)/gains

	28 February 2019 £'000	28 February 2018 £'000
Capital transaction charges	(41)	(24)
Derivative contracts	(137)	-
Currency losses	(213)	(103)
Non-derivative securities	(9,648)	16,606
Net capital (losses)/gains	(10,039)	16,479

4. Direct transaction costs

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

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	239,127	120	137	239,384	0.05	0.06
Sales						
Equities	133,463	56	165	133,242	0.04	0.12
Total		176	302			
Percentage of sub-fund average net assets		0.10%	0.18%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	133,611	58	82	133,751	0.04	0.06
Sales						
Equities	82,311	57	104	82,150	0.07	0.13
Total		115	186			
Percentage of sub-fund average net assets		0.11%	0.18%			

During the year the sub-fund incurred £41,000 (2018: £24,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.26% (2018: 0.18%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	6,611	3,371
Stock dividends	49	-
Bank interest	10	1
Total revenue	6,670	3,372

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,272	766
Administration fees *	38	-
Other expenses:		
Administration fees	58	56
Operational fees	85	55
Safe custody fees	72	50
Registration fees	47	25
Auditor's remuneration: non-audit fees (taxation)	27	16
Depositary fees	15	12
Auditor's remuneration: audit fee **	8	9
Printing and postage fees	1	-
Total expenses	1,623	989

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £7,750 (2018: £7,500).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Interest payable	9	4
	9	4

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	707	310
Total taxation (note 8b)	707	310
b) Factors affecting the tax charge for the year		
Net revenue before taxation	5,038	2,379
Corporation tax at 20% (2018: 20%)	1,008	476
Effects of:		
Irrecoverable overseas tax	707	310
Unutilised management expenses	112	108
Non-taxable stock dividends	(10)	-
Overseas withholding tax expensed	(27)	(9)
Non-taxable overseas dividends	(1,083)	(575)
Tax charge for the year (note 8a)	707	310

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 sub-fund has not recognised a deferred tax asset of £276,000 (2018: £164,000) arising as a result of having unutilised management expenses of £1,378,000 (2018: £818,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	6,942	2,901
Add: amounts deducted on cancellation of shares	670	45
Deduct: amounts added on issue of shares	(2,973)	(600)
Distributions	4,639	2,346
Movement between net revenue and distributions		
Net revenue after taxation	4,331	2,069
Expenses paid from capital	308	277
	4,639	2,346

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 22.

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).

	28 February 2019 Assets £'000	28 February 2018 Assets £'000
Level 1	230,071	131,336
Level 2	2,062	2,952
Level 3	-	1,339
Total	232,133	135,627

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Amounts receivable for issue of shares	2,498	3,013
Sales awaiting settlement	808	368
Accrued revenue	775	475
Overseas withholding tax recoverable	78	34
Prepaid expenses	-	2
Total debtors	4,159	3,892

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	2,298	-
Cash and bank balances	901	404
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	37	-
Amounts held at futures clearing houses and brokers	7	-
Total cash and bank balances	3,243	404

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Purchases awaiting settlement	1,825	2,486
Accrued annual management charge	136	72
Accrued other expenses	76	69
Accrued administration fee payable to the ACD	38	-
Amounts payable for cancellation of shares	-	425
Total other creditors	2,075	3,052

14. Contingent liabilities and commitments

At the balance sheet date the sub-fund had the following contingent liabilities:

	28 February 2019 £'000	28 February 2018 £'000
Itausa - Investimentos Itau Rights 29/03/2018	-	34
Total contingent liabilities	-	34

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation EUR	27,033	22,841,799	(15,766,142)	7,102,690
I distribution GBP	31,025,992	4,751,323	(989,789)	34,787,526
I accumulation GBP	64,941,156	74,501,870	(8,033,206)	131,409,820
I accumulation USD	897,246	11,020,119	(1,960,000)	9,957,365

16. Risk disclosures

In pursuing their investment objectives, the sub-fund may hold a number of financial instruments. These financial instruments comprise equities, ELNs, cash balances and liquid resources, which include debtors and creditors that arise directly from the sub-fund's operations.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund as disclosed in the balance sheet.

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been provided.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2019 (2018: nil).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. The exposure to each currency is shown in the table below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2019			
Hong Kong Dollar	78,795	-	78,795
Korean Won	20,086	453	20,539
US Dollar	18,952	(124)	18,828
Taiwan Dollar	16,384	78	16,462
Brazilian Real	14,600	222	14,822
Indian Rupee	10,333	71	10,404
Chinese Yuan	10,281	-	10,281
Turkish Lira	9,354	-	9,354
Mexican Peso	9,227	-	9,227
South African Rand	8,989	-	8,989
Philippine Peso	8,444	(140)	8,304
Thai Baht	8,128	(167)	7,961
Sterling	-	4,304	4,304
Indonesian Rupiah	3,981	-	3,981
Polish Zloty	3,208	(54)	3,154
Chilean Peso	2,217	-	2,217
Kenyan Shilling	2,100	-	2,100
Colombian Peso	1,476	-	1,476
Hungarian Forint	2,140	(738)	1,402
Malaysian Ringgit	1,406	(88)	1,318
Vietnamese Dong	804	-	804
United Arab Emirates Dirham	711	-	711
Euro	517	9	526
28 February 2018			
Hong Kong Dollar	40,740	(413)	40,327
US Dollar	19,972	(368)	19,604
Korean Won	13,132	347	13,479
Taiwan Dollar	9,707	34	9,741
Brazilian Real	8,238	162	8,400
South African Rand	7,035	(228)	6,807
Indian Rupee	6,015	9	6,024
Turkish Lira	5,531	-	5,531
Thai Baht	4,886	-	4,886
Indonesian Rupiah	4,736	(306)	4,430
Chinese Yuan	4,317	-	4,317
Malaysian Ringgit	3,542	(250)	3,292
Euro	2,467	-	2,467

(ii) Currency risk (continued)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
Vietnamese Dong	2,001	-	2,001
Mexican Peso	1,067	-	1,067
Philippine Peso	1,047	-	1,047
Sterling	-	1,037	1,037
Hungarian Forint	746	-	746
Polish Zloty	448	-	448

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £11,583,000 (2018: £6,731,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £11,607,000 (2018: £6,781,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	101.6	101.6
Commitment	100.0	100.6

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-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 sub-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

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

insolvency of a counterparty, the sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

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 28 February 2019 or 28 February 2018.

Counterparty exposure

The sub-fund also uses equity linked notes issued by counterparties to provide exposure to certain investments. 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:

	Equity linked notes £'000	Total net exposure £'000
28 February 2019		
Merrill Lynch International	2,062	2,062
28 February 2018		
Merrill Lynch International	2,283	2,283
JPMorgan	644	644

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 13 and notes 6, 9, 11 and 13 on pages 16 to 18 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2019 in respect of these transactions was £2,324,000 (2018: £2,516,000).

18. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 23. The distribution per share class are given in the distribution table on page 22. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis Global Emerging Markets Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation EUR				
Group 1	3.1747c	-	3.1747c	2.2826c
Group 2	1.3463c	1.8284c	3.1747c	2.2826c
I distribution GBP				
Group 1	4.3137p	-	4.3137p	3.4671p
Group 2	1.9978p	2.3159p	4.3137p	3.4671p
I accumulation GBP				
Group 1	3.8024p	-	3.8024p	2.7838p
Group 2	0.5878p	3.2146p	3.8024p	2.7838p
I accumulation USD				
Group 1	3.3519c	-	3.3519c	2.5558c
Group 2	2.4853c	0.8666c	3.3519c	2.5558c

Corporate shareholders should note that:
1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Global Emerging Markets Fund – Comparative tables

	I accumulation EUR			I distribution GBP		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**118.37**	**101.72**	**74.50**	**133.12**	**113.40**	**78.40**
Return before operating charges *	(2.79)	17.75	28.10	(6.75)	24.44	38.82
Operating charges	(1.08)	(1.10)	(0.88)	(1.23)	(1.25)	(1.00)
Return after operating charges	(3.87)	16.65	27.22	(7.98)	23.19	37.82
Distributions	(3.17)	(2.28)	(1.80)	(4.31)	(3.47)	(2.82)
Retained distributions on accumulation shares	3.17	2.28	1.80	-	-	-
Closing net asset value per share	**114.50**	**118.37**	**101.72**	**120.83**	**133.12**	**113.40**
* after direct transaction costs of	(0.26)	(0.30)	(0.26)	(0.30)	(0.34)	(0.30)
Performance						
Return after charges	(3.27)%	16.37%	36.54%	(5.99)%	20.45%	48.24%
Other information						
Closing net asset value (£'000)	6,979	28	9	42,033	41,303	25,979
Closing number of shares	7,102,690	27,033	10,000	34,787,526	31,025,992	22,910,371
Operating charges	0.98%	0.99%	1.00%	0.98%	0.99%	1.00%
Direct transaction costs	0.24%	0.27%	0.30%	0.24%	0.27%	0.30%
Prices	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Highest price	119.08	122.45	104.55	134.56	141.15	118.37
Lowest price	103.05	100.25	76.64	116.27	111.87	78.37

	I accumulation GBP			I accumulation USD		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(p)**	**(p)**	**(p)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**143.91**	**119.39**	**80.49**	**133.04**	**99.20**	**74.56**
Return before operating charges *	(7.18)	25.84	39.91	(11.63)	35.02	25.53
Operating charges	(1.32)	(1.32)	(1.01)	(1.16)	(1.18)	(0.89)
Return after operating charges	(8.50)	24.52	38.90	(12.79)	33.84	24.64
Distributions	(3.80)	(2.78)	(2.26)	(3.35)	(2.56)	(1.78)
Retained distributions on accumulation shares	3.80	2.78	2.26	3.35	2.56	1.78
Closing net asset value per share	**135.41**	**143.91**	**119.39**	**120.25**	**133.04**	**99.20**
* after direct transaction costs of	(0.32)	(0.36)	(0.31)	(0.28)	(0.32)	(0.27)
Performance						
Return after charges	(5.91)%	20.54%	48.33%	(9.61)%	34.11%	33.05%
Other information						
Closing net asset value (£'000)	177,946	93,458	41,733	9,001	862	8
Closing number of shares	131,409,820	64,941,156	34,956,178	9,957,365	897,246	10,000
Operating charges	0.98%	0.99%	1.00%	0.98%	0.99%	1.00%
Direct transaction costs	0.24%	0.27%	0.30%	0.24%	0.27%	0.30%
Prices	**(p)**	**(p)**	**(p)**	**(c)**	**(c)**	**(c)**
Highest price	145.44	148.67	121.59	134.89	139.76	101.09
Lowest price	125.78	117.78	80.45	107.76	97.65	74.71

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.

Ongoing charges

Class	28 February 2019
I accumulation EUR	0.98%
I distribution GBP	0.98%
I accumulation GBP	0.98%
I accumulation USD	0.98%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis Global Emerging Markets Fund	35.6	68.1	(5.9)	(0.6)
MSCI Emerging Markets Index	26.6	59.5	(6.7)	(2.0)
Sector average	27.8	56.2	(7.2)	(0.6)
Position in sector	16/55	12/58	21/62	31/65
Quartile	2	1	2	2

* Data from 8 April 2015. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling to 28 February 2019. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Global Emerging Markets.

Artemis Global Equity Income Fund

Investment objective and policy

The Artemis Global Equity Income Fund (the 'sub-fund') aims to achieve income combined with long-term capital growth.

The sub-fund invests principally in a portfolio of equities selected on a global basis.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments either by company size, industry, or the geographical split of the portfolio.

The sub-fund may also invest in other transferable securities, fixed interest securities, derivative instruments, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards ↔ Typically higher rewards

Lower risk ↔ Higher risk

1	2	3	4	**5**	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The sub-fund is in the category shown because it invests in the shares of a wide range of companies in emerging markets.
- The risk category shown is not guaranteed and may change over time.
- 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 sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- The sub-fund's assets will be invested in new, emerging markets. Investment in emerging markets can involve greater risk than that usually associated with more established markets. This means that above-average rises and falls in share prices can be expected.
- The sub-fund's assets will primarily be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investments in fixed interest securities are subject to market and credit risk and will be impacted by movements in interest rates. Interest rate movements are determined by a number of economic factors, in particular market expectations of future inflation.
- The sub-fund may hold derivatives with the aim of profiting from falling prices. If the related assets rise in value the sub-fund will lose money.
- The sub-fund can invest in China A-shares (shares traded on Chinese stock exchanges in Renminbi). There is a risk that the fund may suffer difficulties or delays in enforcing its rights in these shares, including title and assurance of ownership.

- The fund fell by 5.9%* versus a 2.7%* rise in the benchmark.
- Performance in both absolute and relative terms has bounced back since the new year.
- Economic and political uncertainty leave markets in a tricky place, but we find pockets of value.

Performance – Economically sensitive stocks suffer …

Our portfolio's composition and stock selection has little in common with the benchmark index – or, for that matter, with most global income funds. One consequence of that distinctive positioning is that there are times when it underperforms or exhibits different performance and volatility characteristics. During those periods in which the market has endured a higher degree of volatility, the fund has tended to underperform, often due to having a higher exposure to mid-cap stocks than its peers. The 12 months covered by this report were one such period.

On 1 August last year, the fund was in the first quartile of the IA's Global Equity Income sector – its peer group – over the year to date as well as over one year and two years. But the final quarter of 2018 brought violent moves in equity markets and steep falls in many of the fund's holdings, particularly in its economically sensitive stocks and 'special situations' names. And although the first two months of 2019 saw a recovery in the market's sentiment and a sharp rebound in the fund's absolute and relative performance, it was insufficient to offset fully our losses in the fourth quarter. The result was an unusually poor period in which the fund fell by 5.9% versus a 2.7% rise in the benchmark index.

So why did equity markets fall so sharply? Why did our fund fall more than the market? And how is the portfolio positioned now?

Review – Amid fears of recession …

The sell-off and volatility that ripped through equity markets in the final quarter of 2018 was the product of several interrelated factors. First, and perhaps most important, concern about slowing economic growth. The economic soft patch that started forming during the summer (when the US economy was firing on all cylinders) widened and deepened. And while the global economy was still growing nicely, things were getting worse and the markets began discounting a further deterioration.

The US economy was (and still is) continuing to expand. But the initial boost to growth and corporate earnings from Trump's tax reforms began to fade. The 'second derivative' (measuring the rate of change in growth) turned negative, and fears of an imminent recession rose. It is always hard to establish what probability the market puts on an imminent (within 12 months) recession, but we believe investors went from being very relaxed to very worried, their estimate of the probability of recession rising from 10% (depending on the indicators one looks at) to more than 50% by the end of 2018.

In parallel, growing uncertainty around the potential for an outright trade war between the US and China meant the corporate sector became less confident than it might otherwise have been. Companies scaled back capital expenditure and ran down inventories. General demand fell. Volatility in the market then began to impact corporate decision-making, and as we have seen before it was not a case of the economy creating a bear market, but the bear market potentially creating a recession.

Associated with these concerns about growth and trade wars was a worry that the US Federal Reserve might be making a policy mistake by raising interest rates going into a global economic recession and draining liquidity from the financial system just as the economy was slowing. The prospect of the Fed 'tightening into a slowdown' has been a fear for a number of years and is usually associated with higher volatility. This is precisely what we saw in the final quarter of 2018. A comment from Fed chair Jerome Powell was interpreted as indicating that the reduction of the Fed's balance sheet would continue on autopilot despite mounting worries of a recession. That triggered a renewed wave of selling in the equity market as investors seemed to decide that the global economy was in trouble and that central banks were in danger of making things worse rather than better. Memories of 2007-09 are still alive, and after years of zero interest rates, debt levels have crept back up (especially in emerging markets and among US corporate borrowers), which would multiply the effect of a slowdown. In the equity market, investors scrambled to lock in profits made earlier in the year, reversing their earlier 'risk-on' positioning. Although it is hard to quantify, it seems likely that stop-losses and algorithmic trading intensified the downtrend. 2018 ended with the worst December for the US market since the Great Depression (equally, 2019 has seen one of the best starts to a year since the same era).

Given the fund's positioning, this was (to say the least) unhelpful. A year ago, our view was that a recession was not visible on the immediate horizon. So the portfolio had a bias to cyclical 'value' stocks, often trading on single-digit multiples with double-digit free cashflow yields. We anticipated that a liquidity squeeze as the Fed drained the system would eventually hit risk assets and equity prices. But our expectation was that, were there to be a sell-off, it would be felt most acutely by expensive, relatively crowded, 'growth' stocks, such as large US technology stocks or global consumer staples companies. These had been the winners under quantitative easing ('QE'). We anticipated that less fashionable stocks trading on modest p/e multiples outside of the limelight (the laggards in the long post-2009 bull market) would prove relatively resilient.

* Source: Lipper Limited, class I distribution GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the MSCI All Country World Index. Sector is IA Global Equity Income.

Artemis Global Equity Income Fund – Investment review (continued)

So while we anticipated and understood the sell-off, we failed to predict how it would manifest itself. We hadn't anticipated that when the sell off eventually came, the market would have little interest in valuations or cashflows but rather, following a recessionary narrative, take shelter in the most defensive, highest quality stocks. We had hoped that our value bias would help insulate us from some of the falls. It didn't.

We found ourselves too cyclically positioned for an environment in which price movements (if not economic data) had begun to imply that a recession was no longer just possible – but probable. Questions of 'growth' versus 'value', long debated by the market (and by us), became irrelevant. All that really mattered was defensiveness versus cyclicality. High profile 'growth' stocks in the technology sector sold off – but so did our 'value' cyclicals: materials, industrials and financials. Investors either left the equity market altogether or shifted into its most defensive areas (utilities, consumer staples and real estate).

In the most extreme instances, some of our already cheaply valued stocks fell by 40% over the final quarter of last year despite there having been no significant deterioration in either news or fundamentals. As it is one of our larger positions, we should mention Tokai Carbon, a Japanese blue-chip industrial company. And although it operates in strong markets – with underlying dynamics of higher selling prices and increased demand for its products – it is linked to Chinese steel production, which was not viewed as a good place to be. Its share price fell by 40% on the quarter. It has a decent balance sheet (net cash balance), so gearing was not the problem. Its 2018 figures showed staggering growth in revenues, earnings and free cashflows. It has also more than doubled its dividend. Its valuation (a price-to-earnings multiple of just 4x) indicates that the markets think this is as good as it gets. We are less pessimistic and have retained the holding. As investor sentiment began to recover, its share price bounced (by the end of February, it was some 17% higher than at the turn of the year).

Our energy stocks also declined in the final quarter. In addition to the wider turmoil, the market continued to digest past overproduction and remained sceptical that the cuts promised by Opec would materialise. Oil prices fell from $75 dollars per barrel of West Texas crude to $45 by the end of the quarter, dragging down holdings such as Borr Drilling (down 45% over the fourth quarter) and E&Ps such as Hess (down 40%). In the case of Borr, the decline in the oil price called the recovery in offshore jack-up rates into question. Despite this, fundamentals held during the quarter with the leasing of a new rig at a higher rate consistent with a recovery. We retained the position. In the case of Hess, the decline in the oil price reduced the estimated value of its large discovery in Guyana. Again, we retained the positon and were rewarded with a rally: Hess's share price rose by than 37% over the first two months of 2019.

In the case of our memory stocks, such as Western Digital (down 38% for the year) and Micron (down 12%), the pressure on cyclical companies was multiplied by industry-specific issues, with fears emerging that an imbalance between supply and demand would emerge in 2019. Demand remains robust but although we had anticipated that the cycle would put pressure on pricing, it has been far more severe than we had expected. The issues surrounding demand for memory mean that instead of being a shortage we have seen a supply surplus. We were too positive on the cycle; we have been wrong on these stocks so far.

Added to all this, the near-panic in the fourth quarter of last year saw the market for cheap but troubled stocks such as Bayer (court cases on the carcinogenic aspects of its glyphosate weed-killers) and Danske Bank (laundering Russian money) all but collapsing.

After this painful and volatile end to 2018, the US Fed 'blinked' in the New Year, adopting a new, dovish tone in its guidance on rates and quantitative tightening. In China, there were signs the government was responding to weakness by implementing fiscal and monetary stimulus. On trade and broader cooperation, meanwhile, the tone of exchanges between the US and China improved. So policymakers collectively responded to the shadow of increased probability of recession that had spooked the market. And the threat of an outright trade war receded, leading to a decline in the equity risk premium.

In reaction, global equity markets enjoyed their best start to a year since 1991. By the end of February, the MSCI AC World Index stood some 11% higher in US dollar terms than it had at the turn of the year. The fund did better than that, with some of our holdings in cyclical, value stocks having rallied by 20%, 30% or even 40% over the year to date.

The market has also, albeit gradually and marginally, been prepared to look again at our holdings in troubled stocks such as Danske and Bayer. There still is no clear timeline as to when the challenges they face (lawsuits in the US for Bayer; money-laundering fines for Danske Bank) will be overcome – but there is more willingness among investors to wait. Norway's sovereign wealth fund and Denmark's largest quasi-national pension fund, for instance, have recently bought stakes in Danske Bank, acknowledging that while the situation is messy the valuation reflects that.

Outlook – Finding pockets of value amid uncertainty…

It isn't easy to paint a rosy picture of the immediate future – and that isn't our job. The global economy is slowing, especially outside the US. Debt levels as a percentage of GDP are high, especially among corporate borrowers (although the balance sheets of US households are in decent shape). Central banks, meanwhile, have less room to cut rates than they did before the last crisis and governments cannot freely inject fiscal stimulus. These all sound like negatives for riskier assets in a 'late cycle' economy. It also explains why equity markets fell and why few– if any – asset classes were up last year (the exception being long duration sovereign bonds). Liquidity is being drained from the system and that's never good for asset prices.

In the political sphere, the Trump administration might now be less preoccupied by probes and threats of impeachment but there are still major distractions. In Europe, the combined drama of Brexit, the end of Chancellor Merkel's tenure, President Macron's embattled domestic position and Italy's populist drift could create a political vacuum.

Any or all of these factors could leave markets in a difficult place. It is not our job to find reasons for optimism – that often fulfils a psychological need rather than representing helpful approach to investing. Yet at the same time there is value in certain pockets of the global market (if not in the market as a whole). And while last summer things were 'as good as it gets' economically, we might now be at a point where things are 'as bad as they get' politically. We still think the base case is for there to be no recession in 2019 yet we observe areas of the market being almost priced as if a recession was inevitable. If things feel worse than they did, they are not that bad. Beijing is attempting to reflate the Chinese economy. Inflation is not running high globally and the Fed has (some) room to cut rates should it need to. A weak euro and lower oil price could start to foster green shoots in Europe. Second derivatives in a number of indicators are bottoming out, if not yet turning.

To be clear: we aren't bulls. We wouldn't pretend that everything is fine – it isn't. But when we look at our stocks – at their free cashflows, their valuations and their dividends – we like our portfolio. We still think our value stocks are too cheap against the rest of the market and against their own history. We also believe that a number of financials and cyclicals are pricing in forecasts for earnings that are too negative. That said, we appreciate that 'valuation' has been a poor indicator of stock performance in recent years. And our enthusiasm is also somewhat tempered by a recognition of how dramatic the market's recovery from the December lows has been and by a suspicion that volatility could return. So we have, selectively, been locking in some of the profits we have made over the year-to-date and recycled the capital into existing holdings such as AGNC, a US-based REIT, which holds a portfolio of mortgage-backed securities. Although we reduced the cyclicality within the fund a little we have not been buying outright defensive stocks. Valuations in the market are stretched, and with the level of uncertainty being this high we wait for greater clarity on the macro environment and continue to take a balanced approach – and to gather income from our holdings (the fund's underlying portfolio is generating a yield of more than 4%).

Markets have now risen in almost a straight line for two months; the snapback has been almost as vicious as the sell-off. That won't continue. While the gains in the global market are welcome, we are hesitant to interpret them as a resounding statement of confidence about what happens next. Job creation in the US has slowed and other data readings have been 'OK' (at best) rather than great. The trade negotiations between China and US have yet to be resolved. China has lowered its growth target. And the wrangling over Brexit seems interminable. So even if the economy can muddle through these various challenges that await, we suspect that things could become somewhat bumpy from this point.

Jacob de Tusch-Lec
Fund manager

Artemis Global Equity Income Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Verizon Communications	5,012	Citigroup	5,243
General Motors	4,282	Storebrand	4,979
Ping An Insurance Group Co. of China H shares	3,025	Ei Towers	4,794
Bayer	2,831	General Motors	4,505
Danske Bank	2,418	Verizon Communications	3,599

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 103.81% (99.87%)			
Australia 1.41% (0.84%)			
Aurizon Holdings Ltd.	288,108	697	1.02
Coronado Global Resources, CDI	142,681	269	0.39
		966	**1.41**
Austria 0.86% (0.00%)			
Verbund	16,536	587	0.86
		587	**0.86**
Brazil 1.16% (1.63%)			
Banco do Brasil	34,212	357	0.52
CCR	152,382	438	0.64
		795	**1.16**
Canada 2.29% (0.43%)			
Dream Global Real Estate Investment Trust	9,034	69	0.10
Finning International	17,793	246	0.36
Franco-Nevada	7,439	418	0.61
Nutrien	16,213	677	0.99
Pembina Pipeline	5,796	159	0.23
		1,569	**2.29**
China 7.42% (3.69%)			
Anhui Conch Cement H shares	327,971	1,410	2.06
China Cinda Asset Management H shares	320,000	70	0.10
China Conch Venture Holdings	393,132	984	1.43
China Resources Cement Holdings	1,914,000	1,529	2.23
China Tower H shares	1,790,000	319	0.47
Guangdong Investment	102,000	147	0.21
Ping An Insurance Group Co. of China H shares	80,000	633	0.92
		5,092	**7.42**
Czech Republic 0.89% (1.11%)			
Moneta Money Bank	227,944	611	0.89
		611	**0.89**
Denmark 2.21% (2.60%)			
Danske Bank	71,884	1,073	1.56
Dfds	12,996	445	0.65
		1,518	**2.21**
Finland 1.70% (0.00%)			
Fortum	38,120	627	0.92
Nordea Bank	78,558	536	0.78
		1,163	**1.70**
France 0.95% (3.34%)			
Amundi	5,663	284	0.41
Cie Generale des Etablissements Michelin	4,096	370	0.54
		654	**0.95**

Investment	Holding	Valuation £'000	% of net assets
Georgia 0.00% (0.28%)			
Germany 3.73% (4.32%)			
Bayer	17,108	1,021	1.49
Rheinmetall	14,455	1,165	1.70
Volkswagen Preference shares	2,881	373	0.54
		2,559	**3.73**
Hong Kong 0.40% (0.00%)			
Kerry Properties	32,473	102	0.15
Sun Hung Kai Properties	14,000	174	0.25
		276	**0.40**
Iceland 0.08% (0.00%)			
Arion Banki, SDR	119,690	55	0.08
		55	**0.08**
India 0.00% (0.45%)			
Israel 8.24% (6.06%)			
Bank Hapoalim	157,287	820	1.19
Bank Leumi Le-Israel	308,556	1,535	2.24
Bezeq The Israeli Telecommunication	1,755,294	1,157	1.69
Israel Chemicals	207,180	877	1.28
Mizrahi Tefahot Bank	27,676	403	0.59
Shikun & Binui	622,520	860	1.25
		5,652	**8.24**
Italy 8.22% (8.73%)			
Atlantia	3,911	70	0.10
Infrastrutture Wireless Italiane	367,577	2,445	3.57
Rai Way	633,067	2,578	3.76
Telecom Italia	1,332,059	543	0.79
		5,636	**8.22**
Japan 6.00% (7.35%)			
Idemitsu Kosan	42,800	1,145	1.67
Tokai Carbon	255,200	2,670	3.89
Tokyo Electron	2,900	298	0.44
		4,113	**6.00**
Luxembourg 2.01% (1.90%)			
SES, FDR	12,389	189	0.28
Tenaris	116,968	1,190	1.73
		1,379	**2.01**
Netherlands 0.39% (0.00%)			
BE Semiconductor Industries	9,040	172	0.25
ING Groep	9,310	93	0.14
		265	**0.39**
New Zealand 0.60% (0.26%)			
Metlifecare	80,476	210	0.31
Spark New Zealand	32,545	62	0.09
Z Energy	44,405	139	0.20
		411	**0.60**
Norway 2.52% (4.35%)			
Aker BP	13,559	351	0.51
Ocean Yield	95,113	515	0.75
Yara International	27,003	861	1.26
		1,727	**2.52**
Portugal 0.32% (0.51%)			
Galp Energia	17,619	218	0.32
		218	**0.32**

Artemis Global Equity Income Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Russia 0.20% (1.60%)			
Sberbank of Russia Preference shares	65,561	134	0.20
		134	**0.20**
South Africa 0.83% (0.05%)			
Anglo American	28,525	571	0.83
		571	**0.83**
South Korea 4.09% (2.00%)			
POSCO Chemtech	50,843	2,342	3.41
SK Hynix	9,926	464	0.68
		2,806	**4.09**
Spain 2.20% (1.79%)			
Euskaltel	138,348	934	1.36
Parques Reunidos Servicios Centrales	41,814	360	0.52
Repsol	16,858	218	0.32
		1,512	**2.20**
Sweden 0.00% (1.49%)			
Switzerland 0.54% (1.31%)			
Glencore	122,379	372	0.54
		372	**0.54**
Taiwan 1.33% (0.65%)			
Nanya Technology	600,910	912	1.33
		912	**1.33**
United Arab Emirates 2.54% (1.61%)			
Abu Dhabi National Oil Co. for Distribution	585,838	265	0.38
Borr Drilling	716,595	1,479	2.16
		1,744	**2.54**
United Kingdom 2.24% (4.38%)			
Aviva	99,705	420	0.61
Subsea 7	46,628	429	0.63
Zegona Communications	656,575	689	1.00
		1,538	**2.24**
United States of America 38.44% (37.14%)			
AbbVie	12,829	766	1.12
AGNC Investment, REIT	41,995	554	0.81
Alcoa	12,924	301	0.44
Annaly Capital Management, REIT	48,367	366	0.53
Apple	1,110	146	0.21
Bank of America	35,572	790	1.15
Best Buy	15,720	813	1.19
Blackstone Group	24,087	607	0.89
Broadcom	5,012	1,023	1.49
Carlyle Group	60,893	820	1.20
Citigroup	32,054	1,551	2.26
Comerica	11,071	731	1.07
Crown Castle International, REIT	2,330	207	0.30
DowDuPont	10,082	415	0.61
General Motors	114,968	3,456	5.04
GEO Group, REIT	71,166	1,223	1.78
GrafTech International	21,063	236	0.34
Hess	22,106	966	1.41
Huntington Ingalls Industries	6,130	969	1.41
Johnson & Johnson	352	36	0.05
Juniper Networks	42,849	884	1.29
KKR A shares	23,514	403	0.59
Las Vegas Sands	13,397	618	0.90
Micron Technology	56,556	1,756	2.56

Investment	Holding	Valuation £'000	% of net assets
Moelis A shares	5,164	175	0.26
Norfolk Southern	795	108	0.16
Raytheon	2,240	312	0.45
Reliance Steel & Aluminum	991	67	0.10
Seagate Technology	1,034	36	0.05
Synchrony Financial	37,791	910	1.33
Targa Resources	26,488	812	1.18
Verizon Communications	34,120	1,454	2.12
Wells Fargo	16,998	637	0.93
Western Digital	17,503	638	0.93
Zions Bancorporation	40,976	1,573	2.29
		26,359	**38.44**
Equities total		**71,194**	**103.81**
Forward currency contracts 0.08% ((0.52)%)			
Buy Euro 3,550,000 sell US Dollar 4,008,124 dated 11/03/2019		36	0.05
Buy Japanese Yen 282,000,000 sell US Dollar 2,522,136 dated 11/03/2019		18	0.03
Buy US Dollar 16,047,033 sell Euro 14,052,000 dated 11/03/2019		(4)	(0.01)
Buy US Dollar 2,556,617 sell Japanese Yen 282,000,000 dated 11/03/2019		7	0.01
Forward currency contracts total		**57**	**0.08**
Fair value adjustment at pricing point†		**(42)**	**(0.06)**
Investment assets (including investment liabilities)		71,209	103.83
Net other assets		(2,628)	(3.83)
Net assets attributable to shareholders		68,581	100.00

The comparative percentage figures in brackets are as at 28 February 2018.
† Fair value adjustment based on movements of futures in markets closed at the fund valuation point, since the last market close.

