

ARTEMIS
Alpha Trust *plc*

Half-Yearly Financial Report
for the six months ended
31 October 2018



ARTEMIS
The PROFIT Hunter

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Group summary

Investment Objective & Policy

Investment objective

To provide long-term capital and income growth by investing predominantly in listed companies and to achieve a net asset value total return greater than the total return of the FTSE All-Share Index.

Investment policy

The Investment Manager follows an unconstrained and opportunistic approach with the aim of generating sustainable outperformance of the FTSE All-Share Index. The Investment Manager will seek to identify and invest in companies with the following characteristics: attractive valuations, strong business models, favourable long-term industry fundamentals and high quality management teams.

As a result of this approach, stock market capitalisations and sector and geographic weightings are of secondary consideration. Accordingly, there are no pre-defined maximum or minimum exposure levels for each individual sector, country or geographic region, but these exposures are reported to, and monitored by, the Board in order to ensure that the Company's portfolio is invested and managed in a manner consistent with spreading investment risk.

Given the Investment Manager's particular focus on the UK market, the majority of the portfolio is expected to be invested in UK listed companies. However, the overall geographical profile of the portfolio will change from time to time depending on where opportunities are found. The Company's policy is not to invest more than 10 per cent of net assets in any one investment. The total number of holdings in the portfolio will vary over time but the top positions will have a proportionally larger weighting.

There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when the Investment Manager considers it appropriate for the Company to have a significant cash or cash equivalent position instead of being fully invested.

The Company may, but normally does not, invest up to 15 per cent of its total assets in other listed closed-ended investment funds.

Unquoted Investments

The Company will not invest more than 10 per cent of its total assets in unquoted companies, excluding follow-on investments that may be made in existing unquoted investments in order to preserve the Company's economic interests in such investments. Any new or follow-on investments in unquoted companies require the prior approval of the Board.

Derivatives and Hedging

The Company may use derivatives and similar instruments for the purpose of capital preservation, hedging currency risk and gearing.

Gearing

The Company may employ gearing of up to 25 per cent of net assets. The effect of gearing may be achieved without borrowing by investing in a range of different types of instruments, including derivatives.

General

Limits referred to in the investment policy are measured at the time of investment or, in the case of gearing, at the time of draw-down or/and when derivative transactions are entered into.

Group summary (continued)

Dividend policy

The Company will seek to grow dividends paid in respect of each financial year at a rate greater than inflation, as defined by the UK Consumer Prices Index, in respect of the immediately preceding financial year of the Company.

Triennial tender offers/liquidity events

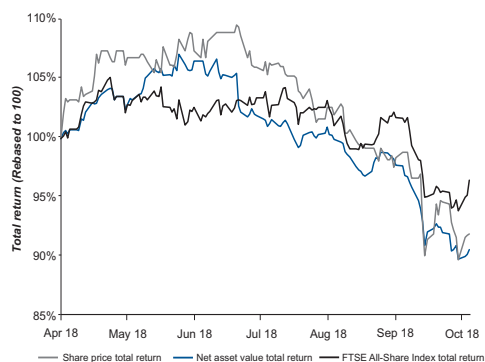
The obligation to propose a continuation resolution at each fifth AGM was removed from the Company's Articles as approved by shareholders on 7 June 2018. In its place, the Company will arrange tender offers every three years, starting in 2021, with each tender offer being for up to 25 per cent of the issued ordinary shares, which will be subject to shareholder approval at the relevant AGM. The Board may, at its sole discretion, decide not to proceed with a tender offer if the ordinary shares are trading at a premium to the estimated tender price. The tender price will be the prevailing NAV (cum-income) per ordinary share (or, if the Board elects to use a tender realisation pool, the net proceeds of realising the assets in that pool) less the tender offer costs and less a discount of 3 per cent.

Capital structure

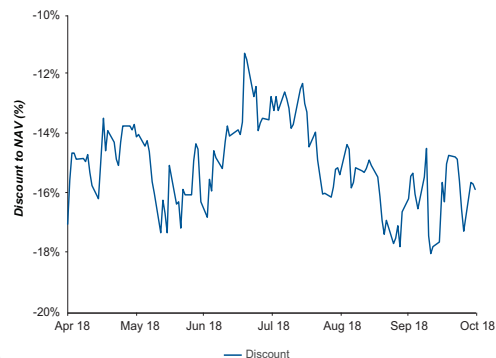
The capital structure of the Company as at 31 October 2018 consisted of 40,980,974 ordinary shares of 1p each.

Performance & financial highlights

Performance for the six months ended 31 October 2018



Discount during the six months ended 31 October 2018



Total returns	Six months ended 31 October 2018
Net asset value per ordinary share*	(9.2)%
Ordinary share price*	(8.0)%
FTSE All-Share Index	(3.5)%

Source: Artemis/Datastream.

*Alternative Performance Measure (see page 27)

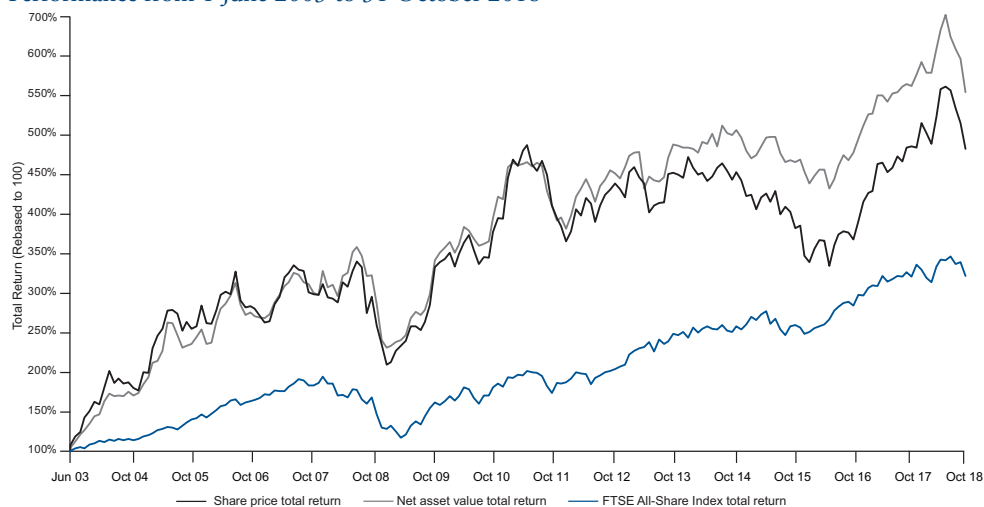
Performance & financial highlights (continued)

