ARTEMIS
The PROFIT Hunter

Artemis Alpha Trust *plc*

Annual Financial Report

for the year ended 30 April 2020

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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.

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 Annual General Meeting ('AGM') was removed from the Company's Articles of Association 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 30 April 2020 consisted of 39,580,474 ordinary shares of 1p each.

Financial Highlights

Returns for the year ended 30 April 2020

	Year ended 30 April 2020	Year ended 30 April 2019
Total returns		
Net asset value per ordinary share*	**(11.3)%**	(8.6)%
Ordinary share price*	**(12.5)%**	(8.9)%
FTSE All-Share Index	**(16.7)%**	2.6%
Revenue and dividends		
Revenue earnings per ordinary share*	**4.90p**	6.44p
Dividends per share**		
Ordinary	**5.20p**	5.00p
Special	**0.00p**	0.50p
Total	**5.20p**	5.50p
Ongoing charges*	**0.9%**	0.9%

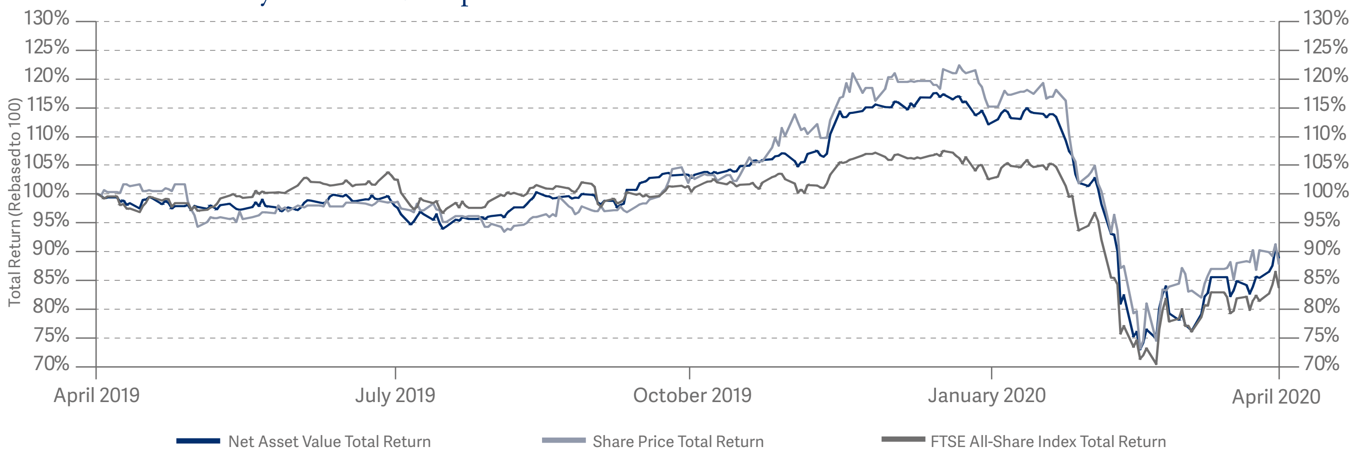
	As at 30 April 2020	As at 30 April 2019
Capital		
Net Assets (£'000)	**122,454**	145,266
Net asset value per ordinary share	**309.38p**	354.47p
Ordinary share price	**249.00p**	290.00p
Net gearing*	**5.3%**	0.0%

Source: Artemis/Datastream

* Alternative Performance Measure (see pages 63 and 64)

** The final dividend for the year to 30 April 2020 will, if approved by shareholders, be paid on 16 October 2020.

Performance for the year ended 30 April 2020



Source: Artemis/Datastream

Discount during the year ended 30 April 2020

Source: Artemis/Datastream

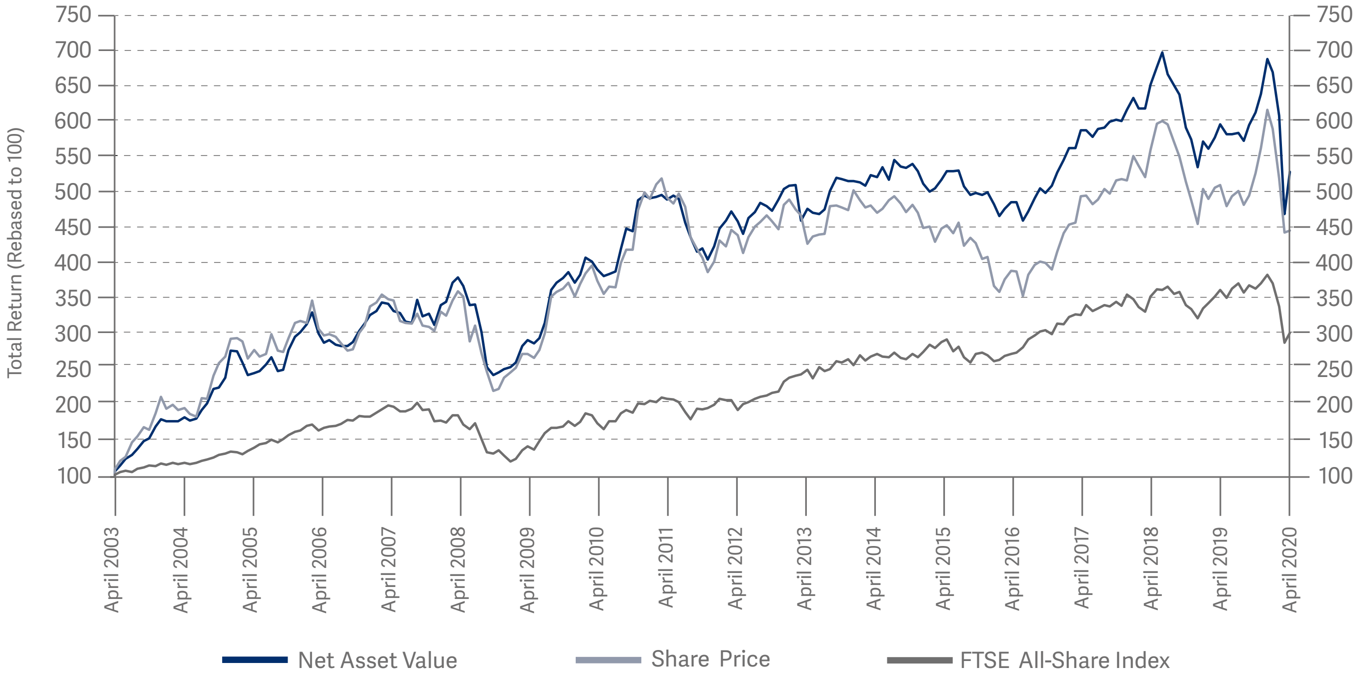
Total returns to 30 April 2020	3 years	5 years	10 years	Since 1 June 2003**
Net asset value per ordinary share*	(10.0)%	2.1%	31.4%	429.2%
Ordinary share price*	(9.7)%	(0.5)%	12.6%	346.8%
FTSE All-Share Index	(7.5)%	4.8%	63.4%	201.8%

** The date when Artemis was appointed as Investment Manager

* Alternative Performance Measure (see page 64)

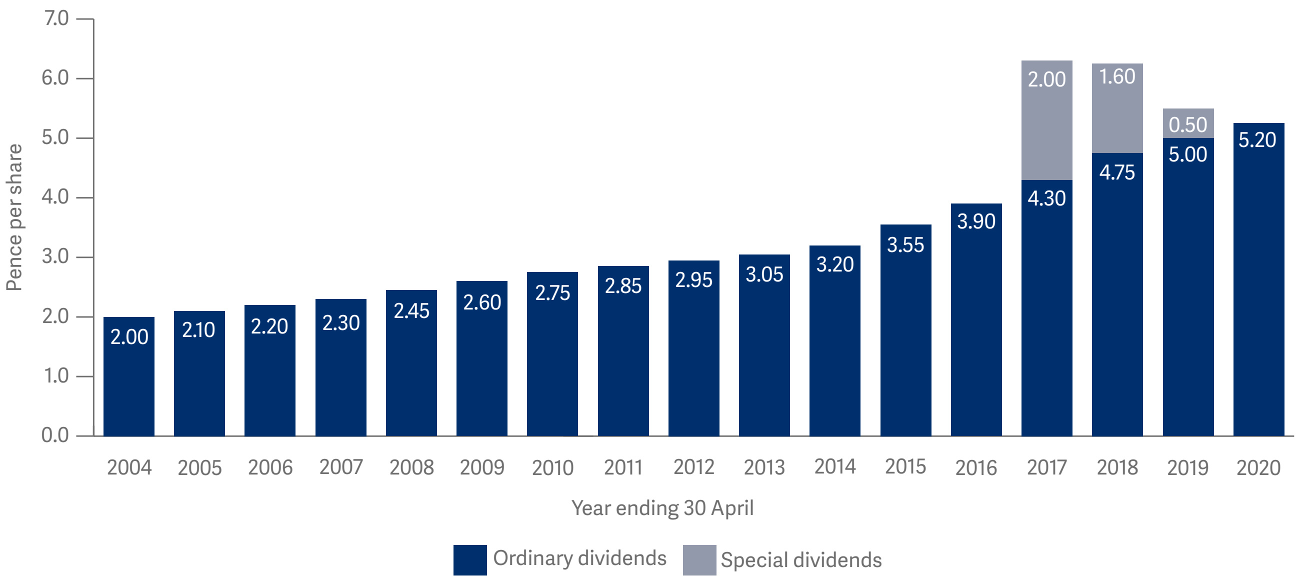
Source: Artemis/Datastream

Performance from 1 June 2003 to 30 April 2020



Source: Artemis/Datastream

Dividends paid/payable to shareholders



This chart shows the Company's dividend history since Artemis was appointed as Investment Manager.

Strategic Report

Chairman's Statement

Performance

The Company's reporting period has been dominated by the events relating to COVID-19 which has had an impact on all of our daily lives in profound and unexpected ways. The severe falls in stock markets around the world in March were no less dramatic and, despite the subsequent recovery, it will take some time for the full extent of the impact of this crisis to be understood.

The early part of the year was dominated by concerns over Brexit and US/China trade wars, and these have for the most part been shelved whilst the battle against the virus is under way, but both will have to be addressed in due course.

The Company's Net Asset Value per share fell by 11.3% over the year ended 30 April 2020 on a total return basis and, whilst it is always disappointing to report a decline, it is some comfort to see that the portfolio outperformed the Company's benchmark, the FTSE All-Share Index, which declined by 16.7%. By way of comparison, the Company's share price fell by 12.5%.

Earnings and dividends

The Board has declared a final dividend of 3.10p (2019: 3.00p) per share, which will be subject to approval by shareholders at the Company's Annual General Meeting. This final dividend means that total dividends declared for the year amount to 5.20p per share (2019: 5.00p), an increase of 4.0% on the previous year and ahead of the increase in the Consumer Prices Index of 2%.

Dividend payments have been affected by COVID-19 with a large number of cancellations and suspensions. This has affected the Company's revenue for the year to 30 April 2020 which, after expenses and tax, has fallen by 24% to 4.90p per share. The Company has built up reserves equivalent to 10p per share over the years which provides flexibility to make payments in excess of current revenue. Whilst the near-term outlook for earnings is uncertain, we are adhering to our policy of targeting annual dividend growth in excess of the increase in CPI, despite the temporary shortfall in revenue.

The final dividend, if approved by shareholders, will be paid on Friday, 16 October 2020 to those shareholders on the register as at Friday, 11 September 2020, with an ex-dividend date of Thursday, 10 September 2020.

Share buy backs/discount

During the year, the Company bought back 1,400,500 ordinary shares for cancellation at a cost of £3.9 million and an average discount of 19.5%, adding approximately 2.38p to the net asset value per share.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will take place on Thursday, 8 October 2020 at 9.30 a.m. at the Edinburgh offices of Artemis Fund Managers Limited, 6th floor, Exchange Plaza, 50 Lothian Road, Edinburgh, EH3 9BY. Since the outlook for the lifting of COVID-19 restrictions is uncertain, the Board, upon advice, has decided reluctantly to proceed with a restricted AGM. The meeting will be restricted to the formal business set out in the Notice of the AGM and will follow the minimum legal requirements. In accordance with the provisions of the Company's Articles and Government guidance, the Company is imposing entry restrictions on attendance at the AGM, and therefore shareholders will not be allowed to attend the AGM in person. It should be noted that only sufficient Directors or their proxies propose to attend the AGM to ensure that the meeting will be quorate.

On this occasion, the representatives of the Investment Manager will not attend the meeting and a presentation will be pre-recorded and made available on the Company's website. In addition there will be no refreshments provided.

Shareholders will find enclosed a form of proxy for use in connection with the AGM and are requested to complete, sign and return the form of proxy as soon as possible, in accordance with the instructions printed on it. The Board would encourage all shareholders to exercise their votes in respect of the AGM.

We would invite you to email alphachairman@artemisfunds.com with any questions you wish to raise.

In the event that the situation surrounding COVID-19 should affect the plans to hold the AGM the Company will update shareholders through an announcement to the London Stock Exchange and will provide further details on the Company's website.

Outlook

The consequences of the measures taken by governments in response to the pandemic are unpredictable and the longer-term damage to the world economy has yet to be understood. There is no doubt that the substantial injection of liquidity and resulting indebtedness will dominate the outlook for some time to come.

The extent and timing of any recovery are also uncertain and markets are understandably grappling with which companies and sectors have most to gain or lose. More than ever, your managers' focus is on selecting stocks and, in particular, identifying which stand to benefit as well as those which might have been unfairly marked down in these extraordinary circumstances.

Duncan Budge
Chairman

28 July 2020

Investment Manager's Review

Performance

The Company's net asset value per share ("NAV") fell by 11.3% over the last year, less than the 16.7% fall in the FTSE All-Share Index. Markets were flat in the first six months, with the Company's assets rising by 2.9%. In the second half, two events created considerable volatility. In the UK, political uncertainty was elevated in the lead-up to a General Election with a wide range of possible outcomes. As late as November, betting odds implied a more than 50% chance of a hung parliament. In December, the Conservative government won a landslide majority, creating the foundations for renewed political stability which led to a strong rally in UK asset prices.

However, starting in late January, concerns over the potential spread of coronavirus increased, leading to a decline in prices. In March, the extent of the crisis became clear as European governments started to mandate 'shelter-in-place' restrictions to stop the spread of the virus and to contain damaging economic consequences. This lead to an extraordinarily rapid and sharp decline in markets. Over the last six months under review, the FTSE All-Share Index fell by 17.0% and the value of the Company's assets declined by 13.8%.

Covid-19

Coronavirus has created an unusual economic crisis. Most crises, such as the financial crisis in 2008/9 or dot com crash in 2000/1, are caused by too much debt or misallocated capital. This requires a painful process to work off excesses which can take several years. The crisis today is caused by a temporary and exogenous shock. Politicians faced a tough trade-off between allowing the virus to spread and shutting off economies with lock-downs. The cause of the crisis in this respect more resembles a natural disaster with a sudden stop in economic activity. The crisis has arisen not from the impact of the virus on health, but from the response to it. Stay-at-home restrictions have driven a forced reduction in demand with a devastating corresponding impact on supply. This has created economic conditions resembling a depression, with high unemployment and low activity.

Governments have responded with fiscal and monetary stimulus at unprecedented levels of speed and magnitude to boost corporate and household cashflows. For example, the UK government's job retention scheme has meant that 11 million jobs, or nearly one third of all those employed, are being supported by the government. The UK government's business interruption lending scheme has capacity to advance over £350bn to small and large businesses. Interest rates have been cut to 0.1%. These measures are extraordinary by any historical precedent and will dampen the impact of the crisis on unemployment and bankruptcies.

The duration of the pandemic is still unknown, particularly with the possibility of a second wave. But there are over 100 vaccines in development with a number already in clinical trials, suggesting a reasonable probability of success. This implies that the duration of the virus will be finite, which is important when considering the impact on equity values. Equities are by definition long duration assets, providing thereby a holder with a perpetual claim on future cashflows. The discounted value of a perpetuity lies largely in cashflow generated over the long term. For example, if a security grows at 5% and is discounted at 10% per annum, 4% of the equity's value is derived from year one, and 13% in years one to three. This means that, even if the damage in the short term is as high and severe as it is in this crisis, the impact on overall value is limited.

In our assessment it is both possible to be objective and realistic about the significant negative impact of the virus whilst remaining optimistic about the prospects for businesses which can survive – and then thrive. Human biases when facing uncertainty means that there is a tendency to place an undue weighting on the short term over the long term. Aswath Damodaran (Stern Business School) has highlighted how perspective is the "first casualty in a crisis." In response to the spread of coronavirus, equity markets fell into a bear market in a record 22 days. Whilst the source of the crisis is unusual for all the reasons outlined, we think this market disorder is a fairly typical over-reaction by investors.

In hindsight, we were too slow to move pre-emptively to reduce cyclical exposures ahead of sharp declines in prices. In response to the falling asset prices, we increased our overall equity exposure by employing gearing of 5.3% from a position of zero. Initially we added to positions such as GlaxoSmithKline, Prosus and Fevertree, where falls were in our view out of line with those businesses' resilience. We have also added to sectors impacted directly such as banks and airlines, where we perceived the loss of value to be significantly greater than the likely damage inflicted; and, crucially, where we judged there to be limited risk to the viability of our investments.

One of the clear long term impacts of the virus has been the broad acceleration of pre-existing trends. This is most clear in the adoption of digital services, where the conditions imposed by lockdown has forced early adoption and higher engagement. Microsoft's CEO Satya Nadella remarked recently: "We have seen two years of digital transformation in three months." This should provide a benefit to sectors in the portfolio exposed to online services which account for approximately 35% of NAV, such as food delivery and video games. In a recent call, the CEO of Uber made the following comment when asked about the impact of the virus: "The category [of food delivery] in general just looks like it is going to be substantially increased and some would say by multiples."

In sectors such as retail and airlines, which account for 17% of the Company's NAV, bankruptcies were elevated prior to the crisis as strong players adapted to change whilst weaker players failed. The stresses of the crisis and acceleration of change are likely to reinforce this process, leading to strong companies and survivors taking market share.

The portfolio is invested across a diversified range of sectors with the aim of delivering performance in a wide range of outcomes. Following a rationalisation process that has taken place in recent years, changes to the construction of the portfolio are important to note. The number of holdings has been reduced to 39, thus reinforcing focus. The unquoted exposure has been reduced to 8.3%. In addition, 82% of NAV is invested in mid and large cap listed companies. This significant improvement in underlying liquidity means we have flexibility to respond to both opportunities and risks. We have 53% of NAV invested in companies with a net cash balance sheet, indicating financial strength.