Artemis Global Equity Income Fund – Financial statements

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital (losses)/gains	3		(12,512)		4,905
Revenue	5	4,862		4,986	
Expenses	6	(1,266)		(1,238)	
Interest payable and similar charges	7	-		(31)	
Net revenue before taxation		3,596		3,717	
Taxation	8	(406)		(354)	
Net revenue after taxation			3,190		3,363
Total return before distributions			**(9,322)**		**8,268**
Distributions	9		(3,430)		(3,563)
Change in net assets attributable to shareholders from investment activities			(12,752)		4,705

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		143,275		126,295
Amounts receivable on issue of shares	42,076		43,315	
Amounts payable on cancellation of shares	(106,249)		(33,791)	
		(64,173)		9,524
Dilution adjustment		80		22
Change in net assets attributable to shareholders from investment activities		(12,752)		4,705
Retained distribution on accumulation shares		2,151		2,729
Closing net assets attributable to shareholders		68,581		143,275

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Assets					
Fixed assets					
Investments	10		71,213		143,097
Current assets					
Debtors	11		2,846		878
Cash and bank balances	12		1,212		782
Total current assets			**4,058**		**1,660**
Total assets			**75,271**		**144,757**
Liabilities					
Investment liabilities	10		4		749
Creditors					
Distribution payable			295		233
Other creditors	13		6,391		500
Total creditors			**6,686**		**733**
Total liabilities			**6,690**		**1,482**
Net assets attributable to shareholders			68,581		143,275

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

Open forward foreign exchange contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses) in the notes to the financial statements.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

The ACD and the depositary have agreed, for the distribution class only, that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

3. Net capital (losses)/gains

	28 February 2019 £'000	28 February 2018 £'000
Forward currency contracts	1,775	(3,049)
Compensation	1	-
Capital transaction charges	(31)	(37)
Currency (losses)/gains	(291)	200
Non-derivative securities	(13,966)	7,791
Net capital (losses)/gains	(12,512)	4,905

4. Direct transaction costs

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

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	139,906.00	36	50	139,992	0.03	0.04
Sales						
Equities	198,058.00	51	27	197,980	0.03	0.01
Total		87	77			
Percentage of sub-fund average net assets		0.06%	0.06%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	209,072	83	97	209,252	0.04	0.05
Sales						
Equities	206,047	83	25	205,939	0.04	0.01
Total		166	122			
Percentage of sub-fund average net assets		0.13%	0.09%			

During the year the sub-fund incurred £31,000 (2018: £37,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.15% (2018: 0.12%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	4,710	4,554
UK dividends	149	431
Bank interest	3	1
Total revenue	4,862	4,986

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,035	1,027
Administration fees *	9	-
Other expenses:		
Administration fees	70	81
Operational fees	44	49
Registration fees	40	28
Safe custody fees	33	25
Auditor's remuneration: non-audit fees (taxation)	13	3
Depositary fees	13	15
Auditor's remuneration: audit fee **	8	9
Price publication fees	1	1
Total expenses	1,266	1,238

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
*The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £8,300 (2018: £7,500).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Interest payable	-	31
Total interest payable and similar charges	-	31

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	406	354
Total taxation (note 8b)	406	354
b) Factors affecting the tax charge for the year		
Net revenue before taxation	3,596	3,717
Corporation tax at 20% (2018: 20%)	719	743
Effects of:		
Irrecoverable overseas tax	406	354
Unutilised management expenses	96	149
Utilisation of non-trade deficit carried forward	3	6
Non-taxable stock dividends	-	(1)
Non-taxable overseas tax expensed	(22)	(14)
Non-taxable UK dividends	(30)	(85)
Non-taxable overseas dividends	(766)	(798)
Tax charge for the year (note 8a)	406	354

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 sub-fund has not recognised a deferred tax asset of £375,000 (2018: £279,000) arising as a result of having unutilised management expenses of £1,874,000 (2018: £1,393,000) and non-trade loan relationship deficits of £44,000 (2018: £31,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Interim dividend distribution	2,658	2,970
Final dividend distribution	492	667
Add: amounts deducted on cancellation of shares	766	159
Deduct: amounts added on issue of shares	(486)	(233)
Distributions	3,430	3,563
Movement between net revenue and distributions		
Net revenue after taxation	3,190	3,363
Expenses paid from capital	240	200
	3,430	3,563

The distribution takes account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution tables on pages 43 and 44.

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).

	28 February 2019		28 February 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	71,152*	-	143,097	-
Level 2	61	4	-	749
	71,213	4	143,097	749

* Level 1 includes fair value adjustment based on movement of futures in markets closed at the fund valuation point, since the last market close.

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Sales awaiting settlement	2,436	159
Overseas withholding tax recoverable	259	202
Accrued revenue	104	150
Amounts receivable for issue of shares	47	367
Total debtors	2,846	878

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Cash and bank balances	1,212	41
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	-	592
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	-	148
Amounts held at futures clearing houses and brokers	-	1
Total cash and bank balances	1,212	782

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Amounts payable for cancellation of shares	6,229	37
Accrued other expenses	74	88
Accrued annual management charge	47	77
Purchases awaiting settlement	32	298
Accrued administration fee payable to the ACD	9	-
Total other creditors	6,391	500

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I distribution EUR	1,802,869	85,437	(587,900)	1,300,406
I accumulation EUR	60,685,824	6,289,323	(48,088,222)	18,886,925
I distribution GBP	23,334,298	4,465,698	(286,008)	27,513,988
I accumulation GBP	21,525,720	20,061,062	(32,324,017)	9,262,765
I distribution USD	1,283,584	387,555	(154,380)	1,516,759
I accumulation USD	30,250,874	4,405,956	(26,417,466)	8,239,364
R accumulation EUR	2,712,979	783,991	(1,473,559)	2,023,411
R accumulation USD	1,575,044	25,985	(636,239)	964,790

16. Risk disclosures

In pursuing their investment objectives, the sub-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 sub-fund's operations. The sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been provided.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. The gain on forward currency contracts for the year was £1,775,000 (2018: loss of £3,049,000).

Where the fund, relative to its benchmark, is very overweight or underweight in a region then, as per our investment objective, we look to minimise any potential downside exposure through currency hedging. Over the reporting year the fund has been very overweight in the eurozone but underweight in the US; and so we have taken the decision to hedge some of the euro exposure into the US Dollar. Whilst the fund has lost money on the currency hedging, it has made money through being very exposed to European equities. Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

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

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
US Dollar	26,994	81	9,072	36,147
Israeli New Shekel	5,652	37	-	5,689
Hong Kong Dollar	5,368	104	-	5,472
Euro	13,437	191	(9,015)	4,613
Japanese Yen	4,113	35	-	4,148
Norwegian Krone	3,635	66	-	3,701
Korean Won	2,806	141	-	2,947
Danish Krone	1,518	40	-	1,558
Australian Dollar	966	17	-	983
Taiwan Dollar	912	9	-	921
Canadian Dollar	892	2	-	894
Brazilian Real	795	4	-	799
Czech Koruna	611	31	-	642
Swedish Krona	591	-	-	591
New Zealand Dollar	411	-	-	411
United Arab Emirates Dirham	265	11	-	276
Russian Rouble	134	-	-	134
Sterling	2,052	(3,397)	-	(1,345)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2018				
US Dollar	54,827	243	13,979	69,049
Euro	32,126	81	(14,728)	17,479
Japanese Yen	9,713	46	-	9,759
Israeli New Shekel	8,690	29	-	8,719
Norwegian Krone	8,277	49	-	8,326
Hong Kong Dollar	5,289	-	-	5,289
Sterling	4,615	431	-	5,046
Danish Krone	3,724	31	-	3,755
Korean Won	2,868	17	-	2,885
Brazilian Real	2,331	-	-	2,331
Swedish Krona	2,131	-	-	2,131
Czech Koruna	1,588	-	-	1,588
Russian Rouble	1,502	-	-	1,502
Swiss Franc	1,308	-	-	1,308
Australian Dollar	1,202	-	-	1,202
Taiwan Dollar	930	-	-	930
Indian Rupee	643	-	-	643
Canadian Dollar	617	-	-	617
New Zealand Dollar	377	-	-	377
United Arab Emirates Dirham	269	-	-	269
South African Rand	70	-	-	70

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £3,496,000 (2018: £6,911,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £3,560,000 (2018: £7,117,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	125.7	125.8
Commitment	111.6	113.1

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-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 sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

Counterparty exposure

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

	Forward currency contracts £'000	Total net exposure £'000
28 February 2019		
UBS	57	57
28 February 2018		
UBS	(31)	(31)
JPMorgan	(718)	(718)

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 33 and notes 6, 9, 11 and 13 on pages 36 to 38 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2019 in respect of these transactions was £6,238,000 (2018: due from the ACD £253,000).

18. Share classes

The annual management charge on each share class is as follows:

I distribution EUR:	0.75%
I accumulation EUR:	0.75%
I distribution GBP:	0.75%
I accumulation GBP:	0.75%
I distribution USD:	0.75%
I accumulation USD:	0.75%
R accumulation EUR:	1.50%
R accumulation USD:	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on pages 45 and 46. The distribution per share class are given in the distribution tables on pages 43 and 44. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis Global Equity Income Fund – Distribution tables

Interim dividend distribution for the six months ended 31 August 2018 (paid on 31 October 2018) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 31 August 2018.

	Net revenue per share	Equalisation per share	Distribution per share 31 October 2018	Distribution per share 31 October 2017
I distribution EUR				
Group 1	2.0080c	-	2.0080c	2.2841c
Group 2	0.5356c	1.4724c	2.0080c	2.2841c
I accumulation EUR				
Group 1	1.8338c	-	1.8338c	2.0845c
Group 2	1.2146c	0.6192c	1.8338c	2.0845c
I distribution GBP				
Group 1	2.4793p	-	2.4793p	2.8943p
Group 2	1.2642p	1.2151p	2.4793p	2.8943p
I accumulation GBP				
Group 1	2.2613p	-	2.2613p	2.6353p
Group 2	0.4119p	1.8494p	2.2613p	2.6353p
I distribution USD				
Group 1	2.1101c	-	2.1101c	2.4394c
Group 2	1.2296c	0.8805c	2.1101c	2.4394c
I accumulation USD				
Group 1	1.9193c	-	1.9193c	2.2233c
Group 2	0.5364c	1.3829c	1.9193c	2.2233c
R accumulation EUR				
Group 1	1.4515c	-	1.4515c	1.7463c
Group 2	0.5398c	0.9117c	1.4515c	1.7463c
R accumulation USD				
Group 1	1.5397c	-	1.5397c	1.8834c
Group 2	0.9505c	0.5892c	1.5397c	1.8834c

Corporate shareholders should note that:
1. 100.00% of the revenue distribution together with the tax credit is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Final dividend distribution for the six months ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 September 2018.
Group 2 - Shares purchased from 1 September 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I distribution EUR				
Group 1	0.8487c	-	0.8487c	0.7521c
Group 2	0.4292c	0.4195c	0.8487c	0.7521c
I accumulation EUR				
Group 1	0.5738c	-	0.5738c	0.4179c
Group 2	0.2771c	0.2967c	0.5738c	0.4179c
I distribution GBP				
Group 1	1.0024p	-	1.0024p	0.9134p
Group 2	0.3780p	0.6244p	1.0024p	0.9134p
I accumulation GBP				
Group 1	0.6657p	-	0.6657p	0.5055p
Group 2	0.2326p	0.4331p	0.6657p	0.5055p
I distribution USD				
Group 1	0.8729c	-	0.8729c	0.8275c
Group 2	0.4316c	0.4413c	0.8729c	0.8275c
I accumulation USD				
Group 1	0.5997c	-	0.5997c	0.4590c
Group 2	0.3673c	0.2324c	0.5997c	0.4590c
R accumulation EUR				
Group 1	0.1939c	-	0.1939c	0.0295c
Group 2	0.0805c	0.1134c	0.1939c	0.0295c
R accumulation USD				
Group 1	0.2075c	-	0.2075c	0.0360c
Group 2	0.2075c	0.0000c	0.2075c	0.0360c

Corporate shareholders should note that:
1. 100.00% of the revenue distribution together with the tax credit is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Global Equity Income Fund – Comparative tables

	I distribution EUR			I accumulation EUR		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**97.10**	**97.81**	**84.22**	**105.48**	**102.83**	**85.68**
Return before operating charges *	(1.96)	3.23	17.13	(2.21)	3.61	18.03
Operating charges	(0.90)	(0.90)	(0.82)	(0.99)	(0.96)	(0.88)
Return after operating charges	(2.86)	2.33	16.31	(3.20)	2.65	17.15
Distributions	(2.86)	(3.04)	(2.72)	(2.41)	(2.50)	(2.22)
Retained distributions on accumulation shares	-	-	-	2.41	2.50	2.22
Closing net asset value per share	**91.38**	**97.10**	**97.81**	**102.28**	**105.48**	**102.83**
* after direct transaction costs of	(0.10)	(0.20)	(0.26)	(0.10)	(0.22)	(0.28)
Performance						
Return after charges	(2.95)%	2.38%	19.37%	(3.03)%	2.58%	20.02%
Other information						
Closing net asset value (£'000)	1,020	1,545	427	16,577	56,487	49,181
Closing number of shares	1,300,406	1,802,869	511,931	18,886,925	60,685,824	56,126,664
Operating charges	0.95%	0.94%	0.96%	0.95%	0.94%	0.96%
Direct transaction costs	0.10%	0.21%	0.31%	0.10%	0.21%	0.31%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	102.69	102.14	100.81	111.59	110.11	105.37
Lowest price	79.88	89.96	80.73	86.60	96.37	82.14

	I distribution GBP			I accumulation GBP		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**117.93**	**114.70**	**90.90**	**127.92**	**120.42**	**92.52**
Return before operating charges *	(5.43)	8.13	27.98	(6.11)	8.66	28.90
Operating charges	(1.09)	(1.09)	(1.00)	(1.20)	(1.16)	(1.00)
Return after operating charges	(6.52)	7.04	26.98	(7.31)	7.50	27.90
Distributions	(3.48)	(3.81)	(3.18)	(2.93)	(3.14)	(2.59)
Retained distributions on accumulation shares	-	-	-	2.93	3.14	2.59
Closing net asset value per share	**107.93**	**117.93**	**114.70**	**120.61**	**127.92**	**120.42**
* after direct transaction costs of	(0.12)	(0.25)	(0.32)	(0.13)	(0.26)	(0.32)
Performance						
Return after charges	(5.53)%	6.14%	29.68%	(5.71)%	6.23%	30.16%
Other information						
Closing net asset value (£'000)	29,696	27,518	24,191	11,172	27,535	32,619
Closing number of shares	27,513,988	23,334,298	21,089,688	9,262,765	21,525,720	27,086,443
Operating charges	0.95%	0.94%	0.96%	0.95%	0.94%	0.96%
Direct transaction costs	0.10%	0.21%	0.31%	0.10%	0.21%	0.31%
Prices	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Highest price	126.87	124.30	118.32	137.69	133.82	124.20
Lowest price	99.06	110.79	89.20	109.71	117.11	90.80

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.

	I distribution USD			I accumulation USD		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**106.86**	**93.40**	**82.41**	**115.87**	**98.03**	**83.86**
Return before operating charges *	(8.97)	17.67	14.52	(9.82)	18.84	15.04
Operating charges	(0.94)	(0.94)	(0.85)	(1.05)	(1.00)	(0.87)
Return after operating charges	(9.91)	16.73	13.67	(10.87)	17.84	14.17
Distributions	(2.98)	(3.27)	(2.68)	(2.52)	(2.68)	(2.19)
Retained distributions on accumulation shares	-	-	-	2.52	2.68	2.19
Closing net asset value per share	**93.97**	**106.86**	**93.40**	**105.00**	**115.87**	**98.03**
* after direct transaction costs of	(0.10)	(0.21)	(0.27)	(0.11)	(0.22)	(0.28)
Performance						
Return after charges	(9.27)%	17.91%	16.59%	(9.38)%	18.20%	16.90%
Other information						
Closing net asset value (£'000)	1,071	991	628	6,503	25,318	15,315
Closing number of shares	1,516,759	1,283,584	836,725	8,239,364	30,250,874	19,438,800
Operating charges	0.95%	0.94%	0.96%	0.95%	0.94%	0.96%
Direct transaction costs	0.10%	0.21%	0.31%	0.10%	0.21%	0.31%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	108.64	113.69	95.37	117.85	122.36	99.69
Lowest price	82.00	93.22	80.48	90.80	97.83	81.91

	R accumulation EUR			R accumulation USD		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**105.99**	**104.10**	**87.38**	**118.17**	**100.72**	**86.80**
Return before operating charges *	(2.21)	3.63	18.34	(9.99)	19.29	15.60
Operating charges	(1.76)	(1.74)	(1.62)	(1.89)	(1.84)	(1.68)
Return after operating charges	(3.97)	1.89	16.72	(11.88)	17.45	13.92
Distributions	(1.65)	(1.78)	(1.59)	(1.75)	(1.92)	(1.60)
Retained distributions on accumulation shares	1.65	1.78	1.59	1.75	1.92	1.60
Closing net asset value per share	**102.02**	**105.99**	**104.10**	**106.29**	**118.17**	**100.72**
* after direct transaction costs of	(0.10)	(0.22)	(0.29)	(0.11)	(0.23)	(0.31)
Performance						
Return after charges	(3.75)%	1.82%	19.13%	(10.05)%	17.33%	16.04%
Other information						
Closing net asset value (£'000)	1,771	2,537	2,675	771	1,344	1,259
Closing number of shares	2,023,411	2,712,979	3,015,988	964,790	1,575,044	1,555,882
Operating charges	1.70%	1.69%	1.71%	1.70%	1.69%	1.71%
Direct transaction costs	0.10%	0.21%	0.31%	0.10%	0.21%	0.31%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	111.91	110.72	106.66	120.04	124.85	102.42
Lowest price	88.49	97.20	83.57	92.04	100.46	84.56

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.

Artemis Global Equity Income Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2019
I distribution EUR	0.95%
I accumulation EUR	0.95%
I distribution GBP	0.95%
I accumulation GBP	0.95%
I distribution USD	0.95%
I accumulation USD	0.95%
R accumulation EUR	1.70%
R accumulation USD	1.70%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis Global Equity Income Fund	20.2	30.0	(5.9)	(11.0)
MSCI All Country World Index	43.0	50.7	2.7	(5.1)
Sector average	32.2	36.9	2.1	(3.7)
Position in sector	30/35	32/37	44/46	45/46
Quartile	4	4	4	4

* Data from 3 June 2015. Source: Lipper Limited, class I distribution GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2019. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Global Equity Income.

Investment objective and policy

The objective of the Artemis Pan-European Absolute Return Fund (the 'sub-fund') is to achieve a positive return over a rolling three-year period, notwithstanding changing market conditions. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in Europe and in companies which are headquartered or have a significant part of their activities in Europe which are quoted on a regulated market outside Europe.

There is no guarantee that the sub-fund will achieve a positive return over the longer term or any other time period and your capital is at risk.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time. When market conditions are less favourable, a higher proportion of the sub-fund may be invested in cash and near cash.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	5	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risks of indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator may not fully take into account the following risks and the following may affect sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investing in derivatives carries risks. In the case of a short position, for example, where the sub-fund aims to profit from falling prices, if the price of the underlying asset rises in value, the sub-fund will lose money.
- If the sub-fund holds a large percentage of cash when markets are rising, the return on your investment could be less than if it were fully invested in other types of asset.
- The sub-fund issues hedged classes which use hedging with the aim of protecting against unwanted changes in foreign exchange rates. Hedged classes are still subject to market risks, may not be completely protected from all currency fluctuations and may not be fully hedged at all times. The transaction costs of hedging may also negatively impact the sub- fund's returns.

Artemis Pan-European Absolute Return Fund – Investment review

- The fund fell by 5.4%* versus a 0.7%* rise in the benchmark.
- Performance in both absolute and relative terms has bounced back since the new year.
- Economic and political uncertainty leave markets in a tricky place, but we find pockets of value.

Performance – As QE is reversed, volatility increases…

In a particularly challenging year in which the investment landscape began to change, the fund fell by 5.4%. As the larger global central banks took initial steps towards reversing quantitative easing, volatility in financial markets increased. We also saw the effect of tighter liquidity, notably in the supply of US dollars, affecting emerging markets and related asset classes. The speed and scale of the sell-off in markets at the end of 2018 was worrying, given all we were doing was returning to more 'normal' monetary conditions. It seems our debt-addicted world does not like the removal of the drug of free money.

In this kind of environment our long book will tend to struggle more than the short book. At the same time, we did enjoy the return of some 'alpha' in the short book – that is, performance over and above what might be attributed to weaker markets alone. After a number of years in which rising markets (fuelled by very low interest rates) hid corporate missteps, bad news is once again being punished as it should be. This began in the summer of 2018 and has carried on, perhaps indicating that investors are starting to become more discerning. On the long side, we also saw the start of a shift towards more defensive sectors in the market and took steps to ensure the portfolio reflected this shift. That these companies depend less on high leverage and stronger economic growth has been helpful.

Review – Markets adjust to the end of quantitative easing

Some of the most enduring trends in stockmarkets are breaking down. This may seem like a bold or premature statement. But from our perspective we have seen enough evidence to conclude that the landscape for investing is changing. The cumulative effects of years of money printing and zero interest rates are beginning to wear off. For markets to rise and for earlier trends to continue, further monetary loosening seems to be required. This is not taking place – so it seems logical to expect reversals and different dynamics in the market.

The construction of – and returns from – the fund's short book responded to these broader changes. Set against that, however, the majority of this year's negative news came from the long book (only four of our worst 20 holdings were short positions).

Our single worst decision in terms of its impact on the fund was hanging on to Commerzbank. We had bought it because we liked the combination of self-help in its strategic plan along with the prospect of some relief from shift in the yield curve. Its self-help plan is progressing largely as we had expected but the prospect of help from the yield curve now seems increasingly distant, with the ECB seeming entirely unable to find a path away from zero interest rates. As a result, we have sold down the vast majority of our holding, and indeed in the rest of the banking sector. To give an example of how unusual the world of banking has become, even Allied Irish Bank, which is exposed to the fastest-growing country in Europe, is struggling to make headway. The banking sector was the biggest detractor from performance over the year. Having taken the pain here we do not wish to be blind to this lesson: healthy banks are needed if European economies are to thrive but experience suggests that Europe's banks are not healthy. The inference is obvious.

Despite being on the list of the fund's losers for the year, we think the market is being far too harsh in predicting the decline of Mediaset España. Popular belief would have it that nobody (and particularly not young people) watches live TV any more. The idea is that they are all binge-watching Netflix and similar streaming services instead. As a consequence, free-to-air TV companies have experienced a lot of downward pressure on their share prices. But we would make these observations. First, the clue is in the name: free. Nobody turns off their 'subscription' to a free service. Second, it is the only way for advertisers to gain exposure to a mass audience, with robust measurement and data available on that audience's engagement. Third, despite having around 150 million subscribers, Netflix makes no money. We are not aware of many businesses in history that have had so many customers yet have been unable to turn a profit. Finally, Netflix buys some of its content from the production studios of free-to-air TV companies. So we are sticking with Mediaset España. As it turns out, so are its directors, who are taking advantage of the balance sheet's strength to buy back up to 20% of the free float of the company. Without elongating the argument, we think ITV, another underperformer, is similarly attractive.

Readers of our monthly reports might imagine energy was the worst contributing sector for the fund because it was so poor in November and December. It wasn't. Nor was it the second- or even the third-worst performer. This is something to bear in mind when considering how we manage the fund: short bouts of volatility need to be considered within the context of longer-term performance. Four of our top 20 winners in the year were energy stocks. On balance, however, the sector cost the fund a little over 1%. There were different elements to this. Our holdings in Equinor and Royal Dutch Shell have successfully rehabilitated themselves. They have repaired their balance sheets, sold assets and their cashflows comfortably cover their dividends. So now they are

* Source: Lipper Limited, class I accumulation GBP (Hedged) shares, mid to mid in sterling with dividends reinvested to 28 February 2019. Benchmark is LIBOR GBP 3 months.

more defensive plays on dividend yields. There is nothing wrong with this but with the best of the capital appreciation behind us, we have reduced our positions in both. Our investment thesis for the oil services companies, meanwhile, is that the industry is emerging from a recession in capital investment that lasted for four years. This means the fallow period of weak margins and limited new orders is ending. For the exploration and production (E&P) companies, it is a variation on the same theme. Years of protecting cashflows at low oil prices by focusing on current production are giving way to more money being available for value-enhancing exploration at higher oil prices. With this in mind, Saipem has made the fastest progress towards rebuilding margins and its order book. Tullow is the E&P stock making quickest progress towards growth with exciting prospects in Guyana. It has also reinstated its dividend for the first time in years. Conversely, Vallourec is not doing enough – yet – to inspire much confidence, while Subsea 7 and Technip are a bit behind Saipem, albeit on the same path. We are confident they will get there and more recent order flow has been strong.

Generating alpha in the short book had previously been difficult. But over the past year we began to see that changing. Bad news is being punished. This year, for example, short positons in the semiconductor industry paid off. This sector has been a darling of the stockmarket for the past few years. The accepted wisdom has been that the industry will continue to grow because we all use more semiconductors in our daily lives than ever before. This is true – and has been since Fairchild invented the transistor in the 1950s. Yet history tells us that cycles in the semiconductor industry are driven not by demand but by additions to capacity creating oversupply. The peaks of the cycle are characterised by aggressive expansion in response to higher levels of demand. They have often been caused by double ordering or some other anomaly. This time it was demand from Bitcoin 'miners' and server farms. Timing these cycles is tough so we built our short positions in the sector gradually over a period of months. In September and October, the bad news duly began to filter out: sales growth was slowing and inventories were rising. The response was a rapid and large fall in the share prices of semiconductor-related stocks. We took advantage of this to close our shorts with very healthy profits. By the end of the year, the fund's short exposure to this area was limited – but we do not yet see signs of a trough. So we remain alert for opportunities.

Something similar occurred in the luxury goods sector. We would not profess to be fashionistas or experts on the latest trends. But we can spot a gap between share prices that rise relentlessly and earnings that do not. This creates an 'air pocket', with higher multiples being paid for the same level of growth, rather than faster growth. Stocks in that air pocket are vulnerable to bad news and susceptible to lower levels of confidence in equity markets. Again, it was in September and October that these two factors coincided, enabling us to close our shorts with healthy profits. From here, we will watch with interest whether the supernormal growth in demand from Chinese consumers will slow as the market matures. We also wonder what effect lower stockmarkets and so personal wealth will have on demand for these very discretionary goods.

If the market is becoming more discerning, it should tend to focus on bad news and flaky business models. So in the remainder of our short book we had a variety of companies which faced pressure on sales and margins, competition to their business models or who were relying on what we regarded as 'aggressive' accounting. Some of these also had too much debt, which in our view means they have less time to deal with their problems. A collection of these shorts in different industries and different markets all made a good contribution to performance in the year.

A few positions in the fund's long book also made it on to the leader board for the year. Tesco is a good example of a corporate turnaround. Our faith in a business that has around a 30% share of UK food retail market was rewarded. In hindsight, its turnaround should always have been possible but in the depths of the malaise the volume of the negative news was at times deafening. Greggs also did very well. The headline writers have latched onto the success of its vegan 'sausage roll' but the reality is more substantial. Rationalising the manufacturing base, capturing more of the 'on-the-go' food market and taking share in coffee have all helped, as has its relentless focus on execution. There is no sign of a Brexit-related impact on Greggs' share price.

Activity – Preparing for a new environment

Because we believe it will be driven by realistic prospects for earnings growth rather than by ever-expanding valuation multiples, we think the coming market environment will be a lot more challenging. We have been preparing the portfolio for that new environment.

By sector, we have cut our exposure to energy by reducing holdings in the oil majors while also selling our holding in PGS entirely and buying Premier Oil. Although energy remains our largest net long exposure, we have given ourselves scope to take advantage of any weakness in the sector prompted by macroeconomic concerns.

Having sold Lloyds, BBVA and ING among others, our exposure to financials is less than half what it was at the beginning of the year. We retain holdings in asset managers Amundi and Anima and have some limited exposure to commercial banks. We also have short positions in two insurers: this is where we believe credit risk ultimately resides in this cycle.

Having begun the year with a small net long in the industrials sector we are now meaningfully net short. Key sales have included Kingspan and Sodexo. Economic data and forward-looking indicators are telling us that we are not yet at the end of the cycle of downgrades for many of these stocks. In fact, it is closer to the beginning. It is unusual to see stocks in this sector trading at high multiples of high margins. More common is a high multiple being applied to drastically reduced earnings once the downgrades come through. We expect this is what will happen – at which point we can close the shorts and again consider long positions in the sector.

Consumer discretionary is now our biggest net short sector. As the year progressed, we found progressively more things to be concerned about. Demand is a concern, as is ever-rising wage inflation and the effect of lower stockmarkets on personal wealth. Some of the companies also have questionable accounting. Others have been protecting profits by reducing their promotional spending, which is now showing up in lower sales and a need to start investing fast to address this. This can only be done via reversing previous cost savings. Valuations are too rich to accommodate much bad news.

Outside of these broad changes to sectors, we have added more defensive names to the long book. We have a new holding in Sanofi because we like its potential for cutting costs as well as its pipeline of new drugs. We also hold MOWI (formerly Marine Harvest), a salmon farmer, as we think it is an excellent way of gaining exposure to the trend for healthy eating. We have added to the position a couple of times as results keep coming through strongly. In general, we feel stocks like this will be attractive as economic growth slows and there is a rotation into more defensive sectors.

Outlook – Positioned more defensively

To determine where markets might go next, we must reflect on where they have come from. In this regard, the last five months have sent some very mixed messages. Towards the end of 2018, there was an aggressive sell-off driven by rising volatility and falling earnings multiples. Then in early 2019, markets bounced back but failed to regain their previous highs. Why did this rebound happen during a results season in which earnings (in aggregate) were downgraded? Surely prices falling in the expectation of lower earnings was the correct response?

The answer, in our opinion, lies mainly in the actions of the US Federal Reserve. Having been on the path towards higher interest rates, they now appear to have stopped. We say 'appear' because communications from the Fed have been ambiguous – probably deliberately so. At present, the biggest unexpected event for equity markets would be to discover than the Fed has not in fact reversed course and that further interest rate rises are necessary. More likely, however, is that the Fed has reacted to something, either the weakening economic data or to an unwillingness to tolerate rapid and sharp falls in equity markets. Neither of those two options make us comfortable. If the economic data is poor then forecasts for earnings need to come down further. If equity markets need the help of central banks then they are being artificially supported at levels above those justified by fundamentals.
One thing we can observe is wage inflation. As unemployment falls and output gaps shrink, wage pressures are building in numerous countries. So far, that has not translated into higher levels of general inflation, but this could easily change. Should that happen, it would be a very good reason for the Fed to keep raising interest rates. Meanwhile in Europe, the fact that the ECB is yet to even start raising rates is an uncomfortable position to be in and one it may come to regret. Particularly since parts of Europe are now experiencing recessionary conditions. On the assumption that Brexit does happen at some stage and economic stimulus is required, there would not be much the ECB could do to help without moving further into unconventional monetary policy. At least the UK has a floating currency that can take some of the slack. Of course, waiting for Brexit may take a while. After all, we are still 'solving' the Greek crisis, 10 years on.

What does this mean for companies? When GDP rises more quickly than wages, corporate profits grow. And when wages grow more quickly than GDP, profits shrink. This is the situation we are currently in. Pragmatic investors should make decisions with this in mind. Analysts have more work to lower forecasts for earnings down to realistic levels and provide a base from which we can have more comfort in valuations. In our opinion we are not there yet. On the journey we are interested in shorting companies where wages represent a high proportion of their costs. If these companies have low margins, suggesting they have little pricing power, the impact will be greater as they struggle to pass on the higher wages. And if they have too much debt then the leveraged effect on the equity price will be greater still.

On the long side, one area where we have few concerns about a recession in earnings is in the energy sector. The simple reason is that we have already had one: when the oil price fell to $27 per barrel, it triggered a multi-year dearth of capital expenditure. This has left the replacement of reserves running well below the level of production at many companies, something that can't persist for long. As a consequence, the sector is now recovering. We are seeing this coming through in the announcement of new contracts and in our discussions with companies. Growth is coming back and the sector is cheap. This will benefit our oil services holdings and also our E&P companies. Both remain a key part of the long book.