Capital	As at 31 October 2018	As at 30 April 2018	As at 31 October 2017
Net assets	£145.1m	£161.7m	£151.7m
Net asset value per ordinary share	354.13p	394.62p	366.67p
Ordinary share price	295.00p	325.00p	302.00p
Gearing*	0.0%	7.1%	5.7%

Returns for the period	For the six months ended 31 October 2018	For the year ended 30 April 2018	For the six months ended 31 October 2017
Revenue earnings per ordinary share	3.02p	6.35p	2.66p
Capital (loss)/earnings per ordinary share	(38.74)p	29.77p	7.39p
Ongoing charges*	0.9%	0.9%	0.9%

*Alternative Performance Measure (see page 27)

Performance from 1 June 2003 to 31 October 2018



Total returns	1 year	3 years	5 years	10 years	Since launch**
Net asset value per ordinary share*	(1.8)%	18.7%	13.7%	134.4%	492.7%
Ordinary share price*	(0.4)%	20.0%	6.7%	109.1%	414.6%
FTSE All-Share Index	(1.5)%	25.4%	30.5%	156.7%	240.6%

* Alternative Performance Measure (see page 27).

** 1 June 2003 - the date when Artemis was appointed as Investment Adviser.

Source of data: Artemis/Datastream

Chairman's Statement

Performance

In the six months to 31 October 2018 the Company's net asset value per share and share price declined by 9.2% and 8.0% respectively on a total return basis. The FTSE All-Share Index decreased by 3.5% over the same period.

The UK market has continued to be weak as a result of the extraordinary political uncertainties surrounding Brexit. October was particularly turbulent in markets with a heightened level of fear and volatility.

It is disappointing that our performance continues to suffer from the legacy unquoted holdings and that a number of our listed holdings have been negatively affected by market sentiment since the interim stage.

More detailed information on performance and the portfolio is set out in the Investment Manager's Review which follows.

Revised investment strategy

In June, the Company held a general meeting at which all resolutions put to shareholders in connection with the revised investment strategy were overwhelmingly approved. The background to this was described in the circular sent to shareholders in May and the new strategy is set out on pages 1 and 2 of this report.

Unquoted investments

The unquoted percentage of the portfolio continued to reduce over the period under review, helped by the realisation of Metapack (4.5% of the portfolio) which made a positive contribution of 0.7% to the net asset value.

Conversely, the disappointing underperformance of Starcount Group contributed a loss of 1.6%, whilst the liquidation of URICA, as reported in the 2018 annual report, also detracted significantly from performance by 3.5%.

The Company's unquoted exposure as at 31 October 2018 had significantly reduced to 12.0% from the 20.7% level at the April 2018 year-end. With the completion of the sale of Gundaline in December, the unquoted exposure has reduced to 10.4%

Our fund managers continue to look for realisation opportunities whilst mindful of the need to maximise value for shareholders.

Earnings & dividends

Revenue earnings per share for the six months to 31 October 2018 were 3.02p, an increase of 13.5% (2017: 2.66p). The Board has declared a first interim dividend of 2.00p per ordinary share (2017: 1.75p) which will be paid on 25 January 2019 to shareholders on the register as at 4 January 2019. This represents an increase of 14.3% over the equivalent dividend last year. Under our revised dividend policy, the Board targets an annual increase in the dividend in excess of the level of the Consumer Prices Index which stood at 2.2% as at April 2018.

Discount & share buy backs

The discount continued to narrow slightly and was 16.7% at 31 October 2018. The Company will consider buying back shares when this is necessary to address imbalances between supply and demand. No shares were bought back during the period.

Gearing

Although the revised investment policy implemented from 7 June 2018 allows the Company to employ gearing of up to 25% of net assets, there was no gearing as at 31 October 2018. In November the existing £30 million borrowing facility with the Royal Bank of Scotland was replaced by a £20 million one year facility.

Outlook

No doubt the UK market will continue to be volatile and valuations are likely to remain depressed while political uncertainty continues.

However, our fund managers believe that this volatility can provide opportunities in stocks which have been unfairly marked down.

Duncan Budge
Chairman

19 December 2018

Investment Manager's Review

Overview

The period was a challenging one for markets. Concerns mounted over the impact of rising interest rates in the US and political uncertainty in the UK and Europe. The FTSE All-Share, which gains a majority of its earnings overseas, fell by 3.5% – despite sterling falling by 7% against the US dollar. The UK domestically orientated FTSE 250 fell by 5.4%.

The Company's NAV fell by 9.2%. It suffered from its exposure to smaller companies, which tend to fall further than larger companies when markets go down. The legacy unquoted portfolio also had a negative impact of 4.9% in the period. The write-downs we suffered were in part a consequence of our decision not to invest further capital in certain companies that required funding but this was not supported by the investment case. Although this has affected our NAV in the short term, we think shareholders' capital is better invested elsewhere, and that this should result in more consistent and stronger performance over the longer term.

The portfolio continues to undergo significant change in line with the review of strategy previously announced. We have rationalised our active holdings from 79 to 58. That will allow us to manage the portfolio more efficiently and concentrate capital in areas of higher conviction. We have improved greatly the liquidity of the portfolio as our weighting in unquoted equities has fallen from 20.7% to 12.0% and as at the date of this report was 10.4%. Similarly, our weighting in mid and large cap equities has risen from 33.5% to 44.9% as we have been drawn to opportunities in those parts of the market.

We have also been net sellers of stocks as we perceived asset prices to be high and in order to provide us with flexibility to implement our revised investment strategy. The Company started the period with gearing of 7.1% and had 3.2% net cash by the end of September, before deploying cash in October's sell-off. That saw us

end the period close to fully invested, with scope to employ leverage as we balance the time-lag between rationalising existing holdings and investing in new opportunities.

So we have made the portfolio more liquid, concentrated and efficiently managed. We are confident that this will not only benefit shareholders through improved NAV per share performance, but also help close the Company's discount to NAV, which started the period at 17.6% and ended at 16.7%, despite the changes made.

