PROFIT *hunters*

ARTEMIS Alpha Trust *plc*

Annual Financial Report for the year ended 30 April 2018

ARTEMIS
The PROFIT Hunter

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Financial Highlights

Objective and Investment Policy to 7 June 2018

The objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream. In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock-specific approach in managing the portfolio and, therefore, sector weightings are of secondary consideration. As a result of this approach the portfolio will not track any stock market index. There is no restriction on the number of investments that can be held in the portfolio.

The Company also invests in unquoted companies. The Investment Management Agreement provides that at the time of investment the aggregate value of these investments shall represent no more than 30 per cent of net assets. For the purpose of measuring this, unquoted investments will be measured by the lower of their cost or current valuation.

In addition, the Company can invest up to 30 per cent of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company will not invest more than 15 per cent of its gross assets in other investment companies listed on the main market of the London Stock Exchange.

Revised Investment Objective and Policy effective from 7 June 2018

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. The Company may also use derivatives for the purpose of hedging currency risk.

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

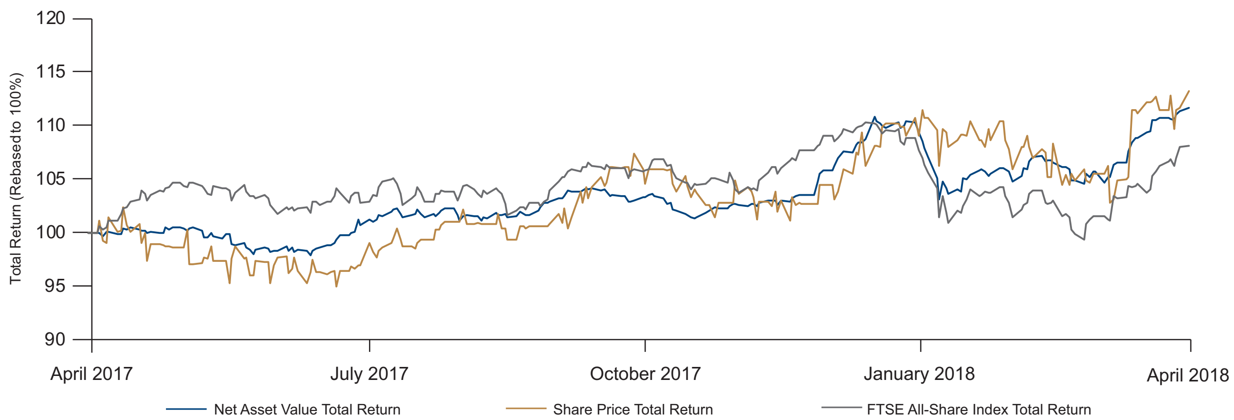
Limits referred to in the investment policy are measured at the time of investment or, in the case of gearing, at the time of draw-down or/and when derivative transactions are entered into.

Returns for the year ended 30 April 2018

Total returns	Year ended 30 April 2018	Year ended 30 April 2017
Net asset value per ordinary share*	11.0%	20.9%
Ordinary share price*	13.2%	26.7%
FTSE All-Share Index	8.2%	20.1%
Revenue and dividends		
Revenue earnings per ordinary share	6.35p	6.31p
Dividends per share		
Ordinary	4.75p	4.30p
Special	1.60p	2.00p
Total	6.35p	6.30p
Ongoing charges (excluding performance fees)*	0.9%	0.9%
Capital	**As at 30 April 2018**	**As at 30 April 2017**
Net asset value per ordinary share	394.62p	361.90p
Ordinary share price	325.00p	293.50p
Net gearing*	7.1%	6.7%