At some point the bad news will end. But with visibility deteriorating and economic data weakening we are unwilling to look through the down-cycle just yet. Hence we are positioned more defensively and are running a lower level of net exposure than we have been for a few years. Yet we do recognise that change is likely to be rapid when it comes, so we are maintaining highly liquid positions allowing us to react quickly when we need to. This is especially important in markets where traded volumes continue to weaken. In conclusion, we expect we will need our short book through the first half of 2019, before we can again take advantage of better pricing to rebuild long positions.

Paul Casson
Fund manager

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury 3.75% 07/09/2019	9,617	Royal Dutch Shell B shares	6,642
Equinor	8,341	UniCredit	5,924
Sanofi	6,073	ING Groep	5,379
UniCredit	6,034	Commerzbank	5,269
Intesa Sanpaolo	5,851	Banco Bilbao Vizcaya Argentaria	5,192

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 77.08% (67.78%)			
Denmark 1.03% (2.43%)			
AP Moller - Maersk B shares	1,247	1,251	1.03
OW Bunker ^	29,538	–	–
		1,251	**1.03**
France 13.44% (11.47%)			
Amundi	85,803	4,303	3.54
CGG	852,327	1,205	0.99
Danone	70,478	4,008	3.30
Sanofi	73,331	4,587	3.78
Vallourec	1,116,044	2,216	1.83
		16,319	**13.44**
Germany 7.29% (8.55%)			
Akasol	42,489	1,114	0.92
Bayerische Motoren Werke	40,622	2,590	2.13
Commerzbank	206,929	1,264	1.04
Deutsche Telekom	311,527	3,879	3.20
		8,847	**7.29**
Ghana 1.47% (0.00%)			
Tullow Oil	806,871	1,778	1.47
		1,778	**1.47**
Ireland 8.58% (2.97%)			
AIB Group	604,473	2,101	1.73
Cairn Homes	1,174,250	1,357	1.12
CRH	128,750	3,057	2.52
Ryanair Holdings	368,568	3,903	3.21
		10,418	**8.58**
Italy 5.13% (1.85%)			
Anima Holding	925,088	2,971	2.45
Intesa Sanpaolo	718,436	1,342	1.10
Saipem	485,631	1,917	1.58
		6,230	**5.13**
Netherlands 3.84% (6.39%)			
Royal Dutch Shell B shares	196,299	4,666	3.84
		4,666	**3.84**
Norway 3.93% (3.48%)			
Equinor	150,558	2,564	2.11
Mowi	126,615	2,210	1.82
		4,774	**3.93**
Spain 3.62% (5.03%)			
Mediaset Espana Comunicacion	767,205	4,399	3.62
		4,399	**3.62**

Artemis Pan-European Absolute Return Fund – Investment information (continued)

Investment	Holding or nominal value	Global exposure* £'000	Valuation £'000	% of Net Assets
Switzerland 5.74% (5.32%)				
Adecco Group	94,870		3,654	3.01
Cembra Money Bank	45,719		3,313	2.73
			6,967	**5.74**
United Arab Emirates 2.28% (1.65%)				
Borr Drilling	1,338,433		2,763	2.28
			2,763	**2.28**
United Kingdom 20.73% (18.64%)				
DCC	45,859		2,979	2.45
GlaxoSmithKline	117,761		1,779	1.47
Greggs	85,737		1,528	1.26
Imperial Brands	178,962		4,466	3.68
ITV	2,852,976		3,646	3.00
Premier Oil	2,825,395		2,130	1.76
Subsea 7	227,725		2,097	1.73
TechnipFMC	108,261		1,814	1.49
Vodafone Group	3,478,531		4,719	3.89
			25,158	**20.73**
Equities total			**93,570**	**77.08**
Government bonds 7.91% (0.00%)				
United Kingdom 7.91% (0.00%)				
UK Treasury 3.75% 07/09/2019	£9,460,000		9,602	7.91
			9,602	**7.91**
Government bonds total			**9,602**	**7.91**
Contracts for difference (2.88)% ((0.48)%)				
Australia (0.14)% (0.00%)				
Rio Tinto	(43,691)	(1,891)	(167)	(0.14)
		(1,891)	**(167)**	**(0.14)**
Denmark (0.36)% ((0.07)%)				
GN Store Nord	(74,878)	(2,713)	(216)	(0.18)
ISS	(126,657)	(2,986)	(222)	(0.18)
		(5,699)	**(438)**	**(0.36)**
France (1.12)% ((0.07)%)				
Airbus	(35,696)	(3,471)	(548)	(0.45)
Kering	(7,046)	(2,916)	(388)	(0.32)
Pernod Ricard	(15,273)	(1,969)	(122)	(0.10)
Schneider Electric	(50,302)	(2,931)	(306)	(0.25)
		(11,287)	**(1,364)**	**(1.12)**
Germany 0.02% ((0.24)%)				
Adidas	(16,180)	(2,960)	(140)	(0.11)
Allianz	(19,871)	(3,314)	(169)	(0.14)
Beiersdorf	(19,594)	(1,365)	78	0.07
Infineon Technologies	(160,016)	(2,644)	39	0.03
Siemens	(14,956)	(1,232)	51	0.04
Wirecard	(7,342)	(747)	303	0.25
Zalando	(57,569)	(1,560)	(142)	(0.12)
		(13,822)	**20**	**0.02**
Ghana 0.00% ((0.31)%)				
Ireland 0.00% ((0.55)%)				
Netherlands (0.33)% (0.09%)				
Aegon	(465,155)	(1,866)	(59)	(0.05)
Heineken	(31,460)	(2,379)	(337)	(0.28)
		(4,245)	**(396)**	**(0.33)**

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Norway 0.02% (0.15%)				
Petroleum Geo-Services	(726,962)	(1,166)	29	0.02
		(1,166)	**29**	**0.02**
Portugal 0.00% (0.07%)				
Spain (0.14)% (0.03%)				
Amadeus IT Group	(55,999)	(3,224)	(172)	(0.14)
		(3,224)	**(172)**	**(0.14)**
Sweden (0.19)% (0.00%)				
Atlas Copco A shares	(136,193)	(2,755)	(141)	(0.11)
Sandvik	(179,235)	(2,198)	(94)	(0.08)
Securitas B shares	(158,183)	(1,878)	1	–
		(6,831)	**(234)**	**(0.19)**
Switzerland 0.00% ((0.12)%)				
United Kingdom (0.64)% (0.54%)				
AA	(2,320,818)	(2,103)	(272)	(0.22)
AO World	(645,046)	(648)	168	0.14
B&M European Value Retail	(444,477)	(1,560)	(112)	(0.09)
Berkeley Group Holdings	(48,811)	(1,911)	(78)	(0.06)
Compass Group	(142,701)	(2,380)	(121)	(0.10)
Fevertree Drinks#	(43,373)	(1,140)	(20)	(0.02)
Pearson	(335,173)	(2,823)	183	0.15
Pets at Home Group	(1,309,298)	(1,952)	(107)	(0.09)
Rentokil Initial	(863,498)	(2,993)	(127)	(0.10)
Scottish Mortgage Investment Trust	(586,027)	(2,887)	(144)	(0.12)
SSE	(175,727)	(2,099)	(117)	(0.10)
Unilever	(71,906)	(2,868)	(32)	(0.03)
		(25,364)	**(779)**	**(0.64)**
Contracts for difference total		**(73,529)**	**(3,501)**	**(2.88)**
Forward currency contracts (0.06)% (0.02%)				
I accumulation EUR (Hedged) (0.02)% (0.02%)				
Buy Danish Krone 1,154,004 sell Euro 154,717 dated 23/03/2019			–	–
Buy Euro 4,504,812 sell Swiss Franc 5,124,138 dated 29/03/2019			(13)	(0.01)
Buy Euro 613,938 sell Danish Krone 4,579,943 dated 29/03/2019			–	–
Buy Euro 38,293,422 sell Sterling 32,885,434 dated 29/03/2019			4	–
Buy Euro 6,100,073 sell Norwegian Krone 59,586,173 dated 29/03/2019			(17)	(0.01)
Buy Sterling 12,379 sell Euro 14,396 dated 29/03/2019			–	–
Buy Swiss Franc 1,927 sell Euro 1,694 dated 29/03/2019			–	–
Buy Norwegian Krone 22,402 sell Euro 2,294 dated 29/03/2019			–	–
			(26)	**(0.02)**
I accumulation GBP (Hedged) (0.02)% ((0.02)%)				
Buy Danish Krone 995,467 sell Sterling 114,153 dated 29/03/2019			–	–
Buy Euro 941,954 sell Sterling 806,600 dated 29/03/2019			–	–
Buy Norwegian Krone 1,889,951 sell Sterling 166,377 dated 29/03/2019			–	–
Buy Sterling 2,964,084 sell Swiss Franc 3,926,030 dated 29/03/2019			(10)	(0.01)
Buy Sterling 403,960 sell Danish Krone 3,509,156 dated 29/03/2019			–	–
Buy Sterling 19,416,379 sell Euro 22,609,391 dated 29/03/2019			(2)	–
Buy Sterling 4,013,736 sell Norwegian Krone 45,668,539 dated 29/03/2019			(15)	(0.01)
Buy Swiss Franc 163,214 sell Sterling 122,873 dated 29/03/2019			1	–
			(23)	**(0.02)**

Artemis Pan-European Absolute Return Fund – Investment information (continued)

Investment	Valuation £'000	% of Net Assets
I accumulation USD (Hedged) (0.02)% (0.02%)		
Buy Danish Krone 80,696 sell US Dollar 12,333 dated 29/03/2019	–	–
Buy US Dollar 359,368 sell Swiss Franc 358,375 dated 29/03/2019	(2)	–
Buy US Dollar 48,976 sell Danish Krone 320,432 dated 29/03/2019	–	–
Buy US Dollar 2,354,059 sell Euro 2,064,571 dated 29/03/2019	(6)	(0.01)
Buy US Dollar 3,054,830 sell Sterling 2,301,419 dated 29/03/2019	(8)	(0.01)
Buy US Dollar 486,629 sell Norwegian Krone 4,168,913 dated 29/03/2019	(3)	–
	(19)	**(0.02)**
R accumulation EUR (Hedged) 0.00% (0.00%)		
Buy Swiss Franc 1,566 sell Euro 1,376 dated 29/03/2019	–	–
Buy Danish Krone 4,068 sell Euro 545 dated 29/03/2019	–	–
Buy Euro 11,829 sell Swiss Franc 13,455 dated 29/03/2019	–	–
Buy Euro 1,612 sell Danish Krone 12,026 dated 29/03/2019	–	–
Buy Euro 100,552 sell Sterling 86,351 dated 29/03/2019	–	–
Buy Euro 16,018 sell Norwegian Krone 156,463 dated 29/03/2019	–	–
Buy Sterling 9,918 sell Euro 11,590 dated 29/03/2019	–	–
Buy Norwegian Krone 18,119 sell Euro 1,864 dated 29/03/2019	–	–
	–	**–**
Forward currency contracts total	**(68)**	**(0.06)**
Investment assets (including investment liabilities)	99,603	82.05
Net other assets	21,791	17.95
Net assets attributable to shareholders	121,394	100.00

The comparative percentage figures in brackets are as at 28 February 2018.
^ Unlisted, suspended or delisted security.
# Security traded on the Alternative Investment Market (AIM).
* 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.

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital (losses)/gains	3		(11,505)		5,702
Revenue	5	5,926		3,933	
Expenses	6	(1,743)		(2,094)	
Interest payable and similar charges	7	(3,231)		(2,235)	
Net revenue/(expense) before taxation		952		(396)	
Taxation	8	(243)		(179)	
Net revenue/(expense) after taxation			709		(575)
Total return before distributions			**(10,796)**		**5,127**
Distributions	9		(820)		(38)
Change in net assets attributable to shareholders from investment activities			(11,616)		5,089

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		216,557		97,171
Amounts receivable on issue of shares	40,937		156,729	
Amounts payable on cancellation of shares	(124,953)		(42,925)	
		(84,016)		113,804
Dilution adjustment		61		182
Change in net assets attributable to shareholders from investment activities		(11,616)		5,089
Retained distribution on accumulation shares		408		311
Closing net assets attributable to shareholders		121,394		216,557

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	104,032	150,463
Current assets			
Debtors	11	543	1,057
Cash and bank balances	12	25,227	74,021
Total current assets		**25,770**	**75,078**
Total assets		**129,802**	**225,541**
Liabilities			
Investment liabilities	10	4,429	4,681
Creditors			
Bank overdraft		406	-
Other creditors	13	3,573	4,303
Total creditors		**3,979**	**4,303**
Total liabilities		**8,408**	**8,984**
Net assets attributable to shareholders		121,394	216,557

Artemis Pan-European Absolute Return Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period, net of any accrued interest in the case of debt securities, which is included in the balance sheet as a revenue related item. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the ACD, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

Open forward foreign exchange contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses) in the notes to the financial statements.

The contracts for difference ('CFD') held in the portfolio are valued based on the price of the underlying security or index which they are purchased to reflect. The nature and intended use of these derivatives is to synthetically allow the sub-fund to go long and short on an underlying asset without the need to trade the physical securities. They are valued at the quoted bid price of the underlying security when held long and at the quoted offer price of the underlying security when short. There are revenue and capital returns to be derived from these instruments. Dividends on contracts for difference are recognised when the securities are quoted ex-dividend. Cash held at CFD brokers as margin is reflected separately within cash and bank balances.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for difference held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on a time apportioned basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/ stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long contracts a compensatory payment is credited to revenue whereas for short contracts a compensatory payment is debited from revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than the performance fee and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

3. Net capital (losses)/gains

	28 February 2019 £'000	28 February 2018 £'000
Derivative contracts	4,012	1,337
Currency gains	3,771	362
Forward currency contracts	230	(994)
Compensation	1	226
Capital transaction charges	(5)	(6)
Non-derivative securities	(19,514)	4,777
Net capital (losses)/gains	(11,505)	5,702

4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separate identifiable transaction cost; these costs form part of the dealing price.

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	102,516	23	244	102,783	0.02	0.24
Bonds	9,617	-	-	9,617	-	-
Sales						
Equities	136,519	44	-	136,475	0.03	-
Derivative purchases and sales		150	-			
Total		217	244			
Percentage of sub-fund average net assets		0.12%	0.13%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	133,570	91	299	133,960	0.07	0.22
Sales						
Equities	50,038	37	-	50,001	0.07	-
Derivative purchases and sales		98	-			
Total		226	299			
Percentage of sub-fund average net assets		0.14%	0.18%			

During the year the sub-fund incurred £5,000 (2018: £6,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2018: 0.09%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	2,676	1,721
UK dividends	1,981	1,466
Derivative revenue	888	720
Bank interest	225	26
Stock dividends	156	-
Total revenue	5,926	3,933

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,377	1,241
Performance fee	80	597
Administration fees *	15	-
Other expenses:		
Administration fees	82	85
Operational fees	72	72
Registration fees	70	54
Depositary fees	17	19
Auditor's remuneration: non-audit fees (taxation)	11	8
Auditor's remuneration: audit fee **	10	11
Safe custody fees	8	7
Price publication fees	1	-
Total expenses	1,743	2,094

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
*The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £10,150 (2018: £9,000).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Dividends payable on short positions	2,459	1,722
Interest payable on positions with brokers and counterparties	764	510
Interest payable	8	3
	3,231	2,235

Artemis Pan-European Absolute Return Fund – Notes to the financial statements (continued)

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	243	179
Total taxation (note 8b)	243	179
b) Factors affecting the tax charge for the year		
Net revenue/(expense) before taxation	952	(396)
Corporation tax at 20% (2018: 20%)	190	(79)
Effects of:		
Utilisation of non-trade deficit carried forward	423	298
Unutilised management expenses	349	419
Irrecoverable overseas tax	243	179
Non-taxable stock dividends	(31)	-
Non-taxable UK dividends	(396)	(293)
Non-taxable overseas dividends	(535)	(345)
Tax charge for the year (note 8a)	243	179

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 sub-fund has not recognised a deferred tax asset of £1,272,000 (2018: £923,000) arising as a result of having unutilised management expenses of £6,358,000 (2018: £4,614,000) and non-trade loan relationship deficits of £4,654,000 (2018: £2,537,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	408	311
Add: amounts deducted on cancellation of shares	546	154
Deduct: amounts added on issue of shares	(134)	(427)
Distributions	820	38
Movement between net revenue and distributions		
Net revenue/(expense) after taxation	709	(575)
Expenses paid from capital	110	612
Deficit transferred to capital	1	1
	820	38

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 66.

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.

10. Fair value hierarchy (continued)

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).

	28 February 2019		28 February 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	94,422	4,353	150,338	4,605
Level 2	9,610	76	125	76
	104,032	4,429	150,463	4,681

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Accrued revenue	414	261
Overseas withholding tax recoverable	129	87
Amounts receivable for issue of shares	-	708
Prepaid expenses	-	1
Total debtors	543	1,057

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held at futures clearing houses and brokers	14,732	29,653
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	8,714	19,500
Cash and bank balances	1,778	24,812
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	3	56
Total cash and bank balances	25,227	74,021

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Amounts payable for cancellation of shares	3,095	193
Amounts payable on derivative contracts	211	34
Accrued other expenses	101	149
Accrued performance fee	80	597
Accrued annual management charge	71	120
Accrued administration fee payable to the ACD	15	-
Purchases awaiting settlement	-	3,210
Total other creditors	3,573	4,303

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation EUR (Hedged)	128,901,514	16,266,046	(76,245,034)	68,922,526
I accumulation GBP (Hedged)	55,857,065	17,608,183	(31,368,609)	42,096,639
I accumulation USD (Hedged)	9,409,431	2,663,800	(6,933,934)	5,139,297
R accumulation EUR (Hedged)	365,326	28,710	(210,334)	183,702

16. Risk disclosures

In pursuing their investment objectives, the sub-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 sub-fund's operations. The sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub-fund's exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a daily basis, which is then used by the ACD 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 sub-fund in absolute terms. The maximum limit for UCITS funds is 20% of its NAV, in accordance with the Committee of European Securities Regulators ('CESR') guidance. VaR expresses the maximum expected loss by the sub-fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses two year risk factor data and a 20 business day holding period. It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

From 14 September 2018, the VaR methodology was changed from using two years risk factor data to one year.

	For the period from 14 September 2018 to 28 February 2019 %	For the period from 1 March 2018 to 13 September 2018 %	28 February 2018 %
At 28 February	5.04		7.40
Average utilisation during the period	6.49	6.51	8.21
Highest utilisation during the period	8.15	7.63	9.59
Lowest utilisation during the period	4.88	5.54	6.75

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	225.6	241.6
Commitment	159.4	146.4

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs') and UBS AG ('UBS') are the counterparties for the CFD's and JPMorgan is the counterparty for the forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2019 or 28 February 2018.

In order to diversify counterparty risk the sub-fund holds cash with a number of other counterparties. The other counterparties were UBS AG ('UBS'), Goldman Sachs International ('Goldman Sachs') and J.P. Morgan Asset Management ('JPMorgan Liquidity Funds').

Artemis Pan-European Absolute Return Fund – Notes to the financial statements (continued)

Counterparty and collateral exposure

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

	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held £'000
28 February 2019				
UBS	(40,951)	-	(40,951)	12,761
Goldman sachs	(32,578)	-	(32,578)	1,917
JPMorgan	-	(68)	(68)	54
28 February 2018				
Goldman Sachs	(6,525)	-	(6,525)	14,636
JPMorgan	-	49	49	-
UBS	(20,800)	-	(20,800)	15,017

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholder and the balance sheet on page 56 and notes 6, 9, 11 and 13 on pages 60 to 62 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2019 in respect of these transactions was £3,261,000 (2018: £202,000).

18. Share classes

The annual management change on each share class is as follows:

I accumulation EUR (Hedged)	0.75%
I accumulation GBP (Hedged)	0.75%
I accumulation USD (Hedged)	0.75%
R accumulation EUR (Hedged)	1.50%

The net asset value per share and the number of shares in each class are given in the comparative table on page 67. The distribution per share class are given in the distribution table on page 66. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis Pan-European Absolute Return Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation EUR (Hedged)				
Group 1	0.3879c	-	0.3879c	0.1767c
Group 2	-	0.3879c	0.3879c	0.1767c
I accumulation GBP (Hedged)				
Group 1	0.3907p	-	0.3907p	0.1744p
Group 2	0.0458p	0.3449p	0.3907p	0.1744p
I accumulation USD (Hedged)				
Group 1	0.3599c	-	0.3599c	0.1796c
Group 2	-	0.3599c	0.3599c	0.1796c

Corporate shareholders should note that:
1.100.00% of the revenue distribution is received as franked investment income.
2.0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Pan-European Absolute Return Fund – Comparative tables

	I accumulation EUR (Hedged)			I accumulation GBP (Hedged)		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**121.84**	**117.36**	**109.95**	**123.48**	**118.23**	**110.52**
Return before operating charges *	(6.87)	5.59	8.58	(5.60)	6.37	8.85
Operating charges	(1.09)	(1.11)	(1.17)	(1.10)	(1.12)	(1.14)
Return after operating charges	(7.96)	4.48	7.41	(6.70)	5.25	7.71
Distributions	(0.39)	(0.18)	(0.01)	0.39	(0.17)	-
Retained distributions on accumulation shares	0.39	0.18	0.01	(0.39)	0.17	-
Closing net asset value per share	**113.88**	**121.84**	**117.36**	**116.78**	**123.48**	**118.23**
* after direct transaction costs of	(0.29)	(0.28)	(0.25)	(0.29)	(0.28)	(0.24)
Performance						
Return after charges	(6.53)%	3.82%	6.74%	(5.43)%	4.44%	6.98%
Other information						
Closing net asset value (£'000)	67,358	138,592	50,016	49,158	68,973	46,178
Closing number of shares	68,922,526	128,901,514	50,015,907	42,096,639	55,857,065	39,057,256
Operating charges	0.91%	0.91%	1.00%	0.91%	0.91%	1.00%
Performance fees	0.07%	0.29%	0.40%	0.01%	0.49%	1.44%
Direct transaction costs	0.24%	0.23%	0.21%	0.24%	0.23%	0.21%
Prices	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Highest price	124.58	127.77	121.30	127.09	129.57	122.20
Lowest price	110.40	117.82	106.12	113.02	118.94	106.77

	I accumulation USD (Hedged)			R accumulation EUR (Hedged)**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**127.22**	**119.72**	**111.20**	**107.23**	**103.80**	**100.00**
Return before operating charges *	(3.87)	8.62	9.72	(6.02)	5.21	4.59
Operating charges	(1.14)	(1.12)	(1.20)	(1.73)	(1.78)	(0.79)
Return after operating charges	(5.01)	7.50	8.52	(7.75)	3.43	3.80
Distributions	(0.36)	(0.18)	-	-	-	-
Retained distributions on accumulation shares	0.36	0.18	-	-	-	-
Closing net asset value per share	**122.21**	**127.22**	**119.72**	**99.48**	**107.23**	**103.80**
* after direct transaction costs of	(0.30)	(0.29)	(0.25)	(0.25)	(0.25)	(0.22)
Performance						
Return after charges	(3.94)%	6.26%	7.66%	(7.23)%	3.30%	3.80%
Other information						
Closing net asset value (£'000)	4,721	8,646	968	157	346	9
Closing number of shares	5,139,297	9,409,431	1,006,245	183,702	365,326	10,000
Operating charges	0.91%	0.91%	1.00%	1.66%	1.66%	0.74%
Performance fees	0.02%	0.27%	1.66%	0.03%	0.13%	0.91%
Direct transaction costs	0.24%	0.23%	0.21%	0.24%	0.23%	0.21%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	132.12	133.30	123.78	109.26	112.58	107.41
Lowest price	117.83	120.83	107.71	96.58	103.72	98.29

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.
** Launched 31 October 2016.

The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Ongoing charges

Class	28 February 2019
I accumulation EUR (Hedged)	0.91%
I accumulation GBP (Hedged)	0.91%
I accumulation USD (Hedged)	0.91%
R accumulation EUR (Hedged)	1.66%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis Pan-European Absolute Return Fund	16.9	5.6	(5.4)	(4.5)
LIBOR GBP 3 months	2.6	1.6	0.7	0.4
Sector average	7.9	3.9	(1.4)	(1.0)
Position in sector	12/50	29/65	66/76	70/81
Quartile	1	2	4	4

* Data from 14 July 2014. Source: Lipper Limited, class I accumulation GBP (Hedged) shares, mid to mid in sterling to 28 February 2019. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Targeted Absolute Return.

Artemis US Absolute Return Fund

Investment objective and policy

The objective of the Artemis US Absolute Return Fund (the 'sub-fund') is to achieve a positive return over a rolling three-year period, notwithstanding changing market conditions. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

There is no guarantee that the sub-fund will achieve a positive return over the longer term or any other time period and your capital is at risk.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company or by industry. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time. When market conditions are less favourable, a higher proportion of the sub-fund may be invested in cash and near cash.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	**3**	4	5	6	7

- The sub-fund is in the category shown due to its historic volatility (how much and how quickly the value of shares in the sub-fund have risen and fallen in the past). It may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- 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 sub-fund performance:

- The value of the sub-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.
- Some or all of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency. The value of the assets, and the income from them, may decrease if the currency falls in relation to the accounting currency.
- The sub-fund's exposure to asset classes and currencies, long and short, is guided by the manager's expectation of the future direction of equity markets. There is no guarantee that the sub-fund will be positioned correctly to benefit from the direction of markets.
- The sub-fund may invest in derivatives with the aim of profiting from falling as well as rising prices ('shorting'). If the related assets' value moves in the opposite direction the sub-fund will lose money. In addition, a derivative may not perform as expected, and may create losses for the sub-fund greater than the cost of the derivative.
- The sub-fund may hold a large amount of cash. If it does so when markets are rising, the sub-fund's returns could be less that if the cash was fully invested in other types of assets.
- The sub-fund issues hedged classes which use hedging with the aim of protecting against unwanted changes in foreign exchange rates. Hedged classes are still subject to market risks, may not be completely protected from all currency fluctuations and may not be fully hedged at all times. The transaction costs of hedging may also negatively impact the sub-fund's returns.
- The sub-fund can invest in China A-shares (shares traded on Chinese stock exchanges in Renminbi). There is a risk that the sub-fund may suffer difficulties or delays in enforcing its rights in these shares, including title and assurance of ownership.

- The fund makes a positive return.
- We reduce holdings in industrials and add to healthcare.
- Fundamentals are deteriorating and we remain cautious.

Performance – Positive return in a volatile market…

In a volatile year for the US market, the fund returned 1.2%* (in sterling terms).

Boosted by tax cuts and solid growth in corporate earnings, the US market rose in the early part of the period. Economic data was also supportive, with jobs being created at a surprisingly high pace: the unemployment rate in the US today is lower than it has been for several decades.

The second half of the period, however, was characterised by a marked deterioration in sentiment and an increase in volatility, exacerbated by liquidity being taken out of the financial system. Fears of recession grew and uncertainty mounted about the trajectory of interest rates and the reversal of quantitative easing ('quantitative tightening'). Increased tension around trade and the potential implementation of tariffs between the US and China also began to take their toll. The volatility became particularly pronounced from October and a very steep sell-off followed in December. At this point, however, the Federal Reserve's pronouncements took a more dovish turn which began to reassure a nervous market. In response, US stocks enjoyed a powerful rally in January and into February. This was helped by the release of fourth-quarter corporate results, which showed that the earnings of companies in the S&P 500 grew by 23% in 2018.

Review – Mixed results from industrial holdings …

Over the period, the fund's net exposure averaged 6%. At the sector level, a move to a net short position in technology at the beginning of the period initially weighed on returns as that part of the market continued to perform strongly. But the sector's high valuations increasingly came under pressure and the net short position was, in the end, positive for returns. As 2018 progressed, the growing tensions between the US and China over trade began to hurt semiconductor stocks exposed to Chinese imports. Our long positions in Applied Materials and Lam Research suffered as a result. We bought a holding in Broadcom after the sell-off and this subsequently proved to be beneficial. A long-standing short position in a semiconductor company with exposure to graphic processing units bought by crypto-currency miners also made a good contribution. Elsewhere in technology our holding in Microsoft contributed well as it continued to deliver positive results.

The fund's negative stance on banks supported returns. Within financials, we have exposure to diversified financial companies such as MSCI and S&P Global, which we think have more resilient earnings. We also increased our exposure to credit card companies Visa and Mastercard. They are benefitting from growth in online payments and the move away from cash transactions.

Stockpicking in some mid-cap companies was particularly rewarding. One example was Booz Allen Hamilton, which provides consulting services to the US government in a range of departments. Elsewhere, uniform provider Cintas performed strongly as it continues to deliver solid results and good growth. Our investment in Planet Fitness (low-cost gyms) also paid off.

Our industrial stocks proved relatively disappointing. In the defence sector, long positions in Huntingdon Ingalls and Raytheon both weighed on returns. They underperformed on fears that, having taken control of the House of Representatives in the mid-term election, the Democrats would cut spending on defence. Our view is that spending on defence will remain healthy and we continue to hold both stocks. Elsewhere, despite posting good results, United Rentals suffered on the perception that the cycle was peaking and with it the demand for renting industrial equipment. On the positive side, our holding in railroad company Norfolk Southern was supportive as it performed well on the back of increased pricing and higher freight volumes. With the economy slowing down and tensions over trade increasing, we reduced the position as the risk/reward profile had deteriorated and the outlook does not look quite so positive. Our holdings in the energy sector held back performance as the oil price fell.

Over the period, we reduced our exposure to industrials and increased exposure to healthcare. We believe healthcare insurance companies such as Anthem will play an increasing role in helping both companies (who pay healthcare insurance costs for their employees) and the government (through its Medicare and Medicaid healthcare programmes) to control spending. To do this, they will be insuring a greater and greater number of lives and that will lead to solid growth. Anthem made a good contribution to performance over the period. It benefited in particular from having its own pharmacy benefits manager.

We maintained the fund's negative stance on bond proxies (stocks whose high, reliable dividend yields make them a substitute for bonds) in a number of sectors including consumer staples and telecommunications. A short position in one of the large consumer staples companies contributed positively to returns as its earnings (and outlook for earnings) fell short of expectations and it cut its dividend.

* Source: Lipper Limited, class I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the LIBOR GBP 3 months. Sector is IA Targeted Absolute Return.

Artemis US Absolute Return Fund – Investment review (continued)

Outlook - Further caution ahead …

Unemployment remains low and wages continue to grow, so consumer spending is still relatively strong. In the first few months of 2019, the potential for easing by the Fed and hopes of the Trump administration re-establishing trading normality with China triggered a substantial reaction to the sell-off in late 2018. Fundamentals, however, continue to worsen, and without much greater support from the Fed and other central banks, liquidity is likely to deteriorate meaningfully in the second quarter of 2019. In a slowing economic environment, we favour stocks with visibility and predictability of earnings.

Stephen Moore
Fund manager

Five largest purchases and sales for the year ended 28 February 2019

Purchases*	Cost £'000	Sales*	Proceeds £'000
Microsoft	20,809	Alphabet C shares	21,276
Alphabet C shares	17,054	Micron Technology	16,675
Comcast A shares	15,519	Cintas	15,021
Xilinx	15,044	Applied Materials	14,651
Anthem	14,335	Oracle	14,623

* Excluding US Treasury Bills traded for liquidity management purposes.