Review

Five largest stock contributors

	Market	Contribution %
Metapack	Unquoted	0.7
Miton Group	AIM	0.4
IGas Energy	AIM	0.4
Hornby	AIM	0.4
Augean	AIM	0.3

Five largest stock detractors

	Market	Contribution %
URICA	Unquoted	(3.5)
Starcount Group	Unquoted	(1.6)
Sports Direct International	LSE	(0.6)
FootAsylum	AIM	(0.6)
Lamp Group	Unquoted	(0.4)

The largest detractor in the period was the unquoted company URICA, which we have commented on before. We wrote down the majority of the investment in Starcount and generated modest proceeds from a sale of half of the investment. Management had failed to deliver against plans and required to raise money to which we were unwilling to contribute. The situation was similar in Lamp Group, an insurance company, and we wrote down the investment to zero.

In the listed portfolio Sports Direct International and FootAsylum cost us 1.2% in aggregate. Sports Direct fell due to negative sentiment towards the sector, whilst FootAsylum suffered from a profits warning. Despite the challenges facing the retail sector, we believe there will be winners and losers both of which we are following closely.

The top contributor in the period was Metapack, a private software business that provides retailers with logistic solutions. The company was sold to a US-listed company, Stamps.com, for a 24.8% premium to our carrying value. Miton Group, the boutique asset manager, rose 24.6% over the period as the business continues to generate strong performance and net inflows. IGas Energy, the UK-based shale operator, rose 40.1% due to developments in the sector and a strong oil price. Augean, the UK hazardous waste management company, rose 35.6% in response to stronger than expected trading. Hornby, the company which owns the Hornby, Scalectrix and Airfix brands, was up 27.5% as strategic initiatives outlined by new management were well received. We are encouraged by the company's actions to build a sustainable future for its hobby products through a reduction in discounting and a fresh focus on customers.

We have also been pleased by the operational progress made by other companies in the portfolio. Rocket Internet (5.9% of portfolio) raised capital in the public markets for two of its more mature portfolio companies and continued to make disposals of assets, leaving it in a position of significant liquidity. Tesco (5.0%) has traded well, demonstrating the resilience of grocery retail in a testing consumer market. Following work on its own label range, the company's price offering is the most competitive it has been in several years. In time we expect this to result in higher sales and cashflow. Hurricane Energy (4.1%) announced the farm-out of two licences (Lincoln and Warwick) to Spirit Energy which is likely to accelerate its field development.

Broadly speaking, we believe many of our companies continue to make underlying progress that is not being reflected in share prices. We think this is a good sign of value to come.

Transactions

In the period, we rationalised a significant portion of the portfolio and were net sellers of assets as we reduced gearing from 7.1% to zero. On the unquoted side, we sold Metapack as mentioned above (4.5%) and Oxford Sciences Innovation (1.7%). The sale of Gundaline was completed on 17 December (1.9%), meaning our unquoted exposure will be reduced to around 10% and nine holdings. On the listed side, we sold our holdings in Avation (previously 2.2%), BP (1.4%), Samarang Asian Prosperity Fund (1.4%), Dick's Sporting Goods (0.9%), Mountview Estates (0.9%), FreeAgent Holdings (0.9%) and City of London Investment Group (0.8%). These holdings did not fit our revised investment criteria.

The majority of the proceeds was invested in existing holdings. This is where we considered the most attractive opportunities to be. We added to holdings where we felt share price performance was most out of kilter with fundamentals. Our largest investment was in Dixons Carphone (2.4%). We are drawn to the business as it is the market leader by a considerable measure in retailing electric goods in the UK, Scandinavia and Greece. It has a substantial opportunity to address inefficiencies in its capital allocation. Over £1 billion of working capital is invested in the Carphone Warehouse business, earning a minimal return. As the entire company's market cap is £1.8 billion, a more productive allocation or distribution of some of this capital would make a substantial difference to overall returns. We believe new management is actively exploring this as well as the wider opportunity to leverage economies of scale over smaller competitors – in a tough market environment.

Investment Manager's Review (continued)

We increased our holding in Sports Direct by 2.1% to 4.1%. Its share price fell by 20% even though the company has continued to trade well. We think this is largely due to perceptions over Mike Ashley's governance of the company. We have monitored the business closely for at least three years and think that the reality is very different. Ashley is a skilled retailer who considers the needs of all stakeholders (consumers, employees and shareholders) in his management of the business. The core business has fundamentally attractive characteristics: a low cost base and dominant position in UK sports retail with strategic ownership of strong brands such as Everlast, Slazenger and Karrimor. We think the current valuation significantly undervalues the core UK retail business, whilst placing minimal value on the company's growing position in luxury retail (Flannels) and optionality in the US and UK department stores. We more than doubled our holding in the period.

Other existing holdings that we have continued to add to include Capital & Counties (1.5%), Rocket Internet (1.0%), Plus500 (0.9%), IWG (0.8%) and Dignity (0.6%).

Two new investments were made in Facebook (1.2%) and Just Eat (0.6%). We have continued to add to them both since the end of this reporting period. Facebook has fallen following fears over regulation and mismanagement. Rupert Murdoch once described newspapers as "rivers of gold"; and through its dominant position in social media, we think Facebook is effectively akin to the world's largest newspaper. It also has the additional financial benefits of having no newsrooms (its users make the content) and the technology to serve highly targeted advertisements. The resulting business should continue to achieve strong margins and has economies of scale that seem difficult to replicate.

The investment in Just Eat follows on from our investment in peer Delivery Hero (1.7%), both

companies being online food delivery platforms operating in different markets. We are drawn to the sector as dominant operators benefit from network platform effects (more restaurants means more customers). And while the industry is in a relatively early stage of growth, share is taken from traditional channels and the frequency of orders is stimulated by improvements in customer experiences. The opportunity in Just Eat has come about following concerns that its UK business faced competitive threats from Uber Eats/Deliveroo. We think the market is large enough to have more than one operator serving different customer segments. We also believe there is a margin of safety arising from the company's Brazilian asset that is often overlooked in valuations as it is accounted for as a joint venture with minimal earnings.

We consider both companies to have attractive and resilient business models which bring diversified exposures to our existing portfolio. We had been looking for an entry point and used volatility in October to start modest positions. Facebook is representative of our stated objective to consider making more investments overseas than we had previously. A year ago, 9.4% of the portfolio was invested overseas, today this is 14.9%. We believe this brings important geographic and business model diversification to the portfolio.