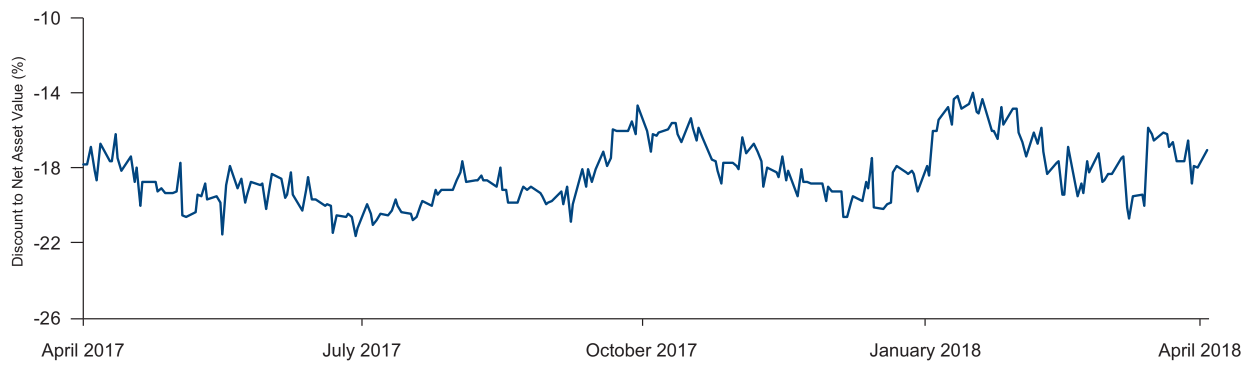
Source: Artemis/Datastream
* Alternative Performance Measure (see page 66)

Performance for the year ended 30 April 2018



Source: Artemis/Datastream

Discount during the year ended 30 April 2018



Source: Artemis/Datastream

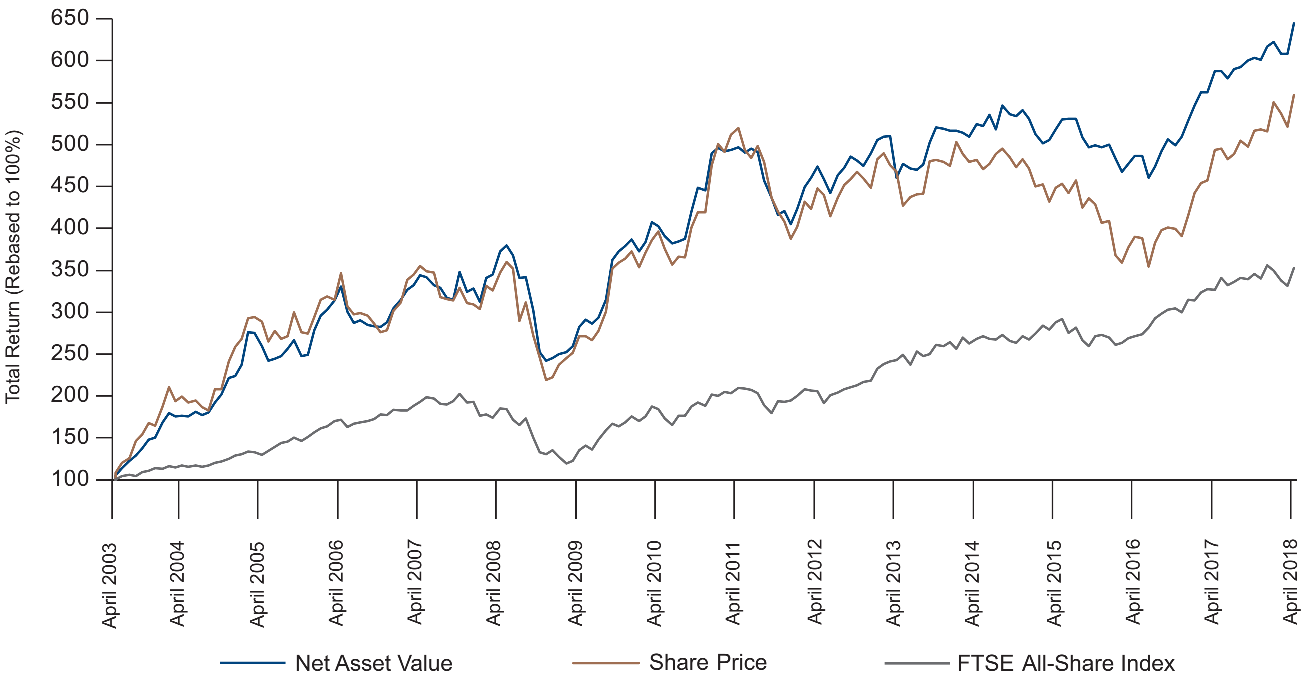
Financial Highlights

Total returns to 30 April 2018	3 years	5 years	10 years	Since 1 June 2003*
Net asset value per ordinary share	26.2%	41.7%	74.9%	552.3%
Ordinary share price	24.6%	19.5%	60.9%	459.1%
FTSE All-Share Index	22.5%	45.6%	90.9%	253.0%