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 48.19% (39.95%)			
Communication Services 5.39% (2.81%)			
Alphabet C shares	10,816	9,074	1.25
Comcast A shares	387,668	11,227	1.54
Liberty Broadband C shares	76,274	5,119	0.71
Match Group	40,135	1,683	0.23
Omnicom Group	19,738	1,118	0.15
T-Mobile US	118,952	6,448	0.89
Twenty-First Century Fox A shares	100,218	3,798	0.52
Vivendi, ADR	33,454	706	0.10
		39,173	**5.39**
Consumer Discretionary 4.91% (5.61%)			
Best Buy	32,751	1,694	0.23
Bright Horizons Family Solutions	21,466	1,991	0.27
Burlington Stores	34,341	4,317	0.59
Churchill Downs	74,118	5,376	0.74
Liberty Expedia Holdings A shares	109,526	3,789	0.52
Lowe's	77,421	6,263	0.86
NIKE B shares	72,464	4,693	0.65
Planet Fitness A shares	96,143	4,224	0.58
Strategic Education	23,394	2,231	0.31
Vail Resorts	7,311	1,141	0.16
		35,719	**4.91**
Consumer Staples 0.42% (1.06%)			
Alimentation Couche-Tard B shares	22,117	947	0.13
Constellation Brands A shares	5,038	641	0.09
Kroger	66,604	1,492	0.20
The Green Organic Dutchman Warrant 19/04/2021^	61,400	–	–
		3,080	**0.42**
Energy 1.29% (0.04%)			
Anadarko Petroleum	31,490	1,055	0.15
ConocoPhillips	59,899	3,116	0.43
Marathon Petroleum	108,912	5,191	0.71
		9,362	**1.29**
Financials 5.70% (5.10%)			
Aflac	53,774	1,980	0.27
American Express	77,449	6,254	0.86
Berkshire Hathaway B shares	62,879	9,558	1.31
Chubb	7,913	791	0.11
Discover Financial Services	83,960	4,496	0.62
MSCI	43,385	5,893	0.81
Reinsurance Group of America	17,636	1,903	0.26
S&P Global	26,232	3,977	0.55

Artemis US Absolute Return Fund – Investment information

Investment	Holding	Valuation £'000	% of net assets
US Bancorp	100,482	3,891	0.53
Wells Fargo	72,936	2,735	0.38
		41,478	**5.70**
Health Care 8.55% (2.73%)			
Agilent Technologies	64,144	3,829	0.53
AmerisourceBergen	20,767	1,293	0.18
Amgen	30,258	4,354	0.60
Anthem	48,133	11,074	1.52
Biogen	6,046	1,494	0.20
Bioxcel Therapeutics	22,341	143	0.02
Celgene	42,718	2,922	0.40
Edwards Lifesciences	12,073	1,530	0.21
Gilead Sciences	29,368	1,447	0.20
Humana	29,308	6,341	0.87
Medtronic	21,723	1,484	0.20
Pfizer	249,896	8,064	1.11
UnitedHealth Group	25,775	4,846	0.67
Zoetis	189,624	13,369	1.84
		62,190	**8.55**
Industrials 6.42% (7.25%)			
Boeing	25,309	8,284	1.14
Cintas	38,867	5,988	0.82
CoStar Group	2,374	811	0.11
Huntington Ingalls Industries	24,801	3,919	0.54
Lockheed Martin	18,319	4,235	0.58
Masco	122,335	3,483	0.48
Norfolk Southern	23,215	3,155	0.44
Raytheon	73,171	10,194	1.40
Spirit AeroSystems Holdings A shares	45,707	3,358	0.46
United Continental Holdings	22,942	1,510	0.21
United Rentals	17,087	1,742	0.24
		46,679	**6.42**
Information Technology 11.67% (11.47%)			
Applied Materials	62,098	1,811	0.25
Booz Allen Hamilton Holding	199,378	7,901	1.09
Broadcom	27,521	5,616	0.77
Carbon Black	88,063	883	0.12
F5 Networks	22,178	2,856	0.39
First Data A shares	146,413	2,783	0.38
Intuit	18,730	3,516	0.48
Juniper Networks	109,379	2,257	0.31
KLA-Tencor	74,143	6,403	0.88
Lumentum Holdings	24,842	945	0.13
Micron Technology	111,791	3,470	0.48
Microsoft	157,847	13,310	1.83
NetApp	82,638	4,104	0.57
PayPal Holdings	46,813	3,443	0.47
Qualcomm	75,851	3,024	0.42
salesforce.com	7,213	884	0.12
Ubiquiti Networks	13,642	1,512	0.21
Visa A shares	63,636	7,042	0.97
VMware A shares	15,037	1,989	0.27
Xilinx	120,335	11,149	1.53
		84,898	**11.67**

Investment	Holding or nominal value	Global exposure* £'000	Valuation £'000	% of Net Assets
Materials 1.08% (3.16%)				
Franco-Nevada	85,716		4,846	0.67
Kirkland Lake Gold	67,853		1,834	0.25
Newmont Mining	45,707		1,169	0.16
			7,849	**1.08**
Real Estate 1.63% (0.51%)				
American Tower, REIT	11,322		1,474	0.20
Crown Castle International, REIT	74,497		6,625	0.91
Prologis, REIT	70,850		3,735	0.52
			11,834	**1.63**
Utilities 1.13% (0.21%)				
CenterPoint Energy	157,034		3,676	0.51
NextEra Energy	8,507		1,194	0.17
NRG Energy	47,623		1,467	0.20
Vistra Energy	93,708		1,841	0.25
			8,178	**1.13**
Equities total			**350,440**	**48.19**
Government bonds 31.00% (33.51%)				
US Treasury 2.75% 15/02/2028	$19,194,500		14,538	2.00
US Treasury Bill 0.00% 20/06/2019	$100,332,500		74,853	10.29
US Treasury Bill 0.00% 18/07/2019	$143,000,000		106,478	14.64
US Treasury Bill 0.00% 10/10/2019	$20,000,000		14,804	2.04
US Treasury Bill 0.00% 07/11/2019	$20,000,000		14,775	2.03
Government bonds total			**225,448**	**31.00**
Contracts for difference (1.94)% (1.01%)				
Communication Services (0.21)% (0.05%)				
ANGI Homeservices A shares	(118,701)	(1,482)	(15)	–
AT&T	(207,248)	(4,839)	(60)	(0.01)
Charter Communications A shares	(8,516)	(2,208)	(330)	(0.05)
Discovery A shares	(85,030)	(1,831)	(56)	(0.01)
Liberty Media Corp-Liberty Formula One C shares	(40,782)	(950)	24	–
Netflix	(5,279)	(1,440)	(103)	(0.01)
News A shares	(305,087)	(2,992)	(96)	(0.01)
SoftBank Group, ADR	(95,668)	(3,341)	(667)	(0.09)
Spotify Technology	(8,898)	(970)	(75)	(0.01)
Verizon Communications	(99,417)	(4,238)	(118)	(0.02)
		(24,291)	**(1,496)**	**(0.21)**
Consumer Discretionary (0.21)% (0.15%)				
Acushnet Holdings	(31,964)	(599)	(44)	(0.01)
Aramark	(100,629)	(2,372)	49	0.01
Canada Goose Holdings	(29,413)	(1,261)	(150)	(0.02)
Chipotle Mexican Grill	(1,944)	(876)	(94)	(0.01)
Dave & Buster's Entertainment	(31,650)	(1,209)	(5)	–
Dixons Carphone	424,173	562	(51)	(0.01)
Dollar General	(12,586)	(1,118)	(37)	(0.01)
Domino's Pizza	(10,882)	(2,066)	161	0.02
eBay	(38,803)	(1,096)	(99)	(0.01)
Expedia Group	(31,849)	(3,069)	(257)	(0.04)
Farfetch A shares	(102,898)	(1,925)	(323)	(0.05)
Hanesbrands	(131,063)	(1,850)	(320)	(0.04)
MakeMyTrip	(37,428)	(803)	(80)	(0.01)
Newell Brands	(103,012)	(1,277)	367	0.05
Ollie's Bargain Outlet Holdings	(44,870)	(2,987)	(382)	(0.05)

Artemis US Absolute Return Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Papa John's International	(23,383)	(751)	(2)	–
Restaurant Brands International	(35,936)	(1,689)	10	–
Tesla	(11,757)	(2,782)	(142)	(0.02)
Under Armour C shares	(245,314)	(3,702)	(96)	(0.01)
		(30,870)	**(1,495)**	**(0.21)**
Consumer Staples (0.01)% (0.40%)				
Anheuser-Busch InBev, ADR	(23,712)	(1,332)	49	0.01
Boston Beer A shares	(10,154)	(2,332)	(327)	(0.05)
General Mills	(92,240)	(3,265)	(235)	(0.03)
Hain Celestial Group	(126,728)	(1,693)	38	–
Hershey	(32,296)	(2,660)	(107)	(0.01)
Hormel Foods	(58,566)	(1,889)	(47)	(0.01)
Kellogg	(44,784)	(1,877)	76	0.01
Kraft Heinz	(51,470)	(1,246)	551	0.08
Molson Coors Brewing B shares	(31,418)	(1,443)	69	0.01
Monster Beverage	(36,877)	(1,628)	(84)	(0.01)
Walmart	(93,822)	(6,919)	(71)	(0.01)
		(26,284)	**(88)**	**(0.01)**
Energy 0.00% (0.05%)				
Exxon Mobil	(30,849)	(1,843)	(28)	–
		(1,843)	**(28)**	**–**
Financials (0.12)% (0.16%)				
Banco Bilbao Vizcaya Argentaria, ADR	(503,246)	(2,321)	(28)	–
Banco Santander	(627,584)	(2,285)	(84)	(0.01)
Capital One Financial	(18,149)	(1,122)	(37)	–
China Merchants Bank H shares	(249,500)	(860)	(74)	(0.01)
Credit Suisse Group, ADR	(299,748)	(2,779)	2	–
Deutsche Bank	(322,227)	(2,205)	35	–
Eaton Vance	(119,494)	(3,793)	(184)	(0.03)
Federated Investors B shares	(100,621)	(2,216)	(211)	(0.03)
Home Capital Group	(41,946)	(410)	(16)	–
HSBC Holdings, ADR	(71,587)	(2,213)	24	–
Intesa Sanpaolo	(650,825)	(1,216)	(74)	(0.01)
JPMorgan Chase	(121,627)	(9,613)	(107)	(0.01)
Man Group	(1,559,750)	(2,154)	108	0.01
MarketAxess Holdings	(10,850)	(1,994)	(204)	(0.03)
Sberbank of Russia, ADR	(210,147)	(1,997)	34	–
Societe Generale	(134,395)	(3,097)	139	0.02
Waddell & Reed Financial A shares	(119,054)	(1,645)	(73)	(0.01)
Westpac Banking, ADR	(228,890)	(3,285)	(96)	(0.01)
		(45,205)	**(846)**	**(0.12)**
Health Care (0.01)% ((0.05)%)				
Cooper	(6,247)	(1,347)	(59)	(0.01)
Dentsply Sirona	(36,660)	(1,137)	(21)	–
Henry Schein	(48,229)	(2,117)	429	0.06
Insulet	(20,410)	(1,435)	(133)	(0.02)
Zimmer Biomet Holdings	(18,792)	(1,759)	(252)	(0.04)
		(7,795)	**(36)**	**(0.01)**
Industrials (0.33)% (0.25%)				
3M	(10,638)	(1,672)	(10)	–
American Airlines Group	(76,771)	(2,059)	49	0.01
Colfax	(95,022)	(1,908)	(188)	(0.03)
Deere	(28,018)	(3,446)	(136)	(0.02)
Emerson Electric	(27,799)	(1,432)	(122)	(0.02)
Fastenal	(45,187)	(2,158)	(135)	(0.02)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
FedEx	(13,729)	(1,876)	(77)	(0.01)
GATX	(20,434)	(1,206)	(51)	(0.01)
General Dynamics	(44,073)	(5,611)	116	0.02
General Electric	(369,757)	(3,025)	(485)	(0.07)
Harris	(17,759)	(2,163)	(246)	(0.03)
IHS Markit	(49,221)	(1,963)	(80)	(0.01)
Kennametal	(53,824)	(1,545)	(62)	(0.01)
MSC Industrial Direct A shares	(34,423)	(2,224)	(87)	(0.01)
Northrop Grumman	(7,328)	(1,580)	(66)	(0.01)
Ritchie Bros Auctioneers	(42,715)	(1,200)	(36)	–
Snap-on	(33,756)	(4,134)	(46)	(0.01)
Terex	(84,469)	(2,189)	(321)	(0.04)
Wabtec	(44,065)	(2,494)	(332)	(0.05)
Watsco	(11,240)	(1,221)	13	–
Woodward	(28,803)	(2,089)	(403)	(0.05)
XPO Logistics	(31,727)	(1,166)	269	0.04
		(48,361)	**(2,436)**	**(0.33)**
Information Technology (0.88)% ((0.09)%)				
Advanced Micro Devices	(79,362)	(1,400)	(188)	(0.03)
Analog Devices	(57,472)	(4,576)	(352)	(0.05)
Apple	(49,424)	(6,497)	(658)	(0.09)
ASML Holding	(12,354)	(1,702)	(74)	(0.01)
ASML Holding, NYRS	(38,408)	(5,317)	(249)	(0.03)
Atlassian A shares	(10,398)	(831)	(87)	(0.01)
AU Optronics, ADR	(754,748)	(2,090)	242	0.03
Corning	(135,194)	(3,525)	(361)	(0.05)
Cypress Semiconductor	(123,178)	(1,432)	(137)	(0.02)
Dell Technologies C shares	(19,097)	(807)	(126)	(0.02)
Ebix	(180,926)	(8,008)	(443)	(0.06)
FLIR Systems	(40,836)	(1,588)	(134)	(0.02)
Gartner	(29,255)	(3,163)	(240)	(0.03)
Infineon Technologies	(59,175)	(978)	15	–
Knowles	(84,790)	(1,037)	(81)	(0.01)
Largan Precision	(16,000)	(1,701)	(155)	(0.02)
Leidos Holdings	(17,828)	(857)	(87)	(0.01)
LG Display, ADR	(222,965)	(1,595)	(76)	(0.01)
Marvell Technology Group	(134,072)	(1,987)	(84)	(0.01)
Microchip Technology	(47,903)	(3,135)	(232)	(0.03)
Qorvo	(50,042)	(2,609)	(121)	(0.02)
Samsung Electronics, GDR	(3,064)	(2,304)	20	–
SAP, ADR	(110,543)	(8,891)	(6)	–
Shopify A shares	(9,276)	(1,319)	(198)	(0.03)
SK Hynix	(31,067)	(1,456)	43	0.01
Splunk	(23,846)	(2,482)	(325)	(0.04)
Sunny Optical Technology Group	(206,900)	(1,842)	(326)	(0.04)
Taiwan Semiconductor Manufacturing, ADR	(176,810)	(5,244)	(255)	(0.04)
Texas Instruments	(91,146)	(7,243)	(203)	(0.03)
Trade Desk A shares	(10,484)	(1,537)	(446)	(0.06)
United Microelectronics	(6,040,000)	(1,683)	63	0.01
United Microelectronics, ADR	(350,623)	(489)	10	–
Western Digital	(88,763)	(3,237)	(275)	(0.04)
Wix.com	(12,277)	(1,049)	(23)	–
Workday A shares	(16,082)	(2,386)	(292)	(0.04)
Zendesk	(59,635)	(3,554)	(548)	(0.08)
		(99,551)	**(6,389)**	**(0.88)**

Artemis US Absolute Return Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Investment Funds (0.03)% (0.03%)				
Scottish Mortgage Investment Trust	(955,727)	(4,709)	(234)	(0.03)
		(4,709)	**(234)**	**(0.03)**
Materials (0.13)% (0.02%)				
Air Products & Chemicals	(13,131)	(1,792)	(204)	(0.03)
Ecolab	(22,293)	(2,823)	(216)	(0.03)
GCP Applied Technologies	(86,693)	(1,941)	(309)	(0.04)
PPG Industries	(18,666)	(1,574)	(113)	(0.02)
Southern Copper	(31,544)	(870)	(112)	(0.01)
		(9,000)	**(954)**	**(0.13)**
Real Estate (0.01)% (0.04%)				
Kimco Realty	(160,500)	(2,108)	(52)	(0.01)
Regency Centers	(38,957)	(1,906)	(44)	–
		(4,014)	**(96)**	**(0.01)**
Contracts for difference total		**(301,923)**	**(14,098)**	**(1.94)**
Forward currency contracts 0.36% ((0.66)%)				
I accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 10,273 sell US Dollar 10,302 dated 29/03/2019			–	–
			–	**–**
I accumulation EUR (NAV hedged) 0.12% ((0.33)%)				
Buy Euro 289,803,595 sell US Dollar 330,295,177 dated 25/03/2019			879	0.12
			879	**0.12**
I accumulation GBP (NAV hedged) 0.23% ((0.29)%)				
Buy Sterling 466,957,296 sell US Dollar 619,823,075 dated 29/03/2019			1,680	0.23
			1,680	**0.23**
R accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 10,077 sell US Dollar 10,105 dated 29/03/2019			–	–
			–	**–**
R accumulation EUR (NAV hedged) 0.01% ((0.04)%)				
Buy Euro18,683,486 sell US Dollar 21,296,334 dated 25/03/2019			55	0.01
			55	**0.01**
Forward currency contracts total			**2,614**	**0.36**
Futures 0.00% ((0.01)%)				
Fair value adjustment at pricing point†			**(148)**	**(0.02)**
Investment assets (including investment liabilities)			564,256	77.59
Net other assets			163,011	22.41
Net assets attributable to shareholders			727,267	100.00

The comparative percentage figures in brackets are as at 28 February 2018.
^ 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.
† Fair value adjustment based on movements of futures in markets closed at the fund valuation point, since the last market close.

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital (losses)/gains	3		(2,041)		24,938
Revenue	5	14,241		5,520	
Expenses	6	(6,326)		(6,784)	
Interest payable and similar charges	7	(5,967)		(4,265)	
Net revenue/(expense) before taxation		1,948		(5,529)	
Taxation	8	(673)		(376)	
Net revenue/(expense) after taxation			1,275		(5,905)
Total return before distributions			**(766)**		**19,033**
Distributions	9		(1,867)		-
Change in net assets attributable to shareholders from investment activities			(2,633)		19,033

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		585,440		320,415
Amounts receivable on issue of shares	508,604		378,495	
Amounts payable on cancellation of shares	(365,990)		(132,541)	
		142,614		245,954
Dilution adjustment		43		38
Change in net assets attributable to shareholders from investment activities		(2,633)		19,033
Retained distribution on accumulation shares		1,803		-
Closing net assets attributable to shareholders		727,267		585,440

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	581,359	442,198
Current assets			
Debtors	11	28,974	6,461
Cash and bank balances	12	159,767	156,955
Total current assets		**188,741**	**163,416**
Total assets		**770,100**	**605,614**
Liabilities			
Investment liabilities	10	17,103	10,160
Creditors			
Other creditors	13	25,730	10,014
Total creditors		**25,730**	**10,014**
Total liabilities		**42,833**	**20,174**
Net assets attributable to shareholders		727,267	585,440

Artemis US Absolute Return Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period, net of any accrued interest in the case of debt securities, which is included in the balance sheet as a revenue related item. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the investment manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

Open forward foreign exchange contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses) in the notes to the financial statements.

The contracts for difference held in the portfolio are valued based on the price of the underlying security or index which they are purchased to reflect. The nature and intended use of these derivatives is to synthetically allow the sub-fund to go long and short on an underlying asset without the need to trade the physical securities. They are valued at the quoted bid price of the underlying security when held long and at the quoted offer price of the underlying security when short. There are revenue and capital returns to be derived from these instruments. Dividends on contracts for difference are recognised when the securities are quoted ex-dividend. Cash held at CFD brokers as margin is reflected separately within cash and bank balances.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-funds between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for difference held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on a time apportioned basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than the performance fee and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

3. Net capital (losses)/gains

	28 February 2019 £'000	28 February 2018 £'000
Non-derivative securities	22,363	9,154
Currency gains/(losses)	20,963	(25,514)
Derivative contracts	3,168	(10,717)
Capital transaction charges	(11)	(20)
Forward currency contracts	(48,524)	52,035
Net capital (losses)/gains	(2,041)	24,938

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs, these costs form part of the dealing price.

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	647,324	96	7	647,427	0.01	-
Bonds	252,979	-	-	252,979	-	-
Sales						
Equities	545,472	100	8	545,364	0.02	-
Bonds	235,934	-	-	235,934	-	-
Derivative purchases and sales		215	29			
Total		411	44			
Percentage of sub-fund average net assets		0.06%	0.01%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	314,515	156	6	314,677	0.05	-
Bonds	336,002	-	-	336,002	-	-
Sales						
Equities	201,034	113	4	200,917	0.06	-
Bonds	220,349	-	-	220,349	-	-
Derivative purchases and sales		427	36			
Total		696	46			
Percentage of sub-fund average net assets		0.15%	0.01%			

During the year the sub-fund incurred £11,000 (2018: £20,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2018: 0.01%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Bank interest	5,396	970
Interest on debt securities	4,441	1,308
Overseas dividends	3,724	1,347
Derivative income	649	1,888
UK dividends	31	7
Total revenue	14,241	5,520

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	5,276	3,647
Performance fees	479	2,720
Administration fees *	80	-
Other expenses:		
Administration fees	165	160
Registration fees	131	83
Operational fees	92	91
Depositary fees	62	51
Safe custody fees	18	11
Auditor's remuneration: non-audit fees (taxation)	12	10
Auditor's remuneration: audit fees**	10	11
Price publication fees	1	-
Total expenses	6,326	6,784

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
*The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the period was £10,250 (2018: £9,000).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Dividends payable on short positions	5,749	3,601
Interest payable on positions with brokers and counterparties	174	661
Interest payable	44	3
Total interest payable and similar charges	5,967	4,265

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	673	376
Total taxation (note 8b)	673	376
b) Factors affecting the tax charge for the year		
Net revenue/(expense) before taxation	1,948	(5,529)
Corporation tax at 20% (2018: 20%)	390	(1,106)
Effects of:		
Irrecoverable overseas tax	673	376
Unutilised management expenses	346	1,347
Utilisation of non-trade deficit carried forward	-	20
Overseas withholding tax expensed	(3)	(2)
Non-taxable UK dividends	(6)	(1)
Non-taxable overseas dividends	(727)	(258)
Tax charge for the year (note 8a)	673	376

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 sub-fund has not recognised a deferred tax asset of £2,138,000 (2018: £1,792,000) arising as a result of having unutilised management expenses of £10,689,000 (2018: £8,959,000) and non-trade loan relationship deficits of £1,203,000 (2018: £1,203,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	1,803	-
Add: amounts deducted on cancellation of shares	402	-
Deduct: amounts added on issue of shares	(338)	-
Distributions	1,867	-
Movement between net revenue and distributions		
Net revenue/(expense) after taxation	1,275	(5,905)
Expenses paid from capital	519	2,753
Deficit transferred to capital	73	3,152
	1,867	-

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 89.

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).

	28 February 2019		28 February 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	353,297*	17,103	442,198	6,269
Level 2	228,062	-	-	3,891
Total	581,359	17,103	442,198	10,160

* Level 1 includes a fair value adjustment based on movements of futures in markets closed at the fund valuation point, since the last market close.

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Amounts receivable for issue of shares	25,975	6,177
Sales awaiting settlement	2,504	-
Accrued revenue	494	171
Overseas withholding tax recoverable	1	-
Amounts receivable on derivative contracts	-	112
Prepaid expenses	-	1
Total debtors	28,974	6,461

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	66,737	38,218
Amounts held on deposit with RBS	53,886	51,440
Amounts held at futures clearing houses and brokers	15,343	37,781
Cash and bank balances	12,244	18,524
Amounts held on deposit with HSBC	11,507	10,955
Amounts held in JPMorgan Liquidity Funds - Sterling Liquidity Fund (Institutional dist.)	50	37
Total cash and bank balances	159,767	156,955

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Amounts payable for cancellation of shares	16,268	5,215
Purchases awaiting settlement	7,754	1,000
Accrued other expenses	407	124
Accrued performance fee	479	2,720
Accrued annual management charge	423	343
Amounts payable on derivative contracts	319	612
Accrued administration fee payable to the ACD	80	-
Total other creditors	25,730	10,014

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation CHF (NAV hedged)	10,000	-	-	10,000
I accumulation EUR (NAV hedged)	311,877,092	241,485,992	(307,568,459)	245,794,625
I accumulation GBP (NAV hedged)	204,198,754	229,584,149	(25,302,890)	408,480,013
I accumulation USD	15,771,871	6,813,840	(10,403,845)	12,181,866
R accumulation CHF (NAV hedged)	10,000	-	-	10,000
R accumulation EUR (NAV hedged)	41,933,108	6,787,135	(30,406,064)	18,314,179
R accumulation USD	108,618	1,335,967	(824,030)	620,555

16. Risk disclosures

In pursuing their investment objectives, the sub-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 sub-fund's operations. The sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub-fund's exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a daily basis, which is then used by the ACD 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 sub-fund in absolute terms. The maximum limit for UCITS funds is 20% of its NAV, in accordance with the Committee of European Securities Regulators ('CESR') guidance. VaR expresses the maximum expected loss by the sub-fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses two year risk factor data and a 20 business day holding period. From 14 November 2017 the VaR methodology was changed from using one year risk factor data to two years. 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.

	28 February 2019 %	For the period from 14 November 2017 to 28 February 2018 %	For the period from 1 March 2017 to 13 November 2017 %
28 February	2.18	4.49	-
Average utilisation during the period	3.29	4.93	4.99
Highest utilisation during the period	4.61	5.12	5.44
Lowest utilisation during the period	2.15	4.22	4.35

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub- fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	375.3	363.7
Commitment	142.7	155.3

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Cash accounts are maintained at several counterparties. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs'), Morgan Stanley ('Morgan Stanley'), JPMorgan Chase Bank N.A. ('JPMorgan') are the counterparties for the CFD's and JPMorgan is the counterparty for the forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2019 or 28 February 2018.

In order to diversify counterparty risk the sub fund holds cash with a number of other counterparties. The other counterparties were The Royal Bank of Scotland plc ('RBS'), J.P. Morgan Asset Management ('JP Morgan Liquidity Funds') and HSBC Holdings ('HSBC')

Counterparty and collateral exposure

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

	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held £'000
28 February 2019				
Goldman Sachs	(189,159)	-	(189,159)	13,088
JPMorgan	(56,125)	2,614	(53,511)	1,297
Morgan Stanley	(56,639)	-	(56,639)	958
28 February 2018				
Goldman Sachs	(75,362)	-	(75,362)	(6)
JPMorgan	(51,116)	(3,891)	(55,007)	1,426
Morgan Stanley	(55,665)	-	(55,665)	36,361

Only cash collateral is held or pledged by the sub-fund.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 78 and notes 6, 9, 11 and 13 on pages 82 to 85 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2019 in respect of these transactions was £8,725,000 (2018: £2,101,000 due to the ACD).

18. Share classes

The annual management change on each shareclass is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR (NAV hedged)	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on pages 90 and 91. The distribution per share class are given in the distribution table on page 89. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis US Absolute Return Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation CHF (NAV hedged)				
Group 1	0.2242c	-	0.2242c	-
Group 2	0.2242c	0.0000c	0.2242c	-
I accumulation EUR (NAV hedged)				
Group 1	0.2744c	-	0.2744c	-
Group 2	0.1757c	0.0987c	0.2744c	-
I accumulation GBP (NAV hedged)				
Group 1	0.2934p	-	0.2934p	-
Group 2	0.2304p	0.0630p	0.2934p	-
I accumulation USD				
Group 1	0.2844c	-	0.2844c	-
Group 2	0.2638c	0.0206c	0.2844c	-

Corporate shareholders should note that:
1.100.00% of the revenue distribution is received as franked investment income.
2.0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Absolute Return Fund – Comparative tables

	I accumulation CHF (NAV hedged)**			I accumulation EUR (NAV hedged)		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**103.20**	**100.73**	**100.00**	**110.33**	**107.32**	**106.98**
Return before operating charges *	0.33	3.33	1.57	0.99	3.94	1.31
Operating charges	(0.86)	(0.86)	(0.84)	(0.91)	(0.93)	(0.97)
Return after operating charges	(0.53)	2.47	0.73	0.08	3.01	0.34
Distributions	(0.22)	-	-	(0.27)	-	-
Retained distributions on accumulation shares	0.22	-	-	0.27	-	-
Closing net asset value per share	**102.67**	**103.20**	**100.73**	**110.41**	**110.33**	**107.32**
* after direct transaction costs of	(0.06)	(0.16)	(0.28)	(0.07)	(0.18)	(0.30)
Performance						
Return after charges	(0.51)%	2.45%	0.73%	0.07%	2.80%	0.32%
Other information						
Closing net asset value (£'000)	8	8	8	232,880	303,644	162,004
Closing number of shares	10,000	10,000	10,000	245,794,625	311,877,092	177,169,279
Operating charges	0.83%	0.85%	0.82%	0.83%	0.85%	0.90%
Performance fees	-	0.60%	0.18%	0.04%	0.57%	0.01%
Direct transaction costs	0.06%	0.16%	0.28%	0.06%	0.16%	0.28%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	103.75	103.79	101.41	111.33	110.85	107.93
Lowest price	101.49	100.29	99.73	108.75	106.90	105.52

	I accumulation GBP (NAV hedged)			I accumulation USD		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(p)**	**(p)**	**(p)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**112.96**	**109.04**	**107.76**	**114.71**	**109.30**	**107.69**
Return before operating charges *	2.32	4.86	2.25	4.34	6.36	2.60
Operating charges	(0.94)	(0.94)	(0.97)	(0.96)	(0.95)	(0.99)
Return after operating charges	1.38	3.92	1.28	3.38	5.41	1.61
Distributions	(0.29)	-	-	(0.28)	-	-
Retained distributions on accumulation shares	0.29	-	-	0.28	-	-
Closing net asset value per share	**114.34**	**112.96**	**109.04**	**118.09**	**114.71**	**109.30**
* after direct transaction costs of	(0.07)	(0.18)	(0.30)	(0.07)	(0.18)	(0.31)
Performance						
Return after charges	1.22%	3.60%	1.19%	2.95%	4.95%	1.50%
Other information						
Closing net asset value (£'000)	467,037	230,654	121,376	10,813	13,066	12,948
Closing number of shares	408,480,013	204,198,754	111,314,526	12,181,866	15,771,871	14,738,987
Operating charges	0.83%	0.85%	0.90%	0.83%	0.85%	0.90%
Performance fees	0.10%	0.66%	0.20%	0.13%	0.81%	0.20%
Direct transaction costs	0.06%	0.16%	0.28%	0.06%	0.16%	0.28%
Prices	**(p)**	**(p)**	**(p)**	**(c)**	**(c)**	**(c)**
Highest price	115.03	113.16	109.22	118.45	114.90	109.32
Lowest price	111.67	108.77	106.31	113.78	109.14	106.24

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Absolute Return Fund – Comparative tables (continued)

	R accumulation CHF (NAV hedged)**			R accumulation EUR (NAV hedged)**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**102.01**	**100.21**	**100.00**	**102.63**	**100.44**	**100.00**
Return before operating charges *	0.29	3.42	1.73	0.90	3.82	2.00
Operating charges	(1.60)	(1.62)	(1.52)	(1.61)	(1.63)	(1.56)
Return after operating charges	(1.31)	1.80	0.21	(0.71)	2.19	0.44
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	**100.70**	**102.01**	**100.21**	**101.92**	**102.63**	**100.44**
* after direct transaction costs of	(0.06)	(0.16)	(0.28)	(0.06)	(0.16)	(0.29)
Performance						
Return after charges	(1.28)%	1.80%	0.21%	(0.69)%	2.18%	0.44%
Other information						
Closing net asset value (£'000)	7	8	22	16,017	37,977	23,968
Closing number of shares	10,000	10,000	27,200	18,314,179	41,933,108	28,005,644
Operating charges	1.58%	1.60%	1.52%	1.58%	1.60%	1.52%
Performance fees	-	0.52%	0.12%	0.08%	0.48%	0.33%
Direct transaction costs	0.06%	0.16%	0.28%	0.06%	0.16%	0.28%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	102.51	102.79	101.08	103.14	103.31	101.20
Lowest price	100.08	99.67	99.22	100.85	99.98	99.47

	R accumulation USD**		
	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**105.90**	**101.60**	**100.00**
Return before operating charges *	4.07	5.96	3.19
Operating charges	(1.69)	(1.66)	(1.59)
Return after operating charges	2.38	4.30	1.60
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	**108.28**	**105.90**	**101.60**
* after direct transaction costs of	(0.06)	(0.17)	(0.30)
Performance			
Return after charges	2.25%	4.23%	1.60%
Other information			
Closing net asset value (£'000)	505	83	89
Closing number of shares	620,555	108,618	108,618
Operating charges	1.58%	1.60%	1.52%
Performance fees	0.02%	0.70%	0.32%
Direct transaction costs	0.06%	0.16%	0.28%
Prices	**(c)**	**(c)**	**(c)**
Highest price	108.71	106.08	101.80
Lowest price	104.88	101.37	99.78

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Ongoing charges

Class	28 February 2019
I accumulation CHF (NAV hedged)	0.83%
I accumulation EUR (NAV hedged)	0.83%
I accumulation GBP (NAV hedged)	0.83%
I accumulation USD	0.83%
R accumulation CHF (NAV hedged)	1.58%
R accumulation EUR (NAV hedged)	1.58%
R accumulation USD	1.58%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis US Absolute Return Fund	14.3	6.0	1.2	0.5
LIBOR GBP 3 months	2.4	1.6	0.7	0.4
Sector average	7.3	3.9	(1.4)	(1.0)
Position in sector	15/53	25/65	18/76	21/81
Quartile	2	2	1	2

* Data from 27 October 2015. Source: Lipper Limited, class I accumulation GBP (NAV hedged) shares, mid to mid in sterling to 28 February 2019. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Targeted Absolute Return.