Outlook

Recent months have seen a heightened level of fear and volatility in the market. We think this is a more attractive environment for investing, relative to the preceding period of unusual calm. Whilst we have been monitoring a number of potential holdings which reached attractive valuation levels, in the current environment we are minded to favour assets less exposed to the economic cycle. Shareholders should continue to expect portfolio activity to be elevated in periods of volatility.

Investors' horizons tend to contract when bearish sentiment prevails. Currently this seems to be the case in certain segments, with the UK market being the most evident example: it suffers from the uncertainty of Brexit and UK politics. Our view is that when starting valuations are low, the prospect for future returns is high.

Although 85.1% of the portfolio is invested in UK-based companies, we estimate that only 48% is directly exposed to the domestic economy. We believe this is an appropriate balance between having diversified exposures and seeking to exploit particularly compelling valuations. We are pleased with the progress made in the underlying transition of the portfolio, optimistic about its prospects and remain flexibly positioned to take advantage of further opportunities presented.

John Dodd & Kartik Kumar
Fund managers
Artemis Fund Managers Limited

19 December 2018

Twenty-Five Largest Investments

As at 31 October 2018

Investment	Business activity	Market Value £'000	% of total investments
Rocket Internet	Internet conglomerate	8,380	5.9
Tesco	UK grocery retailer	7,146	5.0
Sports Direct International	UK sports retailer	5,734	4.1
Hurricane Energy ¹	Oil & gas exploration	5,727	4.1
Liontrust Asset Management	Asset management	5,510	3.9
Dignity	Funeral services	5,392	3.8
Polar Capital Holdings ¹	Asset management	5,215	3.7
Reaction Engines ²	Rocket propulsion systems	5,147	3.6
Gleeson (M.J.) Group	UK housebuilding	4,746	3.3
IWG	Business office facilities	4,485	3.2
Plus500	Online trading platform	4,355	3.1
Dixons Carphone	Specialist electrical & telecommunications retailer	4,152	2.9
Miton Group ¹	Asset management	3,965	2.8
Hornby ¹	Hobby and toy brands	3,783	2.7
Capital & Counties Properties	London property company	3,754	2.7
Inmarsat	Mobile satellite communications	3,466	2.5
Ramsdens Holdings ¹	Financial services provider & retailer	3,002	2.1
Fitbit	Health & fitness devices	2,776	2.0
Gresham Technologies	Financial software services	2,700	1.9
Gundaline ²	Australian agriculture	2,663	1.9
Nintendo	Video games	2,450	1.7
Helical	Property development	2,410	1.7
Delivery Hero	Online food ordering company	2,383	1.7
Vectura Group	Drug delivery specialist	2,284	1.6
GlaxoSmithKline	Global healthcare company	2,267	1.6
Top 25 investments		103,892	73.5

¹ AIM quoted investment

² Unquoted investment

Portfolio of investments

As at 31 October 2018

Investment	Business activity	Country of incorporation	Market Value £'000	% of total investments
Consumer Services				
Claremont Alpha ²	Taiwan casino developments	Isle of Man	1,734	1.2
Criteo	Web advertising services	France	2,199	1.5
Dignity	Funeral services	UK	5,392	3.8
Dixons Carphone	Specialist electrical & telecommunications retailer	UK	4,152	2.9
Footasylum ¹	UK lifestyle fashion retailer	UK	841	0.6
Hardlyever ²	Online portal selling pre-owned luxury goods	UK	1,085	0.8
Just Eat	Online and mobile food ordering	UK	835	0.6
Maison Seven ²	Online fashion retailing	UK	–	–
Majestic Wine ¹	Specialist wine retailer	UK	1,369	1.0
Revolution Bars	UK operator of premium bars	UK	1,535	1.1
Rocket Internet	Internet conglomerate	Germany	8,380	5.9
ROK Entertainment ²	Global mobile entertainment group	USA	–	–
ROK Global ²	Global mobile entertainment group	UK	–	–
Sports Direct International	UK sports retailer	UK	5,734	4.1
Starcount Group ²	Data consultancy	UK	390	0.3
Tesco	UK grocery retailer	UK	7,146	5.0
Zinc Media Group ¹	Media production	UK	453	0.3
Total Consumer Services			41,245	29.1
Financials				
Capital & Counties Properties	London property company	UK	3,754	2.7
GLI Finance ¹	Peer-to-peer lending investments	Guernsey	460	0.3
Hawk Group ²	SME finance solutions	Luxembourg	–	–
Helical	Property development	UK	2,410	1.7
Just Group	Specialist retirement products & services	UK	1,775	1.3
Lamp Group ²	Healthcare & specialist insurance	UK	–	–
Liontrust Asset Management	Asset management	UK	5,510	3.9
LumX Group	Asset management	Switzerland	693	0.5
Menhaden Capital	UK-listed investment company	UK	529	0.4
Miton Group ¹	Asset management	UK	3,965	2.8
N1 Singer ²	Stockbroking	UK	1,527	1.1
Newriver REIT (warrants)	UK retail property investments	UK	45	–
Och-Ziff Capital	Asset management	USA	473	0.3
Plus500	Online trading platform	Israel	4,355	3.1
Polar Capital Holdings ¹	Asset management	UK	5,215	3.7
Premier Asset Management ¹	Asset management	UK	759	0.5
Property Franchise Group ¹	Estate agent services	UK	1,181	0.8
Ramsdens Holdings ¹	Financial services provider & retailer	UK	3,002	2.1
Retail Money Market ²	Peer-to-peer lender	UK	2,150	1.5
URICA ^{2,3}	Payment network for SMEs	UK	–	–
Total Financials			37,803	26.7
Consumer Goods				
Chateau Rieussec 2010 ²	Physical wine holding	France	10	–
Gleeson (M.J.) Group	UK housebuilding	UK	4,746	3.3
Gundaline ²	Australian agriculture	Australia	2,663	1.9

¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

Portfolio of investments (continued)