We have a substantial exposure to liquid and resilient companies to that have limited (or even negative) correlation to the economic cycle such as Plus500 (financial software), Delivery Hero (food delivery), and Tesco (grocery). This is balanced against exposures that have positive correlations to the economy and market, but where we think valuation opportunities are greatest such as Frasers Group (retail), IWG (serviced offices) and easyJet (airlines). In the long term, if our fundamental judgements are right we expect both segments to appreciate in value. In the short term, we expect large changes in relative valuations as investors flock to safety or become optimistic about a recovery, which we can take advantage of by switching exposure in the opposing direction to market sentiment. In our view, liquidity is paramount to navigating uncertainty and capitalising on opportunity.

Key sectoral exposures

Sector	2020	2019	Companies
Food delivery	11.3%	4.8%	Delivery Hero, Just Eat
Video games & hobbies	9.6%	6.2%	Hornby, Prosus, Nintendo
Discretionary retail	8.6%	9.3%	Frasers Group, Dixons Carphone
Banking	8.4%	2.5%	Barclays, Lloyd's
Airlines	7.9%	3.6%	easyJet, Ryanair
Financial software	6.7%	2.5%	Plus500
Technology	5.3%	7.0%	Rocket Internet
Serviced offices	5.3%	4.7%	IWG
Financial services	5.2%	11.6%	Polar Capital, Nplus1 Singer
Housebuilding	5.0%	5.1%	Redrow, Springfield
Grocery retail	4.2%	5.9%	Tesco
Aerospace & defence	4.2%	3.5%	Reaction Engines
Property	4.2%	5.5%	Capital & Counties, Claremont Alpha
Funerals	3.2%	4.2%	Dignity
Pharmaceuticals	3.1%	2.8%	GlaxoSmithKline
Consumer staples	3.0%	0.0%	Fevertree Drinks
Media	2.9%	2.2%	Facebook

Portfolio

Online food delivery (11.3% of NAV) has become our largest sector investment, following strong share price performance and additions to our **Just Eat** position earlier in the year. The space is attractive as eating is necessary and online penetration is low. Online food delivery for restaurants is like e-commerce for retailers, where investors have tended perennially to underestimate the impact of improvements in technology on growth and penetration. In the case of food delivery, as platforms expand, the convenience and choice offered to consumers increases significantly.

We have been invested in **Delivery Hero** since its IPO in 2017. Three years ago, the company was processing 0.5m orders per day and was valued at €4bn. Today, the company is valued at €17bn and processes over 3m orders per day – or more than 30 orders per second. For an indication of the potential, Meituan is the largest food delivery platform in China. That company processes over 25m orders per day and currently has a market value in excess of $100bn.

The prospects of the industry have attracted new entrants and capital. First mover and scale operators have exhibited powerful network effects to defend positions. We have been particularly pleased to see participants pursue rational and value-enhancing corporate actions to enhance their positions. Over the year, Delivery Hero announced a strategic partnership to merge with Woowa Brothers, the number one player in South Korea, which is one of the most attractive markets worldwide. Just Eat was subject to bids from Prosus and Takeaway.com, with the latter ultimately succeeding via an all-share merger. The combined group has strong market positions in a number of markets such as UK, Germany, Holland, Canada and Brazil. The management teams of both companies have created significant value through their capital allocation.

Video games and hobbies (9.6%) is our second largest investment with holdings in **Hornby**, **Prosus** and **Nintendo**. Hornby has spent the last few years in resolving historic issues and in re-energising its product development. It is now in a position to pursue a digital strategy for revenue growth. Games Workshop has been an extraordinarily successful case study in this respect. It has demonstrated how digital platforms can be used to find customers efficiently in a global market and build direct relationships of higher engagement and value. We supported Hornby in a fund-raising during March, and increased our position to 4.4% of NAV. We believe the company can grow efficiently and leverage its strong heritage brands with digital platforms to access a much larger market than would have been possible in the past.

In January, we started to build a position in Prosus, which is the European holding company of South Africa-listed Naspers. The company's primary asset is a stake in Tencent, the dominant social media and video games platform in China. Naspers invested $32m for a 47% stake in Tencent in 2001. Today their 31% position is worth over $150bn. The company has valuable experience and knowledge in emerging market consumer technology. We acquired our position at a discount of over 35% to the value of Prosus's investments, which include attractive exposures in online classifieds and food delivery.

Our investment in the retail sector (8.6%) is primarily in **Frasers Group** (formerly Sports Direct) with a smaller position in **Dixons Carphone**. Our activity during the year was limited. Incumbent, store-based retailers face a number of structural headwinds and have broadly struggled with the transition to online shopping. Physical retail remains relevant for consumers; but only low cost and scale operations that are able to adapt to change are likely to succeed. Mike Ashley is used to change. Sports World changed its name to SportsDirect.com in 2008, indicating how management have understood the importance of the internet as a channel for some time. The company's recent change of name indicates a growing focus on the opportunity seen in luxury and 'experiential retail'. In the company's last set of results, operating cashflow grew by over 22%. Dixons reported that sales over the lockdown period were only down 16%, despite all stores being closed, as online sales grew 166%. The virus is likely to have accelerated the rationalisation of physical store space and costs. Both Frasers Group and Dixons are market leaders that seem well placed to adapt to the changing environment.

Banking (8.4%) has become a significant sectoral exposure following an investment in **Lloyd's Bank** in addition to our existing position in **Barclays** as we reduced our exposure to asset management and sold positions in **Liontrust Asset Management** and **Premier Miton**.

Retail banks are increasingly being priced for disruption. In contrast, our analysis suggests that technology, if anything, may be a tailwind in allowing incumbent banks to reduce their cost base. The stickiness of retail deposits, cost efficiencies of scale and lending know-how make the franchises of Barclays and Lloyd's hard to replicate.

For example, N26 is a German digital challenger bank that has raised over $680m and was allegedly the highest valued German start up at $3.5bn. In February it announced its departure from the UK current account market due to "Brexit uncertainties", despite entering the market only after the referendum. Metro Bank raised over £1.4bn in equity and over £15bn in deposits, and yet its equity is now close to worthless as it was unable to lend successfully. Lloyd's is the largest digital bank in the UK with over 16.9m customers. In time, both Barclays and Lloyd's should be able to leverage their large digital footprints to reduce costs and improve returns.

European low cost airlines (7.9%) is another sector where we have increased our exposure over the last year. We are invested in **Ryanair** and **easyJet**, as both businesses are able to achieve high returns on capital in a growing industry owing to company-specific competitive advantages: Ryanair's low cost base and easyJet's slot-constrained network.

Before the crisis, it was clear that the capital cycle was working in favour of strong players as the bankruptcy of Thomas Cook followed the demise of other weak carriers such as FlyBe, Monarch, Air Berlin, Aigle Azur and XL Airways. The shut-down of operations for three months and the reduction in consumer incomes evidently damage values as cashflow is lost. However, it seems likely that the relative competitive position for both companies will be strengthened as a result of the crisis. Legacy carriers such as Air France and Lufthansa have suffered higher losses in lockdown as their cost bases are larger and less flexible. Their long-haul operations are likely to be more affected by the impact to business travel than low cost carriers who focus on short-haul leisure travel. State bailouts may be necessary and will come with conditions. Lufthansa and Air France have both announced a reduction in short haul capacity which highlights the opportunity for easyJet and Ryanair to take market share over the medium term.

Plus500 (6.7%), the online trading platform, has been our best performer as the share price increased by nearly 200% over the year, thus contributing over 5% to the overall return for the year under review. From a portfolio perspective, we find it attractive that the company's earnings are positively correlated with volatility. This has meant the company has been a strong beneficiary of recent market conditions. In Q1 2020, the company made $230m of EBITDA compared to $355m in all of 2019. Plus500 is in a strong position to expand globally with industry leading technological capabilities and over $500m of net cash on its balance sheet.

Rocket Internet (5.3%), a company that builds and invests in technology companies, had a quiet year. Management have continued to realise existing investments meaning that it has close to €2bn of cash to deploy into new opportunities, but a market value of only €2.5bn. Falling asset prices would create opportunities for Rocket to deploy capital. In the last year, €320m was spent on share buy-backs and over the last two years the share count has declined by 17%.

IWG (5.3%), the leading provider of flexible workspaces, had an eventful year. It has taken steps to move to a franchised business model, selling its operations in Switzerland, Japan and Taiwan for proceeds of £440m, a multiple of 3.2x revenue. Following the playbook of quick-service restaurants and hotel chains, we expect that re-franchising will accelerate the company's growth and unlock value as returns on capital rise. Coronavirus is likely to delay this process as operations are affected in the short term. However the virus is also likely to increase the demand for flexible workspace solutions. Unlike many peers, the company is in a strong financial position owing to the scale of its operations and balance sheet. We supported a fund-raising shortly after the period-end to enable consolidation and expansion. Mark Dixon, CEO of IWG, invested £93m in the fund-raising, one of the largest insider purchases we have seen. The business trades on a multiple of c.1.2x sales, illustrating the significant potential if the re-franchising strategy proves successful.

Tesco (4.2%) has continued to demonstrate momentum in its turnaround. The company disposed of its Asian business for £8bn in March, de-risking its balance sheet and allowing greater focus on core operations. The business has traded well through the crisis, with the expansion of its online business earlier in the year proving to be prescient.

Reaction Engines (4.2%), the aerospace technology company, achieved a significant milestone as it successfully tested its pre-cooler heat exchanger at airflow temperature conditions representing Mach 5, or five times the speed of sound.

Dignity (3.2%), the funeral services provider, was our largest detractor as the company's share price declined by over 50%. We continued to add to our position, as the company's network of funeral home and crematoria assets mean that it is uniquely positioned to succeed in an industry that will experience increased online penetration, price transparency and regulation.

Fevertree (3.0%), the premium mixer brand, was a new addition to the portfolio in the first quarter of 2020. The company's share price declined sharply following concerns about growth in the US market and maturity in the UK market. The business operates an 'asset light' model, outsourcing bottling and production. The combination of high returns on capital and strong growth potential are attractive. Premium mixers account for c.5% of mixers globally. In the UK, due to Fevertree's dominance, the share of premium mixers has risen from close to zero to approximately 40%. Competition is inevitable, but if Fevertree can participate in the growth of a market such as the US where penetration is about 7% currently, it is likely to be a much bigger company in the medium term.

We have continued the process of rationalisation outlined in our strategy review. The number of holdings in the portfolio has fallen from 50 to 39, as we sold out of 17 holdings and started six. The top 20 investments account for 86% of NAV. A more narrow focus has been important in allowing us to better understand and monitor the short-term impact and long-term implications of the changing environment.

John Dodd and Kartik Kumar
Fund managers
Artemis Fund Managers Limited

28 July 2020

Top 15 holdings

Name	Sector	Shares	Price	Valuation (£'000)	% of NAV
Plus500	Financial software	655,000	£12.51	8,191	6.7
Frasers Group	Discretionary retail	2,850,000	£2.60	7,410	6.1
Delivery Hero	Food delivery	110,000	€77.04	7,359	6.0
IWG	Serviced offices	2,736,950	£2.38	6,514	5.3
Rocket Internet (long CFD)	Technology	390,000	€19.21	6,506	5.3
Just Eat	Food delivery	80,000	£80.88	6,470	5.3
Barclays	Banking	5,450,000	£1.06	5,772	4.7
Hornby	Video games & hobbies	16,046,078	£0.34	5,375	4.4
Tesco (long CFD)	Grocery retail	2,200,000	£2.35	5,172	4.2
Reaction Engines	Aerospace & defence	160,833	£32.00	5,147	4.2
Easyjet	Airlines	840,000	£6.03	5,067	4.1
Ryanair	Airlines	520,000	€10.32	4,660	3.8
Lloyds Banking Group	Banks	14,000,000	£0.32	4,514	3.7
Redrow	Housebuilding	907,454	£4.61	4,185	3.4
Polar Capital Holdings	Financial services	1,005,990	£4.00	4,024	3.3

Top 10 transactions

Purchases	% of NAV
Lloyds Banking Group	5.8
easyJet	4.0
Barclays	3.9
Redrow	3.3
Dignity	3.0
Just Eat	2.8
Prosus	2.6
Fevertree Drinks	2.4
Ryanair Holdings	2.1
IWG	1.5

Sales	% of NAV
MJ Gleeson	4.4
Liontrust Asset Management	4.4
Inmarsat	2.9
Helical	2.9
Tesco	2.5
Miton Group	2.5
Nintendo	2.1
Gresham Technologies	1.7
Vectura Group	1.7
Just Eat Takeaway.com	1.6

Top five contributors/detractors

Company	Return %	Contribution %
Plus500	146.8	4.7
Delivery Hero	89.3	2.8
Nintendo	51.5	1.2
Just Eat Takeaway.com	33.4	1.2
Liontrust Asset Management	92.5	1.0

Company	Return %	Contribution %
Dignity	(64.7)	(3.5)
Hurricane Energy	(75.2)	(2.3)
easyJet	(48.8)	(2.3)
Lloyds Banking Group	(44.8)	(2.0)
Barclays	(34.9)	(1.9)

Industry attribution

Industry	Contribution %
Technology	1.2
Health Care	0.6
Basic Materials	0.3
Telecommunications	0.0
Consumer Goods	(0.4)
Financials	(0.7)
Industrials	(2.5)
Oil & Gas	(2.9)
Consumer Services	(6.6)

Portfolio of Investments as at 30 April 2020

Investment	Business activity	Country of incorporation	Global exposure* £'000	% of NAV	Market value £'000
Consumer Services					
Claremont Alpha[1]	Taiwan casino developments	Isle of Man	1,233	1.0	1,233
Delivery Hero	Online food ordering company	Germany	7,359	6.0	7,359
Dignity	Funeral services	UK	3,904	3.2	3,904
Dixons Carphone	Specialist electrical & telecommunications retailer	UK	3,067	2.5	3,067
easyJet	Low-cost European point-to-point airline	UK	5,067	4.1	5,067
Frasers Group	UK sports retailer	UK	7,410	6.1	7,410
Hardlyever[1]	Online portal selling pre-owned luxury goods	UK	761	0.7	761
Just Eat	Online and mobile food ordering	UK	6,470	5.3	6,470
Revolution Bars Group	UK operator of premium bars	UK	251	0.2	251
Rocket Internet (long CFD)	Internet conglomerate	Germany	6,506	5.3	13
Rok Entertainment Group[2]	Global mobile entertainment group	USA	–	–	–
ROK Global[2]	Global mobile entertainment group	UK	–	–	–
Ryanair Holdings	Low fare airline to destinations in Europe	Ireland	4,660	3.8	4,660
Starcount[2]	Data consultancy	UK	–	–	–
Tesco (long CFD)	UK grocery retailer	UK	5,172	4.2	(24)
Wetherspoon JD	UK and Ireland pub operator	UK	649	0.5	649
Zinc Media Group[3]	Media production	UK	261	0.2	261
Total Consumer Services			**52,770**	**43.1**	**41,081**
Financials					
Barclays	Global financial services provider	UK	5,772	4.7	5,772
Capital & Counties Properties	London property company	UK	3,908	3.2	3,908
Hiscox	Diversified international insurance group	UK	1,405	1.2	1,405
Lamp Group[2]	Healthcare and specialist insurance	UK	–	–	–
Lloyds Banking Group	UK based financial services group	UK	4,514	3.7	4,514
Nplus1 Singer[1]	Stockbroking	UK	2,384	1.9	2,384
Plus500	Online trading platform	Israel	8,191	6.7	8,191
Polar Capital Holdings[3]	Asset management	UK	4,024	3.3	4,024
Retail Money Market[1]	Peer-to-peer lender	UK	276	0.2	276
URICA[2,4]	Payment network for SMEs	UK	–	–	–
Total Financials			**30,474**	**24.9**	**30,474**
Consumer Goods					
Fevertree Drinks[3]	Premium drink mixers	UK	3,654	3.0	3,654
Hornby[3]	Hobby and toy brands	UK	5,375	4.4	5,375
Houseology Design Group[1]	Home interiors & furniture design	UK	–	–	–
Nintendo	Video games	Japan	2,855	2.3	2,855
Pittards[3]	High performance leather goods	UK	1,041	0.9	1,041
Redrow	UK housebuilder	UK	4,185	3.4	4,185
Springfield Properties[3]	Property development	UK	2,011	1.6	2,011
Total Consumer Goods			**19,121**	**15.6**	**19,121**

1 Unquoted investment

2 Delisted, suspended or investments in administration or liquidation

3 AIM quoted investment

4 Includes fixed interest element

* 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.