Artemis US Equity Fund

Investment objective and policy

The objective of the Artemis US Equity Fund (the 'sub-fund') is to achieve long-term capital growth. The sub-fund invests principally in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. The sub-fund will primarily invest in medium and large companies. The ACD will not be restricted in respect of choice of investments either by company size or industry.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	5	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator may not fully take into account the following risks and the following may affect sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- The sub-fund may have a concentrated portfolio of investments, which can give rise to more risk than where investments are spread over a large number of companies. This may increase the potential gains; however, the concentration of exposure and lack of diversification may also substantially increase the risk of loss by this fund.
- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.

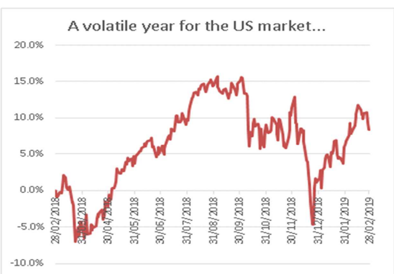
- The fund rises 8.3%*, in line with the benchmark.
- Healthcare stocks boost performance.
- Taking a more defensive stance as the economy slows.

Performance – A year of volatility …

At times, it was a volatile year for the US market. Amid this choppiness, the fund's performance was broadly in line with the benchmark index: it returned 8.3% (in sterling terms) versus the S&P 500's return of 8.4%.

Boosted by tax cuts and solid growth in corporate earnings, the US market rose through the spring and into the summer. Economic data, meanwhile, was also supportive, with jobs being created at a surprisingly high pace: the unemployment rate in the US today is lower than it has been for several decades.

The second half of the period, however, was characterised by a marked deterioration in sentiment and an increase in volatility. Fears of recession grew and uncertainty mounted about the trajectory of interest rates and the reversal of quantitative easing ('quantitative tightening'). Increased tension around trade and potential implementation of tariffs between the US and China also began to take their toll. The volatility became particularly pronounced from October and a very steep sell-off followed in December. At this point, however, the Federal Reserve's pronouncements took a more dovish turn which began to reassure a nervous market. In response, US stocks enjoyed a powerful rally in January and into February.



Source: Datastream

Review – Healthcare stocks help but industrials hurt…

The technology sector's long run of good performance continued into the summer. Earnings in this sector are still growing markedly faster than they are in the wider market. But given the strong performance of our holdings in this area, we progressively reduced the fund's exposure to the technology sector in July and into August. As 2018 progressed, the growing tensions between the US and China over trade began to take their toll, particularly on semiconductor stocks that are exposed to Chinese imports. Although we had reduced the fund's exposure to this area of the market, our holding in semiconductor equipment maker Applied Materials suffered. At the same time, however, our holding in Xilinx, a semiconductor company involved in rollout of 5G technology, was the biggest contributor to returns. Some of our holdings in software and services, such as Nutanix, which provides cloud services, were also among the top contributors to performance over the year.

Our healthcare stocks also contributed to returns. As the US healthcare system is not a 'single-payer' system there is no single body acting to control rising costs. Healthcare currently consumes approximately 18% of US Gross Domestic Product ('GDP'). We believe healthcare insurance companies such as Anthem will play an increasing role in helping both companies (who pay healthcare insurance costs for their employees) and the government (through its Medicare and Medicare healthcare programmes) to control spending. To do this, they will be insuring a greater and greater number of lives and that will lead to solid growth. Health insurers such as Centene and Anthem made good contributions to performance.

On the negative side, some of our industrial stocks, such as defence companies Raytheon and Huntington Ingalls, weighed on returns. They underperformed on fears that having taken control of the House of Representatives in the mid-term election, the Democrats would cut spending on defence. Our view is that spending on defence will remain healthy and we continue to hold both stocks. We have, however, sold our holding in railroad company Norfolk Southern after a period of good performance. Any slowing in the domestic economy or increased friction in global trade could well have an impact the volume of freight carried by rail so we took profits on a stock that had moved higher both in its underlying earnings and in its valuation.

Although the fund has less exposure to the energy sector than the wider market, it does have some exposure here and our holdings in Marathon Petroleum and Delek impaired performance. In the case of Delek, we liked the potential of its refineries to access cheaper, locally produced oil from the Permian Basin in West Texas, where pipeline capacity had not kept up with rising supply. What we had not anticipated was that exploration and production companies would exhibit an unusual degree of restraint in slowing production, with the result that Delek's margins will not be as high as expected. We subsequently significantly reduced our position.

Outlook – Slower growth and a more dovish Fed…

Data releases are pointing towards slower growth in the US economy – but this is a slowdown in the rate of expansion rather than a sharp downturn. It is also clear that the wider global economy is slowing too, with particular weakness in Europe and China. So although the US will continue to grow, we do not see this as the right time to make significant investments in companies that would require an improving economic backdrop to deliver returns to their shareholders (and our unitholders).

Instead, we are investing in businesses whose growth stems from idiosyncratic factors and whose success should be relatively independent from developments in the wider economy. After the sharp sell-off in December, we added back to some of the technology stocks that we had sold in the summer. We also favour

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index (GBP).

Artemis US Equity Fund – Investment review (continued)

payment companies and credit card companies. We see growth in electronic payments and the move away from cash underpinning earnings growth in an industry that it sheltered by relatively high barriers to entry. The fund currently has holdings in Visa, PayPal and Worldpay.

During January we took the opportunity to add, very selectively, to stocks where we felt the share price was discounting an overly negative view of economic growth. One example was Facebook, which has obviously been subject to a lot of negative press coverage concerning privacy. Having sold the stock early in 2018 the fund avoided a period of significant underperformance. But by early 2019 we felt that the stock price was more attractive in relation to the fundamentals of the business – irrespective of the negative sentiment surrounding it.

Set against this, we remain underexposed to the banking sector. In non-bank financials we own Progressive, an insurance company. This is an automotive insurance company that uses technology to offer better pricing to customers, enabling it to grow quickly and (more importantly) profitably.

Given the slowing economic environment we favour companies that can provide some certainty around future earnings.

Cormac Weldon
Fund manager

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Lowe's	1,337	Micron Technology	1,555
Microsoft	1,235	Norfolk Southern	863
Crown Castle International, REIT	1,058	Microsoft	756
Progressive	963	Boeing	714
Alphabet C shares	961	Facebook A shares	669

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 97.39% (99.88%)			
Communication Services 6.64% (7.11%)			
Alphabet C shares	2,116	1,775	4.53
Facebook A shares	3,587	439	1.12
Take-Two Interactive Software	3,409	217	0.56
T-Mobile US	3,097	168	0.43
		2,599	**6.64**
Consumer Discretionary 11.66% (10.87%)			
Amazon.com	609	751	1.92
Burlington Stores	5,315	668	1.70
Caesars Entertainment	15,038	96	0.24
Churchill Downs	4,701	341	0.87
Grand Canyon Education	3,134	269	0.69
Home Depot	2,068	286	0.73
Lowe's	12,573	1,017	2.60
McDonald's	2,358	325	0.83
Planet Fitness A shares	12,475	548	1.40
Pool	2,197	265	0.68
		4,566	**11.66**
Consumer Staples 2.10% (4.89%)			
Lamb Weston Holdings	3,604	187	0.48
PepsiCo	3,639	316	0.80
Philip Morris International	4,893	321	0.82
		824	**2.10**
Energy 4.28% (5.20%)			
Chevron	8,686	784	2.00
EOG Resources	5,565	397	1.01
Marathon Petroleum	6,212	296	0.76
Schlumberger	5,967	199	0.51
		1,676	**4.28**
Financials 13.26% (15.15%)			
Bank of America	34,017	755	1.93
Citigroup	5,546	268	0.69
Discover Financial Services	7,671	411	1.05
Huntington Bancshares	50,340	544	1.39
Intercontinental Exchange	5,699	327	0.83
MSCI	3,377	459	1.17
Progressive	15,683	857	2.19
S&P Global	2,590	393	1.00
SVB Financial Group	2,169	408	1.04
Voya Financial	20,400	770	1.97
		5,192	**13.26**

Artemis US Equity Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Health Care 21.41% (14.89%)			
Abbott Laboratories	15,444	896	2.29
Amgen	2,326	335	0.85
Anthem	4,837	1,113	2.84
AxoGen	2,228	31	0.08
Becton Dickinson	1,851	348	0.89
Biogen	1,261	312	0.80
Celgene	1,177	80	0.21
Centene	8,659	403	1.03
Humana	1,831	396	1.01
Intuitive Surgical	672	277	0.71
IQVIA Holdings	2,794	297	0.76
Johnson & Johnson	7,187	734	1.87
Medtronic	10,184	696	1.78
Pfizer	33,062	1,067	2.72
UnitedHealth Group	4,249	799	2.04
Zoetis	8,525	601	1.53
		8,385	**21.41**
Industrials 8.59% (15.74%)			
Boeing	2,633	862	2.20
Cintas	2,777	428	1.09
Huntington Ingalls Industries	3,949	624	1.59
Lockheed Martin	1,741	402	1.03
Norfolk Southern	1,493	203	0.52
Raytheon	6,062	845	2.16
		3,364	**8.59**
Information Technology 21.56% (22.18%)			
Apple	4,578	602	1.54
Autodesk	2,936	362	0.92
Booz Allen Hamilton Holding	14,252	565	1.44
Fidelity National Information Services	6,078	490	1.25
First Data A shares	18,515	352	0.90
Intuit	1,862	349	0.89
Lam Research	1,461	194	0.50
Micron Technology	7,306	227	0.58
Microsoft	22,296	1,880	4.80
PayPal Holdings	6,983	513	1.31
salesforce.com	2,763	339	0.86
Visa A shares	10,471	1,159	2.96
Worldpay	6,400	470	1.20
Xilinx	10,175	943	2.41
		8,445	**21.56**
Materials 1.18% (2.58%)			
DowDuPont	5,290	217	0.56
Franco-Nevada	4,311	244	0.62
		461	**1.18**
Real Estate 2.53% (0.00%)			
Crown Castle International, REIT	11,132	990	2.53
		990	**2.53**

Investment	Holding	Valuation £'000	% of net assets
Utilities 4.18% (1.27%)			
Evergy	17,967	749	1.91
NextEra Energy	6,335	889	2.27
		1,638	**4.18**
Investment assets		38,140	97.39
Net other assets		1,023	2.61
Net assets attributable to shareholders		39,163	100.00

The comparative percentage figures in brackets are as at 28 February 2018.

Artemis US Equity Fund – Financial statements

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital gains	3		2,533		2,936
Revenue	5	553		387	
Expenses	6	(362)		(275)	
Net revenue before taxation		191		112	
Taxation	7	(76)		(69)	
Net revenue after taxation			115		43
Total return before distributions			**2,648**		**2,979**
Distributions	8		(115)		(44)
Change in net assets attributable to shareholders from investment activities			2,533		2,935

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		31,575		25,800
Amounts receivable on issue of shares	12,915		5,350	
Amounts payable on cancellation of shares	(7,985)		(2,557)	
		4,930		2,793
Dilution adjustment		3		-
Change in net assets attributable to shareholders from investment activities		2,533		2,935
Retained distribution on accumulation shares		122		47
Closing net assets attributable to shareholders		39,163		31,575

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	9	38,140	31,536
Current assets			
Debtors	10	125	368
Cash and bank balances	11	994	46
Total current assets		**1,119**	**414**
Total assets		**39,259**	**31,950**
Liabilities			
Creditors			
Other creditors	12	96	375
Total creditors		**96**	**375**
Total liabilities		**96**	**375**
Net assets attributable to shareholders		39,163	31,575

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL').
The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/ losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/ stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

Artemis US Equity Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2019 £'000	28 February 2018 £'000
Non-derivative securities	2,517	3,012
Currency gains/(losses)	20	(72)
Capital transaction charges	(4)	(4)
Net capital gains	2,533	2,936

4. Direct transaction costs

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

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	34,953	6	-	34,959	0.02	-
Sales						
Equities	30,876	6	-	30,870	0.02	-
Total		12	-			
Percentage of sub-fund average net assets		0.03%	0.00%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	24,971	8	-	24,979	0.03	-
Sales						
Equities	20,575	6	-	20,569	0.03	-
Total		14	-			
Percentage of sub-fund average net assets		0.05%	0.00%			

During the year the sub-fund incurred £4,000 (2018: £4,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2018: 0.02%). 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

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	531	374
Bank interest	22	13
Total revenue	553	387

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	274	209
Administration fees *	4	-
Expense rebate	(44)	(59)
Other expenses:		
Administration fees	38	44
Operational fees	37	38
Registration fees	30	22
Auditor's remuneration: non-audit fees (taxation)	10	8
Auditor's remuneration: audit fee **	8	9
Depositary fees	3	3
Safe custody fees	1	1
Price publication fees	1	-
Total expenses	362	275

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £7,750 (2018: £7,500).

7. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	76	69
Total taxation (note 7b)	76	69
b) Factors affecting the tax charge for the year		
Net revenue before taxation	191	112
Corporation tax at 20% (2018: 20%)	38	22
Effects of:		
Irrecoverable overseas tax	76	69
Unutilised management expenses	67	51
Non-taxable overseas dividends	(105)	(73)
Tax charge for the year (note 7a)	76	69

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 sub-fund has not recognised a deferred tax asset of £184,000 (2018: £117,000) arising as a result of having unutilised management expenses of £918,000 (2018: £587,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis US Equity Fund – Notes to the financial statements (continued)

8. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	122	47
Add: amounts deducted on cancellation of shares	6	2
Deduct: amounts added on issue of shares	(13)	(5)
Distributions	115	44
Movement between net revenue and distributions		
Net revenue after taxation	115	43
Expenses paid from capital	-	1
	115	44

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 107.

9. Fair value hierarchy

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

The disclosure is split into the following categories:
Level 1 – Investments with unadjusted quoted prices in an active market;
Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;
Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2019 Assets £'000	28 February 2018 Assets £'000
Level 1	38,140	31,536
Total	38,140	31,536

10. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Accrued revenue	49	33
Expense rebate receivable	45	59
Amounts receivable for issue of shares	31	22
Sales awaiting settlement	-	253
Prepaid expenses	-	1
Total debtors	125	368

11. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	974	33
Cash and bank balances	20	13
Total cash and bank balances	994	46

12. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Accrued other expenses	43	45
Amounts payable for cancellation of shares	27	107
Accrued annual management charge	22	16
Accrued administration fee payable to the ACD	4	-
Purchases awaiting settlement	-	207
Total other creditors	96	375

13. Contingent liabilities and commitments

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

14. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation EUR	43,112	17,930	-	61,042
I accumulation GBP	17,994,295	6,831,677	(4,233,793)	20,592,179
I accumulation USD	10,000	-	-	10,000

15. Risk disclosures

In pursuing their investment objectives, the sub-fund may hold a number of financial instruments. These financial instruments comprise equities, cash balances and liquid resources, which include debtors and creditors that arise directly from the sub-fund's operations.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet.

Artemis US Equity Fund – Notes to the financial statements (continued)

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been provided.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2019 or 28 February 2018.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

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

	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2019			
US Dollar	38,140	1,040	39,180
Sterling	-	(17)	(17)
28 February 2018			
US Dollar	31,399	59	31,458
Canadian Dollar	137	-	137
Sterling	-	(20)	(20)

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £1,959,000 (2018: £1,580,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £1,907,000 (2018: £1,577,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub- fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	105.0	100.2
Commitment	100.0	100.0

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

There were no significant concentrations of credit risk.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

16. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 99 and notes 6, 8, 10 and 12 on pages 102 to 104 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2019 in respect of these transactions was £23,000 (2018: due to the ACD £42,000).

17. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 108. The distribution per share class are given in the distribution table on page 107. All classes have the same rights on winding up.

18. Post balance sheet event

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

Artemis US Equity Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation EUR				
Group 1	0.5290c	-	0.5290c	0.2309c
Group 2	0.4369c	0.0921c	0.5290c	0.2309c
I accumulation GBP				
Group 1	0.5931p	-	0.5931p	0.2591p
Group 2	0.3945p	0.1986p	0.5931p	0.2591p
I accumulation USD				
Group 1	0.4644c	-	0.4644c	0.1905c
Group 2	0.4644c	-	0.4644c	0.1905c

Corporate shareholders should note that:
1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

	I accumulation EUR			I accumulation GBP		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**156.96**	**146.56**	**118.74**	**175.08**	**157.84**	**117.89**
Return before operating charges *	19.54	11.91	29.11	16.46	18.88	41.31
Operating charges	(1.67)	(1.51)	(1.29)	(1.86)	(1.64)	(1.36)
Return after operating charges	17.87	10.40	27.82	14.60	17.24	39.95
Distributions	(0.53)	(0.23)	(0.62)	(0.59)	(0.26)	(0.68)
Retained distributions on accumulation shares	0.53	0.23	0.62	0.59	0.26	0.68
Closing net asset value per share	**174.83**	**156.96**	**146.56**	**189.68**	**175.08**	**157.84**
* after direct transaction costs of	(0.05)	(0.08)	(0.19)	(0.06)	(0.08)	(0.20)
Performance						
Return after charges	11.39%	7.10%	23.43%	8.34%	10.92%	33.89%
Other information						
Closing net asset value (£'000)	92	60	13	39,059	31,504	25,717
Closing number of shares	61,042	43,112	10,000	20,592,179	17,994,295	16,292,500
Operating charges	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Direct transaction costs	0.03%	0.05%	0.15%	0.03%	0.05%	0.15%
Prices	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Highest price	179.45	159.98	148.09	203.47	178.23	158.05
Lowest price	148.18	137.40	116.37	163.93	152.06	115.83

	I accumulation USD		
	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**151.26**	**122.58**	**101.96**
Return before operating charges *	7.72	30.01	21.74
Operating charges	(1.53)	(1.33)	(1.12)
Return after operating charges	6.19	28.68	20.62
Distributions	(0.46)	(0.19)	(0.53)
Retained distributions on accumulation shares	0.46	0.19	0.53
Closing net asset value per share	**157.45**	**151.26**	**122.58**
* after direct transaction costs of	(0.05)	(0.07)	(0.17)
Performance			
Return after charges	4.09%	23.40%	20.22%
Other information			
Closing net asset value (£'000)	12	11	70
Closing number of shares	10,000	10,000	71,510
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs	0.03%	0.05%	0.15%
Prices	**(c)**	**(c)**	**(c)**
Highest price	163.29	156.42	122.67
Lowest price	135.41	120.93	101.86

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.

Artemis US Equity Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2019
I accumulation EUR	1.00%
I accumulation GBP	1.00%
I accumulation USD	1.00%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis US Equity Fund	89.7	60.9	8.3	(5.3)
S&P 500 Index	86.2	60.5	8.4	(5.3)
Sector average	74.4	54.9	7.0	(5.8)
Position in sector	12/79	22/85	22/95	34/99
Quartile	1	2	1	2

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2019. All performance figures show total return percentage growth. Sector is IA North America.

Investment objective and policy

The objective of the Artemis US Extended Alpha Fund (the 'sub- fund') is to achieve long-term capital growth. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company size or by industry. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	**5**	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator may not fully take into account the following risks and the following may affect sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investing in derivatives carries risks. In the case of a 'short' position, for example, where the sub-fund aims to profit from falling prices, if the price of the underlying asset rises in value, the sub-fund will lose money.
- Hedged shares will still be exposed to the market risks that relate to assets of the portfolio and may not be completely protected from all currency fluctuations.
- The sub-fund can invest in China A-shares (shares traded on Chinese stock exchanges in Renminbi). There is a risk that the fund may suffer difficulties or delays in enforcing its rights in these shares, including title and assurance of ownership.

Artemis US Extended Alpha Fund – Investment review

- The fund generates a positive return but trails the benchmark.
- We reduce holdings in industrials and add to healthcare.
- Fundamentals are deteriorating and we remain cautious.

Performance – Slightly trailing a volatile market …

In a volatile year for the US market, the fund returned 7.4%* but underperformed the S&P 500, which rose 8.4%*.

Boosted by tax cuts and solid growth in corporate earnings, the US market rose in the early part of the period. Economic data was also supportive, with jobs being created at a surprisingly high pace: the unemployment rate in the US today is lower than it has been for several decades.

The second half of the period, however, was characterised by a marked deterioration in sentiment and an increase in volatility, exacerbated by liquidity being taken out of the financial system. Fears of recession grew and uncertainty mounted about the trajectory of interest rates and the reversal of quantitative easing (‘quantitative tightening’). Increased tension around trade and the potential implementation of tariffs between the US and China also began to take their toll. The volatility became particularly pronounced from October and a very steep sell-off followed in December. At this point, however, the Federal Reserve’s pronouncements took a more dovish turn which began to reassure a nervous market. In response, US stocks enjoyed a powerful rally in January and into February. This was helped by the release of fourth-quarter corporate results, which showed that S&P 500 companies grew earnings by 23% in 2018.

Review – Helped by selected technology, healthcare and mid-cap stocks …

The fund underperformed its benchmark over the period. Stock selection was positive but sector allocation was slightly negative. The fund’s net exposure averaged 88%, which proved beneficial in the sell-off towards the end of the year. Alpha generation on the short side was strong and so the fund held up well in volatile periods.

At the sector level, a move to an underweight position in technology at the beginning of the period initially weighed on returns as that part of the market continued to perform strongly. But later on the sector’s high valuations came under pressure and the underweight position was helpful. As 2018 progressed, the growing tensions between the US and China over trade began to hurt semiconductor stocks exposed to Chinese imports. Our holdings in Applied Materials and Lam Research suffered as a result. We bought a holding in Broadcom after the sell-off and this proved to be beneficial. A long-standing short position in a semiconductor company with exposure to graphic processing units bought by crypto-currency miners also made a good contribution. Elsewhere in technology our holding in Microsoft contributed well as it continued to deliver positive results.
The fund’s lack of exposure to banks supported returns. Within financials, we have exposure to diversified financial companies such as MSCI and S&P Global, which we think have more resilient earnings. We also increased our exposure to credit card companies Visa and Mastercard. They are benefitting from growth in online payments and the move away from cash transactions.

Stockpicking in some mid-cap companies was particularly rewarding. One example was Booz Allen Hamilton, which provides consulting services to the US government in a range of departments. Elsewhere, uniform provider Cintas performed strongly as it continues to deliver solid results and good growth. Our investment in Planet Fitness (low-cost gyms) also paid off.

Industrial holdings proved relatively disappointing. In the defence sector, Huntingdon Ingalls and Raytheon both weighed on returns. They underperformed on fears that, having taken control of the House of Representatives in the mid-term election, the Democrats would cut spending on defence. Our view is that spending on defence will remain healthy and we continue to hold both stocks. Elsewhere, despite posting good results, United Rentals suffered on the perception that the cycle was peaking and with it the demand for renting industrial equipment. On the positive side, our holding in railroad company Norfolk Southern was supportive as it performed well on the back of increased pricing and volumes. With the economy slowing down and tensions over trade increasing, we reduced the position as the risk/reward profile had deteriorated and the outlook does not look so positive.

Our holdings in the energy sector held back performance as the oil price fell. Marathon Petroleum and Delek were among the detractors.

Over the period, we reduced our exposure to industrials and increased exposure to healthcare. We believe healthcare insurance companies such as Anthem will play an increasing role in helping both companies (who pay healthcare insurance costs for their employees) and the government (through its Medicare and Medicare healthcare programmes) to control spending. To do this, they will be insuring a greater and greater number of lives and that will lead to solid growth. Health insurers such as Anthem made a good contribution to performance over the period.

We maintained the fund’s negative stance on bond proxies in a number of sectors including consumer staples and telecommunications.

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index.

Outlook - Further caution ahead …

As unemployment remains low and wage growth good, consumer spending is still relatively strong. In the first few months of 2019, the potential for easing by the Fed and hopes of the Trump administration re-establishing trading normality with China triggered a substantial reaction to the sell-off in late 2018. Fundamentals, however, continue to worsen, and without much greater support from the Fed and other central banks, liquidity is likely to deteriorate meaningfully in the second quarter of 2019.
In what is a slowing economic environment, we favour stocks with visibility and predictability of earnings.

Stephen Moore
Fund manager

Artemis US Extended Alpha Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Microsoft	81,880	Microsoft	72,944
Alphabet C shares	67,779	Alphabet C shares	64,981
Pfizer	58,860	Facebook A shares	45,939
Apple	58,466	Applied Materials	45,226
Xilinx	42,594	Micron Technology	44,082

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 94.34% (83.03%)			
Communication Services 9.42% (8.97%)			
Alphabet C shares	71,107	59,651	3.91
Comcast A shares	189,353	5,484	0.36
Facebook A shares	169,911	20,789	1.36
Liberty Broadband C shares	275,001	18,455	1.21
Match Group	170,909	7,166	0.47
Omnicom Group	114,686	6,495	0.43
Take-Two Interactive Software	26,947	1,714	0.11
T-Mobile US	122,507	6,641	0.44
Twenty-First Century Fox A shares	377,017	14,288	0.94
Vivendi, ADR	138,819	2,931	0.19
		143,614	**9.42**
Consumer Discretionary 10.73% (12.39%)			
Amazon.com	24,792	30,577	2.01
Best Buy	142,932	7,393	0.49
Bright Horizons Family Solutions	94,577	8,772	0.58
Burlington Stores	113,633	14,285	0.94
Churchill Downs	212,908	15,443	1.01
Liberty Expedia Holdings A shares	376,152	13,012	0.85
Lowe's	244,221	19,756	1.30
Nike B shares	278,182	18,016	1.18
Nordstrom	88,615	3,147	0.21
Planet Fitness A shares	435,227	19,121	1.25
Strategic Education	89,191	8,508	0.56
Vail Resorts	34,576	5,396	0.35
		163,426	**10.73**
Consumer Staples 1.97% (2.38%)			
Alimentation Couche-Tard B shares	185,321	7,936	0.52
Constellation Brands A shares	22,812	2,901	0.19
Kroger	291,303	6,525	0.43
Lamb Weston Holdings	93,672	4,864	0.32
PepsiCo	89,001	7,717	0.51
The Green Organic Dutchman Warrant 19/04/2021^	232,286	-	-
		29,943	**1.97**
Energy 3.53% (1.04%)			
Anadarko Petroleum	170,536	5,716	0.37
ConocoPhillips	476,637	24,795	1.63
Marathon Petroleum	488,223	23,270	1.53
		53,781	**3.53**
Financials 11.24% (13.11%)			
Aflac	192,853	7,102	0.47
American Express	273,590	22,090	1.45

Investment	Holding	Valuation £'000	% of net assets
Athene Holding A shares	79,100	2,627	0.17
Bank of America	318,609	7,072	0.47
Berkshire Hathaway B shares	319,581	48,576	3.19
Chubb	45,857	4,586	0.30
Fairfax Financial Holdings	11,191	4,173	0.27
Fifth Third Bancorp	196,806	4,114	0.27
MSCI	136,150	18,495	1.21
Reinsurance Group of America	79,297	8,557	0.56
S&P Global	105,968	16,067	1.06
US Bancorp	351,573	13,615	0.89
Wells Fargo	379,228	14,218	0.93
		171,292	**11.24**
Health Care 15.45% (7.04%)			
Agilent Technologies	251,708	15,024	0.98
AmerisourceBergen	70,902	4,413	0.29
Amgen	120,580	17,349	1.14
Anthem	28,451	6,546	0.43
Biogen	23,714	5,861	0.38
Bioxcel Therapeutics	166,578	1,064	0.07
Celgene	160,290	10,963	0.72
Cigna	36,968	5,022	0.33
Edwards Lifesciences	54,122	6,858	0.45
Gilead Sciences	146,250	7,208	0.47
Humana	95,110	20,578	1.35
Jazz Pharmaceuticals	36,209	3,750	0.25
Johnson & Johnson	47,148	4,815	0.32
Medtronic	157,043	10,729	0.70
Pfizer	1,467,336	47,349	3.11
UnitedHealth Group	131,060	24,641	1.62
Zoetis	614,234	43,307	2.84
		235,477	**15.45**
Industrials 11.95% (13.21%)			
Boeing	112,908	36,955	2.42
Cintas	146,569	22,582	1.48
CoStar Group	9,865	3,369	0.22
Delta Air Lines	102,774	3,893	0.26
Huntington Ingalls Industries	124,186	19,621	1.29
Lockheed Martin	76,730	17,740	1.16
Masco	498,833	14,203	0.93
Norfolk Southern	105,156	14,291	0.94
Raytheon	165,898	23,113	1.52
Spirit AeroSystems Holdings A shares	167,303	12,291	0.81
United Continental Holdings	94,026	6,190	0.41
United Rentals	76,864	7,838	0.51
		182,086	**11.95**
Information Technology 22.44% (17.90%)			
Apple	98,423	12,937	0.85
Applied Materials	301,348	8,786	0.58
Booz Allen Hamilton Holding	694,909	27,537	1.81
Broadcom	96,200	19,631	1.29
Carbon Black	280,790	2,816	0.18
F5 Networks	95,664	12,319	0.81
First Data A shares	665,699	12,655	0.83
Intuit	57,329	10,763	0.71
Juniper Networks	432,337	8,920	0.59

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding or nominal value	Global exposure* £'000	Valuation £'000	% of Net Assets
KLA-Tencor	226,792		19,585	1.28
Lumentum Holdings	146,787		5,583	0.37
Mastercard A shares	99,500		16,794	1.10
Micron Technology	389,140		12,080	0.79
Microsoft	139,516		11,764	0.77
NetApp	264,986		13,160	0.86
Nutanix A shares	97,288		3,716	0.24
Oracle	294,909		11,611	0.76
PayPal Holdings	229,622		16,889	1.11
QUALCOMM	332,779		13,267	0.87
salesforce.com	81,628		10,010	0.66
Ubiquiti Networks	56,628		6,275	0.41
Visa A shares	349,325		38,658	2.54
VMware A shares	68,055		9,004	0.59
Xilinx	401,667		37,214	2.44
			341,974	**22.44**
Materials 2.08% (5.38%)				
CF Industries Holdings	93,217		3,037	0.20
Franco-Nevada	235,025		13,288	0.87
Freeport-McMoRan	467,437		4,620	0.30
Kirkland Lake Gold	221,678		5,992	0.39
Newmont Mining	187,334		4,789	0.32
			31,726	**2.08**
Real Estate 3.25% (1.22%)				
American Tower, REIT	47,235		6,149	0.41
Crown Castle International, REIT	293,099		26,065	1.71
Prologis, REIT	326,754		17,227	1.13
			49,441	**3.25**
Utilities 2.28% (0.39%)				
CenterPoint Energy	627,149		14,679	0.96
NextEra Energy	44,274		6,215	0.41
NRG Energy	201,796		6,218	0.41
Vistra Energy	390,939		7,678	0.50
			34,790	**2.28**
Equities total			**1,437,550**	**94.34**
Government bonds 2.49% (8.83%)				
US Treasury 2.75% 15/02/2028	$50,085,800		37,935	2.49
Government bonds total			**37,935**	**2.49**
Contracts for difference (0.39)% (0.01%)				
Communication Services 0.09% ((0.28)%)				
ANGI Homeservices A shares	(154,540)	(1,930)	(19)	–
AT&T	(198,891)	(4,644)	(64)	–
Charter Communications A shares	(17,703)	(4,590)	(707)	(0.05)
Comcast A shares	1,139,596	33,008	2,589	0.17
Discovery A shares	(134,421)	(2,894)	(86)	(0.01)
Liberty Media Corp-Liberty Formula One C shares	(58,894)	(1,373)	35	–
Netflix	(8,078)	(2,203)	(164)	(0.01)
News A shares	(435,252)	(4,268)	(151)	(0.01)
SoftBank Group, ADR	(145,479)	(5,081)	(1,036)	(0.07)
Spotify Technology	(8,930)	(973)	(78)	–
T-Mobile US	421,225	22,836	1,263	0.08
Verizon Communications	(109,043)	(4,648)	(138)	(0.01)
		23,240	**1,444**	**0.09**