Investment	Business activity	Country of incorporation	Market Value £'000	% of total investments
Consumer Goods (continued)				
Hornby ¹	Hobby and toy brands	UK	3,783	2.7
Houseology Design Group ²	Home interiors & furniture design	UK	676	0.5
Nintendo	Video games	Japan	2,450	1.7
Pittards ¹	High performance leather goods	UK	1,706	1.2
Springfield Properties ¹	Property development	UK	2,200	1.6
Total Consumer Goods			18,234	12.9
Industrials				
Augean ¹	Specialist waste management	UK	1,840	1.3
Fox Marble ¹	Kosovo marble mining	UK	628	0.4
IWG	Business office facilities	Jersey	4,485	3.2
MBA Polymers ²	Post-consumer recycled plastics producer	USA	–	–
Rated People ²	Home maintenance services	UK	1,241	0.9
Reaction Engines ²	Rocket propulsion systems	UK	5,147	3.6
Total Industrials			13,341	9.4
Technology				
Attract Group ¹	Online visual merchandising	UK	1,600	1.1
Delivery Hero	Online food ordering company	Germany	2,383	1.7
Fitbit	Health & fitness devices	USA	2,776	2.0
Gresham Technologies	Financial software services	UK	2,700	1.9
Mporium Group ¹	Mobile retail design	UK	617	0.4
Facebook	Social networking website	USA	1,782	1.3
Total Technology			11,858	8.4
Oil & Gas				
Ceramic Fuel Cells ²	Electric fuel cells	Australia	–	–
Energy Equity Resources (Norway) ²	African oil & gas exploration	UK	–	–
Homeland Renewable Energy ²	US renewable energy production	USA	–	–
Hurricane Energy ¹	Oil & gas exploration	UK	5,727	4.1
IGas Energy ¹	UK onshore gas production	UK	2,255	1.6
Leed Resources ²	Natural resources investments	UK	–	–
PetroHunter Energy ²	US oil & gas exploration	USA	–	–
Trinity Exploration & Production ¹	Oil & gas exploration	UK	1,271	0.9
Total Oil & Gas			9,253	6.6
Health Care				
Eden Research ¹	Agricultural chemicals	UK	1,425	1.0
GlaxoSmithKline	Global healthcare company	UK	2,267	1.6
Physiolab Technologies ^{2,3}	Cryotherapy technology	UK	306	0.2
Vectura Group	Drug delivery specialist	UK	2,284	1.6
Total Health Care			6,282	4.4
Telecommunications				
Inmarsat	Mobile satellite communications	UK	3,466	2.5
Total Telecommunications			3,466	2.5
Total investments			141,482	100.0

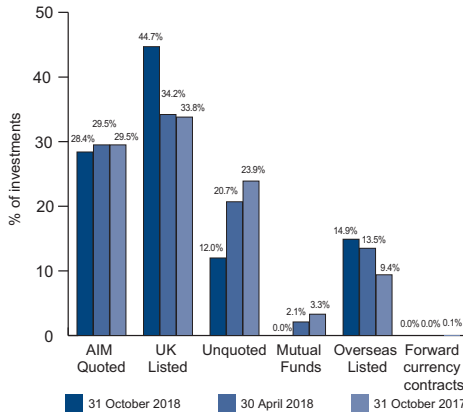
¹ AIM quoted investment

² Unquoted investment

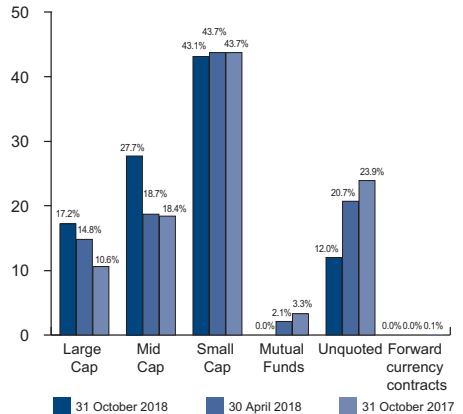
³ Includes fixed interest element

Portfolio analysis

Market analysis of the portfolio

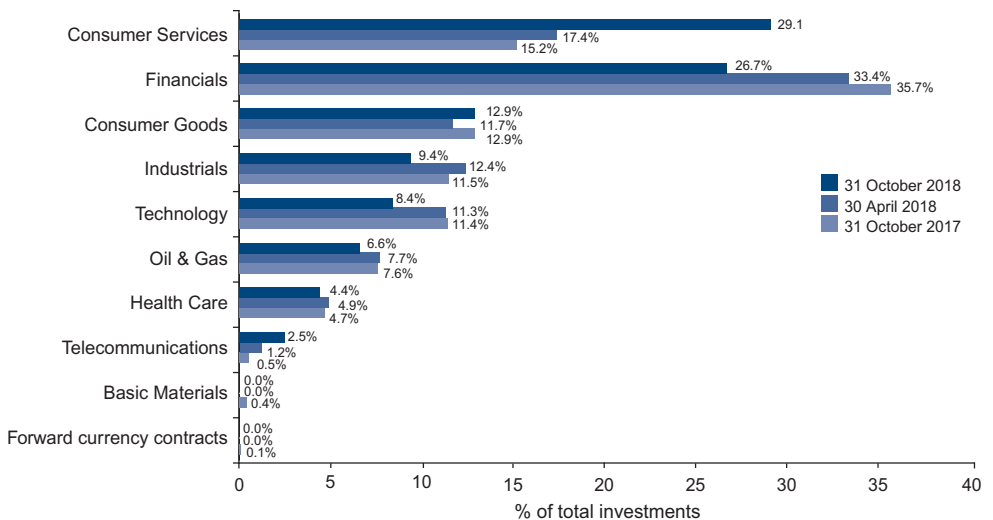


Market cap analysis of the portfolio



Large cap – market cap equivalent to FTSE 100 companies; Mid cap – market cap equivalent to FTSE 250 companies; Small cap – market cap equivalent to companies below FTSE 250.