Investment	Business activity	Country of incorporation	Global exposure* £'000	% of NAV	Market value £'000
Industrials					
Fox Marble Holdings[3]	Kosovo marble mining	UK	154	0.1	154
IWG	Business office facilities	Jersey	6,514	5.3	6,514
MBA Polymers[2]	Post-consumer recycled plastics producer	USA	–	–	–
Rated People[1]	Home maintenance services	UK	344	0.3	344
Reaction Engines[1]	Rocket propulsion systems	UK	5,147	4.2	5,147
Total Industrials			**12,159**	**9.9**	**12,159**
Technology					
Facebook	Social networking website	USA	3,530	2.9	3,530
Prosus	Consumer internet group	Netherlands	3,600	2.9	3,600
Total Technology			**7,130**	**5.8**	**7,130**
Health Care					
Eden Research[3]	Agricultural chemicals	UK	141	0.1	141
GlaxoSmithKline	Global healthcare company	UK	3,737	3.1	3,737
Total Health Care			**3,878**	**3.2**	**3,878**
Oil & Gas					
Ceramic Fuel Cells[2]	Electric fuel cells	Australia	–	–	–
Energy Equity Resources (Norway)[2]	African oil & gas exploration	UK	–	–	–
Hurricane Energy[3]	Oil & gas exploration	UK	2,231	1.8	2,231
IGas Energy[3]	UK onshore gas production	UK	232	0.2	232
Leed Resources[2]	Natural resources investments	UK	–	–	–
PetroHunter Energy[2]	US oil & gas exploration	USA	–	–	–
Total Oil & Gas			**2,463**	**2.0**	**2,463**
Basic Materials					
Anglo American	Multinational mining company	UK	1,769	1.4	1,769
Total Basic Materials			**1,769**	**1.4**	**1,769**
Total investments			**129,764**	**105.9**	**118,075**
Forward currency contracts					
Buy Sterling 9,180,192 sell Euro 10,500,000 dated 11/06/2020					57
Buy Sterling 3,893,192 sell US Dollars 5,100,000 dated 11/06/2020					(150)
Total forward currency contracts					**(93)**
Portfolio fair value					117,982
Net other assets					4,472
Net assets					**122,454**

1 Unquoted investment

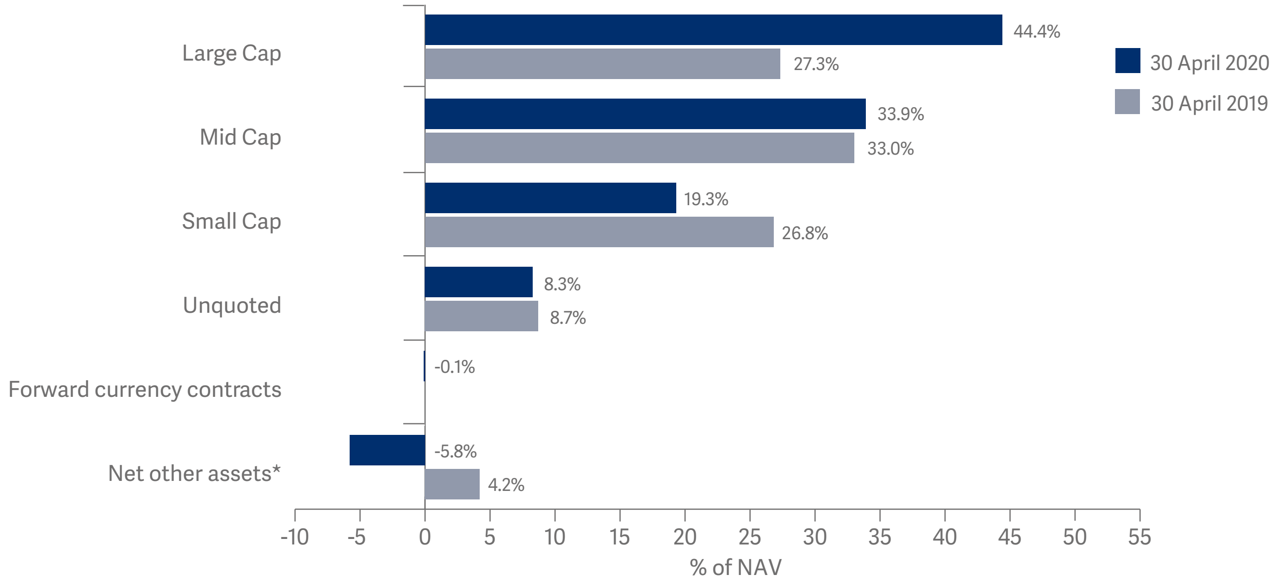
2 Delisted, suspended or investments in administration or liquidation

3 AIM quoted investment

4 Includes fixed interest element

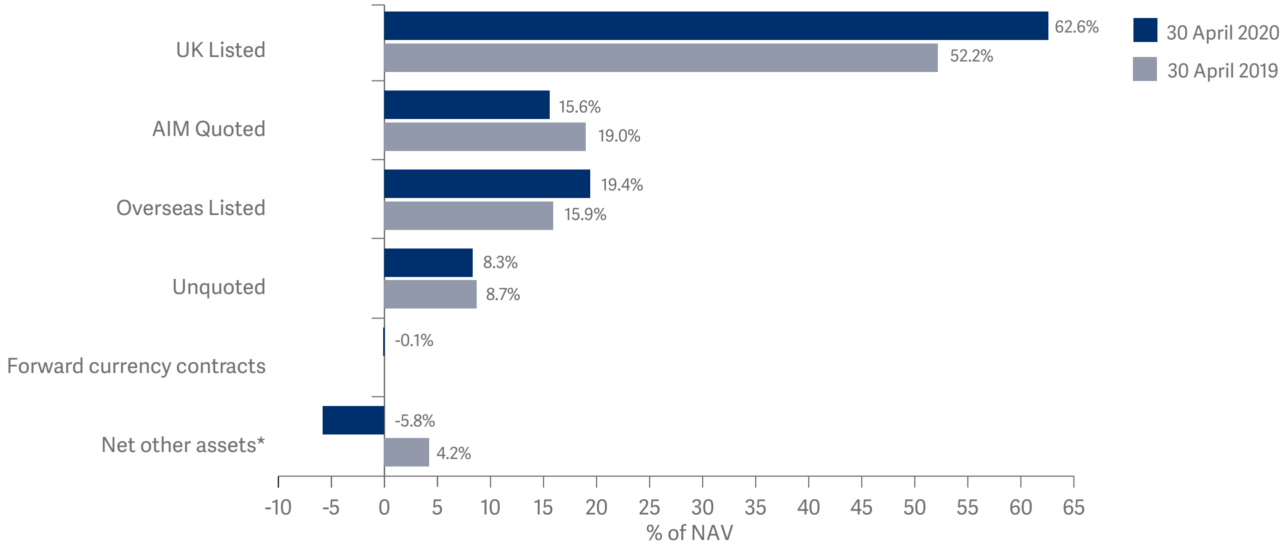
* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets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

Market cap analysis



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
* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Market analysis



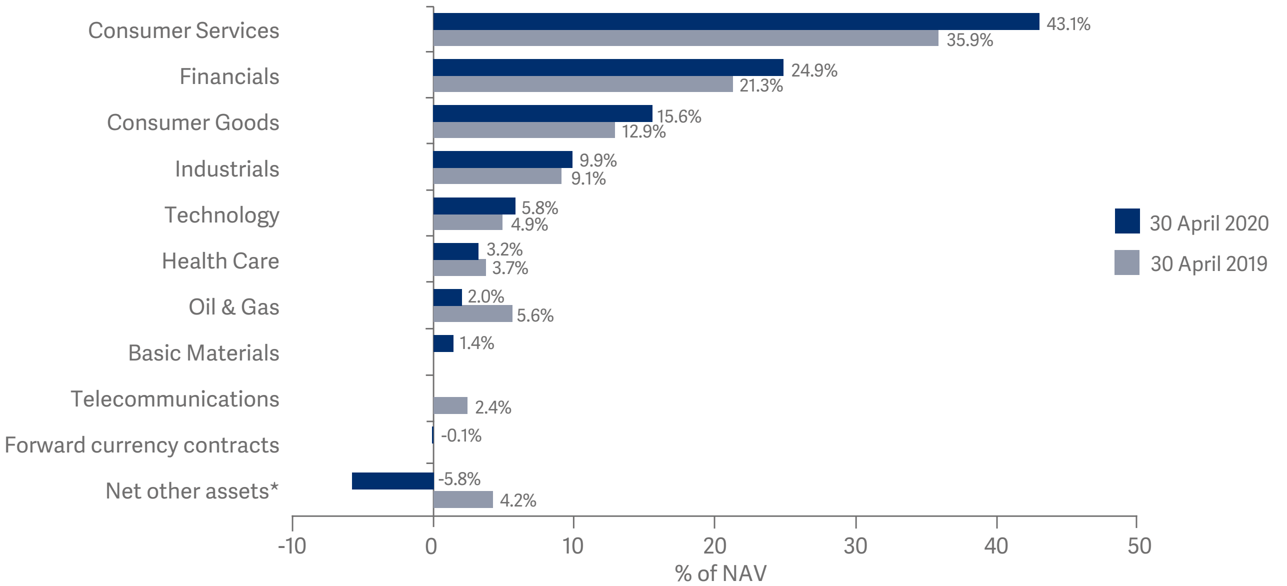
* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Geographical analysis

Country of incorporation	2020 % of NAV	2019 % of NAV
UK	69.7	69.6
Germany	11.3	8.4
Israel	6.7	2.6
Jersey	5.3	4.7
Ireland	3.8	1.6
Netherlands	2.9	-
USA	2.9	4.0
Japan	2.3	3.2
Isle of Man	1.0	1.2
Switzerland	–	0.3
Guernsey	–	0.2
Forward currency contracts	(0.1)	–
Net other assets*	(5.8)	4.2
	100.0	**100.0**

* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Industry analysis



* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Portfolio has been analysed using ICB industry classifications.

Corporate strategy & policy

The Company is incorporated in England as a public company limited by shares. Its business as an investment trust is to buy and sell investments with the aim of achieving the objective and in accordance with the policy set out on page 2.

Gearing & leverage

The Company uses gearing as part of its investment strategy. The Company's Articles of Association limits borrowing to 50 per cent of the Company's net assets. However, the investment policy limits this to 25 per cent of net assets. Subject to this being complied with, the level of borrowing is a matter for the Board, whilst the utilisation of borrowings is delegated to the Investment Manager. This utilisation may be subject to specific guidelines established by the Board from time to time. The current guidelines permit the Investment Manager to employ borrowings of up to 20 per cent of net assets. During the year, the Company's borrowing facility with The Royal Bank of Scotland plc ended. Since then the Company has entered into an agreement with JP Morgan to utilise contracts for difference as a form of leverage. The use of gearing by the Investment Manager will vary from time to time, reflecting its views on the potential returns from stock markets. The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis. At the year end, net gearing was 5.3%.

Leverage is defined in the Alternative Investment Fund Manager Directive ("AIFMD") as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions. The Company is permitted by its Articles to borrow up to 50 per cent; however the Company's investment policy restricts this to 25 per cent. The Company is permitted to have additional leverage of up to 100 per cent of its net assets, which results in permitted total leverage of 225 per cent under both ratios. Artemis as the Alternative Investment Fund Manager ("AIFM"), monitors leverage limits on a daily basis and reviews them annually. No changes have been made to these limits during the period. At 30 April 2020, the Company's leverage was 122.3 per cent as determined using the gross method and 106.5 per cent under the commitment method.

The Investment Manager requires prior Board approval to:

(i) enter into any stocklending agreements;

(ii) to borrow money against the security of the Company's investments; or

(iii) create any charges over any of the Company's investments.

Operating environment

The Company operates as an investment trust company and is an investment company within the meaning of section 833 of the Companies Act 2006 (the "Act").

The Company has been approved as an investment trust in accordance with the requirements of section 1158 of the Corporation Taxes Act 2010 which remains subject to the Company continuing to meet the eligibility conditions and ongoing requirements of the regulations. The Board will manage the Company so as to continue to meet these conditions.

The Company has no employees and delegates most of its operational functions to service providers.

Current & future developments

A summary of the Company's developments during the year ended 30 April 2020, together with its prospects for the future, is set out in the Chairman's Statement on page 5 and the Investment Manager's Review on pages 6 to 9. The Board's principal focus is the delivery of positive long-term returns for shareholders and this will be dependent on the success of the investment strategy. The investment strategy, and factors that may have an influence on it, such as economic and stock market conditions, are discussed regularly by the Board and the Investment Manager. The Board regularly considers the ongoing development and strategic direction of the Company, including its promotion and the effectiveness of communication with shareholders.

Key Performance Indicators ("KPIs")

The performance of the Company is reviewed regularly by the Board and it uses a number of KPIs to assess the Company's success in meeting its objective. The KPIs which have been established for this purpose are:

- Discrete annual total returns

Year ended 30 April	Net asset value	Share price	FTSE All-Share Index
2016	(6.1)%	(13.2)%	(5.7)%
2017	20.9%	26.7%	20.1%
2018	11.0%	13.2%	8.2%
2019	(8.6)%	(8.9)%	2.6%
2020	(11.3)%	(12.5)%	(16.7)%

Source: Artemis/Datastream

- Dividends per ordinary share

Year ended 30 April	Ordinary	Special	Total pence per ordinary share	Ordinary increase	Total increase/ (decrease)
2016	3.90p	–	3.90p	9.9%	9.9%
2017	4.30p	2.00p	6.30p	10.4%	61.5%
2018	4.75p	1.60p	6.35p	10.4%	0.8%
2019	5.00p	0.50p	5.50p	5.3%	(13.4)%
2020	5.20p	–	5.20p	4.0%	(5.5)%

- Ongoing charges as a proportion of shareholders' funds

As at 30 April	Ongoing charges
2016	0.9%
2017	0.9%
2018	0.9%
2019	0.9%
2020	0.9%

In addition to the above KPIs, the Board monitors the discount to the underlying net asset value at which the shares trade. No specific discount target has been set, but the Board sets the share buy-back policy and has given the Investment Manager discretion to exercise the Company's authority to buy-back its own shares from time to time to address any imbalances between the supply and demand in the Company's shares or at times where we believe this the best use of available capital to increase NAV per share. This is reviewed regularly by the Board. The Board will also use its authority to issue new ordinary shares from time to time should there be excess demand for the Company's shares. The Company will now also provide tender offers every three years commencing in 2021, for 25 per cent of the ordinary shares then in issue.

Principal risks and risk management

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company.

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company and the controls established to mitigate these risks and is reviewed every six months. Further information on the Company's internal controls is set out in the corporate governance section on page 26. As an investment company the main risks relate to the nature of the individual investments and the investment activities generally. These include market price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

A summary of the key areas of risk is set out below:

- **Strategic:** investment objective and policy are not appropriate in the current market and not favoured by investors.

  The investment objective and policy of the Company is set by the Board and is subject to ongoing review and monitoring in conjunction with the Investment Manager. Views expressed by the Company's shareholders are also taken into account.

- **Investment:** the Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider UK market (FTSE All-Share Index). Whilst focusing on large cap companies the Company invests also in small cap (listed), AIM traded and unquoted investments which can be subject to a higher degree of risk than larger quoted investments. The Company may also have significant exposure to particular industry sectors from time to time.

  As a result of the new investment objective and policy, the Company's portfolio has become more concentrated due to the Investment Manager's higher conviction approach. A concentrated portfolio carries a higher degree of stock-specific risk than a more diversified portfolio as a material decline in an investment may have a significantly adverse effect on the Company's overall performance, financial condition and prospects.

  The Board considers that this risk is justified by the longer term nature of the investment objective and the Company's closed-ended structure, and that such investments should be a source of positive returns for shareholders. Risk will be diversified through having a broad range of investments in the portfolio. The Board discusses the investment portfolio with the Investment Manager at each Board meeting and part of this discussion includes a detailed review of the Company's unquoted investments, their valuations and future prospects.

  The Company's functional and reporting currency is Sterling. However, the new investment objective and policy may result in a greater proportion of the Company's portfolio being invested in overseas equities denominated in currencies other than Sterling and in Sterling-denominated securities of companies which may conduct all or much of their business in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these investments and their returns and the Company's overall performance, favourably or unfavourably. Foreign exchange rate risk may also increase the volatility of the NAV per Ordinary Share.

  The Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of the losses. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

  All borrowing arrangements entered into require the prior approval of the Board and gearing levels are regularly discussed by the Board and Investment Manager.

- **Regulatory:** failure to comply with the requirements of a framework of regulation and legislation, within which the Company operates.

  The Company relies on the services of the Company Secretary and Investment Manager to monitor ongoing compliance with relevant regulations and legislation.

- **Operational:** disruption to, or failure of, the Investment Manager's and/or any other third party service providers' systems which could result in an inability to report accurately and monitor the Company's financial position.

  Both the Investment Manager and the Administrator have established business continuity plans to facilitate continued operation in the event of a major service disruption or disaster.

  Since the introduction of restrictions due to COVID-19, all of the Investment Manager's staff have been working from home with no significant impact on operations.

- **Cyber:** Failure or disruption of the Investment Manager's and/or any other third party service providers' systems as a result of a cyber attack, data theft, service disruption, etc. Whilst the risk of a direct financial loss by the Company is low, the risk of reputational damage and the risk of loss of control of sensitive information is more significant. The Company's service providers and the Board often have sensitive information regarding transactions or pricing and information regarded as inside information in regulatory terms.

  The Board receives regular updates from its service providers which describe the protective measures.

- **Brexit:** At the date of this report, it is uncertain what the effect of a negotiated trade deal or no trade deal between the UK and the EU will be at the end of the transition period. As the Company's shares are not marketed in Europe, investee companies are predominantly listed in the UK and key counterparties of and service providers to the Company are UK domiciled with suitable contingency arrangements available as necessary, the Board does not expect the Company's operations or performance over the longer term, to be materially affected by Brexit.
- **Climate Change:** Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers. The Investment Manager takes such risks into account, along with the downside risk to any company – whether in the form of its business prospects or market valuation or sustainability of dividends – that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses with operations spread geographically, which should limit the impact of location-specific weather events.
- **Pandemic (COVID-19):** The rapid spread of COVID-19 has caused governments to implement policies to restrict the gathering, interaction or movement of people. These policies have inevitably changed the nature of the operations of some aspects of the Company, its key service providers and the companies in which it invests. As cited in Market Risk, share prices respond to assessments of future economic activity as well as their own forecast performance and the Pandemic has had a materially negative impact on the economy and will continue do so for a period of time. The Board and its Investment Manager have regular discussions to assess this impact on both the investment portfolio and on its ability to generate income for shareholders.

Further information on risks and the management of them are set out in the notes to the financial statements on pages 52 to 56.

Other matters

Viability statement

In accordance with the UK Corporate Governance Code, the Board has considered the longer term prospects for the Company beyond the twelve months required by the going concern basis of accounting. The period assessed is for five years to 30 April 2025. The Board has concluded that this period is appropriate, carefully taking into account the inherent risk with equities and the long term investor outlook.

As part of its assessment of the viability of the Company, the Board has discussed and considered each of the principal risks, including matters relating to COVID-19, as stated on page 17, and the impact on the Company's portfolio of longer-lasting damage to the economy, of the withdrawal of liquidity by the financial authorities, of a significant fall in markets and changes in regulation. The Board has also considered the liquidity of the Company's portfolio to ensure that it will be able to meet its liabilities, as they fall due. They have concluded, given the realisable nature of the majority of the investments, the level of ongoing expenses and the availability of gearing that the Company will continue to be in a position to cover its liabilities.

There will be a tender offer in 2021 of up to 25% of the share capital; this has been taken into account by the Board when assessing the continuing viability of the Company.

Taking into account the results of the above review, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2025.

Life of the Company

The Company operates a triennial liquidity event for shareholders. The tender offers will be made every three years, commencing in 2021, with each tender offer being for up to 25 per cent of the ordinary shares then in issue (excluding Treasury Shares), save that 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.

Share capital

Shareholders authorised the Company to buy back up to 14.99 per cent of the shares in issue at the 2019 AGM.

During the year the Company bought back 1,400,500 ordinary shares. As at 30 April 2020, all ordinary shares bought back during the year have been cancelled.

A resolution to renew the Company's buy back authority will be put to shareholders at the AGM on 8 October 2020.

No ordinary shares were issued during the year.

Directors

The Directors of the Company and their biographical details are set out on page 20.

No Director has a contract of service with the Company.