* The date when Artemis was appointed as Investment Manager

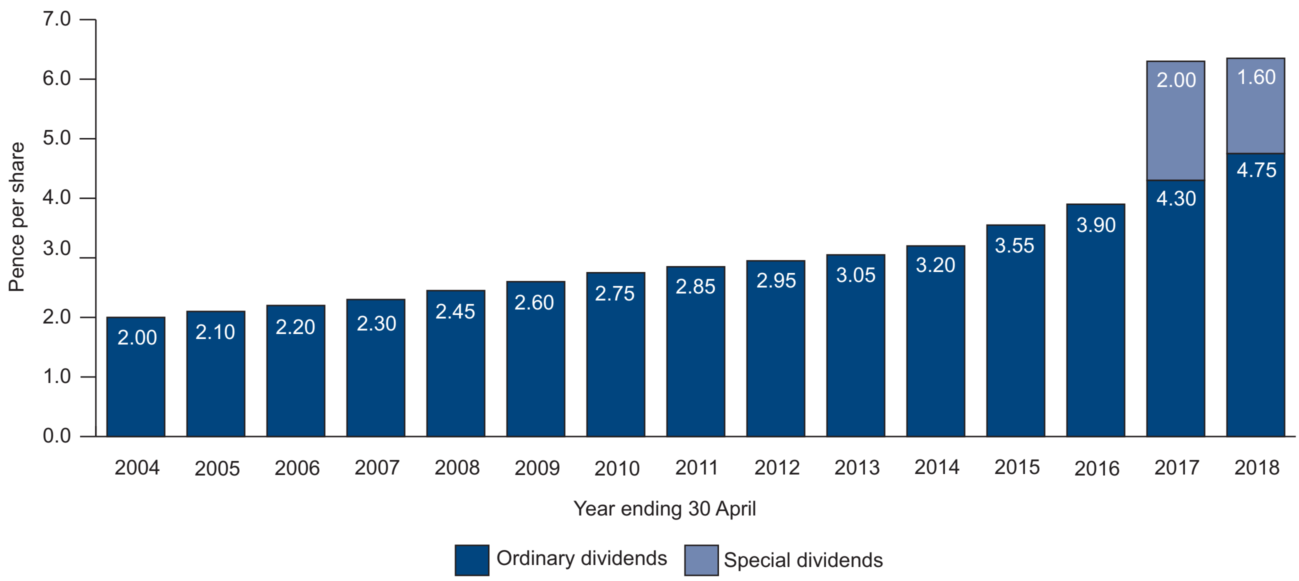
Source: Artemis/Datastream

Performance from 1 June 2003 to 30 April 2018



Source: Artemis/Datastream

Dividends paid/payable to shareholders



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

Chairman's Statement

Performance

I am pleased to report continued improvement in the Company's performance. Over the year to 30 April 2018, the net asset value per share returned 11.0 per cent (on a total return basis, with dividends reinvested) compared with a 8.2 per cent increase in the FTSE All-Share Index. The Company's share price return was 13.2 per cent over the period.

Future of the Company

During the year the Board undertook a strategic review of the Company's future, which included extensive consultations with shareholders. This came in advance of the 2018 AGM at which shareholders had been scheduled to vote on the continuation of the Company as an investment trust. Full details of the Board's proposals following the review were sent to shareholders on 15 May 2018 and were approved at a general meeting held on 7 June 2018. The main changes are summarised below.

New investment objective and policy

The Company's revised investment objective and policy are set out in full on page 2. In practical terms, the main changes are: potential investments will now be considered across a wider range of market capitalisations, which should increase the underlying liquidity of the Company's portfolio; the concentration of the portfolio will also increase to reflect a higher conviction approach; and, although the portfolio will continue to have a bias to UK equities, the allocation to overseas equities may become larger.

The new objective will also introduce a revised dividend target; details are set out in the earnings and dividends section below.

More detail on the performance during the year, and the Investment Manager's plans for the investment strategy, are set out in the Investment Manager's Review which follows on pages 7 to 10.

Continuation votes and tender offers

The removal of the obligation to propose a continuation resolution at the 2018 AGM (and each fifth subsequent AGM) from the Company's Articles was 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 (excluding treasury shares). 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.