Industry analysis of the portfolio



Condensed income statement

For the six months ended 31 October 2018

Note	Six months ended 31 October 2018 (unaudited)			Six months ended 31 October 2017 (unaudited)			Year ended 30 April 2018 (audited)			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Investment income	1,566	–	1,566	1,387	–	1,387	3,250	–	3,250	
Other income	12	–	12	1	–	1	–	–	–	
Total revenue	1,578	–	1,578	1,388	–	1,388	3,250	–	3,250	
(Losses)/gains on investments	–	(15,184)	(15,184)	–	3,624	3,624	–	13,454	13,454	
Currency gains/(losses)	–	15	15	–	11	11	–	(46)	(46)	
Total income/(loss)	1,578	(15,169)	(13,591)	1,388	3,635	5,023	3,250	13,408	16,658	
Expenses										
Investment management fee	(52)	(469)	(521)	(46)	(410)	(456)	(92)	(829)	(921)	
Other expenses	(227)	(88)	(315)	(218)	(16)	(234)	(433)	(24)	(457)	
Profit/(loss) before finance costs and tax	1,299	(15,726)	(14,427)	1,124	3,209	4,333	2,725	12,555	15,280	
Finance costs	(17)	(150)	(167)	(20)	(179)	(199)	(39)	(352)	(391)	
Profit/(loss) before tax	1,282	(15,876)	(14,594)	1,104	3,030	4,134	2,686	12,203	14,889	
Tax	(46)	–	(46)	(13)	–	(13)	(83)	–	(83)	
Profit/(loss) for the period per ordinary share	1,236	(15,876)	(14,640)	1,091	3,030	4,121	2,603	12,203	14,806	
Earnings/(loss) for the period	2	3.02p	(38.74)p	(35.72)p	2.66p	7.39p	10.05p	6.35p	29.77p	36.12p

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Artemis Alpha Trust plc. There are no minority interests.

Condensed statement of financial position

As at 31 October 2018

Note	31 October 2018 (unaudited) £'000	31 October 2017 (unaudited) £'000	30 April 2018 (audited) £'000
Non-current assets			
Investments	141,482	158,864	169,206
Investments in subsidiary undertaking	3,368	3,094	3,213
	<u>144,850</u>	<u>161,958</u>	<u>172,419</u>
Current assets			
Other receivables	376	206	734
Cash and cash equivalents	6,252	1,401	1,126
	<u>6,628</u>	<u>1,607</u>	<u>1,860</u>
Total assets	151,478	163,565	174,279
Current liabilities			
Other payables	(1,351)	(1,822)	(1,559)
Bank loan	(5,000)	(10,000)	(11,000)
	<u>(6,351)</u>	<u>(11,822)</u>	<u>(12,559)</u>
Net assets	145,127	151,743	161,720
Equity attributable to equity holders			
Share capital	410	481	480
Share premium	676	667	676
Special reserve	50,134	50,202	50,202
Capital redemption reserve	180	109	110
Retained earnings - revenue	2,218	2,072	2,867
Retained earnings - capital	5 91,509	98,212	107,385
Total equity	145,127	151,743	161,720
Net asset value per ordinary share (undiluted)	354.13p	370.30p	394.62p
Net asset value per ordinary share (diluted)^{1,2}	354.13p	366.67p	394.62p

¹ As at 31 October 2018, there was no dilution effect as the subscription shares were converted into deferred shares and immediately cancelled on 18 June 2018.

² As at 30 April 2018, there was no dilution effect as the rights attached to the subscription shares lapsed on 16 January 2018.

Condensed statement of changes in equity

For the six months ended 31 October 2018

	Six months ended 31 October 2018 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2018	480	676	50,202	110	2,867	107,385	161,720
Total comprehensive income:							
Profit/(loss) for the period	–	–	–	–	1,236	(15,876)	(14,640)
Transactions with owners recorded directly to equity:							
Cancellation of ordinary shares from treasury	(2)	–	–	2	–	–	–
Repurchase of deferred shares	–	–	(68)	–	–	–	(68)
Conversion of subscription shares to deferred shares	(68)	–	–	68	–	–	–
Dividends paid	–	–	–	–	(1,885)	–	(1,885)
At 31 October 2018	410	676	50,134	180	2,218	91,509	145,127

	Six months ended 31 October 2017 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2017	492	657	50,646	98	2,928	95,182	150,003
Total comprehensive income:							
Profit for the period	–	–	–	–	1,091	3,030	4,121
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(444)	–	–	–	(444)
Cancellation of ordinary shares from treasury	(11)	–	–	11	–	–	–
Conversion of subscription shares	–	10	–	–	–	–	10
Dividends paid	–	–	–	–	(1,947)	–	(1,947)
At 31 October 2017	481	667	50,202	109	2,072	98,212	151,743

	Year ended 30 April 2018 (audited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2017	492	657	50,646	98	2,928	95,182	150,003
Total comprehensive income:							
Profit for the year	–	–	–	–	2,603	12,203	14,806
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(444)	–	–	–	(444)
Cancellation of ordinary shares from treasury	(12)	–	–	12	–	–	–
Conversion of subscription shares	–	19	–	–	–	–	19
Dividends paid	–	–	–	–	(2,664)	–	(2,664)
At 30 April 2018	480	676	50,202	110	2,867	107,385	161,720

Condensed statement of cash flows

For the six months ended 31 October 2018

	Six months ended 31 October 2018 (unaudited) £'000	Six months ended 31 October 2017 (unaudited) £'000	Year ended 30 April 2018 (audited) £'000
Operating activities			
(Loss)/profit before tax	(14,594)	4,134	14,889
Interest payable	167	199	391
Losses/(gains) on investments	15,184	(3,624)	(13,454)
Currency (gains)/losses	(15)	(11)	46
Decrease/(increase) in other receivables	199	211	(179)
Increase in other payables	20	211	252
Net cash inflow from operating activities before interest and tax	961	1,120	1,945
Interest paid	(167)	(199)	(391)
Irrecoverable overseas tax suffered	(46)	(13)	(83)
Net cash inflow from operating activities	748	908	1,471
Investing activities			
Purchase of investments	(25,789)	(24,051)	(52,510)
Sales of investments	38,105	25,904	53,337
Net cash inflow from investing activities	12,316	1,853	827
Financing activities			
Repurchase of ordinary shares into treasury	–	(444)	(444)
Conversion of subscription shares	–	10	19
Repurchase of deferred shares	(68)	–	–
Dividends paid	(1,885)	(1,947)	(2,664)
Decrease in inter-company loan	–	(2)	(49)
Net cash outflow from financing activities	(1,953)	(2,383)	(3,138)
Net decrease/(increase) in net debt	11,111	378	(840)
Net debt at the start of the period	(9,874)	(8,988)	(8,988)
Effect of foreign exchange rate changes	15	11	(46)
Net funds/(debt) at the end of the period	1,252	(8,599)	(9,874)
Bank loan	(5,000)	(10,000)	(11,000)
Cash and cash equivalents	6,252	1,401	1,126
	1,252	(8,599)	(9,874)

Notes to the half-yearly financial report

1. Accounting policies

The Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the provisions of the Companies Act 2006 and with the guidance set out in the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies in November 2014.