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Consumer Discretionary (0.17)% (0.09%)				
Acushnet Holdings	(44,754)	(838)	(64)	–
Aramark	(165,454)	(3,901)	78	0.01
Canada Goose Holdings	(41,419)	(1,775)	(213)	(0.01)
Chipotle Mexican Grill	(1,970)	(888)	(98)	(0.01)
Dave & Buster's Entertainment	(38,180)	(1,459)	(8)	–
Dixons Carphone	847,825	1,123	(102)	(0.01)
Dollar General	(17,446)	(1,550)	(52)	–
Domino's Pizza	(16,475)	(3,128)	264	0.02
eBay	(46,045)	(1,300)	(122)	(0.01)
Expedia Group	(116,815)	(11,258)	(967)	(0.06)
Farfetch A shares	(99,701)	(1,865)	(324)	(0.02)
Hanesbrands	(198,563)	(2,802)	(501)	(0.03)
Home Depot	23,617	3,260	64	–
MakeMyTrip	(52,140)	(1,119)	(115)	(0.01)
Newell Brands	(131,301)	(1,628)	489	0.03
Ollie's Bargain Outlet Holdings	(78,276)	(5,211)	(689)	(0.05)
Papa John's International	(36,433)	(1,171)	(3)	–
Restaurant Brands International	(59,086)	(2,778)	18	–
Tesla	(13,361)	(3,161)	(153)	(0.01)
Under Armour C shares	(392,658)	(5,925)	(154)	(0.01)
		(47,374)	**(2,652)**	**(0.17)**
Consumer Staples 0.00% (0.08%)				
Anheuser-Busch InBev, ADR	(31,513)	(1,771)	68	–
Boston Beer A shares	(15,530)	(3,567)	(522)	(0.03)
General Mills	(92,235)	(3,264)	(244)	(0.02)
Hain Celestial Group	(178,309)	(2,382)	57	–
Hershey	(19,124)	(1,575)	(65)	–
Hormel Foods	(81,438)	(2,627)	(64)	–
Kellogg	(60,989)	(2,556)	107	0.01
Kraft Heinz	(69,039)	(1,671)	763	0.05
Molson Coors Brewing B shares	(47,549)	(2,184)	106	0.01
Monster Beverage	(62,938)	(2,778)	(145)	(0.01)
Walmart	(82,963)	(6,119)	(66)	(0.01)
		(30,494)	**(5)**	**–**
Energy 0.00% ((0.07)%)				
Exxon Mobil	(2,755)	(165)	(3)	–
		(165)	**(3)**	**–**
Financials (0.04)% (0.08%)				
Banco Bilbao Vizcaya Argentaria, ADR	(805,070)	(3,712)	(46)	–
Banco Santander	(846,510)	(3,081)	(116)	(0.01)
Capital One Financial	(24,194)	(1,496)	(50)	–
China Merchants Bank H shares	(256,500)	(884)	(76)	–
Credit Suisse Group, ADR	(461,338)	(4,277)	–	–
Deutsche Bank	(408,943)	(2,799)	(241)	(0.01)
Discover Financial Services	299,567	16,042	811	0.05
Eaton Vance	(173,640)	(5,512)	(281)	(0.02)
Federated Investors B shares	(138,320)	(3,046)	(299)	(0.02)
Home Capital Group	(105,862)	(1,034)	(43)	–
HSBC Holdings, ADR	(106,141)	(3,282)	41	–
Intesa Sanpaolo	(822,666)	(1,537)	(94)	(0.01)
JPMorgan Chase	(156,143)	(12,341)	(137)	(0.01)
Man Group	(2,349,937)	(3,245)	164	0.01
MarketAxess Holdings	(12,536)	(2,304)	(246)	(0.02)
Sberbank of Russia, ADR	(269,093)	(2,557)	48	–

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Societe Generale	(195,942)	(4,516)	203	0.01
Waddell & Reed Financial A shares	(139,730)	(1,931)	(89)	–
Westpac Banking, ADR	(299,728)	(4,302)	(131)	(0.01)
		(45,814)	**(582)**	**(0.04)**
Health Care 0.23% ((0.22)%)				
Anthem	124,751	28,705	3,386	0.22
Becton Dickinson	26,202	4,929	164	0.01
Cooper	(7,479)	(1,613)	(75)	–
Dentsply Sirona	(49,425)	(1,532)	(28)	–
Henry Schein	(75,608)	(3,320)	595	0.04
Insulet	(31,769)	(2,233)	(214)	(0.01)
Zimmer Biomet Holdings	(28,865)	(2,701)	(397)	(0.03)
		22,235	**3,431**	**0.23**
Industrials (0.16)% (0.28%)				
3M	(14,979)	(2,354)	(15)	–
American Airlines Group	(117,626)	(3,155)	76	0.01
Colfax	(148,391)	(2,980)	(307)	(0.02)
Deere	(46,578)	(5,729)	(230)	(0.01)
Emerson Electric	(39,990)	(2,060)	(180)	(0.01)
Fastenal	(84,011)	(4,011)	(256)	(0.02)
FedEx	(19,163)	(2,619)	(110)	(0.01)
GATX	(27,507)	(1,624)	(72)	–
General Dynamics	(65,347)	(8,319)	177	0.01
General Electric	(366,402)	(2,998)	(445)	(0.03)
Harris	(25,724)	(3,134)	(363)	(0.02)
IHS Markit	(72,194)	(2,878)	(120)	(0.01)
Kennametal	(82,055)	(2,356)	(98)	(0.01)
MSC Industrial Direct A shares	(43,769)	(2,828)	(113)	(0.01)
Northrop Grumman	(10,687)	(2,304)	(98)	(0.01)
Raytheon	83,518	11,636	1,029	0.07
Ritchie Bros Auctioneers	(55,560)	(1,561)	(49)	–
Snap-on	(49,558)	(6,069)	(69)	–
Terex	(146,353)	(3,792)	(580)	(0.04)
Wabtec	(57,349)	(3,246)	(424)	(0.03)
Watsco	(13,401)	(1,456)	18	–
Woodward	(41,534)	(3,011)	(589)	(0.04)
XPO Logistics	(41,876)	(1,539)	353	0.02
		(58,387)	**(2,465)**	**(0.16)**
Information Technology (0.21)% (0.00%)				
Advanced Micro Devices	(96,627)	(1,705)	(243)	(0.02)
Analog Devices	(68,693)	(5,469)	(434)	(0.03)
ASML Holding	(12,523)	(1,725)	(77)	–
ASML Holding, NYRS	(55,469)	(7,679)	(376)	(0.02)
Atlassian A shares	(14,506)	(1,159)	(125)	(0.01)
AU Optronics, ADR	(1,145,851)	(3,174)	376	0.02
Corning	(197,978)	(5,162)	(525)	(0.03)
Cypress Semiconductor	(157,456)	(1,830)	(181)	(0.01)
Dell Technologies C shares	(18,102)	(765)	(121)	(0.01)
Ebix	(260,444)	(11,528)	(674)	(0.04)
FLIR Systems	(44,701)	(1,738)	(151)	(0.01)
Gartner	(39,684)	(4,291)	(337)	(0.02)
Infineon Technologies	(102,243)	(1,689)	25	–
Knowles	(114,180)	(1,397)	(113)	(0.01)
Largan Precision	(24,000)	(2,552)	(232)	(0.02)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
Leidos Holdings	(22,424)	(1,077)	(113)	(0.01)
LG Display, ADR	(255,480)	(1,827)	(111)	(0.01)
Marvell Technology Group	(216,858)	(3,214)	(142)	(0.01)
Microchip Technology	(76,918)	(5,033)	(383)	(0.02)
Microsoft	892,940	75,297	4,740	0.31
Qorvo	(75,885)	(3,956)	(211)	(0.01)
Samsung Electronics, GDR	(4,192)	(3,153)	29	–
SAP, ADR	(144,974)	(11,661)	(20)	–
Shopify A shares	(14,626)	(2,080)	(325)	(0.02)
SK Hynix	(43,695)	(2,048)	62	–
Splunk	(31,939)	(3,324)	(447)	(0.03)
Sunny Optical Technology Group	(216,000)	(1,923)	(340)	(0.02)
Taiwan Semiconductor Manufacturing, ADR	(193,546)	(5,740)	(294)	(0.02)
Texas Instruments	(118,119)	(9,387)	(273)	(0.02)
Trade Desk A shares	(14,670)	(2,150)	(649)	(0.04)
United Microelectronics	(9,753,000)	(2,718)	99	0.01
United Microelectronics, ADR	(405,922)	(566)	11	–
Western Digital	(124,866)	(4,554)	(399)	(0.03)
Wix.com	(16,551)	(1,414)	(33)	–
Workday A shares	(21,878)	(3,247)	(407)	(0.03)
Zendesk	(90,359)	(5,385)	(807)	(0.05)
		(51,023)	**(3,201)**	**(0.21)**
Investment Funds (0.03)% (0.02%)				
Scottish Mortgage Investment Trust	(1,744,632)	(8,596)	(426)	(0.03)
		(8,596)	**(426)**	**(0.03)**
Materials (0.09)% (0.01%)				
Air Products & Chemicals	(16,888)	(2,305)	(272)	(0.02)
Ecolab	(30,610)	(3,876)	(307)	(0.02)
GCP Applied Technologies	(125,028)	(2,799)	(451)	(0.03)
PPG Industries	(28,623)	(2,413)	(179)	(0.01)
Southern Copper	(32,106)	(886)	(119)	(0.01)
		(12,279)	**(1,328)**	**(0.09)**
Real Estate (0.01)% (0.02%)				
Kimco Realty	(254,455)	(3,342)	(85)	(0.01)
Regency Centers	(55,956)	(2,737)	(66)	–
		(6,079)	**(151)**	**(0.01)**
Contracts for difference total		**(214,736)**	**(5,938)**	**(0.39)**
Forward currency contracts 0.07% ((0.17)%)				
I accumulation CHF (NAV hedged) 0.01% (0.00%)				
Buy Swiss Franc 7,624,835 sell US Dollar 7,643,278 dated 25/03/2019			37	–
			37	**–**
I accumulation EUR (NAV hedged) 0.01% ((0.01)%)				
Buy Euro 23,928,725 sell US Dollar 27,275,109 dated 25/03/2019			71	0.01
Buy US Dollar 155,778 sell Euro 136,707 dated 25/03/2019			–	–
			71	**0.01**
I accumulation GBP (NAV hedged) 0.05% ((0.14)%)				
Buy Sterling 211,402,867 sell US Dollar 280,609,209 dated 29/03/2019			760	0.05
Buy US Dollar 4,074,264 sell Sterling 3,055,360 dated 29/03/2019			3	–
			763	**0.05**
R accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 483,114 sell US Dollar 484,453 dated 29/03/2019			2	–
			2	**–**

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of Net Assets
R accumulation EUR (NAV hedged) 0.01% ((0.02)%)				
Buy Euro 45,281,427 sell US Dollar 51,613,944 dated 25/03/2019			133	0.01
Buy US Dollar 229,463 sell Euro 201,561 dated 25/03/2019			(1)	–
			132	**0.01**
Forward currency contracts total			**1,005**	**0.07**
Futures 0.08% (0.12%)				
S&P 500 Emini Index 15/03/2019	1,008	105,623	1,296	0.08
Futures total		**105,623**	**1,296**	**0.08**
Fair value adjustment at pricing point†			**(2,315)**	**(0.16)**
Investment assets			1,469,533	96.43
Net other assets			54,326	3.57
Net assets attributable to shareholders			1,523,859	100.00

The comparative percentage figures in brackets are as at 28 February 2018.
^ 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.
† Fair value adjustment based on movements of futures in markets closed at the fund valuation point, since the last market close.

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital gains	3		75,932		98,302
Revenue	5	25,735		14,219	
Expenses	6	(12,824)		(11,403)	
Interest payable and similar charges	7	(10,098)		(8,047)	
Net revenue/(expense) before taxation		2,813		(5,231)	
Taxation	8	(3,482)		(1,614)	
Net expense after taxation			(669)		(6,845)
Total return before distributions			**75,263**		**91,457**
Distributions	9		(503)		15
Change in net assets attributable to shareholders from investment activities			74,760		91,472

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		1,203,410		623,448
Amounts receivable on issue of shares	817,370		696,201	
Amounts payable on cancellation of shares	(572,158)		(207,711)	
		245,212		488,490
Dilution adjustment		10		-
Change in net assets attributable to shareholders from investment activities		74,760		91,472
Retained distribution on accumulation shares		467		-
Closing net assets attributable to shareholders		1,523,859		1,203,410

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	1,493,780	1,124,578
Current assets			
Debtors	11	22,491	5,765
Cash and bank balances	12	63,649	101,449
Total current assets		**86,140**	**107,214**
Total assets		**1,579,920**	**1,231,792**
Liabilities			
Investment liabilities	10	24,247	19,611
Creditors			
Bank overdraft		8	-
Other creditors	13	31,806	8,771
Total creditors		**31,814**	**8,771**
Total liabilities		**56,061**	**28,382**
Net assets attributable to shareholders		1,523,859	1,203,410

Artemis US Extended Alpha Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period, net of any accrued interest in the case of debt securities, which is included in the balance sheet as a revenue related item. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

Unquoted investments are valued at fair value which is determined by the ACD, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

Open forward foreign exchange contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses) in the notes to the financial statements.

Open futures contracts are shown in the Portfolio Statement at market value.

Where positions generate total returns the returns are apportioned between capital and income to reflect the nature of the transaction. Any capital gains/losses are included within Net capital gains/(losses) and any revenue or expense is included within Revenue or Interest payable and similar charges respectively in the Statement of total return. The revenue return element in respect of futures is calculated by reference to the quoted yield of the index upon which the future is based compared to LIBOR. Cash held at future brokers as margin is reflected separately within cash and bank balances.

The contracts for difference held in the portfolio are valued based on the price of the underlying security or index which they are purchased to reflect. The nature and intended use of these derivatives is to synthetically allow the sub-fund to go long and short on an underlying asset without the need to trade the physical securities. They are valued at the quoted bid price of the underlying security when held long and at the quoted offer price of the underlying security when short. There are revenue and capital returns to be derived from these instruments. Dividends on contracts for difference are recognised when the securities are quoted ex-dividend. Cash held at CFD brokers as margin is reflected separately within cash and bank balances.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for difference held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on a time apportioned basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long contracts a compensatory payment is credited to revenue whereas for short contracts a compensatory payment is debited from revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than the performance fee and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.
Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2019 £'000	28 February 2018 £'000
Non-derivative securities	61,678	56,582
Currency gains/(losses)	22,864	(10,614)
Derivative contracts	16,717	37,103
Capital transaction charges	(20)	(27)
Forward currency contracts	(25,307)	15,258
Net capital gains	75,932	98,302

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	2,382,437	375	25	2,382,837	0.02	-
Bonds	155,001	-	-	155,001	-	-
Sales						
Equities	2,001,377	316	29	2,001,032	0.02	-
Bonds	231,332	-	-	231,332	-	-
Derivative purchases and sales		385	47			
Total		1,076	101			
Percentage of sub-fund average net assets		0.07%	0.01%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,173,695	550	21	1,174,266	0.05	-
Bonds	351,494	-	-	351,494	-	-
Sales						
Equities	619,255	373	15	618,867	0.06	-
Bonds	416,732	-	-	416,732	-	-
Derivative purchases and sales		689	57			
Total		1,612	93			
Percentage of sub-fund average net assets		0.18%	0.01%			

During the year the sub-fund incurred £20,000 (2018: £27,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.03% (2018: 0.03%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	15,784	5,665
Derivative revenue	5,043	6,569
Bank interest	3,467	474
Interest on debt securities	1,334	1,486
UK dividends	107	25
Total revenue	25,735	14,219

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	11,844	7,042
Performance fees	183	3,807
Administration fees *	120	-
Other expenses:		
Administration fees	220	205
Registration fees	159	102
Depositary fees	131	99
Operational fees	91	97
Safe custody fees	46	28
Auditor's remuneration: non-audit fees (taxation)	19	11
Auditor's remuneration: audit fee **	10	11
Price publication fees	1	1
Total expenses	12,824	11,403

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the period was £10,250 (2018: £9,000).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Dividends payable on short positions	7,428	3,847
Interest payable on positions with brokers and counterparties	2,529	4,068
Interest payable	141	132
Total interest payable and similar charges	10,098	8,047

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	3,482	1,614
Total taxation (note 8b)	3,482	1,614
b) Factors affecting the tax charge for the year		
Net revenue/(expense) before taxation	2,813	(5,231)
Corporation tax at 20% (2018: 20%)	563	(1,046)
Effects of:		
Irrecoverable overseas tax	3,482	1,614
Unutilised management expenses	2,485	2,148
Utilisation of non-trade deficit carried forward	51	-
Overseas withholding tax expensed	(14)	(6)
Non-taxable UK dividends	(22)	(5)
Non-taxable overseas dividends	(3,063)	(1,091)
Tax charge for the year (note 8a)	3,482	1,614

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 sub-fund has not recognised a deferred tax asset of £5,505,000 (2018: £3,020,000) arising as a result of having unutilised management expenses of £27,523,000 (2018: £15,099,000) and non-trade loan relationship deficits of £254,000 (2018:£nil) It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	467	
Add: amounts deducted on cancellation of shares	78	2
Deduct: amounts added on issue of shares	(42)	(17)
Distributions	503	(15)
Movement between net revenue and distributions		
Net revenue after taxation	(669)	(6,845)
Expenses paid from capital	1,172	6,830
	503	(15)

The distribution takes account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 131.

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).

	28 February 2019		28 February 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,454,839*	24,246	1,124,578	17,602
Level 2	38,941	1	-	2,009
	1,493,780	24,247	1,124,578	19,611

* Level 1 includes fair value adjustment based on movement of futures in markets closed at the fund valuation point, since the last market close.

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Sales awaiting settlement	17,941	-
Amounts receivable for issue of shares	2,389	4,607
Accrued revenue	1,718	538
Amounts receivable on derivative contracts	436	617
Overseas withholding tax recoverable	7	-
Prepaid expenses	-	3
Total debtors	22,491	5,765

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	43,386	13,170
Amounts held at futures clearing houses and brokers	9,017	62,023
Amounts held on deposit with HSBC	5,641	19,720
Cash and bank balances	4,023	5,074
Amounts held on deposit with RBS	1,532	1,462
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	50	-
Total cash and bank balances	63,649	101,449

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Amounts payable for cancellation of shares	25,058	798
Purchases awaiting settlement	3,937	2,287
Amounts payable on derivative contracts	1,142	1,019
Accrued annual management charge	970	702
Accrued other expenses	396	158
Accrued performance fee	183	3,807
Accrued administration fee payable to the ACD	120	-
Total other creditors	31,806	8,771

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation CHF (NAV hedged)	4,323,616	4,013,714	(2,783,904)	5,553,426
I accumulation EUR	77,680,589	101,359,212	(81,692,342)	97,347,459
I accumulation EUR (NAV hedged)	29,185,813	31,241,798	(39,203,539)	21,224,072
I accumulation GBP	173,984,626	62,763,677	(40,694,172)	196,054,131
I accumulation GBP (NAV hedged)	153,859,274	69,779,070	(77,106,283)	146,532,061
I accumulation USD	335,802,130	206,174,344	(130,849,395)	411,127,079
R accumulation CHF	171,225	192,563	(49,277)	314,511
R accumulation CHF (NAV hedged)	64,441	306,039	(12,180)	358,300
R accumulation EUR	43,567,278	72,802,711	(16,631,495)	99,738,494
R accumulation EUR (NAV hedged)	24,576,446	23,996,109	(13,630,975)	34,941,580
R accumulation USD	26,532,851	22,058,081	(10,377,972)	38,212,960

16. Risk disclosures

In pursuing their investment objectives, the sub-fund may hold a number of financial instruments. These financial instruments comprise equities, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the sub-fund's operations. The sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub- funds exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a daily basis, which is then used by the ACD 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 sub-fund relative to a reference portfolio, the S&P 500 Index. The maximum limit for UCITS funds is twice the VaR of the reference portfolio, i.e. +100%, in accordance with the Committee of European Securities Regulators ('CESR') guidance. A relative VaR of zero indicates that the sub-fund is estimated to have the same market price risk as the reference portfolio. A negative relative VaR indicates that the sub- fund's market price risk is estimated to be lower than the reference portfolio. VaR expresses the maximum expected loss by the sub-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. From 16 October 2017 the VaR methodology was changed from using two years risk factor data to one year. 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.

	28 February 2019 %	For the period from 16 October 2017 to 28 February 2018 %	For the period from 1 March 2017 to 15 October 2017 %
At 28 February	12.58	1.44	
Average utilisation during the period	13.55	(0.98)	(1.56)
Highest utilisation during the period	16.10	6.78	7.28
Lowest utilisation during the period	11.53	(4.76)	(15.64)

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub- fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	189.4	206.2
Commitment	147.7	157.7

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Cash accounts are maintained at several counterparties. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs'), JPMorgan Chase Bank N.A. ('JPMorgan') and Morgan Stanley are the counterparties for the CFD's and JPMorgan is the counterparty for the futures 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 28 February 2019 or 28 February 2018.

In order to diversify counterparty risk the sub-fund holds cash with a number of other counterparties. The other counterparties were Royal Bank of Scotland plc. ('RBS'), J.P. Morgan Asset Management ('JPMorgan Liquidity Funds') and HSBC Holdings ('HSBC').

Counterparty exposure

The types of derivatives held at the balance sheet date were contracts for difference, forward currency contracts 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:

	Contracts for difference £'000	Forward currency contracts £'000	Futures £'000	Total net exposure £'000	Net collateral held/ (pledged) £'000
28 February 2019					
Goldman Sachs	(105,205)	-	-	(105,205)	5,909
JPMorgan	(44,611)	1,005	1,296	(42,310)	2,686
Morgan Stanley	(64,920)	-	-	(64,920)	422
28 February 2018					
Goldman Sachs	81,373	-	-	81,373	(239)
JPMorgan	(14,244)	(2,009)	1,466	(14,787)	3,816
Morgan Stanley	(51,620)	-	-	(51,620)	58,446

Only cash collateral is held or pledged by the sub-fund.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 120 and notes 6, 9, 11 and 13 on pages 124 to 126 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2019 in respect of these transactions was £23,942,000 (2018: £700,000).

18. Share classes

The annual management charge on each share class is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR	0.75%
I accumulation EUR (NAV hedged)	0.75%
I accumulation GBP	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF	1.50%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on pages 132 to 134. The distribution per share class are given in the distribution table on page 131. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis US Extended Alpha Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation CHF (NAV hedged)				
Group 1	0.0470c	-	0.0470c	-
Group 2	0.0426c	0.0044c	0.0470c	-
I accumulation EUR				
Group 1	0.1138c	-	0.1138c	-
Group 2	0.0966c	0.0172c	0.1138c	-
I accumulation EUR (NAV hedged)				
Group 1	0.0453c	-	0.0453c	-
Group 2	0.0366c	0.0087c	0.0453c	-
I accumulation GBP				
Group 1	0.0561p	-	0.0561p	-
Group 2	0.0429p	0.0132p	0.0561p	-
I accumulation GBP (NAV hedged)				
Group 1	0.0040p	-	0.0040p	-
Group 2	0.0025p	0.0015p	0.0040p	-
I accumulation USD				
Group 1	0.0796c	-	0.0796c	-
Group 2	0.0665c	0.0131c	0.0796c	-

Corporate shareholders should note that:
1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

	I accumulation CHF (NAV hedged)**			I accumulation EUR		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**137.36**	**116.22**	**100.00**	**170.93**	**162.15**	**127.99**
Return before operating charges *	0.59	22.18	17.08	19.37	10.12	35.35
Operating charges	(1.11)	(1.04)	(0.86)	(1.47)	(1.34)	(1.19)
Return after operating charges	(0.52)	21.14	16.22	17.90	8.78	34.16
Distributions	(0.05)	-	-	(0.11)	-	-
Retained distributions on accumulation shares	0.05	-	-	0.11	-	-
Closing net asset value per share	**136.84**	**137.36**	**116.22**	**188.83**	**170.93**	**162.15**
* after direct transaction costs of	(0.11)	(0.24)	(0.33)	(0.14)	(0.31)	(0.42)
Performance						
Return after charges	(0.38)%	18.19%	16.22%	10.47%	5.41%	26.69%
Other information						
Closing net asset value (£000)	5,751	4,548	336	157,756	117,171	35,616
Closing number of shares	5,553,426	4,323,616	361,650	97,347,459	77,680,589	25,777,712
Operating charges	0.81%	0.82%	0.78%	0.81%	0.82%	0.85%
Performance fees	-	0.32%	0.08%	0.02%	0.26%	0.02%
Direct transaction costs	0.08%	0.19%	0.30%	0.08%	0.19%	0.30%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	144.21	141.91	116.24	193.89	173.79	163.46
Lowest price	121.12	114.81	97.77	160.82	153.21	125.15

	I accumulation EUR (NAV hedged)***	
	2019	2018
Change in net assets per share	**(c)**	**(c)**
Opening net asset value per share	**111.46**	**100.00**
Return before operating charges *	0.99	12.00
Operating charges	(0.89)	(0.54)
Return after operating charges	0.10	11.46
Distributions	(0.05)	-
Retained distributions on accumulation shares	0.05	-
Closing net asset value per share	**111.56**	**111.46**
* after direct transaction costs of	(0.09)	(0.21)
Performance		
Return after charges	0.09%	11.46%
Other information		
Closing net asset value (£000)	20,319	28,708
Closing number of shares	21,224,072	29,185,813
Operating charges	0.81%	0.50%
Performance fees	0.02%	0.13%
Direct transaction costs	0.08%	0.19%
Prices	**(c)**	**(c)**
Highest price	117.27	115.08
Lowest price	98.68	98.55

* Direct transaction costs are stated after deducting the amounts collected from dilution adjustments in relation to estimated dealing costs added to issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
*** Launched 2 August 2017.
**** Launched 15 August 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Extended Alpha Fund – Comparative tables (continued)

	I accumulation GBP			I accumulation GBP (NAV hedged)**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**190.72**	**174.88**	**127.25**	**139.97**	**117.16**	**100.00**
Return before operating charges *	15.82	17.32	48.89	2.94	23.90	18.02
Operating charges	(1.62)	(1.48)	(1.26)	(1.12)	(1.09)	(0.86)
Return after operating charges	14.20	15.84	47.63	1.82	22.81	17.16
Distributions	(0.06)	-	-	-	-	-
Retained distributions on accumulation shares	0.06	-	-	-	-	-
Closing net asset value per share	**204.92**	**190.72**	**174.88**	**141.79**	**139.97**	**117.16**
* after direct transaction costs of	(0.16)	(0.35)	(0.45)	(0.11)	(0.26)	(0.33)
Performance						
Return after charges	7.45%	9.06%	37.43%	1.30%	19.47%	17.16%
Other information						
Closing net asset value (£'000)	401,750	331,818	245,899	207,765	215,360	1,190
Closing number of shares	196,054,131	173,984,626	140,611,130	146,532,061	153,859,274	1,015,748
Operating charges	0.81%	0.82%	0.85%	0.81%	0.82%	0.78%
Performance fees	-	0.51%	-	0.01%	0.15%	0.01%
Direct transaction costs	0.08%	0.19%	0.30%	0.08%	0.19%	0.30%
Prices	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Highest price	219.69	193.46	174.91	148.13	144.47	117.18
Lowest price	177.93	169.08	123.90	125.14	115.86	97.58

	I accumulation USD			R accumulation CHF**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**164.81**	**135.78**	**110.05**	**138.71**	**122.94**	**100.00**
Return before operating charges *	6.71	30.24	26.79	13.27	17.83	24.56
Operating charges	(1.34)	(1.21)	(1.06)	(2.28)	(2.06)	(1.62)
Return after operating charges	5.37	29.03	25.73	10.99	15.77	22.94
Distributions	(0.08)	-	-	-	-	-
Retained distributions on accumulation shares	0.08	-	-	-	-	-
Closing net asset value per share	**170.18**	**164.81**	**135.78**	**149.70**	**138.71**	**122.94**
* after direct transaction costs of	(0.13)	(0.28)	(0.38)	(0.12)	(0.25)	(0.33)
Performance						
Return after charges	3.26%	21.38%	23.38%	7.92%	12.83%	22.94%
Other information						
Closing net asset value (£'000)	525,905	399,750	321,662	356	182	10
Closing number of shares	411,127,079	335,802,130	294,748,645	314,511	171,225	10,000
Operating charges	0.81%	0.82%	0.85%	1.56%	1.57%	1.46%
Performance fees	0.02%	0.53%	0.01%	-	1.43%	-
Direct transaction costs	0.08%	0.19%	0.30%	0.08%	0.19%	0.30%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	176.04	169.86	135.81	155.00	143.99	123.71
Lowest price	149.62	134.52	109.90	131.94	119.38	98.46

* Direct transaction costs are stated after deducting the amounts collected from dilution adjustments in relation to estimated dealing costs added to issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
*** Launched 2 August 2017.
**** Launched 15 August 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Extended Alpha Fund – Comparative tables

	R accumulation CHF (NAV hedged) ****			R accumulation EUR **		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**135.81**	**115.50**	**100.00**	**131.88**	**126.26**	**100.00**
Return before operating charges *	0.66	22.30	17.06	14.95	7.61	27.89
Operating charges	(2.07)	(1.99)	(1.56)	(2.17)	(1.99)	(1.63)
Return after operating charges	(1.41)	20.31	15.50	12.78	5.62	26.26
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	**134.40**	**135.81**	**115.50**	**144.66**	**131.88**	**126.26**
* after direct transaction costs of	(0.11)	(0.24)	(0.31)	(0.11)	(0.25)	(0.33)
Performance						
Return after charges	(1.04)%	17.58%	15.50%	9.69%	4.45%	26.26%
Other information						
Closing net asset value (£000)	364	67	9	123,814	50,704	13
Closing number of shares	358,300	64,441	10,000	99,738,494	43,567,278	12,323
Operating charges	1.56%	1.57%	1.46%	1.56%	1.57%	1.46%
Performance fees	-	0.80%	0.05%	-	0.05%	0.08%
Direct transaction costs	0.08%	0.19%	0.30%	0.08%	0.19%	0.30%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	142.01	140.49	115.53	149.02	133.96	127.21
Lowest price	119.21	114.04	97.59	124.01	118.45	98.14

	R accumulation EUR (NAV hedged) ****			R accumulation USD **		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**129.34**	**109.88**	**100.00**	**141.15**	**117.17**	**100.00**
Return before operating charges *	1.15	21.32	10.81	5.70	25.99	18.93
Operating charges	(1.98)	(1.86)	(0.93)	(2.21)	(2.01)	(1.76)
Return after operating charges	(0.83)	19.46	9.88	3.49	23.98	17.17
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	**128.51**	**129.34**	**109.88**	**144.64**	**141.15**	**117.17**
* after direct transaction costs of	(0.10)	(0.23)	(0.32)	(0.11)	(0.25)	(0.35)
Performance						
Return after charges	(0.64)%	17.71%	9.88%	2.47%	20.47%	17.17%
Other information						
Closing net asset value (£000)	38,534	28,051	17,980	41,545	27,051	733
Closing number of shares	34,941,580	24,576,446	19,203,956	38,212,960	26,532,851	778,599
Operating charges	1.56%	1.57%	0.86%	1.56%	1.57%	1.46%
Performance fees	0.01%	0.22%	-	0.01%	0.28%	-
Direct transaction costs	0.08%	0.19%	0.30%	0.08%	0.19%	0.30%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	135.58	133.68	109.90	150.18	145.56	117.19
Lowest price	113.96	108.41	98.10	127.47	115.98	97.75

* Direct transaction costs are stated after deducting the amounts collected from dilution adjustments in relation to estimated dealing costs added to issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
*** Launched 2 August 2017.
**** Launched 15 August 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Extended Alpha Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2019
I accumulation CHF (NAV hedged)	0.81%
I accumulation EUR	0.81%
I accumulation EUR (NAV hedged)	0.81%
I accumulation GBP	0.81%
I accumulation GBP (NAV hedged)	0.81%
I accumulation USD	0.81%
R accumulation CHF	1.56%
R accumulation CHF (NAV hedged)	1.56%
R accumulation EUR	1.56%
R accumulation EUR (NAV hedged)	1.56%
R accumulation USD	1.56%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
US Extended Alpha	104.9	60.9	7.4	(5.3)
S&P 500 Index	86.2	60.5	8.4	(5.3)
Sector average	74.4	54.9	7.0	(5.8)
Position in sector	5/79	21/89	39/95	35/99
Quartile	1	1	2	2

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2019. All performance figures show total return percentage growth. Sector is IA North America.