Fund Management Team

Kartik Kumar, who has assisted John Dodd and Adrian Paterson in the management of the Company since March 2015, has been formally appointed as co-manager. Adrian Paterson, who has co-managed the Company's portfolio since July 2009, announced his intention to retire from fund management at the end of this year. He will continue to work closely with John Dodd and Kartik Kumar until he retires. The Board is very grateful to Adrian for his contribution to the Company over the years and wishes him well for his retirement.

Investment Management Agreement

The Board and Investment Manager also agreed some amendments to the Investment Manager's remuneration by removing the performance fee arrangement and reducing the annual management fee on balances above £250 million of the Company's market capitalisation with effect from 1 May 2018.

Unquoted Investments

At 30 April 2018, the Company's exposure to unquoted investments stood at 21.7 per cent, down from 25.6 per cent of net assets at the prior year end.

During the period, MBA Polymers, Oxford Nanopore Technologies and substantially all the Company's wine holdings were sold, with Oxford Sciences Innovation and Buried Hill Energy (Cyprus) being realised shortly after the year end. The agreed sale of Metapack was also announced after the period end, with completion likely to take place in August. This was a particularly pleasing result as the sales price represents a 24.7 per cent uplift on current carrying value.

Although the Manager has made progress in realising the unquoted investments, the target of reducing the unquoted exposure to 10 per cent by this year's AGM in October may not be met. The current unquoted exposure is 15.2 per cent and a number of realisations may be made over the next couple of months including the sale of Metapack which represents 3.1 per cent of NAV.

Since the year-end, we learnt of unexpected and disappointing developments in relation to URICA, a company which operates in the supply chain finance industry. In response to this news we wrote off our investment which had a negative impact of 4 per cent on the value of the portfolio. More information on this investment is included in the Investment Manager's Review.

Earnings and dividends

The Company's revenue earnings for the year ended 30 April 2018 were 6.35p per share, slightly ahead of the previous year (6.31p). Significant contributions came from the financial holdings such as N1 Singer, Polar Capital and Liontrust as well as Plus500. The Company's dividend policy for the year ended 30 April 2018 was to seek to increase the dividend by around 10 per cent each year. In

Strategic Report (continued)

Chairman's Statement (continued)

line with this target, a second interim dividend of 3.00p (2017: 2.75p) per share has been declared by the Board. The Company's ordinary dividends for the year total 4.75p per share (2017: 4.30p), an increase of 10.4 per cent.

As was the case last year, the Company's revenue earnings are substantially higher than the level of ordinary dividends. The Board has therefore approved the payment of a special dividend of 1.60p per share. Total dividends for the year will be 6.35p per share.

The second interim and special dividends will be paid on Friday, 24 August 2018 to those shareholders on the register as at Friday, 3 August 2018, with an ex-dividend date of Thursday, 2 August 2018.

As stated in the Circular to shareholders dated 15 May 2018, under the Company's new investment objective and policy, its focus will be to achieve a NAV total return per share greater than the total return of the FTSE All-Share Index. While the Board recognises that real dividend growth (that is, dividend growth that exceeds the rate of inflation) is important to many shareholders, it felt that it was no longer appropriate to continue to target annual dividend growth at a specific rate over the long term. Therefore the Company will now 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.

Board changes

Tom Cross Brown will retire as a director of the Company at the conclusion of this year's Annual General Meeting ("AGM") in October, having served as a director since April 2006. The Board would like to record its thanks and appreciation for Tom's significant contribution to the Company and wish him well for the future.

Subscription Shares

The final exercise date for the Company's subscription shares was 29 December 2017. These subscription shares no longer form part of the Company's share capital, which now consists solely of ordinary shares.

Annual General Meeting

The Company's AGM will take place on Thursday, 11 October 2018 at 12.30 p.m. at the offices of Artemis Fund Managers Limited, Cassini House, 57-59 St James's Street, London, SW1A 1LD. The fund managers will make a short presentation at the meeting, providing an update on recent performance and outlining how the Company's portfolio is being managed under the revised investment policy.

The Board welcomes your attendance at the AGM, as it offers shareholders an opportunity to learn more about the Company and to ask questions of both the Board and the fund managers. For those shareholders who are unable to attend, I would encourage you to make use of your proxy votes by completing and returning the form enclosed with this report.

Outlook

The Board is grateful to shareholders for their contribution towards the strategic review and, in particular, the revision of the Company's investment policy. We look forward to providing encouragement and support to the Investment Manager in its efforts to deliver improved returns for shareholders.