The Board supports the principles of diversity in the boardroom and acknowledges the benefits of having greater diversity, including gender, social and ethnic backgrounds, and cognitive and personal strengths. The Board considers this in seeking to ensure that the overall balance of skills and knowledge that the Board has remains appropriate so that it can continue to operate effectively. The Board's director selection policy will, first and foremost, seek to identify the person best qualified to become a director of the Company, based on merit and objective criteria. The Board is currently comprised of three male directors and two female directors.

Modern Slavery Act 2015

The Company does not fall within the scope of the Modern Slavery Act 2015 as its turnover is less than £36m. Therefore no slavery and human trafficking statement is included in the Annual Financial Report.

Social and environmental matters

The Company has no employees and has delegated the management of the Company's investments to Artemis which, in its capacity as Investment Manager, has a Corporate Governance and Shareholder Engagement document which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders. Artemis undertakes extensive evaluation and engagement with company managements on a variety of matters such as strategy, performance, risk, dividend policy, governance and remuneration. All risks and opportunities are considered as part of the investment process in the context of enhancing the long-term value of shareholders' investments. This will include matters relating to material environmental, human rights and social considerations that will ultimately impact the profitability of a company or its stock market rating and hence these matters are an integral part of Artemis' thinking as investors.

How the Directors discharge their duties under s172 of the Companies Act

Under section 172 of the Companies Act 2006, the directors have a duty to act in a way they consider, in good faith, would be likely to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so have regard to:

a) the likely consequences of any decision in the long term,

b) the interests of the company's employees,

c) the need to foster the company's business relationships with suppliers, customers and others,

d) the impact of the company's operations on the community and the environment,

e) the desirability of the company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the company.

As an externally managed investment trust, the Company has no employees or physical assets, our stakeholders include our shareholders and service providers, such as the Investment Manager.

The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company for the benefit of the Company's shareholders. Whilst certain responsibilities are delegated, directors' responsibilities are set out in the schedule of matters reserved for the Board and the terms of reference of its committees, both of which are reviewed regularly by the Board. The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and in Board minutes.

To help the Board in its aim to act fairly as between the Company's members, it encourages communications with all shareholders. The Annual and Interim reports are issued to shareholders and are available on the Investment Managers' website together with other relevant information including monthly factsheets. The Board receives regular feedback on shareholder meetings from the Company's broker and any shareholder communications are reviewed and discussed by the Board at Board meetings to ensure that shareholder views are taken into consideration as part of any decisions taken by the Board. The Chairman seeks to meet with the Company's major shareholders throughout the year as do the Board at the Annual General Meeting. The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. For further information see 'Relations with shareholders' on page 25.

The Board receives regular updates from the Investment Manager and other service providers and ensures that information pertaining to its stakeholders is provided, as required, as part of the information presented in regular Board meetings. During the period, the COVID-19 pandemic resulted in additional discussions being held between the Board and Investment Manager to discuss the impact on the Company. The Board, with the support of its Management Engagement Committee, regularly reviews the performance of the Investment Manager and other service providers to ensure that services provided to the Company are managed efficiently and effectively for the benefit of the Company's shareholders.

In 2018, the Board undertook a strategic review of the Company which included extensive consultation with the Company's shareholders. A revised investment objective and policy was adopted by shareholders on 7 June 2018. The Board has continued to monitor closely the implementation of this strategy and regularly engages with the Investment Manager to discuss progress against the revised strategy as the long term success of the Company will depend on this. In addition to discussing progress against the revised investment strategy, the Board has reviewed and discussed plans for the future marketing and development of the Company with the Investment Manager during the year.

Other matters considered by the Board during the year included:

A review of the Company's borrowing arrangements which resulted in replacing the existing bank loan facility with the use of contracts for difference. The Board discussed the benefits and drawbacks of this change including the expected cost savings over the longer term, the operational impacts on the Company's stakeholders, the Investment Manager and Administrator, as well as the changes in risks for the Company.

A review of the Board's composition and skills resulted in the appointment of Mrs Victoria Stewart as a non-executive director of the Company on 31 May 2019. Mrs Stewart has considerable experience in managing investments and is also a non-executive director of other public companies, one of which is an investment trust. The Board continues to consider its composition and the need for the requisite skills and experience required to meet the long-term challenges and opportunities facing the Company.

The Directors also considered the impact of the Company's decisions on the environment and the community. The Board met with representatives from Artemis' Environmental, Social and Governance ('ESG') team during the year to discuss how ESG factors are taken into account when selecting and retaining investments for the Company and engaging with investee companies on matters of concern.

The Board has given discretion to the Investment Manager to exercise the Company's voting rights. During the year, the Board met with representatives of Artemis' Stewardship team to discuss Artemis' approach to stewardship of the Company's investments. The Board has also sought to meet directly with representatives of some of the Company's portfolio investments. Further information on stewardship and voting policy is provided on page 25 of the Annual Financial Report.

The Board's primary focus is to promote the long term success of the Company for the benefit of the Company's shareholders. In doing so the Board has regard to the impact of its actions on other stakeholders as described above.

Financial Statements

The financial statements of the Company are included on pages 40 to 56 of this report.

For and on behalf of the Board,

Duncan Budge
Chairman

28 July 2020

Directors and Corporate Governance

Directors

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

Duncan Budge (Chairman)

Duncan Budge, was an Executive Director and Chief Operating Officer of RIT Capital Partners plc between 1995 and 2011. He is chairman of Dunedin Enterprise Investment Trust plc and a director of Lowland Investment Company plc, Menhaden Capital plc, BioPharma Credit plc and Asset Value Investors Limited.

Appointed as an independent non-executive Director on 19 November 2013 and Chairman on 2 October 2014, Mr Budge was also appointed Chairman of the Nomination and Management Engagement Committees on 2 October 2014.

John Ayton MBE

John Ayton, practised as a corporate lawyer in Hong Kong and the City of London before founding Links of London, a global jewellery brand. After selling the company in 2007, Mr Ayton has been an investor in, and chairman of, a number of emerging luxury brands (including Bremont Watch Company and Orlebar Brown (recently sold to Chanel)), as well as launching the jewellery brand Annoushka. He is director of a number of private companies. He was awarded an MBE for his services to the UK jewellery industry in 2012.

Appointed as an independent non-executive Director on 25 June 2015.

Blathnaid Bergin

Blathnaid Bergin, joined Sainsbury's in 2019 as Director of Group Finance. Prior to that she was Chief Finance Operations Officer for Aviva and Group Chief Financial Controller for RSA Insurance. Before joining RSA, Ms Bergin spent 11 years at General Electric where she held a number of finance roles both in the capital and industrial businesses. She has worked in the UK and across much of Europe, Asia and Australia. Ms Bergin has extensive experience in building strong control environments and financial reporting and driving change and transformation. She is a Fellow of the Institute of Chartered Accountants in Ireland.

Appointed as an independent non-executive Director on 9 July 2015 and Chairman of the Audit Committee on 2 December 2015.

Ms Bergin is the Company's Senior Independent Director.

Jamie Korner

Jamie Korner, is a recently retired partner of Stanhope Capital LLP. A Cambridge graduate, he joined Inchcape in 1978 and worked both overseas and in the UK, following a period in farming. After working at stockbroker Fielding Newson Smith and as a manager of institutional funds at M&G, he moved to Newton Investment Management in 1995. He led the charity and smaller institutional business of Newton until his retirement in 2011. He is a non-executive director of Henderson Alternative Strategies Trust plc, a trustee of the Foyle Foundation and other charities as well as an adviser to other institutions in the arts and education fields.

Appointed as an independent non-executive Director on 6 April 2017.

Victoria Stewart

Victoria Stewart spent 22 years as a Fund Manager, joining Chiswell Investment Management in 1994 before moving to Royal London Asset Management in 1998. Mrs Stewart was the sole manager of the Royal London UK Smaller Companies Fund from its inception in 2007, leaving in 2016 and taking up a non-executive director role with Secure Trust Bank plc where Mrs Stewart is also Chairman of the Remuneration Committee. Mrs Stewart has considerable experience of managing and investing in various investment vehicles, specifically mid and small-cap listed companies and has a strong working knowledge of performance analysis and corporate governance. Mrs Stewart is also a non-executive director of JPMorgan Claverhouse Investment Trust plc.

Appointed as an independent non-executive director on 31 May 2019.

Mr Budge, Mr Ayton, Ms Bergin and Mr Korner were considered independent of the Investment Manager throughout the year ended 30 April 2020. Mrs Stewart was considered independent on appointment to the Board on 31 May 2019 and throughout the subsequent period ended 30 April 2020. All non-executive directors are independent up to the date of this report. They were members of the Audit, Nomination and Management Engagement Committees throughout the period.

Directors' Report

The Directors have pleasure in presenting their report, together with the audited financial statements of the Company for the year ended 30 April 2020.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 40. The Board has declared dividends for the year totalling 5.20 pence per ordinary share. This is made up of a first interim dividend of 2.10 pence, a proposed final dividend of 3.10 pence. The final dividend, subject to shareholder approval, will be paid on 16 October 2020 to shareholders who are on the register at the close of business on 11 September 2020, with an ex-dividend date of 10 September 2020.

References to Future Development and Financial Risk Management are included in the Strategic Report on pages 15 and 16 to 17 respectively.

Management and management fees

The Company's investments are managed by Artemis Fund Managers Limited ("Artemis"), subject to an Investment Management Agreement dated 15 July 2014 (the "Agreement") (as amended on 7 June 2018). Pursuant to the Agreement, Artemis is entitled to a management fee of 0.75 per cent per annum on the first £250 million of the average monthly market capitalisation of the Company. The balance above £250 million and up to £500 million would be charged at a reduced rate of 0.70 per cent per annum and the balance above £500 million at a further reduced rate of 0.65 per cent per annum. No performance fees are payable.

The Agreement may be terminated by either party on twelve months' written notice. In the event of the Company terminating the Agreement by giving less than twelve months' notice, Artemis is entitled to an amount in lieu of notice equivalent to 0.75 per cent of the market capitalisation of the Company on the date of termination in accordance with the Agreement.

During the year, the Company was managed by John Dodd and Kartik Kumar.

Portfolio ideas may also be generated by the other members of the Artemis investment team from time to time, but all investment decisions are the responsibility of the fund managers.

Artemis is also the Alternative Investment Fund Manager ("AIFM") to the Company. The Agreement sets out Artemis' duties to the Company in respect of the AIFMD. No fees are paid to Artemis in respect of its role as the AIFM to the Company. Artemis has delegated responsibility for the day-to-day portfolio management of the Company's portfolio to Artemis Investment Management LLP.

Both Artemis entities are authorised and regulated by the Financial Conduct Authority and at 30 April 2020 had £22.8 billion, in aggregate, of assets under management.

Continuing appointment of the Investment Manager

The Board has reviewed the Investment Manager's engagement, including its management processes, risk controls and the quality of support provided to the Board and believes that its continuing appointment, remains in the interests of shareholders at this time. Such a review is carried out on an annual basis, supported by the Management Engagement Committee.

Elections of Directors

The Board has adopted a policy that all Directors should stand for re-election on an annual basis at each AGM. The Board recommends the re-election of Mr Budge, Mr Ayton, Ms Bergin, Mr Korner and Mrs Stewart. The contribution of each individual Director has been reviewed and considered by the Board, with the support of the Nomination Committee, and the re-election of each of the Directors is recommended on the basis of their industry knowledge, experience and their individual contributions to the operation of the Company.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in conducting their duties.

The Company's Articles provide the Directors, subject to the provisions of UK law, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no qualifying third party indemnity provisions in force.

Share capital

At 30 April 2020, the Company had 39,580,474 ordinary shares (2019: 40,980,974) in issue.

During the year the Company repurchased a total of 1,400,500 ordinary shares for an aggregate consideration of £3,952,000 representing 3.41 per cent of the issued share capital as at 30 April 2020 with the shares bought at an average discount of 19.5 per cent (2019: nil) adding approximately 2.38p to the net asset value per share.

There were no shares held in treasury as at 30 April 2020 (2019: nil). During the year, 771,000 treasury shares were cancelled (2019: 152,500). At a board meeting held on 5 September 2019, the Board discussed the Company's existing policy to retain treasury shares for a period of up to 12 months prior to cancellation and agreed that going forward shares will be bought back for immediate cancellation.

At any general meeting of the Company, every ordinary shareholder attending in person or by proxy (or by corporate representative) is entitled to one vote on a show of hands and, where a poll is called, every ordinary shareholder attending in person or by proxy is entitled to have one vote for every ordinary share of which he is the holder. There are no restrictions concerning the voting rights of the Company's ordinary shares or the holding or transfer of the Company's shares and there are no special rights attached to any of the ordinary shares. The Company's ordinary shareholders may approve dividends provided such dividends are not in excess of any dividends recommended by the Directors by ordinary resolution. The Directors may also pay interim dividends. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or on the voting rights.

As at the date of this Report, the table below sets out those shareholders who have notified the Company that they hold more than 3 per cent of the voting rights attaching to the ordinary shares in issue.

Shareholder	Number of ordinary shares held as at 28 July 2020	28 July 2020 % of voting rights
1607 Capital Partners, LLC	4,763,727	12.04%
John Dodd	2,660,955	6.21%
Mark Tyndall	1,975,950	4.09%
Adrian Paterson	1,750,000	4.17%
Investec Wealth & Investment Management Limited	2,045,393	4.99%
Schroder & Co. Limited	1,734,182	4.20%

Treasury shares

At a board meeting held on 5 September 2019, the Board discussed the existing policy to retain treasury shares for a period of up to 12 months prior to cancellation and agreed that going forward shares will be bought back for immediate cancellation.

Additional shareholder information

The requirements relating to the appointment and replacement of Directors are contained in the Articles of the Company, a copy of which can be found on the Company's web site at artemisalphatrust.co.uk. Amendments to the Articles, and the giving of powers to issue or buy-back the Company's shares, require appropriate resolutions to be passed by shareholders. The current authorities to buyback and issue shares will expire at the AGM and proposals for their renewal are set out on pages 57 and 58. There are no agreements to which the Company is party that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Going concern

The Directors, having considered the likely cash flows and operational costs of the Company for the 18 months from the year end, are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has a portfolio comprised mainly of listed investments, which are readily realisable to meet expected funding requirements in the period under consideration. In addition, the Board has considered the impact of COVID-19 and believes this will have limited impact on the Company's resources. The Directors will continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2020 AGM are set out in the Chairman's Statement on page 5 and the Notice of Meeting on pages 57 to 60.

Recommendation

The Board considers that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole and unanimously recommends that shareholders vote in favour of each of these resolutions, as the Directors intend to do in respect of their own holdings.

Independent auditors

After careful consideration of the services provided during the year and a review of their effectiveness, the Audit Committee recommended to the Board that PricewaterhouseCoopers LLP be re-appointed as auditors. Accordingly, resolutions will be proposed at the forthcoming AGM for the auditors' ongoing appointment and to authorise the Directors to agree the auditors' remuneration.

Audited information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The Directors confirm that there have been no post balance sheet events up to 28 July 2020 other than those included in note 22 on page 56.

Greenhouse Gas Emissions

As the Company has delegated the investment management and administration of the Company to third party service providers, and has no fixed premises, there are no greenhouse gas emissions to report from its operations. The Company has no employees and all of its Directors are non-executive, with all day to day activities being carried out by third parties. The Company considers itself to be a low energy user as defined in the Streamlined Energy and Carbon Reporting Regulations and therefore is not required to disclose energy and carbon information.

Corporate Governance

Compliance

The Board is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code of Corporate Governance 2019 (the 'AIC Code'). This statement outlines how the principles of the AIC Code, issued in February 2019, were applied throughout the financial year.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ('FRC') provides more relevant information to shareholders.

The AIC Code is available on the AIC website (theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the Principles and Provisions of the AIC Code. The Board notes the recommendations of the AIC Code and, where possible, has sought to include further detail in the statement below to outline how the Principles and Provisions of the AIC Code are being applied.

Board responsibilities

The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company. It meets at least four times a year to review the performance of the Company's investments, the financial position of the Company, its performance in relation to the investment objective and all other important issues to ensure that the Company's affairs are managed within a framework of prudent and effective controls.

Responsibilities are clearly defined and allocated between the Chairman, the Board, the Investment Manager and a number of third party service providers. The performance of the Investment Manager and third party service providers are reviewed by the Board on a regular basis, supported by the Management Engagement Committee.

No one individual has unfettered powers of decision. The Chairman, Mr Budge, was at the time of his appointment, and remains, independent of the Investment Manager. The Chairman leads the Board and ensures its effectiveness on all aspects of its operation ensuring that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board.

The Company Secretary liaises with the Chairman prior to each meeting to agree agenda content and papers to be submitted to Board and Committee meetings. In addition, the Chairman is responsible for ensuring there is effective communication with shareholders.

The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and in Board minutes. The Board sets the scope of the Investment Manager's responsibilities, including principal operating issues such as unquoted investments, gearing, derivatives, share buybacks and share issuance. The Board regularly reviews the investment restrictions set out in the Investment Management Agreement and any other restrictions set by the Board from time to time to confirm their continuing appropriateness. The Board retains authority to approve any changes to investment policy, including such material changes as may require approval of the shareholders and may review and amend the investment policy guidelines laid down for the investment manager as it deems appropriate.

Representatives of the Investment Manager attend each Board meeting enabling the Directors to seek clarification on its activities in managing the Company.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representatives, who are responsible to the Board for ensuring that proper procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board composition

The Board currently comprises five Directors, comprising three male and two females, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 20 of this Report.

The Board considers that all the Directors, including the Chairman (who was deemed independent on appointment), are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code. The Nomination Committee meets annually to consider the performance of the Board and consider matters of independence.

Ms Bergin is the Company's Senior Independent Director. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for other Directors and shareholders. Led by the Senior Independent Director, the Directors meet without the Chairman present on an annual basis to discuss the Chairman's performance.

Appointment of Directors and performance evaluation

Directors are appointed subject to the provisions of the Act and the Company's Articles. Any Directors appointed by the Board are subject to election by shareholders at the first AGM following their appointment and to annual re-election thereafter.

The contribution of each individual Director has been reviewed and considered by the Board, with the support of the Nomination Committee, and the re-election of each of the Directors is recommended on the basis of their industry knowledge, experience and their individual contributions to the operation of the Company. Biographical details of the Directors are provided on page 20 of this Report.

The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of their appointments are set out in letters of appointment, which are available for inspection at the registered office of the Company and at the AGM.

The Board, led by the Nomination Committee, conducts an annual review of its performance and that of its Committees, the Chairman and individual Directors. Included in this review is an assessment of whether the Directors have sufficient time to discharge their responsibilities. This review is based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the Senior Independent Director. The Board is satisfied that it has an appropriate balance of skills, experience and has concluded the Directors continue to have sufficient capacity to devote the appropriate amount of time.