The Half-Yearly Financial Report has been prepared under the same accounting policies as the Annual Financial Statements for the year ended 30 April 2018.

2. Earnings/(loss) per ordinary share

	Six months ended 31 October 2018	Six months ended 31 October 2017	Year ended 30 April 2018
Earnings/(loss) per ordinary share is based on:			
Revenue earnings (£'000)	1,236	1,091	2,603
Capital (loss)/earnings (£'000)	(15,876)	3,030	12,203
Total (loss)/earnings (£'000)	(14,640)	4,121	14,806
Weighted average number of ordinary shares in issue during the period (basic and diluted)	40,980,974	41,006,257	40,992,533

3. Net asset value per ordinary share

	As at 31 October 2018 ¹	As at 31 October 2017	As at 30 April 2018 ²
Net asset value per ordinary share is based on:			
Net assets (£'000)	<u>145,127</u>	<u>151,743</u>	<u>161,720</u>
Number of shares in issue at the end of the period (basic)	40,980,974	40,978,267	40,980,974
Number of shares in issue at the end of the period (diluted)	40,980,974	47,834,613	40,980,974

¹ There was no dilution to the Net Asset Value for the period ended 31 October 2018, as the subscription shares were converted into deferred shares and immediately cancelled on 18 June 2018.

² There was no dilution to the Net Asset Value for the year ended 30 April 2018, as the rights attached to the subscription shares lapsed on 16 January 2018.

During the period the Company cancelled 152,500 shares from treasury (six months ended 31 October 2017: repurchased 152,500 shares into treasury; year ended 30 April 2018: repurchased 152,500 shares into treasury). 6,853,639 subscription shares were converted into deferred shares, repurchased for par value and immediately cancelled during the period (six months ended 31 October 2017: 2,792 subscription shares were exercised and the same number of ordinary shares were issued in respect of these; year ended 30 April 2018: 5,499 subscription shares were exercised and the same number of ordinary shares were issued in respect of these).

4. Dividends

	Six months ended 31 October 2018 £'000	Six months ended 31 October 2017 £'000	Year ended 30 April 2018 £'000
Second interim dividend for the year ended 30 April 2017 – 2.75p	–	1,127	1,127
First interim dividend for the year ended 30 April 2018 – 1.75p	–	–	717
Second interim dividend for the year ended 30 April 2018 – 3.00p	1,229	–	–
Special dividend for the year ended 30 April 2018 – 1.60p (2017: 2.00p)	656	820	820
	1,885	1,947	2,664

A first interim dividend for the year ending 30 April 2019 of £820,000 (2.00p per ordinary share) has been declared. This will be paid on 25 January 2019 to those shareholders on the register at close of business on 4 January 2019.

5. Analysis of retained earnings – capital

	As at 31 October 2018 £'000	As at 31 October 2017 £'000	As at 30 April 2018 £'000
Retained earnings - capital (realised)	100,191	90,297	98,942
Retained earnings - capital (unrealised)	(8,682)	7,915	8,443
	91,509	98,212	107,385

6. Comparative information

The financial information for the six months ended 31 October 2018 and 31 October 2017 has not been audited and does not constitute statutory financial statements as defined in Section 234 of the Companies Act 2006.

The information for the year ended 30 April 2018 has been extracted from the Audited Financial Statements for the year ended 30 April 2018. These financial statements contained an unqualified auditor's report and have been lodged with the Registrar of Companies and did not contain a statement required under Section 498 of the Companies Act 2006.

Notes to the half-yearly financial report (continued)

7. Principal risks and uncertainties

Pursuant to DTR 4.2.7R of the Disclosure Guidelines and Transparency Rules, the principal risks faced by the Company include general market price risk, liquidity risk, regulatory, and financial risks.

These risks, which have not materially changed since the Annual Financial Report for the year ended 30 April 2018, and the way in which they are managed, are described in more detail in the Annual Financial Report for the year ended 30 April 2018 which is available on the website artemisalphatrust.co.uk.

8. Related party transactions

The amounts paid to the Investment Manager are disclosed in the Condensed income statement on page 14. However, the existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under IAS 24: Related Party Disclosures, the Investment Manager is not considered to be a related party.

9. Valuation of investments

IFRS 7 'Financial Instruments: Disclosures' requires an entity to provide an analysis of investments held at fair value through profit and loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The hierarchy used to analyse the fair values of financial assets is set out below.

Level 1 - investments with quoted prices in an active market;

Level 2 - investments whose fair value is based directly on observable current market prices or is indirectly derived from market prices; and

Level 3 - investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

9. Valuation of investments (continued)

The investments held at the balance sheet date fell into the categories, Level 1, Level 2 and Level 3. The values in these categories are summarised as part of this note. Any investments that are delisted or suspended from a listed stock exchange are transferred from Level 1 to Level 3.

	As at 31 October 2018 £'000	As at 31 October 2017 £'000	As at 30 April 2018 £'000
UK quoted investments (Level 1)			
– UK listed	63,075	54,083	61,789
– AIM quoted	40,297	46,580	49,472
Overseas quoted investments (Level 1)	21,136	14,920	19,222
Mutual funds (Level 2)	–	5,318	3,522
Forward foreign exchange contracts (level 2)	–	100	73
Warrants (level 2)	45	–	61
Unquoted investments (Level 3)			
– Equities and warrants	15,819	33,609	30,563
– Fixed interest	200	700	950
– Preference shares	910	3,554	3,554
	141,482	158,864	169,206

The valuation of the Level 3 investments would not be significantly different had reasonably possible alternative valuation bases been applied.

Notes to the half-yearly financial report (continued)

9. Valuation of investments (continued)

Details of the movements in Level 3 assets during the six months ended 31 October 2018 are set out in the table below.