Duncan Budge
Chairman
1 August 2018

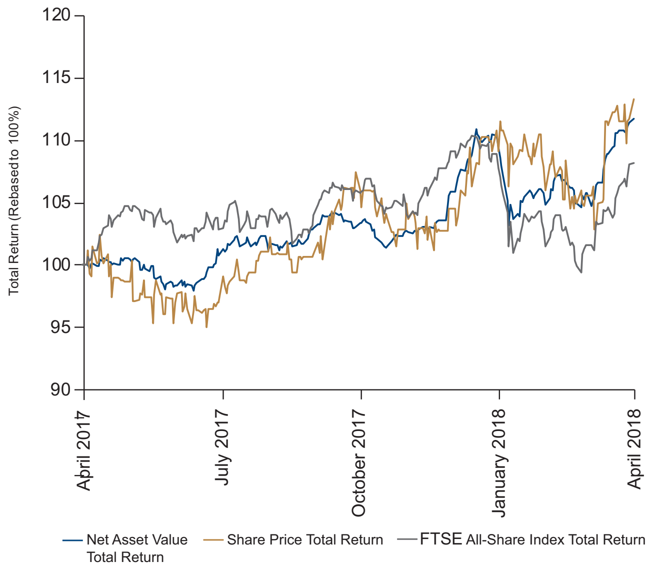
Investment Manager's Review

Performance

During the year under review, the net asset value per share returned 11.0 per cent, on a total return basis, versus 8.2 per cent from the FTSE All-Share Index.

The second half of the financial year witnessed a particularly strong upturn in performance, with the net asset value per share outperforming the index by more than 4 per cent.

Performance over one year to 30 April 2018



Source Artemis/Datastream, total returns.

The Company's share price rose by more than the net asset value per share over the period. We believe this reflected both the continuation of the portfolio's improved performance and the announcement of the proposals following the strategic review, outlined in the Chairman's Statement.

The performance over the year has been very much driven by the listed investments as, overall, the unquoted investments were a drag on performance. Contributions from listed investments and unquoted investments over the year to 30 April 2018 are set out below.

	Contribution %
Listed	12.7
Unquoted	(1.4)
Net income/(expenses)	(0.3)
NAV total return	11.0

Portfolio Review

The five largest stock contributors and detractors, along with an industry contribution analysis, are summarised in the tables below:

Five largest stock contributors

Company	Category	Contribution %
Plus500	Listed	2.1
Liontrust Asset Management	Listed	1.7
Polar Capital Holdings	Listed	1.4
Rocket Internet	Listed	1.2
Reaction Engines	Unquoted	1.2

Five largest stock detractors

Company	Category	Contribution %
Claremont Alpha	Unquoted	(1.5)
Hurricane Energy	Listed	(1.2)
Vectura Group	Listed	(1.2)
Mporium	Listed	(0.7)
Lamp Group	Unquoted	(0.6)

Industry attribution

Industry	Contribution %
Financials	9.5
Industrials	2.0
Consumer Services	1.5
Consumer Goods	1.5
Basic Materials	(0.1)
Telecommunications	(0.4)
Technology	(0.4)
Health Care	(1.1)
Oil & Gas	(1.2)

Listed investments

In the listed portfolio, the biggest positive contribution came from Plus500. The share price of this online trading platform increased by nearly 200 per cent. This was primarily the result of the dissipation of earlier excessive concerns over the negative impact of regulatory changes on the industry. Furthermore, the company demonstrated its strong capabilities in digital marketing, by taking advantage of increased trader appetite (a response both to market volatility and the sensationalism surrounding cryptocurrencies) to acquire significant numbers of new customers. Plus500 has a low-cost and capital-light operating model, which enabled it to pay out dividends of over £1.20 per share in the period, a yield of about 8 per cent.

The Company has significant holdings in a number of fund management companies. Once again, the best performer among these was Liontrust, which continued to demonstrate strong investment performance and thereby increase its assets under management. By 31 March 2018, assets under management had grown to £10.5bn, with net inflows of over £1bn in the prior 12 months. The sustainable investment funds acquired from Alliance Trust now stand at over £3bn (£2.5bn at time of purchase), resulting in increased diversification away from its core UK equity offering. The recent launch of a global strategic

Strategic Report (continued)

Investment Manager's Review (continued)

bond fund and the hiring of another investment team represent a further broadening of its product range.