Board committees

In order to enable the Directors to discharge their duties, three Board Committees, each with written terms of reference, have been established. Committee membership is set out on page 20 of this Report. Attendance at meetings of the Committees is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary or on the Company's website artemisalphatrust.co.uk. The Chairman of the Board acts as Chairman for the Committees, with the exception of the Audit Committee, which is currently chaired by Ms Bergin.

The Company Secretary acts as the Secretary to each Committee.

Audit Committee

The responsibilities of the Audit Committee are disclosed in the Report of the Audit Committee on page 30 of this Report.

Management Engagement Committee

The Management Engagement Committee, which meets at least annually, reviews the terms of appointment and the performance of each of the Company's third party service providers, including the Investment Manager but excluding the Auditors, which are reviewed by the Audit Committee. The Committee makes recommendations to the Board for improvement or change as appropriate.

The outcome of this review is as below.

Management agreement: the Board is satisfied the Investment Manager has made progress in aligning the portfolio as agreed in the new investment objective and policy. The Investment Manager has given a full report on performance at each Board meeting and discusses investee companies in detail. The Board has closely scrutinised the performance of the portfolio at each Board meeting and has concluded that the continuing appointment of the Investment Manager is in the best interests of the Company.

Third party agreements: the Board reviewed the performance of the material third parties such as the registrar, fund administrator and depositary. It was concluded that each party continued to provide the required level of service and support to the Company.

Nomination Committee

The Nomination Committee meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The Committee is also responsible for reviewing and making recommendations to the Board with respect to succession planning, governance policies including those policies relevant to the tenure of the chair and diversity and inclusion. Following an interview process which considered candidates put forward by Nurole, the Nomination Committee recommended the appointment of Mrs Stewart on 31 May 2019.

The Committee undertakes an annual performance evaluation of the Board and individual Directors, led by the Chairman. On those occasions when the Committee is reviewing the Chairman, or considering his successor, the Nomination Committee will normally be chaired by the Senior Independent Director. Following the evaluation, it was concluded that the Board, its committees and the individual Directors are performing effectively. The Committee considers the appointment of an external evaluator on a regular basis. An external evaluator was not engaged during the financial period.

As detailed in the Strategic Report on page 17, the Board supports the principles of diversity in the boardroom, and considers this in seeking to ensure that the overall balance of skills and knowledge of the Directors remains appropriate so that it can continue to operate effectively.

Board and Committee Meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year to 30 April 2020.

	Board Meetings	Audit Committee Meetings
Number of meetings held	**4**	**3**
Mr Ayton	4/4	3/3
Ms Bergin	4/4	3/3
Mr Budge	4/4	3/3
Mr Korner	4/4	3/3
Mrs Stewart	4/4	3/3

	Management Engagement Committee Meetings	Nomination Committee Meetings
Number of meetings held	**1**	**1**
Mr Ayton	1/1	1/1
Ms Bergin	1/1	1/1
Mr Budge	1/1	1/1
Mr Korner	1/1	1/1
Mrs Stewart	1/1	1/1

Directors' & Chairman's tenure

The Board has adopted a policy of annual re-election by shareholders. The Board does not consider length of service itself to affect independence or the contribution of Directors where experience and continuity can be an advantage to an investment trust board. The Board notes that the AIC Code does not impose a nine year limit on the tenure of an investment trust company chairman. Through the evaluation work of the Nomination Committee, the tenure of individual Directors and the Chairman will be assessed against their continuing contribution to the Board alongside the need to ensure ongoing diversity and a strong line of succession. The Board has agreed a procedure for the appointment of new Directors. Formal consideration of the skills and experience of the Board is undertaken to help identify the capabilities of a new Director when a vacancy arises.

Induction and training

New Directors appointed to the Board are provided with an induction which is tailored to the particular circumstances of the appointee. Regular updates are provided on changes in regulatory requirements that could affect the Company. The Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts and receive other training as necessary.

Relations with shareholders

The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. The Board aims to ensure that shareholders are kept fully informed of developments in the Company's business through the Annual and Half-Yearly Financial Reports, as well as the daily announcement of the net asset values of the Company's ordinary shares to the London Stock Exchange. The Investment Manager produces a monthly factsheet, which can be found on the Company's website at artemisalphatrust.co.uk, along with other information on the Company. The Investment Manager meets with the Company's major shareholders on a periodic basis.

Under normal circumstances, all shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager are available to discuss issues affecting the Company. However, due to current restrictions, attendance at this year's AGM will be restricted, and shareholders will not be allowed to attend the AGM in person. Details of shareholder voting are declared at every AGM and are available on the website as soon as practicable following the close of the meeting. Should 20 per cent or more of votes be cast against a board recommendation for a resolution, an explanation of what actions the Company intends to take in order to consult shareholders will be provided when announcing voting results. An update on views received from shareholders and actions taken will also be published no later than six months after the AGM together with a final summary in the next Annual Financial Report.

Only such Directors or their appointed proxies required to form a requisite quorum will be in attendance at this year's AGM, details of which are set out in the Notice of Meeting on pages 57 to 60 of this Report.

Engagement with Stakeholders

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the section 172 statement in the Strategic Report on pages 18 to 19.

UK Stewardship Code

The Financial Reporting Council (FRC) updated the UK Stewardship Code effective from January 2020 and it is Artemis' intention to apply to become a signatory to the new code. The Board has given the Investment Manager discretion to exercise the Company's voting rights and therefore does not intend to apply to become a signatory to the new code itself. A copy of Artemis' stewardship policy and report can be found on the Investment Manager's website at artemisfunds.com.

Voting policy

The Board has given the Investment Manager discretion to exercise the Company's voting rights and the Investment Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. The Investment Manager's voting for its clients is summarised on its website at artemisfunds.com.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly and policies and procedures have been established to prevent bribery.

Conflicts of interest

The Board has put in place procedures to deal with conflicts and potential conflicts of interest and considers that these have operated effectively throughout the year. The Board also confirms that its procedures for the approval of conflicts and potential conflicts of interest have been followed by the Directors during the year under review.

Internal controls and management of risk

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed, as well as ensuring that a sound system of internal control is maintained to safeguard shareholders' interests and the Company's assets. As the majority of the Company's systems are maintained on behalf of the Company by third party service providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances on their systems of internal control, which are designed to manage, rather than eliminate, risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board does, however, ensure that these service providers are employed subject to clearly defined contracts.

Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company. In addition, the Investment Manager reports quarterly to the Board on compliance with the terms of its delegated authorities under the Investment Management Agreement and other restrictions determined by the Board.

The Administrator also reports, on a quarterly basis, any operational errors and any breaches of law and regulation. This enables the Board to address any issues with regard to the management of the Company as and when they arise and to identify any known internal control failures. The key procedures which have been established to provide effective internal controls are as follows:

- The Board, through its audit committee, carried out and documented a risk and control assessment, which was reviewed twice during the year and will be kept under ongoing, and at least a six monthly, review.
- Investment management, accounting and custody of assets are segregated. The procedures of the individual parties carrying out these functions are designed to complement each other.
- Investment management and company secretarial services are provided by Artemis. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager. The Board reviews information produced by the Risk and Compliance function of the Investment Manager in detail on a regular basis.
- Administration services are provided by J.P. Morgan Europe Limited. The Administrator reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives the Administrator's reports on internal controls.
- The Board is aware of the whistleblowing procedures of Artemis and the Administrator, which are considered satisfactory.
- The Audit Committee receives regular updates of any internal audit reviews conducted on behalf of the Investment Manager which may be considered of relevance to the Company.
- Safekeeping of the Company's assets is undertaken by J.P. Morgan Chase Bank N.A.
- Oversight of certain administrative and custodial procedures is undertaken by the Company's Depositary, J.P. Morgan Europe Limited. The Board reviews information provided by the Depositary on a regular basis.
- The Board clearly defines the duties and responsibilities of its agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of their capabilities to deliver the required services; their ongoing performance and contractual arrangements are monitored through the Management Engagement Committee to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are approved by the Board.

By the procedures set out above, the Directors have reviewed the effectiveness of the Company's internal controls throughout the year under review and up to the date of this Report. During the year, the Directors made recommendations to review existing controls including the use of contracts for difference. There was significant disruption since March 2020 due to the COVID-19 pandemic. The Company's main service providers adopted their business continuity plans including work from home capabilities and there was limited impact to the Company's operations and control environment resulting from this. Further information on the risks and the management of them is set out in the Strategic Report on pages 16 and 17 and in note 21 of the notes to the financial statements.

The Directors consider that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's position, performance, business model and strategy.

By order of the Board

Artemis Fund Managers Limited
Company Secretary

28 July 2020

Directors' Remuneration Policy and Report

The remuneration policy of the Company was approved by shareholders at the Annual General Meeting held on 5 October 2017; with 99.4% votes cast in favour and 0.6% votes against. The policy will apply until the 2020 AGM (being three years from the date of shareholder approval of the policy) and therefore the policy requires to be approved by shareholders at the AGM being held on 8 October 2020. Resolution 2, as set out in the Notice of Meeting on page 57, is being proposed as an ordinary resolution to seek to approve this policy for a further three years.

Fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles state the maximum aggregate amount of fees that can be paid to Directors in any year. This is currently set at £200,000 per annum and shareholder approval is required for any changes to this. The Board reviews and sets the level of Directors' fees annually, or at the time of the appointment of a new director, taking into account a range of external information, including peer group comparisons and relevant independent research. The Board did not engage the services of a remuneration consultant during the financial period.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than the other Directors to reflect the additional work required to be carried out in this role. The Chairman of the Audit Committee also receives an additional fee to reflect the additional responsibilities and work associated with the role.

No Director is entitled to any benefits in kind, share options, annual bonuses, long-term incentives, pensions or other retirement benefits or compensation for loss of office.

Directors are appointed with no fixed notice periods and are not entitled to any extra payments on resignation. It is also considered appropriate that no aspect of Directors' remuneration is performance-related in light of the Directors' non-executive status.

Directors are able to claim expenses that are incurred in respect of duties undertaken in connection with the management of the Company.

New Directors will be remunerated in accordance with this policy and will not be entitled to any payments from the Company in respect of remuneration arrangements in place with any other employers which are terminated upon appointment as a Director of the Company.

To date no comments have been received from shareholders in respect of the Remuneration Policy.

Directors' Remuneration Report

The Directors are pleased to present the Company's remuneration report for the year ended 30 April 2020. The Company's Auditors are required to audit certain information contained within this report and, where information set out below has been audited, it is clearly indicated. The Auditors' opinion is included in the Independent Auditors' Report which can be found on pages 33 to 39.

The remuneration report will be submitted to the shareholders for approval at the AGM to be held on Thursday, 8 October 2020. A notice of the AGM accompanies this Annual Financial Report. In accordance with the matters reserved for the Board's decision, the Board is responsible for:

(i) Determining the remuneration of the Directors, subject to compliance with the Articles and the Remuneration Policy, as approved by shareholders.

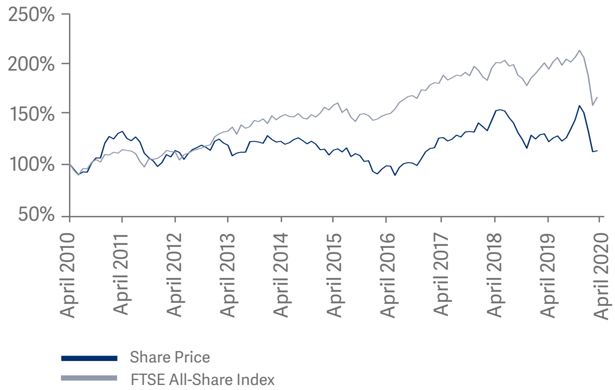
(ii) Approving the remuneration report and policy for inclusion in the Annual Financial Report.

(iii) Approving the remuneration policy at least every three years and monitoring the policy to ensure compliance.

The Board

During the year ended 30 April 2020, the Board consisted solely of non-executive Directors who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established. The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions, although the Directors carry out reviews from time to time of the fees paid to Directors of other investment trusts. Following a review of Directors' fees by the Board on 1 July 2020, it was agreed that the fees remain unchanged. Directors' fees were last changed on 27 June 2018.

Performance graph



Source: Artemis/Datastream

The performance graph above sets out the Company's ordinary share price total return (assuming re-investment of dividends) from 30 April 2010 to 30 April 2020 compared with the total return of a notional investment in the FTSE All-Share Index. As investments are selected on their individual merits, the portfolio will not track any comparative index, and there is likely to be a divergence in performance between the Company and the index.

Expenditure by the Company as remuneration and distributions to Shareholders

The table below compares the remuneration paid to Directors with distributions made to shareholders during the year under review and the prior financial review.

	2020	2019
Directors' fees	£128,044	£114,720
Distributions to Shareholders		
– dividends	£2,252,000	£2,705,000
– share buybacks	£3,952,000	£nil

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last AGM of shareholders, held on 5 September 2019, in respect of the approval of the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
11,989,273	98.80	146,484	1.20	12,135,757	62,681

Directors' interests

The Directors' interests in the capital of the Company who held office at 30 April 2020 were as follows:

Ordinary shares

	30 April 2020		30 April 2019	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	13,241	–	13,241	–
Ms Bergin	4,970	–	4,970	–
Mr Budge	15,000	–	15,000	–
Mr Korner	30,000	–	23,300	–
Mrs Stewart	–	–	N/A	N/A

At no time during the year did any Director hold a material interest in any contract, arrangement or transaction with the Company or its subsidiary undertakings.

Directors' fees (audited)

The Directors who served during the years ended 30 April 2020 and 30 April 2019 received the following annual fees. The Company does not award any other remuneration or taxable benefits to the Directors.

Director[1]	2020	2019
Mr Ayton	£24,000	£24,000
Ms Bergin	£27,000	£27,000
Mr Budge	£33,000	£33,000
Mr Cross Brown[2]	–	£6,720
Mr Korner	£24,000	£24,000
Mrs Stewart[3]	£20,044	–
	£128,044	**£114,720**

1 None of the Directors who are Directors of the Company's wholly owned subsidiary received any remuneration from this company.

2 Mr Cross Brown retired on 11 October 2018.

3 Mrs Stewart was appointed on 31 May 2019.

On behalf of the Board and in accordance with the Regulations, I confirm that the Directors' Remuneration Report summarises, for the year ended 30 April 2020, the review undertaken and the decisions made regarding the fees paid to the Board.

Duncan Budge
Chairman

28 July 2020

Statement of Directors' Responsibilities in respect of the Annual Financial Report

Management Report

Listed companies are required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (the "Rules") to include a management report in their annual financial statements. The information required to be in the management report for the purpose of the Rules is included in the Strategic Report (pages 5 to 19). Therefore no separate management report has been included.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The financial statements are published on a website, artemisalphatrust.co.uk, maintained by the Company's Investment Manager, Artemis. Responsibility for the maintenance and integrity of the corporate and financial information relating to the Company on this website has been delegated to the Investment Manager by the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 April 2020, and of the profit or loss of the Company for the year then ended; and

(b) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Duncan Budge
Chairman

28 July 2020

Audit Information

Report of the Audit Committee

The Audit Committee (the "Committee") is chaired by Blathnaid Bergin, an experienced chartered accountant. All other Directors are members of the Committee and although the members of the Committee are not accountants by profession, it is considered that they have relevant and recent financial and investment experience as a result of their employment in financial services and other industries.

With reference to the AIC Code, Mr Budge, Chairman of the Board, remains a member of the Audit Committee. The Board considers this is appropriate given the experience of Mr Budge and the contribution he brings.

Meetings

The Committee meets at least twice each year and representatives from the Investment Manager and the Administrator may be invited to attend the meetings of the Audit Committee to report on issues as required.

The Audit Committee meets with representatives of the Company's Auditors at least once each year to discuss any matters arising from the audit.

Roles and responsibilities

The main responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems;
- conducting the tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditors to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit Committee provides a forum through which the Company's auditors report to the Board.

Appointment and remuneration of Auditors

PwC were first appointed as external Auditors for the year ended 30 April 2018, following a formal tender process. This year is the third year of its tenure. It is also the third year of audit engagement leader, Chris Meyrick's tenure of a five year maximum term.

The fees paid to PwC in respect of audit services are disclosed in note 4 of the notes to the financial statements.

As noted in the Directors' Report on page 22, PwC has expressed its willingness to continue in office as independent Auditors. After careful consideration of the services provided since appointment and a review of its effectiveness, the Audit Committee recommended to the Board that PwC should be re-appointed as Auditors for the Company. Accordingly, resolutions will be proposed at the forthcoming AGM for the Auditors' re-appointment and to authorise the Directors to agree the Auditors' remuneration.

Non-audit services

The Audit Committee has established a policy for the provision of non-audit services to the Company which prohibits the provision of certain services by the Auditors which the Audit Committee believes would compromise auditor independence. Non-audit services are permitted subject to the Audit Committee being satisfied that the engagement would not compromise independence, where the total fees for non-audit services is less than 70 per cent of the average audit fees for the last three years and where knowledge would be advantageous in carrying out the service.

There were no non-audit services provided by the external auditor during the year ended 30 April 2020.

Activities during the year

The Audit Committee met three times during the year. At these meetings, the Committee considered the Annual Report, the Half-Yearly Financial Report, reviewed the Company's compliance with s1158 of the Corporation Taxes Act 2010 and discussed the valuation of unquoted securities with the Investment Manager.

Significant issue	How the issue was addressed
Valuation and Ownership of the Company's Investments, particularly the Unquoted Investments	The Company's investments are valued in accordance with the accounting policies, and the listed investments are valued by the Company's administrator. These prices are reviewed and overseen by the Company's Investment Manager. The Depositary is responsible for holding the Company's assets in custody and verifying the ownership of these assets. The Company receives regular reports from the Depositary, including at the period end. The Audit Committee also reviewed the valuation of unquoted investments included in the Annual Financial Report and discussed and challenged these in detail with the Investment Manager. This reflected the IPEV special valuation guidance published in March 2020 in light of the COVID-19 crisis.
Allocation of expenses	The Committee reviews the allocation of expenses between income and capital on an annual basis. The Committee recommended to the Board that the basis of allocation be changed to 20% income/80% capital from 10% income/90% capital reflecting the Committee's view of the likely split of long term returns to shareholders.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Board and Audit Committee receives regular reporting from the Investment Manager including as at the year end date.
Maintaining Internal controls	As part of the Board's review of internal controls, the Audit Committee carries out and documents a risk and control assessment, which is kept under ongoing, and at least a six monthly, review. The Audit Committee reports its findings and recommendations to the Board. Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report to the Board, on a quarterly basis, any operational errors or breaches of law or regulation.
Recognition of income	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the financial statements on page 44. The Board regularly reviews the revenue forecast at each meeting.
Going concern & viability	The Committee considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for at least twelve months from the date of approval of these financial statements and made this recommendation to the Board. The Committee also assessed the viability of the Company, reviewing a series of stress tests on the Company's net assets and the impact of negative market movements and the triennial tender offers. Following this assessment the Committee recommended the Viability Statement to the Board.