Investment objective and policy

The objective of the Artemis US Select Fund (the ‘sub-fund’) is to achieve long-term capital growth. The sub-fund invests principally in companies listed, quoted and/or traded in the United States of America (‘USA’) and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. To achieve the objective, the sub-fund will include investments in smaller companies and may seek to include special situations. The ACD will not be restricted in respect of choice of investments either by company size or industry. It is expected that the portfolio of the sub-fund will be invested in the shares of between 35 and 65 companies.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	**5**	6	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of “1” does not mean that the investment is “risk free”.
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator may not fully take into account the following risks and the following may affect sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund’s assets may be invested in a currency other than the sub-fund’s accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- The sub-fund may have a concentrated portfolio of investments, which can give rise to more risk than where investments are spread over a large number of companies. This may increase the potential gains; however, the concentration of exposure and lack of diversification may also substantially increase the risk of loss by this sub-fund.
- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.
- The sub-fund may invest in derivatives with the aim of profiting from falling as well as rising prices (‘shorting’). If the related assets' value moves in the opposite direction the sub-fund will lose money. In addition, a derivative may not perform as expected, and may create losses for the fund greater than the cost of the derivative.
- Hedged shares will still be exposed to the market risks that relate to assets of the portfolio and may not be completely protected from all currency fluctuations.

Artemis US Select Fund – Investment review

- The fund rises 9.3%*, ahead of the benchmark.
- Technology stocks boost performance.
- Taking a more defensive stance as the economy slows.

Performance - Ahead of the market in a year of volatility …

At times, it was a volatile year for the US market. Amid this choppiness, the fund outperformed both the benchmark index and its peer group, returning 9.3% (in sterling terms) versus the S&P 500's 8.4%.

Boosted by tax cuts and solid growth in corporate earnings, the US market rose through the spring and into the summer. Economic data, meanwhile, was also supportive, with jobs being created at a surprisingly high pace: the unemployment rate in the US today is lower than it has been for several decades.

The second half of the period, however, was characterised by a marked deterioration in sentiment and an increase in volatility. Fears of recession grew and uncertainty mounted about the trajectory of interest rates and the reversal of quantitative easing ('quantitative tightening'). Increased tension around trade and potential implementation of tariffs between the US and China also began to take their toll. The volatility became particularly pronounced from October and a very steep sell-off followed in December. At this point, however, the Federal Reserve's pronouncements took a more dovish turn which began to reassure a nervous market. In response, US stocks enjoyed a powerful rally in January and into February.

Source: Datastream

Review – Helped by selected technology stocks…

The technology sector's long run of good performance continued into the summer. Earnings in this sector are still growing markedly faster than they are in the wider market. But given the strong performance of our holdings in this area, we progressively reduced the fund's exposure to the technology sector in July and into August. As 2018 progressed, the growing tensions between the US and China over trade began to take their toll, particularly on semiconductor stocks that are exposed to Chinese imports. Although we had reduced the fund's exposure to this area of the market, our holding in semiconductor equipment maker Applied Materials, suffered. At the same time, however, our holding in Xilinx, a semiconductor company involved in rollout of 5G technology, was the biggest contributor to the fund's outperformance. Some of our holdings in software and services, such as Nutanix (cloud services) and Intuit (accounting software), were also among the top contributors to performance over the year. We then took advantage of the sell-off in December to selectively add back some exposure to this part of the market, buying Broadcom and Micron. Given how far their share prices and valuations had fallen, we felt any potential bad news was more than reflected in the price.

Our healthcare stocks also contributed to the fund's outperformance. We increased our exposure to this sector over the course of the year. As the US healthcare system is not a 'single-payer' system there is no single body acting to control rising costs. Healthcare currently consumes approximately 18% of US Gross Domestic Product ('GDP'). We believe healthcare insurance companies such as Anthem will play an increasing role in helping both companies (who pay healthcare insurance costs for their employees) and the government (through its Medicare and Medicare healthcare programmes) to control spending. To do this, they will be insuring a greater and greater number of lives and that will lead to solid growth. Health insurers such as Centene and Anthem made good contributions to performance over the period.

On the negative side, some of our industrial stocks, such as defence companies Raytheon and Huntington Ingalls, weighed on returns. They underperformed on fears that having taken control of the House of Representatives in the mid-term election, the Democrats would cut spending on defence. Our view is that spending on defence will remain healthy and we continue to hold both stocks. We have, however, sold our holding in railroad company Norfolk Southern after a period of good performance. Any slowing in the domestic economy or increased friction in global trade could well have an impact the volume of freight carried by rail so we took profits on a stock that had moved higher both in its underlying earnings and in its valuation.

Although the fund has less exposure to the energy sector than the wider market, it does have some exposure here and our holdings in Marathon Petroleum and Delek impaired performance. In the case of Delek, we liked the potential of its refineries to access cheaper, locally produced oil from the Permian Basin in West Texas, where pipeline capacity had not kept up with rising supply. What we had not anticipated was that exploration and production companies would exhibit an unusual degree of restraint in slowing production, with the result that Delek's margins will not be as high as expected. We subsequently significantly reduced our position.

* Source: Lipper Limited, class I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index (GBP).

Review – Helped by selected technology stocks…

Data releases are pointing towards slower growth in the US economy – but this is a slowdown in the rate of expansion rather than a sharp downturn. It is also clear that the wider global economy is slowing too, with particular weakness in Europe and China. So although the US will continue to grow, we do not see this as the right time to make significant investments in companies that would require an improving economic backdrop to deliver returns to their shareholders (and our unitholders).

Instead, we are investing in businesses whose growth stems from idiosyncratic factors and whose success should be relatively independent from developments in the wider economy. After the sharp sell-off in December, we added back to some of the technology stocks that we had sold in the summer. We also favour payment companies and credit card companies. We see growth in electronic payments and the move away from cash underpinning earnings growth in an industry that it sheltered by relatively high barriers to entry. The fund currently has holdings in Visa, PayPal and Worldpay.

Set against this, we remain underexposed to the banking sector. In non-bank financials we own Progressive, an insurance company. This is an automotive insurance company that uses technology to offer better pricing to customers, enabling it to grow quickly and (more importantly) profitably. Given the slowing economic environment we favour companies that can provide some certainty around future earnings. We added to warehouse and logistics company Prologis.

We have initiated a position in Masco Corporation, a maker of paint, plumbing fixtures and fittings that are sold in DIY stores such as Home Depot and Lowe's. It significantly underperformed when mortgage rates rose towards the end of 2018, making investors cautious on the first-time homebuyer's market. Masco's products are primarily sold to the 'repair and remodel' market (where spending remains healthy) rather than to new build, so we viewed the period of weakness as a good buying opportunity.

Cormac Weldon
Fund manager

Artemis US Select Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Lowe's	57,200	Micron Technology	61,736
Crown Castle International, REIT	53,231	Alphabet C shares	60,885
Microsoft	50,933	Bank of America	60,636
Boeing	48,260	SVB Financial Group	55,266
Amazon.com	41,764	Boeing	47,499

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 97.45% (99.62%)			
Communication Services 7.08% (7.44%)			
Alphabet C shares	15,313	12,846	1.17
Comcast A shares	380,202	11,011	1.00
Facebook A shares	188,530	23,068	2.09
Match Group	105,375	4,418	0.40
T-Mobile US	291,226	15,787	1.43
Walt Disney	128,754	10,911	0.99
		78,041	**7.08**
Consumer Discretionary 10.75% (9.21%)			
Amazon.com	18,015	22,219	2.01
Burlington Stores	112,593	14,154	1.28
Churchill Downs	149,025	10,809	0.98
Grand Canyon Education	81,609	7,010	0.64
Lowe's	378,889	30,649	2.78
McDonald's	80,768	11,132	1.01
Planet Fitness A shares	387,902	17,042	1.55
Pool	45,398	5,482	0.50
		118,497	**10.75**
Consumer Staples 0.48% (4.29%)			
Lamb Weston Holdings	101,253	5,257	0.48
		5,257	**0.48**
Energy 2.12% (2.82%)			
EOG Resources	243,839	17,417	1.58
Marathon Petroleum	124,491	5,934	0.54
		23,351	**2.12**
Financials 13.49% (15.05%)			
Discover Financial Services	226,795	12,144	1.10
Intercontinental Exchange	450,143	25,789	2.34
MSCI	136,290	18,514	1.68
Progressive	608,319	33,246	3.01
S&P Global	179,712	27,249	2.47
Santander Consumer USA Holdings	488,301	7,377	0.67
Voya Financial	647,396	24,448	2.22
		148,767	**13.49**
Health Care 16.23% (12.19%)			
Abbott Laboratories	384,266	22,304	2.02
Anthem	140,330	32,287	2.93
AxoGen	119,768	1,651	0.15
Bioxcel Therapeutics	407,457	2,603	0.24
Centene	175,270	8,151	0.74
Exact Sciences	94,956	6,883	0.62
Humana	67,593	14,624	1.33
Intuitive Surgical	35,403	14,621	1.33

Investment	Holding	Valuation £'000	% of net assets
IQVIA Holdings	163,482	17,405	1.58
Pfizer	504,243	16,271	1.48
UnitedHealth Group	82,439	15,499	1.40
Zoetis	377,370	26,607	2.41
		178,906	**16.23**
Industrials 10.99% (19.77%)			
Boeing	96,213	31,491	2.86
Cintas	75,249	11,594	1.05
Huntington Ingalls Industries	101,119	15,977	1.45
Masco	585,174	16,661	1.51
Raytheon	244,893	34,118	3.09
Spirit AeroSystems Holdings A shares	154,714	11,366	1.03
		121,207	**10.99**
Information Technology 27.53% (26.02%)			
Booz Allen Hamilton Holding	599,824	23,769	2.16
Broadcom	12,838	2,620	0.24
Carbon Black	448,571	4,498	0.41
DocuSign	277,443	11,576	1.05
Fidelity National Information Services	196,925	15,869	1.44
First Data A shares	941,945	17,906	1.62
Intuit	113,631	21,334	1.94
Lam Research	82,126	10,938	0.99
Lumentum Holdings	136,793	5,203	0.47
Micron Technology	437,347	13,577	1.23
Microsoft	702,353	59,223	5.37
Nutanix A shares	138,140	5,277	0.48
PayPal Holdings	319,795	23,521	2.13
salesforce.com	90,006	11,038	1.00
Visa A shareas	343,703	38,036	3.45
Worldpay	241,117	17,698	1.61
Xilinx	231,029	21,404	1.94
		303,487	**27.53**
Materials 0.00% (2.83%)			
Real Estate 4.84% (0.00%)			
Crown Castle International, REIT	356,863	31,735	2.88
Prologis, REIT	409,685	21,599	1.96
		53,334	**4.84**
Utilities 3.94% (0.00%)			
Evergy	517,746	21,587	1.96
NextEra Energy	155,623	21,846	1.98
		43,433	**3.94**
Equities total		**1,074,280**	**97.45**
Forward currency contracts 0.00% (0.00%)			
I accumulation CHF (NAV hedged) 0.00% (0.00%)			
Buy Swiss Franc 13,967 sell US Dollar 14,006 dated 29/03/2019		–	–
		–	**–**
I accumulation EUR (NAV hedged) 0.00% (0.00%)			
Buy Euro 4,897,183 sell US Dollar 5,583,851 dated 29/03/2019		14	–
		14	**–**
I accumulation GBP (NAV hedged) 0.00% (0.00%)			
Buy Sterling 4,377,072 sell US Dollar 5,809,991 dated 29/03/2019		16	–
		16	**–**

Artemis US Select Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
R accumulation CHF (NAV hedged) 0.00% (0.00%)			
Buy Swiss Franc 13,722 sell US Dollar 13,760 dated 29/03/2019		–	–
		–	**–**
R accumulation EUR (NAV hedged) 0.00% (0.00%)			
Buy Euro 948,463 sell US Dollar 1,081,454 dated 29/03/2019		3	–
		3	**–**
Forward currency contracts total		**33**	**–**
Investment assets		1,074,313	97.45
Net other assets		28,114	2.55
Net assets attributable to shareholders		1,102,427	100.00

The comparative percentage figures in brackets are as at 28 February 2018.

Statement of total return for the year ended 28 February 2019

	Note	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Income					
Net capital gains	3		78,516		93,197
Revenue	5	13,198		7,461	
Expenses	6	(8,316)		(5,578)	
Interest payable and similar charges	7	(18)		(5)	
Net revenue before taxation		4,864		1,878	
Taxation	8	(1,802)		(1,340)	
Net revenue after taxation			3,062		538
Total return before distributions			**81,578**		**93,735**
Distributions	9		(3,071)		(541)
Change in net assets attributable to shareholders from investment activities			78,507		93,194

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019 £'000	28 February 2019 £'000	28 February 2018 £'000	28 February 2018 £'000
Opening net assets attributable to shareholders		848,746		558,652
Amounts receivable on issue of shares	348,136		301,913	
Amounts payable on cancellation of shares	(175,685)		(105,614)	
		172,451		196,299
Dilution adjustment		18		30
Change in net assets attributable to shareholders from investment activities		78,507		93,194
Retained distribution on accumulation shares		2,705		571
Closing net assets attributable to shareholders		1,102,427		848,746

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	1,074,313	845,532
Current assets			
Debtors	11	6,626	12,004
Cash and bank balances	12	25,337	5,769
Total current assets		**31,963**	**17,773**
Total assets		**1,106,276**	**863,305**
Liabilities			
Investment liabilities	10	-	21
Creditors			
Bank overdraft		12	-
Distribution payable		476	88
Other creditors	13	3,361	14,450
Total creditors		**3,849**	**14,538**
Total liabilities		**3,849**	**14,559**
Net assets attributable to shareholders		1,102,427	848,746

Artemis US Select Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

Open forward foreign exchange contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses) in the notes to the financial statements. The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for Difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/ stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.
Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

3. Net capital gains

	28 February 2019 £'000	28 February 2018 £'000
Non-derivative securities	77,103	92,568
Currency gains	3,427	346
Derivative contracts	251	-
Capital transaction charges	(7)	(8)
Forward currency contracts	(2,258)	291
Net capital gains	78,516	93,197

4. Direct transaction costs

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

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,999,721	345	-	2,000,066	0.02	-
Sales						
Equities	1,848,746	296	28	1,848,422	0.02	-
Total		641	28			
Percentage of sub-fund average net assets		0.07%	0.00%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,303,598	477	-	1,304,075	0.04	-
Sales						
Equities	1,068,303	388	24	1,067,891	0.04	-
Total		865	24			
Percentage of sub-fund average net assets		0.13%	0.00%			

During the year the sub-fund incurred £7,000 (2018: £8,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2018: 0.02%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	12,803	7,295
Bank interest	395	166
Total revenue	13,198	7,461

Artemis US Select Fund – Notes to the financial statements (continued)

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	7,603	5,062
Administration fees *	101	-
Other expenses:		
Administration fees	171	164
Registration fees	209	148
Depositary fees	91	77
Operational fees	87	82
Safe custody fees	34	23
Auditor's remuneration: non-audit fees (taxation)	11	12
Auditor's remuneration: audit fees**	8	9
Price publication fees	1	1
Total expenses	8,316	5,578

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £8,300 (2018: £7,500).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Interest payable	18	5
Total interest payable and similar charges	18	5

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	1,802	1,340
Total taxation (note 8b)	1,802	1,340
b) Factors affecting the tax charge for the year		
Net revenue before taxation	4,864	1,878
Corporation tax at 20% (2018: 20%)	973	376
Effects of:		
Irrecoverable overseas tax	1,802	1,340
Unutilised management expenses	1,483	1,081
Overseas withholding tax expensed	(16)	-
Non-taxable overseas dividends	(2,440)	(1,457)
Tax charge for the year (note 8a)	1,802	1,340

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 sub-fund has not recognised a deferred tax asset of £3,850,000 (2018: £2,366,000) arising as a result of having unutilised management expenses of £19,251,000 (2018: £11,834,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Final dividend distribution	3,181	659
Add: amounts deducted on cancellation of shares	153	49
Deduct: amounts added on issue of shares	(263)	(167)
Distributions	3,071	541
Movement between net revenue and distributions		
Net revenue after taxation	3,062	538
Deficit transferred to capital	6	2
Expenses paid from capital	3	1
	3,071	541

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 152.

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).

	28 February 2019		28 February 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,074,280	-	845,532	-
Level 2	33	-	-	21
Total	1,074,313	-	845,532	21

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Amounts receivable for issue of shares	5,634	3,098
Accrued revenue	992	541
Sales awaiting settlement	-	8,362
Prepaid expenses	-	3
Total debtors	6,626	12,004

Artemis US Select Fund – Notes to the financial statements (continued)

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	25,211	5,706
Cash and bank balances	126	58
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	-	5
Total cash and bank balances	25,337	5,769

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Amounts payable for cancellation of shares	2,394	6,562
Accrued annual management charge	612	455
Purchases awaiting settlement	129	7,285
Accrued other expenses	125	148
Accrued administration fee payable to the ACD	101	-
Total other creditors	3,361	14,450

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation CHF (NAV hedged)	51,000	10,699	(51,699)	10,000
I accumulation EUR	192,255	42,841,129	(40,758,897)	2,274,487
I accumulation EUR (NAV hedged)	1,048,816	3,380,366	(966,755)	3,462,427
I distribution GBP	70,902,592	28,211,872	(4,868,435)	94,246,029
I accumulation GBP	380,784,959	93,095,711	(30,953,363)	442,927,307
I accumulation GBP (NAV hedged)	935,718	2,354,756	(282,520)	3,007,954
I accumulation USD	41,653,832	35,645,918	(33,429,874)	43,869,876
R accumulation CHF (NAV hedged)	10,000	-	-	10,000
R accumulation EUR	8,732	1,887,326	(1,869,089)	26,969
R accumulation EUR (NAV hedged)	402,499	1,474,593	(1,209,876)	667,216
R accumulation USD	9,093	147,050	-	156,143

16. Risk disclosures

In pursuing their investment objectives, the sub-fund may hold a number of financial instruments. These financial instruments comprise equities, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the sub-fund's operations. The sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk, arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been provided.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. The loss on forward currency contracts for the year was £2,258,000 (2018: gain of £291,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. For hedged share classes, the hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

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

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
US Dollar	1,074,280	27,389	(9,386)	1,092,283
Sterling	-	720	4,377	5,097
Euro	-	5	5,021	5,026
Swiss Franc	-	-	21	21
28 February 2018				
US Dollar	845,532	3,085	(3,233)	845,384
Euro	-	-	1,810	1,810
Swiss Franc	-	150	1,336	1,486
Sterling	-	-	66	66

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £54,867,000 (2018: £42,363,000). A five per cent decrease would have an equal and opposite effect.

Artemis US Select Fund – Notes to the financial statements (continued)

I accumulation CHF (NAV hedged)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
Swiss Franc	-	-	11	11
US Dollar	10	-	(11)	(1)
28 February 2018				
Swiss Franc	-	-	55	55
US Dollar	54	-	(55)	(1)

I accumulation EUR (NAV hedged)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
Euro	-	-	4,206	4,206
US Dollar	4,102	105	(4,192)	15
Sterling	-	3	-	3
28 February 2018				
Euro	-	-	1,303	1,303
US Dollar	1,282	5	(1,311)	(24)

I accumulation GBP (NAV hedged)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
Sterling	-	3	4,377	4,380
US Dollar	4,273	109	(4,361)	21
28 February 2018				
Sterling	-	-	1,336	1,336
US Dollar	1,316	5	(1,346)	(25)

R accumulation CHF (NAV hedged)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
Sterling	-	-	10	10
US Dollar	10	-	(10)	-
28 February 2018				
Swiss Franc	-	-	11	11
US Dollar	10	-	(11)	(1)

R accumulation EUR (NAV hedged)

	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2019				
Euro	-	-	815	815
Sterling	-	1	-	1
US Dollar	795	20	(812)	3
28 February 2018				
Euro	-	-	507	507
US Dollar	499	2	(510)	(9)

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £53,714,000 (2018: £42,277,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	106.3	102.1
Commitment	100.0	100.0

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Aside from the custodian, and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2019 or 28 February 2018.

Artemis US Select Fund – Notes to the financial statements (continued)

Counterparty and collateral exposure

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

	Total net exposure £'000
28 February 2019	
JPMorgan	33
28 February 2018	
JPMorgan	(21)

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 142 and notes 6, 9, 11 and 13 on pages 145 to 147 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2019 in respect of these transactions was £2,527,000 (2018: due to the ACD £3,919,000).

18. Share classes

The annual management charge on each share class is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR	0.75%
I accumulation EUR (NAV hedged)	0.75%
I distribution GBP	0.75%
I accumulation GBP	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on pages 153 to 155. The distribution per share class are given in the distribution table on page 152. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis US Select Fund – Distribution table

Final dividend distribution for the year ended 28 February 2019 (paid on 30 April 2019) per share.

Group 1 - Shares purchased prior to 1 March 2018.
Group 2 - Shares purchased from 1 March 2018 to 28 February 2019.

	Net revenue per share	Equalisation per share	Distribution per share 30 April 2019	Distribution per share 30 April 2018
I accumulation CHF (NAV hedged)				
Group 1	0.3260c	-	0.3260c	0.0042c
Group 2	0.3260c	-	0.3260c	0.0042c
I accumulation EUR				
Group 1	0.4963c	-	0.4963c	0.0723c
Group 2	0.4266c	0.0697c	0.4963c	0.0723c
I accumulation EUR (NAV hedged)				
Group 1	0.4162c	-	0.4162c	0.0564c
Group 2	0.1636c	0.2526c	0.4162c	0.0564c
I distribution GBP				
Group 1	0.5049p	-	0.5049p	0.1237p
Group 2	0.3517p	0.1532p	0.5049p	0.1237p
I accumulation GBP				
Group 1	0.5678p	-	0.5678p	0.1401p
Group 2	0.4206p	0.1472p	0.5678p	0.1401p
I accumulation GBP (NAV hedged)				
Group 1	0.4149p	-	0.4149p	0.1085p
Group 2	0.2539p	0.1610p	0.4149p	0.1085p
I accumulation USD				
Group 1	0.4726c	-	0.4726c	0.1199c
Group 2	0.3296c	0.1430c	0.4726c	0.1199c

Corporate shareholders should note that:
1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Select Fund – Comparative tables

	I accumulation CHF (NAV hedged)**			I accumulation EUR		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**138.30**	**111.93**	**100.00**	**161.69**	**147.13**	**120.35**
Return before operating charges *	2.57	27.39	12.73	21.51	15.77	27.86
Operating charges	(1.14)	(1.02)	(0.80)	(1.47)	(1.21)	(1.08)
Return after operating charges	1.43	26.37	11.93	20.04	14.56	26.78
Distributions	(0.33)	0.00	(0.22)	(0.50)	(0.07)	(0.47)
Retained distributions on accumulation shares	0.33	0.00	0.22	0.50	0.07	0.47
Closing net asset value per share	**139.73**	**138.30**	**111.93**	**181.73**	**161.69**	**147.13**
* after direct transaction costs of	(0.10)	(0.16)	(0.48)	(0.13)	(0.19)	(0.59)
Performance						
Return after charges	1.03%	23.56%	11.93%	12.39%	9.90%	22.25%
Other information						
Closing net asset value (£'000)	11	54	9	3,547	274	12,853
Closing number of shares	10,000	51,000	10,000	2,274,487	192,255	10,253,188
Operating charges	0.82%	0.83%	0.77%	0.82%	0.83%	0.84%
Direct transaction costs	0.07%	0.13%	0.46%	0.07%	0.13%	0.46%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	148.85	142.47	112.68	186.77	164.41	149.31
Lowest price	120.31	109.48	95.30	153.75	138.76	116.45

	I accumulation EUR (NAV hedged)**			I distribution GBP		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**138.93**	**112.26**	**100.00**	**159.74**	**140.44**	**106.29**
Return before operating charges *	3.69	27.72	13.06	16.26	20.65	35.65
Operating charges	(1.14)	(1.05)	(0.80)	(1.40)	(1.23)	(1.04)
Return after operating charges	2.55	26.67	12.26	14.86	19.42	34.61
Distributions	(0.42)	(0.06)	(0.22)	(0.50)	(0.12)	(0.46)
Retained distributions on accumulation shares	0.42	0.06	0.22	-	-	-
Closing net asset value per share	**141.48**	**138.93**	**112.26**	**174.10**	**159.74**	**140.44**
* after direct transaction costs of	(0.10)	(0.17)	(0.48)	(0.12)	(0.19)	(0.57)
Performance						
Return after charges	1.84%	23.76%	12.26%	9.30%	13.83%	32.56%
Other information						
Closing net asset value (£'000)	4,204	1,286	11	164,081	113,258	81,581
Closing number of shares	3,462,427	1,048,816	11,133	94,246,029	70,902,592	58,091,049
Operating charges	0.82%	0.83%	0.77%	0.82%	0.83%	0.84%
Direct transaction costs	0.07%	0.13%	0.46%	0.07%	0.13%	0.46%
Prices	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Highest price	150.30	143.31	113.01	189.02	161.80	141.68
Lowest price	121.69	109.81	95.17	150.64	134.78	102.82

	I accumulation GBP			I accumulation GBP (NAV hedged)**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**179.92**	**158.06**	**119.22**	**141.17**	**113.09**	**100.00**
Return before operating charges *	18.35	23.24	39.99	5.49	29.14	13.93
Operating charges	(1.58)	(1.38)	(1.15)	(1.17)	(1.06)	(0.84)
Return after operating charges	16.77	21.86	38.84	4.32	28.08	13.09
Distributions	(0.57)	(0.14)	(0.51)	(0.41)	(0.11)	(0.27)
Retained distributions on accumulation shares	0.57	0.14	0.51	0.41	0.11	0.27
Closing net asset value per share	**196.69**	**179.92**	**158.06**	**145.49**	**141.17**	**113.09**
* after direct transaction costs of	(0.13)	(0.22)	(0.63)	(0.10)	(0.17)	(0.50)
Performance						
Return after charges	9.32%	13.83%	32.58%	3.06%	24.83%	13.09%
Other information						
Closing net asset value (£'000)	871,184	685,124	417,575	4,376	1,321	152
Closing number of shares	442,927,307	380,784,959	264,181,909	3,007,954	935,718	134,877
Operating charges	0.82%	0.83%	0.84%	0.82%	0.83%	0.77%
Direct transaction costs	0.07%	0.13%	0.46%	0.07%	0.13%	0.46%
Prices	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**	**(p)**
Highest price	212.93	182.11	158.95	153.59	145.41	133.83
Lowest price	169.69	151.69	115.34	124.90	110.78	94.92

	I accumulation USD			R accumulation CHF (NAV hedged)**		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**155.88**	**123.06**	**103.37**	**136.49**	**111.22**	**100.00**
Return before operating charges *	9.16	33.95	20.62	2.90	27.19	12.73
Operating charges	(1.31)	(1.13)	(0.93)	(2.14)	(1.92)	(1.51)
Return after operating charges	7.85	32.82	19.69	0.76	25.27	11.22
Distributions	(0.47)	(0.12)	(0.39)	-	-	-
Retained distributions on accumulation shares	0.47	0.12	0.39	-	-	-
Closing net asset value per share	**163.73**	**155.88**	**123.06**	**137.25**	**136.49**	**111.22**
* after direct transaction costs of	(0.11)	(0.18)	(0.51)	(0.10)	(0.16)	(0.48)
Performance						
Return after charges	5.04%	26.67%	19.05%	0.56%	22.72%	11.22%
Other information						
Closing net asset value (£'000)	53,992	46,899	45,891	10	11	9
Closing number of shares	43,869,876	41,653,832	46,395,241	10,000	10,000	10,000
Operating charges	0.82%	0.83%	0.84%	1.57%	1.58%	1.45%
Direct transaction costs	0.07%	0.13%	0.46%	0.07%	0.13%	0.46%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	171.12	160.26	123.89	146.67	140.71	112.00
Lowest price	140.01	120.61	103.25	118.34	108.73	95.15

Artemis US Select Fund – Comparative tables (continued)

	R accumulation EUR**			R accumulation EUR (NAV hedged) **		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**132.66**	**121.62**	**100.00**	**140.76**	**111.59**	**100.00**
Return before operating charges *	17.58	12.99	23.19	3.67	31.15	13.20
Operating charges	(2.24)	(1.95)	(1.57)	(2.23)	(1.98)	(1.61)
Return after operating charges	15.34	11.04	21.62	1.44	29.17	11.59
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	**148.00**	**132.66**	**121.62**	**142.20**	**140.76**	**111.59**
* after direct transaction costs of	(0.10)	(0.16)	(0.50)	(0.10)	(0.16)	(0.51)
Performance						
Return after charges	11.56%	9.08%	21.62%	1.02%	26.14%	11.59%
Other information						
Closing net asset value (£'000)	34	10	9	814	500	554
Closing number of shares	26,969	8,732	8,732	667,216	402,499	582,743
Operating charges	1.57%	1.58%	1.45%	1.57%	1.58%	1.45%
Direct transaction costs	0.07%	0.13%	0.46%	0.07%	0.13%	0.46%
Prices	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**	**(c)**
Highest price	152.61	134.99	123.44	151.75	145.13	112.37
Lowest price	126.05	114.28	96.88	122.51	109.08	95.01

	R accumulation USD **		
	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**142.04**	**113.00**	**100.00**
Return before operating charges *	8.33	31.01	14.52
Operating charges	(2.28)	(1.97)	(1.52)
Return after operating charges	6.05	29.04	13.00
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	**148.09**	**142.04**	**113.00**
* after direct transaction costs of	(0.10)	(0.16)	(0.48)
Performance			
Return after charges	4.26%	25.70%	13.00%
Other information			
Closing net asset value (£'000)	174	9	8
Closing number of shares	156,143	9,093	9,093
Operating charges	1.57%	1.58%	1.45%
Direct transaction costs	0.07%	0.13%	0.46%
Prices	**(c)**	**(c)**	**(c)**
Highest price	155.34	146.12	113.78
Lowest price	126.80	110.67	95.30

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.
** Launched 1 April 2016.
The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Ongoing charges

Class	28 February 2019
I accumulation EUR (NAV hedged)	0.82%
I accumulation EUR	0.82%
I distribution GBP	0.82%
I accumulation CHF (NAV hedged)	0.82%
I accumulation GBP (NAV hedged)	0.82%
I accumulation GBP	0.82%
I accumulation USD	0.82%
R accumulation CHF (NAV hedged)	1.57%
R accumulation EUR (NAV hedged)	1.57%
R accumulation EUR	1.57%
R accumulation USD	1.57%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis US Select Fund	96.7	65.0	9.3	(6.0)
S&P 500 Index	86.2	60.5	8.4	(5.3)
Sector average	74.4	54.9	7	(5.8)
Position in sector	8/79	13/85	14/95	57/99
Quartile	1	1	1	3

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2019. All performance figures show total return percentage growth. Sector is IA North America.

Artemis US Smaller Companies Fund

Investment objective and policy

The objective of the Artemis US Smaller Companies Fund (the 'sub-fund') is to achieve long-term capital growth. The sub-fund invests principally in smaller companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments by industrial sector. As the sub-fund invests in smaller companies, the ACD will mainly invest in shares of companies that have a market value of less than US$10 billion.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	4	5	**6**	7

- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risk indicator may not fully take into account the following risks and the following may affect sub-fund performance:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares.

- The fund returns 18.7%* versus a rise of 9.4%* in the Index.
- Its winners span a broad range of sectors.
- As the economy slows we favour stocks with endogenous growth and low levels of debt.

Performance – Leading the peer group …

Strong data on the US economy and tax cuts saw the share prices of small and mid-cap stocks surging at the beginning of the year under review. Because they had previously been taxed more heavily than their large-cap counterparts, the reduction in corporate taxes delivered an even bigger boost to the earnings of smaller companies. Meanwhile, small companies also benefited from being more directly exposed to the strength of the domestic US economy than internationally focused large caps.

After this very positive start, however, uncertainty grew, fears of a coming recession mounted and uncertainty over the trajectory of interest rates began to weigh on the market. Thanks to their domestic tilt, small caps were, however, relatively sheltered from some of the pressure arising from the increased trade tensions between the US and China. After a sharp sell-off that swept across the US market in December, share prices recovered in January and February, as the message from the Fed became more dovish and tensions around trade eased. Although fears of outright recession have receded somewhat, signs of a slowdown in growth are becoming increasingly widespread. Set against that, inflation remains subdued and US consumers remain in good shape: unemployment is low and wages are rising across all income brackets.