Polar Capital performed strongly over the year, thanks to good inflows and excellent fund performance. The new chief executive has wasted no time in closing down some of the weaker funds, although the company already has a diverse asset base, he has also signalled his intention to grow into the institutional market, to which its exposure is currently limited.

A new investment in this area was Premier Asset Management, a predominately multi-asset fund business with, once again, excellent long-term performance and strong inflows. We also increased our holding in Miton Group, a smaller fund management group with £4bn of funds under management. This company is at an earlier stage in its life cycle than either Liontrust or Polar but it has a clear pathway to doubling its size. Profit expectations have been upgraded three times over the past 12 months and, with a substantial amount of cash on the balance sheet, it trades on a significant (and in our view undeserved) discount to its peer group.

Rocket Internet had a very encouraging year as its two largest investments both in the online food and retail delivery areas – Hello Fresh and Delivery Hero – executed successful flotations. This means that the vast majority of its share price is now accounted for by its two listed holdings and cash. The increase in Rocket Internet's value over the year only seems to reflect the increase in value of its listed assets, placing no value on a large number of private investments which we believe have significant potential.

Elsewhere, our position in Tesco performed strongly, as its results provided the market with increased confidence about the sustainability of its recovery. Profits in the UK and Ireland increased by over 30% to £1.1bn and indebtedness (debt and pension liabilities) decreased from £9.2bn to £5.3bn. In December, the Competition and Markets Authority also gave final clearance for its merger with Booker (a holding in the Company's portfolio for many years).

This has at least two clear positive developments for Tesco: firstly, the scope for it to utilise its excess space to supplement Booker's network to create new revenue opportunities in a capital-efficient manner and, secondly, the appointment of Charles Wilson, Booker's CEO to Tesco's management team. He has a good record of focusing on customers and capital allocation.

On the negative side, returns from Hurricane Energy were disappointing. To some extent, however, this could be ascribed to a temporary loss of momentum following its stellar performance in the previous 12 months. In fact, we remain optimistic about its prospects. Hurricane Energy recently confirmed that it is on budget and on schedule to produce oil in the first quarter of 2019.

Other disappointments included Vectura Group. There were delays in the launch of new products and some softening in demand for existing products, notably for Flutiform, its asthma treatment. We believe the current share price is underpinned by its balance sheet and royalties from its existing products, placing little value on its pipeline of new products.

Attraqt Group, which provides search and merchandising solutions to online retailers, downgraded profit expectations for the year and parted company with its chief executive. His replacement, Luke McKeever, comes with an excellent reputation and we believe his appointment could enable the business to take advantage of its market-leading position.

Finally, Mporium was a laggard over the period as it attempts to generate revenues from an unique technology that enables advertisers, and agencies they work with, to identify and prioritise 'micro-moments' – times when customer intent and engagement are at their highest. Take-up has been slow to date and we shall be watching progress closely over the next six months.

Unquoted Investments

As noted above, the overall performance of the unquoted holdings acted as a drag on performance. The underlying progress being made by many of the businesses, however, was far from universally disappointing. Their overall value decreased by 3.8 per cent and total realisations over the year were £1.7m, including substantially all of our wine holdings and the complete disposal of Oxford Nanopore Technologies.

The strongest performance came from Reaction Engines, a space technology company. It has developed a lightweight heat exchanger that could enable a vehicle to enter space without the need for a rocket launch. The recent positive development was the news that the company raised £26.5m at a 60 per cent premium to our previous carrying value. This fund raising was supported by a number of institutions, as well as by three strategic investors: existing investor BAE Systems, along with new investors Boeing and Rolls Royce. The money is earmarked to accelerate development of its core technology and adjacent applications. It was encouraging to see these blue-chip strategic investors participating in this funding round.

There was also strong performance from Metapack, a software company that manages home delivery solutions for online retailers. Recurring revenues grew by nearly 20 per cent in a year and the company went from loss-making to generating an encouraging level of profits.

Holdings that did suffer negative developments included Lamp Group and Claremont Alpha. Lamp Group had higher than expected losses on its legacy insurance business, resulting in a liquidity squeeze. Claremont Alpha suffered from a decline in value of its Taiwan property that is located on an offshore island largely due to a worsening of cross-border relations and a decline in Chinese tourist numbers. Our valuations were reduced accordingly.