Audit for the year ended 30 April 2020

As part of the planning for the annual audit, the Audit Committee met with PwC and reviewed their audit strategy document, which highlighted the level of materiality to be applied by the Auditors, the key perceived audit risks and the scope of the audit.

The Audit Committee met with representatives of the Company's Auditors at the Audit Committee meeting held on 1 July 2020 to discuss any matters arising from the annual audit and to assess the independence and effectiveness of the external audit process.

Internal audit and controls

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties. The Audit Committee considers annually whether there is a need for an internal audit function, and has agreed that it remains appropriate for the Company to rely on the internal controls that exist within its third party service providers.

The Audit Committee receives updates from the Investment Manager regarding any internal audits of relevance to the Company.

Audited information

The Audit Committee considers that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's performance, business model and strategy.

On behalf of the Board

Blathnaid Bergin
Chairman of the Audit Committee

28 July 2020

Independent auditors' report to the members of Artemis Alpha Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Artemis Alpha Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Report (the "Annual Report"), which comprise: the statement of financial position as at 30 April 2020; the statement of comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 May 2019 to 30 April 2020.

Our audit approach

Overview

- Overall materiality: £1.22 million (2019: £1.45 million), based on 1% of Net Assets.

- The company is a standalone Investment Trust Company and engages Artemis Fund Managers Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements with the assistance of J.P. Morgan Europe Limited (the "Administrator") who the Directors have delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.

- Valuation and existence of unquoted investments
- Valuation and existence of listed investments
- Income from investments
- Consideration of impacts of COVID-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the on-going qualification as an Investment Trust under the Corporation Tax Act 2010 (see page 31 of the Annual report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entities to increase revenue (investment income and capital gains) or to overstate the value of investments and increase the net asset value of the Company through management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee. the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes, including those of the Audit Committee;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of the unquoted investments (see related key audit matter below);
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Identifying and testing a sample of year end journal entries posted during the preparation of the financial statements; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Valuation and existence of unquoted investments Refer to page 31 (Audit Committee Report), pages 44-46 (Accounting Policies) and pages 48-49 (notes). The investment portfolio at 30 April 2020 includes: ▪ unquoted equity investments of £10.1m; ▪ derivative financial assets of £0.1m; and ▪ derivative financial liabilities of £0.2m. We focused on the valuation and existence of the unquoted investments as these investments represented a material balance in the financial statements and the valuation requires significant estimates and judgements to be applied by the Manager. Changes to key inputs to the estimates and/ or the judgments made can result, either on an individual unquoted investment or in aggregate, in material change to the valuation of unquoted investments.	Our main audit procedures over valuation and existence of unquoted equity investments were as follows: Supported by our internal valuation experts we understood and evaluated the valuation methodology applied, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Manager in determining the fair value of a sample of the unquoted investments. Our procedures included: ▪ Assessing the appropriateness of the valuation models used and testing the inputs either through validation to appropriate third party sources, or where relevant, assessing the reasonableness of significant estimates and judgements used;

Key audit matter	*How our audit addressed the key audit matter*
Valuation and existence of unquoted investments ***(continued)***	■ Comparing valuations to recent transactions, where relevant; and ■ Assessing the impact of COVID-19 on the valuation of investments as at the Balance Sheet date. We also read the unquoted valuation document, which is presented, discussed and agreed at Board Meetings, this together with the work outlined above and our knowledge of the investee entities, IFRS, IPEV guidelines and the AIC SORP, enabled us to discuss with and challenge the Manager and Directors as to the appropriateness of the methodology and key inputs used, inthe valuations. We found that the Manager's valuations of unquoted investments were consistent with the relevant guidelines and that the assumptions used to derive the valuations within the financial statements were appropriate based on the investee's circumstances, and actual and expected financial performance. We tested the existence of the unquoted investment portfolio by agreeing 100% of the holdings to an independently obtained custodian confirmation as at 30 April 2020. No differences were noted. Our main audit procedures over valuation and existence of derivatives financial assets and liabilities were as follows: ■ We tested the valuation of the derivative investments by recalculating the valuation of the contracts, based on the terms and relevant independently sourced market inputs. ■ We tested the existence of derivative investments by agreeing derivative contracts to independent broker confirmations. No material differences were identified.
Valuation and existence of listed investments Refer to page 31 (Audit Committee Report), page 44 (Accounting Policies) and pages 48 and 49 (notes). The investment portfolio at 30 April 2020 comprised listed equity investments of £107.9 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	Our main audit procedures over valuation and existence of listed investments were as follows: ■ We tested the valuation of the full population of listed investments by agreeing the prices used in the valuation to independent third party sources. No material differences were identified. ■ We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the custodian. No differences were identified.
Income from investments Refer to page 31 (Audit Committee Report), page 44 (Accounting Policies) and page 46 (notes). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). We focussed this risk on the existence/occurrence of gains/losses on investments and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	Our main audit procedures over income from investments were as follows: ■ We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. ■ We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. ■ We understood and assessed the design and implementation of key controls surrounding income recognition.

Key audit matter	*How our audit addressed the key audit matter*
Income from investments *(continued)*	▪ The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. ▪ In addition, we tested a sample of dividend receipts by agreeing the dividend rates from investments to independent third party sources. No material misstatements were identified from our testing. ▪ To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. ▪ We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any special dividends that were not treated in accordance with the AIC SORP.
Consideration of impacts of COVID-19 Refer to the Chairman's Statement (page 5), Principal Risks and Uncertainties (page 16), the Viability Statement (page 17) and the Going Concern Statement (page 22), which disclose the impact of the COVID-19 pandemic. From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date. The coronavirus impacted global capital markets significantly in March 2020 with the market recovering slightly in the month following. The Company's net assets were £122.5 million as at 30 April 2020. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market fall and the related uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by: ▪ Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19. ▪ Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. ▪ Testing the impact of COVID-19 on the valuation of investments, including the post year movement in the valuation of investments, share price and net asset value. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. ▪ We obtained evidence to support the key assumptions and forecasts driving the Directors' going concern assessment. This included reviewing the Directors assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by: ▪ Reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.22 million (2019: £1.45 million).
How we determined it	1% of Net Assets.
Rationale for benchmark applied	This company holds mostly listed equities as well as some unquoteds. The listed investments are easily valued through IDS. As the Company is an investment trust it seems reasonable that net assets will be a driving factor behind their operations. These characteristics mean that there is no reason to deviate from the standard investment trust company guidance to use a benchmark of 1% of net assets, see Inform, 3400 Determine materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £61k (2019: £73k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	*Outcome*
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 16 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 18 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 26, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 30 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Financial Report set out on page 29, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 1 February 2018 to audit the financial statements for the year ended 30 April 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 30 April 2018 to 30 April 2020.

Christopher Meyrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

28 July 2020

Statement of Comprehensive Income
For the year ended 30 April 2020

		Year ended 30 April 2020			Year ended 30 April 2019		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	2	2,773	–	2,773	3,347	–	3,347
Total revenue		**2,773**	**–**	**2,773**	**3,347**	**–**	**3,347**
Losses on investments		–	(18,732)	(18,732)	–	(15,072)	(15,072)
Net gains on derivatives		–	822	822	–	–	–
Currency gains/(losses)		–	47	47	–	(41)	(41)
Total income/(loss)		**2,773**	**(17,863)**	**(15,090)**	**3,347**	**(15,113)**	**(11,766)**
Expenses							
Investment management fee	3	(174)	(695)	(869)	(95)	(854)	(949)
Other expenses	4	(492)	(2)	(494)	(451)	(101)	(552)
Profit/(loss) before finance costs and tax		**2,107**	**(18,560)**	**(16,453)**	**2,801**	**(16,068)**	**(13,267)**
Finance costs	5	(3)	(14)	(17)	(28)	(253)	(281)
Profit/(loss) before tax		**2,104**	**(18,574)**	**(16,470)**	**2,773**	**(16,321)**	**(13,548)**
Tax	6	(138)	–	(138)	(132)	–	(132)
Profit/(loss) and total comprehensive income/(expense) for the year		**1,966**	**(18,574)**	**(16,608)**	**2,641**	**(16,321)**	**(13,680)**
Earnings/(loss) per ordinary share	8	**4.90p**	**(46.30)p**	**(41.40)p**	**6.44p**	**(39.83)p**	**(33.39)p**

The total column of this statement represents the Statement of Comprehensive Income of the Company, 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.

The notes on pages 44 to 56 form part of these financial statements.

Statement of Financial Position
As at 30 April 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investments	9	118,086	139,179
Investments in subsidiary undertaking	11	3,002	3,193
		121,088	**142,372**
Current assets			
Derivative assets	10	70	–
Other receivables	13	1,005	908
Cash and cash equivalents	14	5,382	4,556
Total assets		**127,545**	**147,836**
Current liabilities			
Derivative liabilities	10	(174)	–
Collateral pledged		(220)	–
Other payables	15	(4,697)	(2,570)
Total liabilities		(5,091)	(2,570)
Net assets		**122,454**	**145,266**
Equity attributable to equity holders			
Share capital	16	396	410
Share premium		676	676
Special reserve		46,181	50,133
Capital redemption reserve		194	180
Retained earnings – revenue		2,517	2,803
Retained earnings – capital	17	72,490	91,064
Total equity		**122,454**	**145,266**
Net asset value per ordinary share	18	**309.38p**	**354.47p**

These financial statements on pages 40 to 56 were approved by the Board of Directors and signed on its behalf on 28 July 2020:

Duncan Budge
Chairman

The notes on pages 44 to 56 form part of these financial statements.

Company No: 253644

Statement of Changes in Equity
For the year ended 30 April 2020

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2020							
At 1 May 2019	410	676	50,133	180	2,803	91,064	145,266
Total comprehensive income/(expense):							
Profit/(loss) for the year	–	–	–	–	1,966	(18,574)	(16,608)
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,144)	–	–	–	(2,144)
Cancellation of ordinary shares from treasury	(8)	–	–	8	–	–	–
Repurchase of shares for cancellation	(6)	–	(1,808)	6	–	–	(1,808)
Dividends paid	–	–	–	–	(2,252)	–	(2,252)
At 30 April 2020	**396**	**676**	**46,181**	**194**	**2,517**	**72,490**	**122,454**
For the year ended 30 April 2019							
At 1 May 2018	480	676	50,202	110	2,867	107,385	161,720
Total comprehensive income/(expense):							
Profit/(loss) for the year	–	–	–	–	2,641	(16,321)	(13,680)
Transactions with owners recorded directly to equity:							
Cancellation of ordinary shares from treasury	(1)	–	–	1	–	–	–
Conversion of subscription shares to deferred shares	(69)	–	–	69	–	–	–
Repurchase of deferred shares	–	–	(69)	–	–	–	(69)
Dividends paid	–	–	–	–	(2,705)	–	(2,705)
At 30 April 2019	**410**	**676**	**50,133**	**180**	**2,803**	**91,064**	**145,266**

The notes on pages 44 to 56 form part of these financial statements.

Statement of Cash Flows
For the year ended 30 April 2020

	2020 £'000	2019 £'000
Operating activities		
Loss before tax	(16,470)	(13,548)
Interest payable	17	281
Losses on investments	18,732	15,072
Net gains on derivatives	(822)	–
Currency (gains)/losses	(47)	41
Decrease/(increase) in other receivables	279	(2)
Increase/(decrease) in accrued expenses	14	(13)
Net cash inflow from operating activities before interest and tax	**1,703**	**1,831**
Interest paid	(17)	(281)
Irrecoverable overseas tax suffered	(138)	(132)
Net cash inflow from operating activities	**1,548**	**1,418**
Investing activities		
Purchase of investments	(56,462)	(49,775)
Sales of investments	60,733	64,347
Sales of derivatives	1,054	–
Collateral pledged	220	–
Net cash inflow from investing activities	**5,545**	**14,572**
Financing activities		
Repurchase of ordinary shares into treasury	(2,144)	–
Repurchase of shares for cancellation	(1,808)	–
Repurchase of deferred shares	–	(69)
Dividends paid	(2,252)	(2,705)
(Decrease)/increase in intercompany loan	(110)	1,255
Net cash outflow from financing activities	**(6,314)**	**(1,519)**
Net decrease in net debt	**779**	**14,471**
Net funds/(debt) at the start of the year	**4,556**	**(9,874)**
Effect of foreign exchange rate changes	47	(41)
Net funds at the end of the year	**5,382**	**4,556**
Cash and cash equivalents	5,382	4,556
	5,382	**4,556**

The notes on pages 44 to 56 form part of these financial statements.

1. Accounting policies

(a) Basis of preparation. The financial statements have been prepared on a going concern basis under the historical cost convention modified by the revaluation of financial assets and liabilities held at fair value through profit or loss, in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee adopted by the European Union and the Companies Act 2006 as applicable to companies reporting under IFRS. The principal accounting policies adopted by the Company are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts and venture capital trusts issued by the Association of Investment Companies ("AIC") in October 2019 is consistent with the requirements of IFRS, the financial statements have been prepared in accordance with the SORP.

In note 9(b), the Company continues to show the split in gains between realised gain/(losses) on sales and increase/(decrease) in fair value, which is no longer required under AIC SORP.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 April 2020 have been applied consistently, other than where new policies have been adopted.

The financial statements are presented in Sterling, which is the currency of the primary environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Segmental reporting. The Company has only one material segment of business being that of an investment trust company.

(c) Investments. Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated in the Company's financial statements at fair value, which is deemed to be the net assets of each subsidiary.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid or SETS prices without deduction for the estimated future selling costs. Unquoted investments are valued at fair value which is determined by the Board, through discussion with the Investment Manager and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board in December 2018 and the Special Valuation Guidance issued in March 2020. Valuation techniques employed include: calibrated price of recent investment; earnings multiples; net assets; discounted cash flow techniques; industry valuation benchmarks; and available market prices.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(d) Derivatives. 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 Company 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. 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 cash equivalents balances. Interest on margin accounts held with brokers is included in the revenue return.

Open forward foreign exchange contracts are held at market value and the net gains/(losses) are reflected within net gains on derivatives in the Statement of Comprehensive Income.

(e) Revenue. Dividends receivable on equity shares (and any associated withholding tax) are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received. Income from fixed interest securities is recognised on an effective interest rate basis. Interest receivable from cash and short-term deposits is recognised on an accruals basis. Special dividends are treated as repayment of capital or as revenue depending on the facts of each particular case. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend.

(f) Expenses and finance costs. All expenses and interest payable are recognised on an accruals basis. Expenses are charged through the revenue column in the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital; and
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of investments.

From 1 May 2019, following Board discussion, to allocate investment management fees and finance costs on the basis of 20% to revenue and 80% to capital (previously 10% revenue; 90% capital). As this is a change of estimate this has been applied prospectively.

(g) Taxation. Taxation represents the sum of taxation payable, any withholding tax suffered and any deferred tax. Taxation is charged or credited in the Statement of Comprehensive Income. Any taxation payable is based on the Company's profit for the year, calculated using tax rates in force at the balance sheet date. Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under section 1158 of the Corporation Taxes Act 2010 in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(h) Amounts held at futures clearing houses and brokers. These are amounts held in segregated accounts as collateral on behalf of brokers and carried at amortised cost.

(i) Cash and cash equivalents. Cash and cash equivalents comprises deposits and overdrafts with banks and bank loans with maturities of less than three months from inception.

Bank borrowings are used on a periodic basis to meet the Company's cash requirements and are reviewed regularly by the Investment Manager. Loan draw downs are normally of short durations which are subject to an insignificant risk of change in valuation.

(j) Dividends. Dividends are recognised from the date on which they are irrevocably committed to payment.

(k) Foreign currency translation. Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates ruling on the date of the Statement of Financial Position. Foreign exchange differences arising on investment transactions are recognised through capital.

(l) Other receivables and payables. Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are noninterest bearing and are stated at their nominal value.

There are no material impact of expected credit losses on financial assets or liabilities.

(m) Reserves.

Retained earnings – capital

Retained earnings – capital is made up of Capital Reserve – realised and Capital Reserve – unrealised.

Capital Reserve – realised

This reserve includes:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash; and
- expenses, together with any related taxation effect, in accordance with the above policies.

Capital Reserve – unrealised

This reserve includes: changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value.

Special Reserve

This reserve is treated as distributable profits for all purposes, excluding the payment of dividends. The cost of share buy-backs is accounted for through this reserve.

Capital Redemption Reserve

This reserve includes the nominal value of all shares bought back and cancelled by the Company.

Retained earnings – revenue

The revenue profit or loss for the year is taken to or from this reserve, and any dividends declared by the Company are paid from this reserve.

(n) Accounting developments. At the date of authorisation of these financial statements, the following Standards and Interpretations came into issue during the year:

- IFRS 16 — Leases. The adoption of IFRS 16 did not result in any amendment to the balance sheet and disclosures. The company has not entered into any lease agreements so there is no impacts of this change of requirements

The following Standards and Interpretations are available for adoption but are not mandatory, they have not been adopted early. They are not expected to have any significant impact on the Company:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

(o) Estimates and judgements. A number of estimates, judgements and assumptions are required in the preparation of the Company's financial statements. The most significant judgement relates to the valuation of the unquoted investments.

The valuations are determined by the Investment Manager with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board. These valuations are considered, reviewed and approved by the Board. The valuations of the unquoted investments are based on a number of different methodologies, the most common being calibrated price of recent investment, net assets and earnings multiples.

Where the calibrated price of recent investment has been used, consideration has also been given to the current facts and circumstances to take into account changes in the market or performance of the underlying company.

The methodology selected will be based on the circumstances relevant to each individual investment and the valuation and methodology are regularly reviewed to ensure they remain appropriate.

The key assumption relating to valuing an unquoted investment based on the calibrated price of recent investment is that it is considered as a reasonable approximation of fair value for a limited period following the relevant transaction. It is mainly used on early stage investments where there are no current or short term future earnings or positive cash flows. The valuation is regularly reviewed to ensure that this basis remains appropriate, considering such factors as progress of the investee company against plan and changes in the observable performance of comparable companies.

The key assumption relating to valuing an unquoted investment based on net assets that the value of the business is derived from the underlying value of its assets, for example where an investment has a significant property holding and therefore the assets of the business equates to the fair value of the investment.