	£'000
Level 3 investments	
Opening book cost	37,430
Opening fair value adjustment	(2,363)
Opening valuation	35,067
Movements in the period:	
Purchases at cost	50
Sales – proceeds	(9,096)
– realised gains on sales	4,827
(Decrease)/increase in fair value adjustment	(13,919)
Closing valuation	16,929
Closing book cost	33,211
Closing fair value adjustment	(16,282)
	16,929

Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

The Directors confirm that to the best of their knowledge, in respect of the Half-Yearly Financial Report for the six months ended 31 October 2018:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board as adopted by the EU;
- having considered the expected cash flows and operational costs of the Company for the 18 months from the period end, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of accounting continues to be used in the preparation of the Half-Yearly Financial Report;
- the interim management report includes a fair review of the information required by:
 - (a) Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months; and a description of the principal risks and uncertainties for the remaining six months of the year); and

- (b) Disclosure Guidance and Transparency Rule 4.2.8R (related party transactions).

The Half-Yearly Financial Report for the six months ended 31 October 2018 was approved by the Board and the above responsibility statement was signed on its behalf by:

Duncan Budge
Chairman

19 December 2018

Information for Shareholders

Buying shares in the Company

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker. The Company is a qualifying investment trust for ISA purposes.

Company numbers:

Ordinary shares

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATS.L

Bloomberg code: ATS:LN

LEI: 549300 MQXY2QXEIL3756

GIIN: PIK2NS.00002.SF.826

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address or loss of certificate should be addressed to the Company's registrars at: Shareholder Services Department, Link Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

If you would like to receive dividend payments directly into your bank account, please contact the Company's registrar at the address above.

Dividend Reinvestment Plan (the "Plan")

Shareholders are able to re-invest their cash dividends using the Plan operated by Link Registrars. To find out more about the Plan, including the terms and conditions, please contact Link by calling 0871 664 0300 (calls cost 12p per minute plus your phone

company's access charge. If you are outside the United Kingdom please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The ordinary share price is listed in the Financial Times and also on the TrustNet website (trustnet.com). Up to date information can be found on the website (artemisalphatrust.co.uk), including a factsheet which is updated monthly. Shareholders can also contact the Chairman to express any views on the Company or to raise any questions they have using the email address alpha.chairman@artemisfunds.com.

Taxation

For capital gains purposes, the cost of the Company's ordinary shares at 31 March 1982 was 13.22p per share.

AIC

The Company is a member of The Association of Investment Companies ("AIC") which publishes monthly statistics on the majority of investment trusts. Further details can be obtained by contacting the AIC on 020 7282 5555 or at its website theaic.co.uk.

Financial Advisers

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and the Company intends to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an Investment Trust.

Tax information reporting

With effect from 1 January 2016 tax legislation requires investment trust companies to provide information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, the Company may have to provide information annually to HMRC on the tax residencies of those certificated shareholders that are tax resident outwith the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Co-operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new shareholders, excluding those whose shares are held in CREST, who enter the share register from 1 January 2016 will be sent a certification form from the Registrar to complete. 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.

Reporting Calendar

Year End

30 April

Results Announced

Interim: December/January

Annual: July

Dividends Payable

January and August

Annual General Meeting

September/October

Information for Shareholders (continued)

Glossary

Alternative Performance Measure ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Discount/Premium

If the share price of an investment trust is lower than the net asset value per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the use of borrowings.

Gearing

	As at 31 October 2018 £'000	As at 30 April 2018 £'000	As at 31 October 2017 £'000
Total assets	151,478	174,279	163,565
Cash and cash equivalents	(6,252)	(1,126)	(1,401)
Net assets	145,226	173,153	162,164
	145,127	161,720	151,743
Net gearing	0.0%	7.1%	5.7%

Leverage

Leverage is defined in the AIFMD as any method by which an AIFM increases the exposure of an Alternative Investment Fund it manages, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

There are two measures of calculating leverage:

- the Gross Method, which does not reduce exposure for hedging; and
- the Commitment Method, which reduces exposure for hedging.

Net asset value

Net asset value represents the total value of the Company's assets less the total value of its liabilities, and is normally expressed on a per share basis.

Ongoing charges

Total expenses (excluding finance costs, performance fees and taxation) incurred by the Company as a percentage of average net asset values.

Ongoing charges

	Six months ended 31 October 2018 £'000	Year ended 30 April 2018 £'000	Six months ended 31 October 2017 £'000
Investment management fees	521	921	456
Other expenses	315	457	234
Total expenses	836	1,378	690
Average net assets (12 months)	158,299	151,782	143,507
Ongoing charges*	0.9%	0.9%	0.9%

* Ongoing charges are based on expenses waived over the prior twelve month period and so may be slightly different to the arithmetic calculation.

Total return

The total return on an investment is made up of capital appreciation (or depreciation) and any income paid out (which is deemed to be reinvested) by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of the period.

Net asset value total return

	31 October 2018 p	30 April 2018 p	31 October 2017 p
Opening net asset value	394.62	361.89	361.89
Closing net asset value	354.13	394.62	366.67
Dividends paid	4.60	6.50	4.75
	(9.2)%	11.0%	2.7%

Share price total return

	31 October 2018 p	30 April 2018 p	31 October 2017 p
Opening share price	325.00	293.50	293.50
Closing share price	295.00	325.00	302.00
Dividends paid	4.60	6.50	4.75
	(8.0)%	13.2%	4.6%

The total returns percentages assumes that dividends paid out by the Company are re-invested into shares at the value on the ex-dividend date and so the figure will be slightly different to the arithmetic calculation.

General information

Directors

Duncan Budge (Chairman)
John Ayton
Jamie Korner
Blathnaid Bergin
Tom Cross Brown (retired 11 October 2018)

Registered Office

Artemis Investment Management LLP
Cassini House
57-59 St James's Street
London SW1A 1LD

An investment company as defined under Section 833 of the Companies Act 2006.

Registered in England Number: 253644.

Website

artemisalphatrust.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary

Artemis Fund Managers Limited
Cassini House
57-59 St James's Street
London SW1A 1LD

Telephone: 0800 092 2051

Email: investorsupport@artemisfunds.com

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Administrator

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Financial Adviser & Corporate Broker

Cantor Fitzgerald Europe
One America Square
17 Crosswall
London EC3N 2LS

Depository

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Banker & Custodian

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Solicitors

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Primrose Street
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Tax Adviser

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

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