Over the year as a whole, the benchmark Russell 2000 Index returned 9.4% in sterling terms. The fund, meanwhile, returned 18.7% making it the best performer in its peer group.

Review – Success through stockpicking …

Stockpicking across a number of sectors underpinned the fund's outperformance. In general terms, the market started to reward good 'growth' companies such as our holdings Glu Mobile (videogames) and Planet Fitness (affordable gyms). Planet Fitness offers basic equipment to the less enthusiastic gym goers at a lower fee than other chains. We like its franchise model, strong expansion and economies of scale. Some of our other consumer-exposed holdings also did well. They included Five Below, which sells products for five dollars or less to teen and pre-teen customers.

The fund benefited from its exposure to Canadian cannabis companies Tilray and Canopy Growth. Both companies are involved in Canada's medical marijuana market and will be involved in the country's soon-to-be-legalised market for recreational marijuana. Canada has been an early mover in legalising marijuana and we are seeing increased signs globally that more markets will legalise its use, initially for medical purposes. Canadian companies will have first-mover advantage and we believe this will count for a lot as these markets develop. The fund participated in Tilray's successful initial public offering (IPO) during the summer. The stock immediately performed phenomenally well; we sold and locked in profits. Coincident with Tilray's IPO, most marijuana companies increased significantly in value as investors recognised that these companies could attract significant investments from large pharmaceutical, alcohol and consumer goods companies. This view was solidified when Constellation Brands, a large beer and beverages company, increased its investment in Canopy Growth.

Elsewhere, Nutanix continues to deliver excellent results and was once again one of the top contributors to the fund's returns. It provides 'hyper-converged infrastructure' – a cheaper alternative to existing cloud computing products. Through software it has arrived at a much cheaper solution than competing technologies and consequently it is rapidly gaining market share.

On the negative side, results from Carbon Black were disappointing. It sells security software to the corporate sector. We believe it has leading products and has a long period of rapid growth ahead of it. It did, however, experience some indigestion in net sales during the fourth quarter as the introduction of a number of new products sowed some confusion among its existing clients, who slowed their purchasing decisions. We think the passage of time will solve these issues and so continue to own the stock.

Outlook – As growth slows…

The fund's positioning is very much biased towards 'quality' businesses with a low level of indebtedness. We believe these attributes will lead to steadier performance over time. At this stage of the cycle we feel it prudent to favour companies with lower levels of debt and, on average, our holdings are less indebted than the wider smaller companies market. Although we do own some loss-making companies, our focus is very much on businesses with vibrant new products that we believe will help make them profitable in the foreseeable (rather than distant) future. We take pains to avoid companies whose lack of scale, lack of innovation or lack of access to capital could make them 'value traps'.

The fund has a significant level of exposure to consumer companies. These operate in many different areas, ranging from educational companies (Grand Canyon Education) to swimming pool maintenance and servicing (Pool Corp). In the first area, we are looking to profit from the increased demand for adult education and the strong growth of online offerings. In the second, Pool is the leader in what is a fragmented and growing market. It has attractive margins and good visibility of earnings thanks to its maintenance contracts.

We have initiated a position in Masco Corporation, a maker of paint, plumbing fixtures and fittings that are

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the Russell 2000 Index (GBP).

sold in DIY stores such as Home Depot and Lowes. It significantly underperformed when mortgage rates rose towards the end of 2018, making investors cautious on the first-time homebuyer's market. Masco's products are primarily sold to the 'repair and remodel' market (where spending remains healthy) rather than to new build, so we viewed the period of weakness as a good buying opportunity.

The fund continues to have very little exposure to banks. We believe this is more a challenging environment for banks in general. Smaller regional banks face the additional pressure of needing to offer more online and mobile banking services, meaning their technology costs are increasing. Financing this represents a heavier burden than it does for larger groups.

Many of the factors that propelled the US market higher last year are absent today. In particular, the economic environment is notably less benign. It is clear that the global economy is slowing, with particular issues in Europe and China. While the US will continue to grow, we do not see it as appropriate to make significant investments in companies that are dependent on improving economic growth to deliver returns to their shareholders. Instead, we are investing in businesses whose growth stems from idiosyncratic factors and whose success should be relatively independent from developments in the wider economy. We continue to see strong innovation and technology as well as new themes and trends emerging. Small and mid-sized companies in the US continue to offer a wealth of exciting investment opportunities.

Cormac Weldon
Fund manager

Five largest purchases and sales for the year ended 28 February 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Spirit AeroSystems Holdings A shares	20,704	Nutanix A shares	19,123
Booz Allen Hamilton Holding	17,757	Tilray	17,385
Pool	17,275	Timken	12,266
Dolby Laboratories A shares	14,971	WellCare Health Plans	11,535
Masco	14,574	Welbilt	10,495

Portfolio statement as at 28 February 2019

Investment	Holding	Valuation £'000	% of net assets
Equities 97.47% (99.36%)			
Communication Services 6.34% (2.26%)			
Cargurus	205,211	6,579	1.36
Glu Mobile	1,331,060	8,834	1.83
Live Nation Entertainment	246,772	10,452	2.16
QuinStreet	470,205	4,768	0.99
		30,633	**6.34**
Consumer Discretionary 21.64% (17.43%)			
At Home Group	275,583	5,009	1.04
Bright Horizons Family Solutions	121,983	11,314	2.34
Burlington Stores	30,349	3,815	0.79
Chegg	217,642	6,452	1.34
Churchill Downs	205,926	14,937	3.09
Five Below	54,722	4,955	1.03
Grand Canyon Education	83,253	7,151	1.48
GrubHub	75,887	4,637	0.96
Planet Fitness A shares	374,224	16,441	3.40
Pool	121,143	14,629	3.03
Strategic Education	46,759	4,461	0.92
Vail Resorts	37,914	5,917	1.22
Wingstop	97,784	4,849	1.00
		104,567	**21.64**
Consumer Staples 4.38% (2.41%)			
Lamb Weston Holdings	173,177	8,992	1.86
Nomad Foods	294,036	4,166	0.86
Post Holdings	106,766	7,988	1.66
The Green Organic Dutchman Warrant 19/04/2021^	453,849	–	–
		21,146	**4.38**
Energy 0.00% (3.22%)			
Financials 10.11% (21.41%)			
Kemper	133,181	8,319	1.72
Santander Consumer USA Holdings	694,216	10,488	2.17
Voya Financial	354,778	13,397	2.78
Webster Financial	198,223	8,557	1.77
Western Alliance Bancorp	231,400	8,062	1.67
		48,823	**10.11**

Artemis US Smaller Companies Fund – Investment information

Investment	Holding	Valuation £'000	% of net assets
Health Care 17.99% (9.00%)			
Abiomed	11,496	2,905	0.60
AxoGen	265,441	3,659	0.76
Bio-Rad Laboratories A shares	34,740	7,155	1.48
Bioxcel Therapeutics	344,070	2,198	0.45
Canopy Growth	135,228	4,641	0.96
DexCom	62,440	6,575	1.36
Exact Sciences	148,466	10,761	2.23
Molina Healthcare	90,172	9,511	1.97
PerkinElmer	78,994	5,572	1.15
PRA Health Sciences	129,641	10,881	2.25
Tabula Rasa HealthCare	179,985	7,953	1.65
Teladoc Health	186,125	9,652	2.00
TransEnterix	451,576	879	0.18
WellCare Health Plans	23,209	4,591	0.95
		86,933	**17.99**
Industrials 9.57% (13.51%)			
Huntington Ingalls Industries	20,708	3,272	0.68
Masco	560,164	15,949	3.30
Spirit AeroSystems Holdings A shares	321,283	23,604	4.89
Vicor	132,847	3,403	0.70
		46,228	**9.57**
Information Technology 17.60% (19.51%)			
2U	91,981	5,152	1.07
Blackline	115,320	4,676	0.97
Booz Allen Hamilton Holding	563,832	22,343	4.62
Carbon Black	712,917	7,148	1.48
Ceridian HCM Holding	80,031	2,978	0.62
DocuSign	203,811	8,504	1.76
Dolby Laboratories A shares	195,556	9,550	1.98
Evertec	207,898	4,405	0.91
Jack Henry & Associates	75,393	7,525	1.56
Lumentum Holdings	91,844	3,493	0.72
Nutanix A shares	242,221	9,253	1.91
		85,027	**17.60**
Materials 1.33% (7.66%)			
Stelco Holdings	573,342	6,431	1.33
		6,431	**1.33**
Real Estate 1.45% (0.86%)			
Terreno Realty, REIT	229,838	7,009	1.45
		7,009	**1.45**
Utilities 7.06% (2.09%)			
NextEra Energy Partners	314,126	10,018	2.07
NiSource	443,964	8,990	1.86
OGE Energy	255,093	8,109	1.68
Pinnacle West Capital	100,081	6,992	1.45
		34,109	**7.06**
Equities total		**470,906**	**97.47**
Investment assets		470,906	97.47
Net other assets		12,211	2.53
Net assets attributable to shareholders		483,117	100.00

The comparative percentage figures in brackets are as at 28 February 2018.
^ Unlisted, suspended or delisted security.

Statement of total return for the year ended 28 February 2019

		28 February 2019		28 February 2018	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	3		47,162		7,426
Revenue	5	3,604		1,809	
Expenses	6	(3,428)		(1,679)	
Interest payable and similar charges	7	(1)		(6)	
Net revenue before taxation		175		124	
Taxation	8	(492)		(191)	
Net expense after taxation			(317)		(67)
Total return before distributions			**46,845**		**7,359**
Distributions	9		15		13
Change in net assets attributable to shareholders from investment activities			46,860		7,372

Statement of change in net assets attributable to shareholders for the year ended 28 February 2019

	28 February 2019		28 February 2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		232,603		163,531
Amounts receivable on issue of shares	342,532		103,740	
Amounts payable on cancellation of shares	(138,906)		(42,084)	
		203,626		61,656
Dilution adjustment		28		44
Change in net assets attributable to shareholders from investment activities		46,860		7,372
Closing net assets attributable to shareholders		483,117		232,603

Balance sheet as at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Assets			
Fixed assets			
Investments	10	470,906	231,116
Current assets			
Debtors	11	3,119	4,741
Cash and bank balances	12	9,601	489
Total current assets		**12,720**	**5,230**
Total assets		**483,626**	**236,346**
Liabilities			
Creditors			
Other creditors	13	509	3,743
Total creditors		**509**	**3,743**
Total liabilities		**509**	**3,743**
Net assets attributable to shareholders		483,117	232,603

Artemis US Smaller Companies Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

Unquoted investments are valued at fair value which is determined by the ACD, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

The last valuation point in the year has been used for the purposes of preparing the report and financial statements and in the ACD's opinion there have been no material movements in the sub-fund between the last dealing point and close of business on the balance sheet date.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Dilution adjustment. The sub-fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the sub-fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing shareholders' interest in the sub-fund. In order to counter this and to protect shareholders' interests, the ACD will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the sub-fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The distribution policy of the sub-fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue and taxation.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

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

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

3. Net capital gains

	28 February 2019 £'000	28 February 2018 £'000
Non-derivative securities	46,657	7,813
Forward currency contracts	1,541	(249)
Derivative contracts	(5)	-
Capital transaction charges	(7)	(6)
Currency losses	(1,024)	(132)
Net capital gains	47,162	7,426

4. Direct transaction costs

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

	Year ended 28 February 2019					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	635,190	111	-	635,301	0.02	-
Sales						
Equities	442,237	80	6	442,151	0.02	-
Total		191	6			
Percentage of sub-fund average net assets		0.05%	0.00%			

	Year ended 28 February 2018					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	319,602	107	-	319,709	0.03	-
Sales						
Equities	251,543	89	6	251,448	0.04	-
Total		196	6			
Percentage of sub-fund average net assets		0.10%	0.00%			

During the year the sub-fund incurred £7,000 (2018: £6,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2018: 0.05%). This spread represents the difference between the bid and offer values of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2019 £'000	28 February 2018 £'000
Overseas dividends	3,409	1,755
Bank interest	195	42
UK dividends	-	12
Total revenue	3,604	1,809

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

6. Expenses

	28 February 2019 £'000	28 February 2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,054	1,458
Administration fees *	51	-
Other expenses:		
Administration fees	94	68
Registration fees	106	54
Operational fees	54	52
Depositary fees	37	22
Auditor's remuneration: audit fee **	13	9
Auditor's remuneration: non-audit fees (taxation)	10	8
Safe custody fees	8	7
Price publication fees	1	1
Total expenses	3,428	1,679

All expenditure stated above is inclusive of irrecoverable VAT where applicable.
* The amount disclosed above reflects the change from variable expenses to a fixed administration fee effective from 1 February 2019.
** The audit fee (excluding VAT) accrued during the year was £7,750 (2018: £7,500).

7. Interest payable and similar charges

	28 February 2019 £'000	28 February 2018 £'000
Interest payable	1	6
Total interest payable and similar charges	1	6

8. Taxation

	28 February 2019 £'000	28 February 2018 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	492	191
Total taxation (note 8b)	492	191
b) Factors affecting the tax charge for the year		
Net revenue before taxation	175	124
Corporation tax at 20% (2018: 20%)	35	25
Effects of:		
Unutilised management expenses	585	320
Irrecoverable overseas tax	492	191
Non-taxable UK dividends	-	(2)
Overseas withholding tax expensed	(11)	(2)
Non-taxable overseas dividends	(609)	(341)
Tax charge for the year (note 8a)	492	191

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 sub-fund has not recognised a deferred tax asset of £1,021,000 (2018: £436,000) arising as a result of having unutilised management expenses of £5,106,000 (2018: £2,181,000).It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

9. Distributions

	28 February 2019 £'000	28 February 2018 £'000
Add: amounts deducted on cancellation of shares	1	7
Deduct: amounts added on issue of shares	(16)	(20)
Distributions	(15)	(13)
Movement between net expense and distributions		
Net expense after taxation	(317)	(67)
Expenses paid from capital	302	54
	(15)	(13)

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares.

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).

	28 February 2019 Assets £'000	28 February 2018 Assets £'000
Level 1	470,906	231,116
	470,906	231,116

11. Debtors

	28 February 2019 £'000	28 February 2018 £'000
Amounts receivable for issue of shares	3,008	4,433
Accrued revenue	111	83
Sales awaiting settlement	-	224
Prepaid expenses	-	1
Total debtors	3,119	4,741

12. Cash and bank balances

	28 February 2019 £'000	28 February 2018 £'000
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	9,411	439
Cash and bank balances	114	50
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	50	-
Amounts held at futures clearing houses and brokers	26	-
Total cash and bank balances	9,601	489

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

13. Other creditors

	28 February 2019 £'000	28 February 2018 £'000
Accrued annual management charge	265	124
Accrued other expenses	128	68
Purchases awaiting settlement	65	3,522
Accrued administration fee payable to the ACD	51	-
Amounts payable for cancellation of shares	-	29
Total other creditors	509	3,743

14. Contingent liabilities and commitments

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

15. Reconciliation of share movements

	Shares in issue at 28 February 2018	Shares issued	Shares cancelled	Shares in issue at 28 February 2019
I accumulation EUR	7,115,556	12,288,032	(11,373,405)	8,030,183
I accumulation GBP	58,321,530	93,092,559	(17,373,758)	134,040,331
I accumulation USD	97,479,460	87,205,378	(59,887,467)	124,797,371

16. Risk disclosures

In pursuing their investment objectives, the sub-fund may hold a number of financial instruments. These financial instruments comprise equities, cash balances and liquid resources, which include debtors and creditors that arise directly from the sub-fund's operations.

The ACD has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the sub-fund's positions and their contribution to the overall risk profile of the sub-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 sub-fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising currency risk, interest rate risk and other market price 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 sub-fund, reference should be made to the Prospectus.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD'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 sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been provided.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2019 or 28 February 2018.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. The exposure to each currency is shown in the tables below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2019			
US Dollar	459,834	11,925	471,759
Canadian Dollar	11,072	-	11,072
Sterling	-	278	278
Euro	-	8	8
28 February 2018			
US Dollar	227,460	1,609	229,069
Canadian Dollar	3,656	-	3,656
Sterling	-	(122)	(122)

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £24,142,000 (2018: £11,636,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £23,545,000 (2018: £11,556,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the 'sum of the notionals' and 'commitment' methods.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2019 and 28 February 2018 the leverage ratios of the sub-fund were:

	28 February 2019 %	28 February 2018 %
Sum of the notionals	104.1	100.4%
Commitment	100.2	100.0%

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

(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 sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD 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 JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-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 sub-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 sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Aside from the custodian, and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2019 or 28 February 2018.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 162 and notes 6, 9, 11 and 13 on pages 165 to 167 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2019 in respect of these transactions was £2,692,000 (2018: £4,280,000).

18. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 170. All classes have the same rights on winding up.

19. Post balance sheet event

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

Artemis US Smaller Companies Fund – Comparative tables

	I accumulation EUR			I accumulation GBP		
	2019	2018	2017	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Opening net asset value per share	**166.71**	**165.87**	**121.96**	**186.86**	**179.50**	**121.70**
Return before operating charges *	38.34	2.25	45.22	36.70	8.94	59.17
Operating charges	(1.63)	(1.41)	(1.31)	(1.83)	(1.58)	(1.37)
Return after operating charges	36.71	0.84	43.91	34.87	7.36	57.80
Distributions	-	-	(0.10)	-	-	(0.09)
Retained distributions on accumulation shares	-	-	0.10	-	-	0.09
Closing net asset value per share	**203.42**	**166.71**	**165.87**	**221.73**	**186.86**	**179.50**
* after direct transaction costs of	(0.10)	(0.15)	(0.39)	(0.11)	(0.16)	(0.40)
Performance						
Return after charges	22.02%	0.51%	36.00%	18.66%	4.10%	47.49%
Other information						
Closing net asset value (£'000)	14,018	10,468	9,469	297,201	108,978	62,623
Closing number of shares	8,030,183	7,115,556	6,700,000	134,040,331	58,321,530	34,887,983
Operating charges	0.84%	0.87%	0.92%	0.84%	0.87%	0.92%
Direct transaction costs	0.05%	0.09%	0.27%	0.05%	0.09%	0.27%
Prices	**(c)**	**(c)**	**(c)**	**(p)**	**(p)**	**(p)**
Highest price	217.17	172.87	168.47	249.38	194.67	180.66
Lowest price	162.07	151.73	121.12	181.62	166.70	120.11

	I accumulation USD		
	2019	2018	2017
Change in net assets per share	**(c)**	**(c)**	**(c)**
Opening net asset value per share	**160.71**	**138.74**	**104.74**
Return before operating charges *	24.03	23.25	35.14
Operating charges	(1.49)	(1.28)	(1.14)
Return after operating charges	22.54	21.97	34.00
Distributions	-	-	(0.07)
Retained distributions on accumulation shares	-	-	0.07
Closing net asset value per share	**183.25**	**160.71**	**138.74**
* after direct transaction costs of	(0.09)	(0.13)	(0.34)
Performance			
Return after charges	14.03%	15.84%	32.46%
Other information			
Closing net asset value (£'000)	171,898	113,157	91,439
Closing number of shares	124,797,371	97,479,460	81,998,902
Operating charges	0.84%	0.87%	0.92%
Direct transaction costs	0.05%	0.09%	0.27%
Prices	**(c)**	**(c)**	**(c)**
Highest price	198.68	167.74	139.56
Lowest price	152.02	132.43	105.28

* Direct transaction costs are stated after deducting the amounts collected in relation to estimated dealing costs added to the issue of shares and subtracted from the cancellation of shares.

Artemis US Smaller Companies Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2019
I accumulation EUR	0.84%
I accumulation GBP	0.84%
I accumulation USD	0.84%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	3 years	1 year	6 months
Artemis US Smaller Companies Fund	121.8	82.2	18.7	(8.7)
Russell 2000 Index	81.6	66.4	9.4	10.9
Sector average	84.5	67.9	12.7	(8.0)
Position in sector	1/7	2/7	1/8	6/9
Quartile	1	1	1	3

* Data from 27 October 2015. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2019. All performance figures show total return percentage growth. Sector is IA North American Smaller Companies.

Performance information

The performance returns below have been calculated in accordance with the guidelines issued by the Swiss Funds Association and are provided for each share class within the sub-funds.

	Launch date	For the year ended 28 February 2019	Period from launch to 28 February 2019	For the year ended 28 February 2018
Artemis Global Emerging Markets Fund				
I accumulation EUR	8 April 2015	(3.2)	14.7	16.4
MSCI Emerging Markets Index (EUR)		(3.5)	7.0	13.7
I distribution GBP	8 April 2015	(5.9)	35.6	20.4
I accumulation GBP	8 April 2015	(6.0)	35.2	20.5
MSCI Emerging Markets Index (GBP)		(6.7)	26.6	17.9
I accumulation USD	8 April 2015	(9.6)	20.4	34.1
MSCI Emerging Markets Index (USD)		(9.9)	12.9	30.5
Artemis Global Equity Income Fund				
I accumulation EUR	3 June 2015	(3.1)	2.2	2.6
I distribution EUR	3 June 2015	(3.2)	1.8	2.6
MSCI All Country World Index (EUR)		6.2	22.7	3.5
I accumulation GBP	3 June 2015	(5.9)	20.2	6.3
I distribution GBP	3 June 2015	(5.8)	20.6	6.2
MSCI All Country World Index (GBP)		2.7	43.0	7.3
I accumulation USD	3 June 2015	(9.5)	5.0	18.2
I distribution USD	3 June 2015	(9.5)	4.7	18.2
MSCI All Country World Index (USD)		(0.8)	24.0	18.8
R accumulation EUR	30 July 2015	(3.8)	2.0	1.9
MSCI All Country World Index (EUR)		6.2	21.9	3.5
R accumulation USD	30 July 2015	(10.1)	6.2	17.4
MSCI All Country World Index (USD)		(0.8)	27.0	18.8
Artemis Pan European Absolute Return Fund				
I accumulation GBP (Hedged)	14 July 2014	(5.4)	16.9	4.5
LIBOR GBP 3 Months		0.7	2.6	0.4
I accumulation EUR (Hedged)	27 October 2014	(6.5)	14.0	3.8
LIBOR EUR 3 Month		(0.3)	(0.9)	(0.4)
I accumulation USD (Hedged)	27 October 2014	(3.9)	22.3	6.3
LIBOR USD 3 Month		2.4	4.7	1.4
R accumulation EUR (Hedged)	31 August 2016	(7.2)	(0.5)	3.3
LIBOR EUR 3 Month		(0.3)	(0.8)	(0.4)
Artemis US Absolute Return Fund				
I accumulation EUR (NAV Hedged)	27 October 2014	0.0	10.4	2.8
LIBOR EUR 3 Month		(0.3)	(0.9)	(0.4)
I accumulation GBP (NAV Hedged)	27 October 2014	1.2	14.3	3.6
LIBOR GBP 3 Months		0.7	2.4	0.4
I accumulation USD	27 October 2014	2.9	18.1	4.9
LIBOR USD 3 Month		2.4	4.7	1.4
I accumulation CHF (NAV Hedged)	1 April 2016	(0.6)	2.6	2.5
LIBOR CHF 3 Month		(0.7)	(2.2)	(0.7)
R accumulation CHF (NAV hedged)	1 April 2016	(1.3)	0.7	1.8
LIBOR CHF 3 Month		(0.7)	(2.2)	(0.7)
R accumulation EUR (NAV hedged)	1 April 2016	(0.7)	2.6	2.2
LIBOR EUR 3 Month		(0.3)	(0.7)	(0.4)
R accumulation USD	1 April 2016	2.2	8.3	4.2
LIBOR USD 3 Month		2.4	4.2	1.4

Information for Swiss Investors (unaudited) (continued)

	Launch date	For the year ended 28 February 2019	Period from launch to 28 February 2019	For the year ended 28 February 2018
Artemis US Equity Fund				
I accumulation GBP	19 September 2014	8.3	89.7	10.9
S&P 500 Index (GBP)		8.4	86.2	5.8
I accumulation EUR	27 October 2014	11.4	74.9	7.1
S&P 500 Index (EUR)		12.1	73.4	2.0
I accumulation USD	27 October 2014	4.1	57.5	23.4
S&P 500 Index (USD)		4.7	55.4	17.1
Artemis US Extended Alpha Fund				
I accumulation GBP	19 September 2014	7.4	104.9	9.1
S&P 500 Index (GBP)		8.4	86.2	5.8
I accumulation EUR	27 October 2014	10.4	88.8	5.4
S&P 500 Index (EUR)		12.1	73.4	2.0
I accumulation USD	27 October 2014	3.2	70.1	21.4
S&P 500 Index (USD)		4.7	55.4	17.1
I accumulation CHF (NAV hedged)	1 April 2016	(0.4)	36.8	18.2
S&P 500 Index (CHF Hedged)		1.1	34.4	13.9
I accumulation GBP (NAV hedged)	1 April 2016	1.3	41.8	19.5
S&P 500 Index (GBP)		2.6	36.4	15.1
R accumulation CHF	1 April 2016	7.9	49.7	12.8
S&P 500 Index (CHF)		10.3	47.6	10.5
R accumulation CHF (NAV hedged)	1 April 2016	(1.1)	34.4	17.6
S&P 500 Index (CHF Hedged)		1.1	31.6	13.9
R accumulation EUR	1 April 2016	9.6	44.6	4.5
S&P 500 Index (EUR)		12.1	42.0	2.0
R accumulation USD	1 April 2016	3.2	70.1	20.5
S&P 500 Index (USD)		4.7	55.4	17.1
R accumulation EUR (NAV hedged)	15 August 2016	(0.7)	28.5	17.7
S&P 500 Index (Hedged to EUR)		1.7	25.9	14.3
I accumulation EUR (NAV hedged)	2 August 2017	0.0	11.5	18.1
S&P 500 Index (EUR)		1.7	11.0	14.3
Artemis US Select Fund				
I accumulation GBP	19 September 2014	9.3	96.7	13.8
S&P 500 Index (GBP)		8.4	86.2	5.8
I accumulation EUR	27 October 2014	12.4	81.8	9.9
S&P 500 Index (EUR)		12.1	73.4	2.0
I accumulation USD	27 October 2014	5.0	63.8	26.7
S&P 500 Index (USD)		4.7	55.4	17.1
I distribution GBP	6 May 2015	9.3	75.6	13.8
S&P 500 Index (GBP)		8.4	66.2	5.8
I accumulation CHF (NAV hedged)	1 April 2016	1.0	39.7	23.6
S&P 500 Index (CHF Hedged)		1.1	31.6	13.9
I accumulation EUR (NAV hedged)	1 April 2016	1.8	41.5	23.7
S&P 500 Index (Hedged to EUR)		1.0	42.2	14.3
I accumulation GBP (NAV hedged)	1 April 2016	3.1	45.5	24.8
S&P 500 Index (Hedged to GBP)		2.6	36.4	15.1
R accumulation CHF (NAV hedged)	1 April 2016	0.6	37.3	22.7
S&P 500 Index (CHF Hedged)		1.1	31.6	13.9
R accumulation EUR (NAV hedged)	1 April 2016	1.0	42.2	26.1
S&P 500 Index (Hedged to EUR)		1.7	33.6	14.3
R accumulation EUR	1 April 2016	11.6	48.0	9.1
S&P 500 Index (EUR)		12.1	42.0	2.0
R accumulation USD	1 April 2016	4.3	48.1	25.7
S&P 500 Index (USD)		4.7	42.6	17.1

	Launch date	For the year ended 28 February 2019	Period from launch to 28 February 2019	For the year ended 28 February 2018
Artemis US Smaller Companies Fund				
I accumulation EUR	27 October 2014	22.0	103.5	0.5
Russell 2000 Index (EUR)		13.1	67.1	(3.7)
I accumulation GBP	27 October 2014	18.7	121.8	4.1
Russell 2000 Index (GBP)		9.4	81.6	(0.2)
I accumulation USD	27 October 2014	14.0	83.3	15.8
Russell 2000 Index (USD)		5.6	49.7	10.5

Total expense ratios

The total expense ratios below have been calculated as at 28 February 2019 in accordance with the guidelines issued by the Swiss Funds Association and are provided for each share class within the sub-funds.

			28 February 2019
Artemis Global Emerging Markets Fund	Operating expenses	Performance fee	Total expense ratio
I accumulation EUR	0.98%	-	0.98%
I distribution GBP	0.98%	-	0.98%
I accumulation GBP	0.98%	-	0.98%
I accumulation USD	0.98%	-	0.98%
Artemis Global Equity Income Fund			
I distribution EUR	0.95%	-	0.95%
I distribution GBP	0.95%	-	0.95%
I distribution USD	0.95%	-	0.95%
I accumulation EUR	0.95%	-	0.95%
I accumulation GBP	0.95%	-	0.95%
I accumulation USD	0.95%	-	0.95%
R accumulation EUR	1.70%	-	1.70%
R accumulation USD	1.70%	-	1.70%
Artemis Pan-European Absolute Return Fund			
I accumulation EUR (Hedged)	0.91%	0.07%	0.98%
I accumulation GBP (Hedged)	0.91%	0.01%	0.92%
I accumulation USD (Hedged)	0.91%	0.02%	0.93%
R accumulation EUR (Hedged)	1.66%	0.03%	1.69%
Artemis US Absolute Return Fund			
I accumulation CHF (NAV Hedged)	0.83%	0.00%	0.83%
I accumulation EUR (NAV Hedged)	0.85%	0.04%	0.89%
I accumulation GBP (NAV Hedged)	0.85%	0.10%	0.95%
I accumulation USD	0.85%	0.13%	0.98%
R accumulation CHF (NAV hedged)	1.58%	0.00%	1.58%
R accumulation EUR (NAV hedged)	1.58%	0.08%	1.66%
R accumulation USD	1.58%	0.02%	1.60%
Artemis US Equity Fund			
I accumulation EUR	1.00%	-	1.00%
I accumulation GBP	1.00%	-	1.00%
I accumulation USD	1.00%	-	1.00%

Information for Swiss Investors (unaudited) (continued)

			28 February 2019
Artemis US Extended Alpha Fund	Operating expenses	Performance fee	Total expense ratio
I accumulation CHF (NAV hedged)	0.81%	0.00%	0.81%
I accumulation EUR	0.81%	0.02%	0.83%
I accumulation EUR (NAV Hedged)	0.81%	0.00%	0.81%
I accumulation GBP	0.81%	0.00%	0.81%
I accumulation GBP (NAV hedged)	0.81%	0.01%	0.82%
I accumulation USD	0.81%	0.02%	0.83%
R accumulation CHF	1.56%	0.00%	1.56%
R accumulation CHF (NAV hedged)	1.56%	0.00%	1.56%
R accumulation EUR	1.56%	0.00%	1.56%
R accumulation EUR (NAV hedged)	1.56%	0.02%	1.58%
R accumulation USD	1.56%	0.01%	1.57%
Artemis US Select Fund			
I accumulation EUR (NAV hedged)	0.82%	-	0.82%
I accumulation EUR	0.82%	-	0.82%
I distribution GBP	0.82%	-	0.82%
I accumulation CHF (NAV hedged)	0.82%	-	0.82%
I accumulation GBP (NAV hedged)	0.82%	-	0.82%
I accumulation GBP	0.82%	-	0.82%
I accumulation USD	0.82%	-	0.82%
R accumulation CHF (NAV hedged)	1.57%	-	1.57%
R accumulation EUR (NAV hedged)	1.57%	-	1.57%
R accumulation EUR	1.57%	-	1.57%
R accumulation USD	1.57%	-	1.57%
Artemis US Smaller Companies Fund			
I accumulation EUR	0.84%	-	0.84%
I accumulation GBP	0.84%	-	0.84%
I accumulation USD (Hedged)	0.84%	-	0.84%

The total expense ratio shows the current operating expenses of each share class as a percentage of the net assets of that class.

General information

Investment objective and policy

Investments in Artemis Investment Funds ICVC are intended to be medium to long term investments and should not be considered a short term investment.

Investors are reminded that past performance is not a guarantee of performance in the future and that the price of shares and the income from them can fall as well as rise. Please refer to the Key Investor Information Document and Prospectus (which are available from the ACD on request) for a full description of the risks involved when investing in the sub-funds.

Shares may be bought and sold by contacting the ACD by telephone, at the address on this page or via the website artemisfunds.com in the UK. Valuation of the sub-funds takes place each business day at 12 noon UK time on a forward pricing basis.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

Publication of prices

The most recent prices are published on the ACD's website artemisfunds.com, which is the primary method of price publication.

For further details and where to find such prices please contact the ACD. Shares are not quoted on any recognised investment exchange.

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