The key assumption when an earnings multiples based approach is used is that valuations of a selection of comparable companies should provide a reasonable basis for valuing an unquoted investment, subject to appropriate discounts for liquidity. This is used where a business is more mature, and is considered to have sustainable earnings. Where this valuation approach has been used, an alternative methodology will be utilised to crosscheck for reasonableness. In this case, the valuation is based on a selection of comparable companies with either historic or forecast revenues. The selection of companies and any discount applied for liquidity are kept under review to ensure that these remain appropriate.

2. Income

	Year ended 30 April 2020 £'000	Year ended 30 April 2019 £'000
Investment income*		
UK dividend income	2,226	2,659
UK fixed interest	18	24
Overseas dividend income	509	625
	2,753	**3,308**
Other income		
Bank interest	20	39
	20	**39**
Total income	**2,773**	**3,347**
Income from investments		
UK quoted investments	2,493	2,844
UK unquoted investments	121	333
Overseas quoted investments	139	101
Overseas unquoted investments	–	30
	2,753	**3,308**

* All investments are designated at fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

A number of UK quoted investments are domiciled in other countries for tax purposes.

3. Investment management fees

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**174**	**695**	**869**	**95**	**854**	**949**

Details of the terms of the investment management fee are set out in the Directors' Report on page 21. The 'Expenses and finance costs' accounting policy was updated from 1 May 2019, following Board discussion, to allocate investment management fees and finance costs on the basis of 20% to revenue and 80% to capital (previously 10% revenue; 90% capital). As at 30 April 2020, £275,000 was outstanding in respect of amounts due to the Investment Manager (2019: £289,000).

4. Other expenses

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Director's remuneration (excluding VAT and NIC)	141	–	141	110	–	110
Auditors' remuneration (excluding VAT):						
– Fee for the audit of the Company's financial report	47	–	47	28	–	28
Other expenses*	304	2	306	313	101	414
	492	**2**	**494**	**451**	**101**	**552**

* Other expenses include stock exchange listing fees, directors' insurance, AIC membership fees, administration fees, registrars' fees, corporate broker fee, depositary fees, and printing/postage.

5. Finance costs

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest*	–	–	–	11	98	109
Loan commitment fee	3	12	15	3	25	28
Loan non-utilisation fee	(2)	(4)	(6)	14	129	143
Overdraft interest*	2	6	8	–	1	1
	3	**14**	**17**	**28**	**253**	**281**

* Interest on financial liabilities that are not held at fair value through profit or loss.

The 'Expenses and finance costs' accounting policy was updated from 1 May 2019, following Board discussion, to allocate investment management fees, and finance costs on the basis of 20% to revenue and 80% to capital (previously 10% revenue; 90% capital).

6. Tax

(a) Tax charge for the year

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	138	–	138	132	–	132
	138	**–**	**138**	**132**	**–**	**132**

(b) Factors affecting the tax charge for the year

	Year ended 30 April 2020			Year ended 30 April 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before tax	2,104	(18,574)	(16,470)	2,773	(16,321)	(13,548)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 19.00% (2019: 19.00%)	400	(3,529)	(3,129)	527	(3,101)	(2,574)
Non-taxable capital losses	–	3,394	3,394	–	2,871	2,871
Non-taxable UK dividends	(423)	–	(423)	(505)	–	(505)
Non-taxable overseas dividends	(19)	–	(19)	(25)	–	(25)
Unutilised management expenses	57	135	192	12	230	242
Irrecoverable overseas tax	138	–	138	132	–	132
Double taxation relief expensed	(11)	–	(11)	(15)	–	(15)
Income taxed in different years	(4)	–	(4)	6	–	6
	138	**–**	**138**	**132**	**–**	**132**

(c) Factors that may affect future tax charges

The Company has excess management expenses and surplus loan relationship deficits of £18,497,000 (2019: £17,486,000) that may be available to offset future taxable revenue. No deferred tax asset has been recognised in respect of these amounts as it is unlikely to be utilised in the foreseeable future.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

7. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2020.

	Year ended 30 April 2020 £'000	Year ended 30 April 2019 £'000
2019 final dividend of 3.00p per ordinary share (2018: 3.00p)	1,215	1,229
2020 interim dividend of 2.10p per ordinary share (2019: 2.00p)	834	820
Special dividend of 0.50p per ordinary share (2018: 1.60p)	203	656
	2,252	**2,705**

Dividends are recognised in the period in which they are declared and are shown through the Statement of Changes in Equity. Therefore, the Statement of Changes in Equity for the year ended 30 April 2020 reflects the second interim dividend for the year ended 30 April 2019 which was paid on 13 September 2019 together with a special dividend of 0.50p. For the year ended 30 April 2020, a first interim dividend of 2.10p has been paid on 24 January 2020 and a final dividend of 3.10p is proposed for approval by shareholders at the forthcoming AGM to be paid on 16 October 2020.

Set out below are the total dividends paid/proposed in respect of the financial year ended 30 April 2020.

	Year ended 30 April 2020 £'000	Year ended 30 April 2019 £'000
Interim dividend of 2.10p per ordinary share (2019: 2.00p)	834	820
Final dividend of 3.10p per ordinary share (2019: 3.00p)	1,227	1,229
Special dividend of nilp per ordinary share (2019: 0.50p)	–	205
	2,061	**2,254**

8. Earnings per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £1,966,000 (2019: £2,641,000) and on 40,111,037 (2019: 40,980,974) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital loss per ordinary share is based on the capital loss for the year of £18,574,000 (2019: £16,321,000) and on 40,111,037 (2019: 40,980,974) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

9. Non-current assets – Investments

	2020			2019		
	Quoted £'000	Unquoted £'000	Total £'000	Quoted £'000	Unquoted £'000	Total £'000
Opening book cost	112,561	28,600	141,161	108,368	37,430	145,798
Opening fair value adjustment	13,985	(15,967)	(1,982)	25,771	(2,363)	23,408
Opening valuation	**126,546**	**12,633**	**139,179**	**134,139**	**35,067**	**169,206**
Movements in year:						
Purchases at cost	58,685	–	58,685	49,414	130	49,544
Sales – proceeds	(61,086)	(151)	(61,237)	(52,171)	(12,348)	(64,519)
– realised gains/(losses) on sales	12,280	(3,661)	8,619	6,950	3,388	10,338
(Decrease)/increase in fair value adjustment	(28,484)	1,324	(27,160)	(11,786)	(13,604)	(25,390)
Closing valuation	**107,941**	**10,145**	**118,086**	**126,546**	**12,633**	**139,179**
Closing book cost	122,440	24,788	147,228	112,561	28,600	141,161
Closing fair value adjustment	(14,499)	(14,643)	(29,142)	13,985	(15,967)	(1,982)
	107,941	**10,145**	**118,086**	**126,546**	**12,633**	**139,179**

Transaction costs

Included in purchases at cost and proceeds from sales are the following transaction costs:

	2020 £'000	2019 £'000
Purchases	226	178
Sales	18	141
	244	**319**

10. Derivatives

(a) Valuation of derivatives

	2020			2019		
	Fair value Current Assets £'000	Fair value Current Liabilities £'000	Gross exposure £'000	Fair value Current Assets £'000	Fair value Current Liabilities £'000	Gross exposure £'000
Contracts for difference	13	(24)	11,678	–	–	–
Forward currency contracts	57	(150)	(93)	–	–	–
	70	**(174)**	**11,585**	**–**	**–**	**–**

(b) Movements in derivatives

	2020			2019		
	Contracts for difference £'000	Forward currency contracts £'000	Total £'000	Contracts for difference £'000	Forward currency contracts £'000	Total £'000
Opening fair value	–	–	–	–	–	–
Opening valuation	**–**	**–**	**–**	**–**	**–**	**–**
Movements in year:						
Closed contracts – proceeds	(1,055)	129	(926)	–	–	–
– realised gains	1,055	(129)	926	–	–	–
Decrease in fair value	(11)	(93)	(104)	–	–	–
Closing valuation	**(11)**	**(93)**	**(104)**	**–**	**–**	**–**
Closing fair value	(11)	(93)	(104)	–	–	–
	(11)	**(93)**	**(104)**	**–**	**–**	**–**

11. Investment in subsidiary undertaking

	% of ordinary share capital held	Principal activity	Registered Office	Country of incorporation and operation
Alpha Securities Trading limited	100	Investment dealing	57-59 St James's Street, London, SW1A 1LD	England and Wales

Investment in the subsidiary undertaking is held at fair value, which is deemed to be its net assets. It holds a portfolio of listed investments for short term appreciation which are measured at their quoted bid prices.

	2020 £'000	2019 £'000
Historic book cost of investment in subsidiary undertaking	–	–
Opening fair value adjustment	3,193	3,213
Opening valuation	3,193	3,213
Decrease in fair value adjustment	(191)	(20)
Closing valuation	**3,002**	**3,193**

The Company controls another investee company by virtue of its voting rights.

	% of ordinary share capital held	Principal activity	Country of incorporation and operation
Claremont Alpha Limited	100	Holding company	Isle of Man

IFRS 10 provides a consolidation exemption to companies that qualify as an "Investment Entity", whereby, instead of consolidating subsidiaries, investment entities are permitted to measure the investment in subsidiaries at fair value through profit or loss.

The Company qualifies as an "Investment Entity" as:

a) the Company obtains funds from investors for the purpose of providing the investors with investment management services;

b) the Company commits to investors that its business purpose is to invest funds solely for returns for capital appreciation, investment income, or both; and

c) the Company confirms that it measures and evaluates the performance of substantially all of its investments on a fair value basis.

Other characteristics of the Company supporting this classification is that there are multiple investments and many underlying investors. Additionally investors are not exclusively related parties and the underlying investment positions taken are commonly in the form of equity.

12. Significant interests

At 30 April 2020 the Company held shares amounting to 3% or more of the nominal value of any class of share capital of the following companies, not being participating interests.

	Class Held	% of class held
Ceramic Fuel Cells	Ordinary	3.53%
Claremont Alpha*	Ordinary	100.00%
Dignity	Ordinary	3.20%
Fox Marble	Ordinary	4.50%
Hardlyever	A Ordinary	65.21%
Hardlyever	Ordinary	10.46%
Hornby	Ordinary	9.61%
Houseology Design	Ordinary	8.69%
Lamp Group	Ordinary	7.61%
Nplus1 Singer	Ordinary	6.98%
Pittards	Ordinary	16.65%
Reaction Engines	Ordinary	3.97%
Starcount Group	A Ordinary	8.35%
Zinc Media Group	Ordinary	6.57%

These investments are held by the Company at fair value through profit or loss as part of a portfolio of investments rather than as a medium through which the Company carries out its business. The Company is not considered to have significant influence through its voting rights nor does it hold any board representatives and therefore these investments are not considered associated nor related undertakings of the Company.

* See note 11 – entity is not consolidated.

13. Other receivables

	2020 £'000	2019 £'000
Amounts due from brokers	732	357
Prepayments and accrued income	258	511
Taxation recoverable	14	40
Variation margin receivable	1	–
	1,005	**908**

14. Cash and cash equivalents

	2020 £'000	2019 £'000
Amounts held at futures clearing houses and brokers	408	–
Cash and bank balances	4,974	4,556
	5,382	**4,556**

15. Other payables

	2020 £'000	2019 £'000
Amounts due to brokers	2,223	–
Accrued expenses	434	420
Amounts due to subsidiary undertakings	2,040	2,150
	4,697	**2,570**

16. Share capital

(a) Share capital

	2020 Shares	2020 £'000	2019 Shares	2019 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	39,580,474	396	40,980,974	410
	39,580,474	**396**	**40,980,974**	**410**

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2019	40,980,974	410
Repurchase of ordinary shares into treasury	(771,000)	(8)
Repurchase of ordinary shares for cancellation	(629,500)	(6)
Ordinary shares in issue on 30 April 2020	**39,580,474**	**396**

The movements in ordinary shares held in treasury during the year are as follows:

	2020 Shares	2020 £'000	2019 Shares	2019 £'000
Balance brought forward	**–**	**–**	**152,500**	**1**
Repurchases of ordinary shares	771,000	8	–	–
Cancellation of ordinary shares	(771,000)	(8)	(152,500)	(1)
Balance carried forward	**–**	**–**	**–**	**–**

During the year ended 30 April 2020, the Company repurchased and cancelled 771,000 shares from treasury (2019: cancelled 152,500 shares from treasury).

There were no subscription shares in issue at 30 April 2020 (2019: 6,853,639 subscription shares were converted into deferred shares, repurchased for par value and immediately cancelled).

17. Retained earnings – Capital

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
Balance at 1 May 2019	**98,978**	**(7,914)**	**91,064**
Decrease in fair value adjustment	–	(27,455)	(27,455)
Net gain on realisation of investments and derivatives	9,545	–	9,545
Currency gains on capital items	47	–	47
Costs charged to capital (net of tax relief)	(711)	–	(711)
Transfer between reserves	(25,243)	25,243	–
Balance at 30 April 2020	**82,616**	**(10,126)**	**72,490**
Balance at 1 May 2018	**98,942**	**8,443**	**107,385**
Decrease in fair value adjustment	–	(25,410)	(25,410)
Net gain on realisation of investments and derivatives	10,338	–	10,338
Currency losses on capital items	(41)	–	(41)
Costs charged to capital (net of tax relief)	(1,208)	–	(1,208)
Transfer between reserves	(9,053)	9,053	–
Balance at 30 April 2019	**98,978**	**(7,914)**	**91,064**

18. Net asset value per ordinary share

The net asset value per share is based on the net assets of £122,454,000 (2019: £145,266,000) and on 39,580,474 (2019: 40,980,974) ordinary shares, being the number of ordinary shares in issue at the year end.

19. Analysis of changes in net debt

	1 May 2019 £'000	Cash flow £'000	Foreign exchange £'000	30 April 2020 £'000
Cash:				
Cash at bank	4,556	779	47	5,382
Total	**4,556**	**779**	**47**	**5,382**

20. Financial commitments

At 30 April 2020, the Company did not have any financial commitments which had not been accrued (2019 nil).

21 Financial instruments

As detailed on page 2, the principal investment objective of the Company is to provide long-term capital and income growth.

The Company's financial instruments comprise equities, fixed interest securities, warrants, cash balances, as well as debtors and creditors that arise from its operations. These are held in accordance with its investment policy. The principal risks the Company faces are: (i) market price risk (comprising currency risk, interest rate risk and other price risk); (ii) liquidity risk; and (iii) credit risk.

(i) Market price risk

Market risk, which includes, currency, interest rate and other price risk, arises mainly from uncertainty about future values of financial instruments held in the Company's investment portfolio. It is the Board's policy that the Company should maintain an appropriate spread of investments in the portfolio to seek to reduce the risks arising from factors specific to a particular company or sector.

The COVID-19 pandemic has impacted financial markets worldwide and already significantly reduced the value of the Company's investment portfolio during the year. The pandemic is still affecting various countries around the world and so could further impact the portfolio valuation and may also impact on the Company's revenues in the forthcoming year and beyond.

The day-to-day management of the portfolio is the responsibility of the Investment Manager, in accordance with the Company's investment policy. This includes ongoing detailed analysis of existing and potential investee companies. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments at 30 April 2020 are disclosed in the investment portfolio set out on pages 11 and 12.

Currency risk

The portfolio has a number of investments denominated in currencies other than Sterling and the income and capital value of these can be affected by movements in exchange rates. The Company also operates a number of currency bank accounts and exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction and its settlement. Therefore, a proportion of the net assets that are not priced in Sterling may be covered by forward currency contracts, so that the Company's exposure to currency risk is reduced.

An analysis of the Company's currency exposure is detailed below:

	Investments at 30 April 2020 £'000	Net monetary assets at 30 April 2020 £'000	Total at 30 April 2020 £'000	Investments at 30 April 2019 £'000	Net monetary assets at 30 April 2019 £'000	Total at 30 April 2019 £'000
US Dollar	6,385	(3,824)	2,561	10,477	233	10,710
Euro	15,619	(8,258)	7,361	14,508	13	14,521
Swiss Franc	–	–	–	484	–	484
Total	**22,004**	**(12,082)**	**9,922**	**25,469**	**246**	**25,715**

Currency sensitivity

A 5 per cent increase in Sterling against the relevant foreign currencies would have the effect of reducing the profit or loss and the net assets by £496,000 (2019: £1,286,000). A 5 per cent decrease in Sterling would have an equal and opposite effect.

Interest rate risk

The majority of the Company's financial assets are non-interest bearing and therefore exposure to fair value interest rate fluctuations is limited.

Floating rate

When the Company has cash balances these are maintained in an interest bearing account. The benchmark that determines the interest paid on the cash balances is the UK bank base rate, which was 0.10 per cent at 30 April 2020 (2019: 0.75 per cent).

Fixed rate

The table below sets out the weighted average effective interest rates for the fixed interest-bearing financial instruments:

	30 April 2020			30 April 2019		
	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years
Interest bearing securities	–	–	–	200	12.00	–

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 and credit risk), whether caused by factors specific to an investment of wider issues affecting the market generally. The value of equities is dependent on a number of factors arising from the performance of the individual company and also wider macro-economic matters. As part of the ongoing review of the portfolio, the Investment Manager monitors these factors. A 5 per cent increase in the value of the Company's investments would have the effect of increasing net assets by £6,049,000 (2019: £7,119,000). A 5 per cent decrease would have an equal and opposite effect.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial commitments.

A proportion of the Company's financial instruments include companies that are trading on AIM or are unquoted and these may not be readily realisable. As a result, the Company may not be able to realise some of its investments quickly at their fair value to meet any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Company's investment strategy is to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements.

The AIFM has a liquidity management policy for the Company which is intended to ensure that the Company's investment portfolio maintains an appropriate level of liquidity in view of the Company's expected outflows, including share buy backs, dividends and operational expenses. This policy involves an assessment of the prices or values at which it expects to be able to realise its assets over varying periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors. This requires the AIFM to identify and monitor investment in asset classes which are considered to be relatively illiquid. Illiquid assets of the Company are likely to include investments in unquoted companies. The majority of the Company's investment portfolio is invested directly in listed equities and is monitored on an ongoing basis to ensure that it is adequately diversified. The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

There were no material changes to the liquidity management policy during the year ended 30 April 2020. In addition, none of the Company's assets are subject to any special arrangements linked to their liquidity.

(iii) Credit and counterparty risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- Where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Company's investments are held on its behalf by J.P. Morgan Chase Bank N.A., the Company's custodian.
- Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting on its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by theInvestment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Investment Manager.

The Company is permitted to use one or more separate counterparties for derivative transactions. The Company 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 Company 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 Company 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 Company. To minimise such risk the Investment Manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the Investment Manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits.

The derivatives are disclosed in the Portfolio of Investments and J.P. Morgan Securities Plc is the counterparty for forward currency contracts and contracts for difference. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 30 April 2020 or 30 April 2019.

Counterparty 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 of Investments and the total position by counterparty and the collateral pledged, at the year end, were as follows:

2020	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held/(pledged) £'000
J.P. Morgan	11,679	(93)	(104)	188

2019	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held/(pledged) £'000
J.P. Morgan	–	–	–	–

Fair value hierarchy

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses, recognised in these financial statements are treated as realised. All other fair value gains and losses are treated as unrealised.

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.

The investments held at the balance sheet date fell in to 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.

	2020 £'000	2019 £'000
UK quoted investments *(level 1)*		
– UK listed	71,473	75,757
– AIM quoted	19,124	27,602
Overseas quoted investments *(level 1)*	17,344	23,152
Contracts for difference *(level 2)*	(11)	–
Forward foreign exchange contracts *(level 2)*	(93)	–
Warrants *(level 2)*	–	35
Unquoted investments *(level 3)*		
– Equities and warrants	9,847	11,867
– Fixed Interest	–	200
– Preference shares	298	566
	117,982	**139,179**

Market risk sensitivity

For Level 3 investments IFRS 7 requires that if the effect of changing one or more of the inputs to reasonably possible alternative assumptions would be to change the fair value significantly it should be disclosed. The information used in determination of the fair value of Level 3 investments is specific to each investee company and is in accordance with the methodologies set out in the accounting policies in Note 1(e).

The key sensitivities of the fair value of level 3 investments is the earnings multiple when using the earnings based approach, the premium/discount adjustment when using the recent price of a transaction approach and the value of the underlying assets when using the net assets approach. The valuation assumptions have been reviewed, and these have been subject to scenario testing to identify possible alternate outcomes. The impact of adjusting the earnings multiple, the net assets and the calibrated price of recent investment bases would be as follows:

30 April 2020	**Fair value of investments £'000**	**Variable Input Sensitivity (%)**	**Impact £'000**	**% of NAV**
Earnings multiple	1,381	+76, -49	+1,046, -672	+0.9, -0.5
Net assets	3,617	+38, -20	+1,357, -714	+1.1, -0.6
Calibrated Price	5,147	+25, -22	+1,287, -1,132	+1.1, -0.9

30 April 2019	**Fair value of investments £'000**	**Variable Input Sensitivity (%)**	**Impact £'000**	**% of NAV**
Earnings multiple	3,172	±33	±1,047	±0.7
Net assets	3,532	+21, -15	+747, -538	+0.5, -0.4
Calibrated Price	5,929	+25, -15	+1,457, -878	+1.0, -0.6

During the year, the following Level 3 investment were written down and reduced in value: Claremont Alpha (£455,000), Hardlyever (£253,000), Houseology Design Group (£676,000), Rated People (£393,000) and Retail Money Market (£1,145,000).

Hawk Group, which was valued at £nil at 30 April 2019, was sold during the year for proceeds of £1,000. Maison Seven which was valued at £nil at 30 April 2019, was fully dissolved during the year with no further proceeds received. Physiolab Technologies, which was valued at £306,000 at 30 April 2019, was sold during the year for proceeds of £150,000.

22. Events after the reporting period

The Company's investment in Retail Money Market which was valued at £276,000 at the period end, was subsequently written down to £nil.

23. Transactions with the Investment Manager and related parties

The amounts paid to the Investment Manager and amounts outstanding at the year end are disclosed in Note 3.

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.

Fees payable during the year to the Directors and their interest in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 27 to 28.

All transactions with subsidiary undertakings were on an arms length basis. During the year transactions in securities between the Company and its subsidiary undertakings amounted to £nil (2019: £nil).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Artemis Alpha Trust plc (the "Company") will be held at the offices of Artemis Fund Managers Limited, 6th floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY at 9.30 a.m. on Thursday, 8 October 2020 for the purpose of transacting the following business:

Ordinary Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

Resolution 1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 April 2020.

Resolution 2. To approve the Directors' Remuneration Policy.

Resolution 3. To approve the Directors' Remuneration Report for the year ended 30 April 2020.

Resolution 4. To approve a final dividend of 3.10 pence per ordinary share for the year ended 30 April 2020.

Resolution 5. To re-elect Mr Duncan Budge as a Director of the Company.

Resolution 6. To re-elect Mr John Ayton as a Director of the Company.

Resolution 7. To re-elect Ms Blathnaid Bergin as a Director of the Company.

Resolution 8. To re-elect Mr Jamie Korner as a Director of the Company.

Resolution 9. To re-elect Mrs Victoria Stewart as a Director of the Company.

Resolution 10. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which financial statements are laid.

Resolution 11. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP.

Resolution 12. That, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot:

(i) up to an aggregate nominal value of £19,790 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 28 July 2020; provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2021, unless previously revoked, varied or extended by the Company at a general meeting, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this Resolution had not expired.

To consider and, if thought fit, to pass the following as special resolutions:

Resolution 13. That, subject to the passing of Resolution 12 set out above, the Directors be and they are hereby authorised, pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares in the capital of the Company and the sale of any ordinary shares held by the Company in treasury) wholly for cash as if section 561(1) of the Act did not apply to any such allotment, grant or sale provided that this power shall:

(a) expire at the conclusion of the next annual general meeting of the Company to be held in 2021 unless previously revoked, varied or extended by the Company at a general meeting, save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the Directors may allot such equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired; and

(b) be limited to the allotment of equity securities and the sale or transfer of treasury shares:

(i) in connection with an offer of such securities by way of rights to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange; and

(ii) otherwise than pursuant to paragraph (i) above up to an aggregate nominal value of £19,790 representing approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 28 July 2020.

Resolution 14. That, the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued ordinary shares for cancellation or to be held in treasury, provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall not exceed 5,933,113 or, if less, that number of ordinary shares which is equal to 14.99% of the relevant share class of the Company's issued share capital as at the date of this Resolution;

(b) the minimum price which may be paid for an ordinary share shall be 1 pence per share, being the nominal value thereof;

(c) the maximum price which may be paid for both an ordinary share and shall not exceed the higher of:

(i) 5% above the average of the middle market quotation (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the purchase is made; and

(ii) the higher of the price quoted for (a) the last independent trade of; and (b) the highest current independent bid for any number of shares on the trading venue where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in 2021 unless previously revoked, varied or extended by the Company at a general meeting; and

(e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Resolution 15. That, a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

By order of the Board:

Artemis Fund Managers Limited
Company Secretary

28 July 2020

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

Notes:

1. Website Giving Information Regarding the AGM

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006, can be found at artemisalphatrust.co.uk.

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

2. Entitlement to Attend and Vote

2.1 In accordance with industry and government guidance on social distancing measures under COVID-19, shareholders will not be permitted to attend this year's AGM.

2.2 Shareholders are requested to exercise their proxy online or using the personalised paper proxy, as set out below.

2.3 To be entitled to vote at the AGM (and for the purpose of determining the votes that may be cast), members must be registered in the Company's register of members by close of business on Tuesday, 6 October 2020 (or if the meeting is adjourned, 48 hours prior to the adjourned meeting). No member shall, unless the Board otherwise decides, be entitled to vote in respect of any share held by him (either personally or by proxy) at any general meeting of the Company unless all calls or other sums presently payable in respect of those shares have been paid.

3. Forms of proxy

A personalised form of proxy will be sent to each registered member with the Annual Financial Report and instructions on how to vote will be contained therein.

4. Appointment and Revocation of Proxies

4.1 Subject to any special terms as to voting upon which any shares may be issued, every member is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy does not need to be a member of the Company. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.

4.2 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member cannot appoint more than one proxy to exercise rights attached to the same shares. If a member wishes to appoint more than one proxy, they should contact the Company's registrar, Link Asset Services ('the Registrar'), on 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider). Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

4.3 If a member wishes a proxy to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them, such an appointment can be made using the Form of Proxy or through CREST.

4.4 A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.

4.5 A member who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with these notes. If a member requires another hard copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on either of the telephone numbers set out in note 4.2 above.

4.6 In order to revoke a proxy instruction, a member must inform the Company by sending a hard copy notice clearly stating their revocation of their proxy instruction to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand during normal business hours only at the same address. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorised to sign it. The revocation notice must be received by the Registrar not later than 9.30 a.m. on 6 October 2020.

4.7 A person who is not a member but has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

5 Appointment of Proxy

5.1 You may appoint a proxy via the internet by going to signalshares.com and logging into your share portal account or registering for the share portal if you have not already done so (to register for the share portal, you will need your investor code as set out on your share certificate or alternatively contact the Registrar as set out in note 4.2). Appointment of a proxy via the share portal must be submitted by not later than 9.30 a.m. on 6 October 2020.

5.2 If you wish to complete a Form of Proxy by hand, this must be completed and delivered to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received by the Registrar by not later than 9.30 a.m. on 6 October 2020. In the case of a member which is a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorised to sign it. Any authority under which the Form of Proxy is signed (or a copy of such authority certified notarily or in some other way approved by the Board) must be included with the Form of Proxy.

5.3 If you have any queries in relation to the Form of Proxy or appointing a proxy via the internet please contact the Registrar.

6. Appointment of Proxy through CREST

6.1 CREST members who wish to appoint a proxy or proxies for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and Euroclear UK & Ireland Limited's specifications to ensure a valid proxy appointment and/or instructions are submitted through the CREST service.

6.2 In order for a proxy appointment made via CREST to be valid, the proxy message must be:

(i) properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications;

(ii) contain the information required for such instruction, as described in the CREST Manual;

(iii) Be received by the Registrar (ID RA10) by not later than 9.30 a.m. on 6 October 2020 (or if the meeting is adjourned, within 48 hours of the adjourned meeting or such other time as is specified by the Company in a notice of meeting).

For this purpose, the time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST. Members and/or voting service providers using the CREST service should refer to the CREST manual for guidance on the practical limitations of CREST service and timings. The Board may treat as invalid a CREST proxy appointment or instruction in the circumstances set out in Regulations 35 (5) (a) of the Uncertificated Securities Regulations 2001.

7. Appointment of Proxy by Joint Members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. The first-named holder is considered the most senior for this purpose.

8. Corporate Representatives

Any corporation which is a member can, by a resolution of its board of directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at the AGM.

9. Nominated Persons

Any person who receives this Notice as a person nominated under section 146 of the Companies Act to enjoy information rights (a Nominated Person) may, under an agreement with him/her and the registered member by whom they have been nominated, be entitled to be appointed (or have someone else appointed) as proxy to vote at the AGM. If a Nominated Person does not have such a right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the registered member as to the exercise of voting rights. Any queries with respect to your rights as a Nominated Person should be directed to the registered member.

10. Questions at the AGM

The Board considers the AGM as an opportunity for shareholder engagement. On this occasion, when shareholders are not able to attend the AGM, shareholders are invited to submit any questions in advance of the AGM to alphachairman@artemisfunds.com. The Board will answer any question relating to the business being dealt with at the AGM unless it would be undesirable in the interests of the Company or if an answer to the question is already provided on the Company's website in the form of an answer to a question.

11. Publication of AGM Results

The results of voting will be made available on the Company's website as soon as possible following the AGM.

Should 20 per cent or more of votes be cast against a board recommendation for a resolution, an explanation of what actions the Company intends to take to consult shareholders will be provided when announcing voting results. An update on views received from shareholders and actions taken will also be published no later than six months after the AGM together with a final summary in the next Annual Financial Report.

12. Issued Shares and Total Voting Rights

At 28 July 2020, the Company's issued share capital comprised 39,580,474 shares. Therefore, the total number of voting rights in the Company at 24 July 2020 was 39,580,474.

13. Voter Disclosure Obligations

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person as their proxy will need to ensure that both they and their proxy complies with their respective disclosure obligations under the FCA's Disclosure Guidance and Transparency Rules. Should the members grant the chairman or any director voting authority representing 3 per cent or more of the total voting rights of the Company, an appropriate disclosure will be released to the London Stock Exchange in accordance with the FCA's Disclosure Guidance and Transparency Rules.

14. Members' right to require circulation of resolution to be proposed at the meeting

Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Act.

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 also a qualifying investment trust for ISA purposes.

Company numbers:

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATS.L

Bloomberg code: ATS:LN

LEI: 549300MQXY2QXEIL3756

GIIN: PIK2NS.00002.SF.826

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address, loss of certificate or to be placed on a mailing list should be addressed to the Company's registrars at: Link Asset Services, Shareholder Enquiries, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9.00 a.m. – 5.30 p.m., 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 Asset Services. To find out more about the Plan, please contact Link Asset Services at: Link Asset Services, Shareholder Enquiries, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

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's") rules in relation to non-mainstream investment products and 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.

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The share prices are 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 13.22 pence 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.

AIFMD disclosures

A number of disclosures are required to be made under the AIFMD as follows:

- Information in relation to the leverage of the Company is provided in the Strategic Report on page 15.
- Details of the Company's principal risks and their management are provided in the Strategic Report on page 16.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 19 in the notes to the financial statements.
- The Investment Manager requires prior Board approval to:
    - (i) enter into any stocklending agreements;
    - (ii) to borrow money against the security of the Company's investments; or
    - (iii) create any charges over any of the Company's investments.
- Details of the Company's strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the Company before they invest, are available at artemisalphatrust.co.uk.

Any material changes to this information is required to be reported in the Company's Annual Financial Report. There have been no material changes from the prior year to the information above which requires disclosure to shareholders.

Remuneration

Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary Artemis Fund Managers Limited (AFML). Details of the group remuneration policies are available on Artemis' website artemisfunds.com.

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 213 Artemis partners and staff in respect of AFML's duties performed based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund for the year ended 31 December 2019 is £1,022,676, of which £362,017 is fixed remuneration and £660,659 is variable remuneration.

The aggregate amount of remuneration paid to Identified Staff that is attributable to duties for the fund for the year ended 31 December 2019 is £369,485. 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. The AFML Code staff are the members of Artemis's Management and Executive Committees, certain fund managers, the General Counsel, the Head of Compliance and the Head of Risk. This includes certain individuals who are partners in Artemis Investment Management LLP.

Common Reporting Standard

The Organisation for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard') requires the Company to provide information annually to HM Revenue & Customs ("HMRC") on the tax residencies of those certificated shareholders that are tax resident in countries outwith the UK that have signed up to the Common Reporting Standard.

All new shareholders, excluding those whose shares are held in CREST, will be sent a certification form by 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 holding being reported to HMRC.

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

Data Protection

The Company is committed to ensuring the protection of any personal data provided to them. Further details of the Company's privacy policy can be found on the Company's website at artemisalphatrust.co.uk.

Reporting Calendar

Year End

30 April

Results Announced

Interim: December
Annual: July/August

Dividends Payable

January and September/October

Annual General Meeting

September/October

Securities Financing Transactions Regulation ("SFTR")

The contracts for difference ("CFDs") held by the Company may be considered Total Return Swaps under the SFTR. As at 30 April 2020, all CFDs were contracted bilaterally with open maturities. Collateral held by the broker is held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 30 April 2020 from CFDs was a gain of £1,044,000.

	Fair value £'000	% of NAV	Collateral held by the broker £'000	Collateral held by the company £'000
J.P. Morgan	(11)	(0.01)	408	220

Glossary

Administrator

Is an entity that provides certain services to support the operation of an investment fund or investment company. These services include, amongst other things, settling investment transactions, maintaining accounting books and records and calculating daily net asset values. For the Company, J.P. Morgan Europe Limited is the administrator.

Alternative Investment Fund Managers Directive (AIFMD)

Is a European Union directive that applies to certain types of investment funds, including investment companies.

Alternative Investment Fund Manager (AIFM)

Is an entity that provides certain investment services, including portfolio and risk management services. For the Company, Artemis Fund Managers Limited is the AIFM.

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.

Banker and Custodian

Is a bank that is responsible for holding an investment fund's or investment company's assets and securities and maintaining their bank accounts. For the Company, J.P. Morgan Chase Bank N.A. is the banker and custodian.

Contracts for Difference ("CFDs")

CFDs are derivative instruments which provide exposure to underlying equities.

CFDs provide investors with the benefits and risks of owning a security without actually owning it. There is no delivery of physical goods or securities, which means that CFDs are generally regarded as an easier method of settlement because losses and gains are paid in cash.

Depositary

Is a financial institution that provides certain fiduciary services to investment funds or investment companies. The AIFMD requires that investment funds and investment companies have a depositary appointed to safe-keep their assets and oversee their affairs to ensure that they comply with obligations in relevant laws and constitutional documents. For the Company, J.P. Morgan Europe Limited is the depositary.

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.

The Company's position is set out below:

	2020 £'000	2019 £'000
Net assets	122,454	145,266
Gross exposure of CFDs	11,678	–
Net cash and cash equivalents	(5,162)	(4,556)
	128,970	140,710
Net assets	122,454	145,266
Net gearing	**5.3%**	**0.0%**
Net cash	**0.0%**	**3.1%**

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 and taxation) incurred by the Company as a percentage of average net asset values.

	2020 £'000	2019 £'000
Investment management fee	869	949
Other expenses	494	552
Total expenses	1,363	1,501
Average net assets	**141,186**	**150,923**
Ongoing charges	**0.9%**	**0.9%**

Ongoing charges are based on expenses 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 for the year ended

	2020	2019
Opening net asset value	354.47p	394.62p
Closing net asset value	309.38p	354.47p
Dividends paid	5.60p	6.60p
	(11.3%)	**(8.6%)**

Share price total return for the year ended

	2020	2019
Opening share price	290.00p	325.00p
Closing share price	249.00p	290.00p
Dividends paid	5.60p	6.60p
	(12.5%)	**(8.9%)**

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.

Investment Manager, Company Secretary and Advisers

Registered Office

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

An investment company as defined under Section 883 if the Companies Act 2006.

Registered in England Number: 253644

Website: artemisalphatrust.co.uk

Email: alphachairman@artemisfunds.com

Investment Manager, Alternative Investment Fund Manager and Company Secretary

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

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

Tel: 0800 092 2051
Email: investor.support@artemisfunds.com

Registrar

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

Shareholder enquiries: 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Administrator

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

Banker & Custodian

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

Depositary

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

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Tax adviser

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

Solicitors

Dickson Minto W.S.
Broadgate Tower
Primrose Street
London EC2A 2EW

Broker

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London EC2N 2AX

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

Registered in England No. 253644

Artemis Fund Managers Limited
Cassini House, 57 St James's Street, London SW1A 1LD
6th floor, Exchange Plaza, 50 Lothian Road, Edinburgh EH3 9BY

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