Following our year-end, we had a series of updates from URICA Ltd that eventually led to the company being put into liquidation. Earlier in the year, URICA had been a victim of fraud in its French business that had affected a number of lenders in the industry. In subsequent months, the company worked on recovering losses whilst exploring new opportunities to license its technology to third-party finance providers. During discussions relating to a possible fundraising, it became apparent that the company's lender was seeking unacceptable conditions. As a consequence, we did not consider it to be in the Company's best interests to provide additional funding for URICA's immediate liquidity requirements.

The impairment of URICA was an unexpected and disappointing outcome given progress that had been made in realising value from the unlisted portfolio following the year end. This included the disposal of Oxford Sciences Innovation and Buried Hill Energy (Cyprus). More recently, we were pleased to announce the agreed sale of Metapack at a significant premium to carrying value. The transaction will take place in August and will bring our unquoted exposure to approximately 12.1 per cent. The proceeds from our disposals have been used to eliminate gearing and bring the Company in to a net cash position, which will allow us greater flexibility to implement our revised approach when suitable investment opportunities arise.

Portfolio Themes and Transactions

A lot has happened over the last year, including a reduction in the overall number of holdings and the disposal of some of the more illiquid positions.

Shareholders have benefited greatly from investment in fund management groups over the last few years. The managers recognise that conditions may not always be so favourable and whilst the Company's largest sector exposure remains financials, at 33.4 per cent of the portfolio, this has been reduced purposefully from the previous year's 37.5 per cent. Profits were taken in Liontrust, Polar Capital and City of London Investment Group, and Brewin Dolphin, Park Group and Duke Royalty sold in their entirety. We also sold our position in the Waverton Southeast Asian Fund, booking a healthy profit in the process.

Among the property stocks, we sold the Company's holdings in St. Modwen Properties and PRS REIT. Market Tech was taken private by its majority shareholder, Teddy Sagi, at a healthy premium to the Company's book cost.

We reinvested some of these proceeds in Capital & Counties Properties, which owns the bulk of Covent Garden, as well as a large residential scheme in Earl's Court, and we believe it represents compelling value following the decline in its share price prior to investment.

Investment Policy

As part of the transition to the Company's revised investment policy, many of our newer investments fit the criteria of how the Company will be managed in the future. The core change to our strategy is a focus on opportunities that we believe demonstrate the following characteristics:

1.) Attractive valuations – a share price that is valuing the company for significantly less than we judge it to be worth (using a range of valuation metrics).

2.) Well-managed companies – companies that are managed with a strong emphasis and understanding of how capital should be allocated and excellence in their everyday operations.

3.) Strong business and industry fundamentals – companies that demonstrate strong market positioning/competitive advantages and/or industries with growth and high returns on capital.

As part of the development of the portfolio, we are intending to concentrate the portfolio into fewer holdings, to favour more liquid stocks and to look for opportunities internationally. The resulting portfolio is likely to become more focused, with higher liquidity and have an increased overseas exposure.

In aggregate, our largest investments over the last year were in existing holdings where we judged the market to have provided us with attractive opportunities. Hence, we made significant additions to Tesco, IWG, and Rocket Internet, which we believe continue to exhibit the three characteristics cited above.

Our largest single new investment, that met our criteria, was in Dignity, one of the largest providers of funeral services in the UK. We purchased this after its profit warning in January, and invested about 2.5 per cent of the portfolio at under £9 per share. In our view, the perception that the company was taking advantage of customers on price and was over-levered neglected several factors that explained why Dignity had been a highly regarded company for several years. In response to the widely cited issues, management had taken decisive action to cut prices. Further, Dignity's debt had no immediate maturities and could largely be serviced by the seemingly unaffected crematoria business. The company remains uniquely positioned to adapt to any potential change in purchasing behaviour from the internet through its scale and national network of funeral service branches and crematoria. The total demand for funeral services is dictated by demographics and is set to rise predictably over the next 10 years. In our opinion, the shares were pricing in a

Investment Manager's Review (continued)

scenario whereby the entire funeral services division (2017: £250m revenues, £88m EBIT) would be close to worthless. We found this hard to comprehend and hence our decision to invest.

Outlook

We are cautiously optimistic about the future prospects of the Company. We believe we are making good progress in the process of realising unquoted investments and recycling the capital into listed investments where we believe we are able to generate higher and more consistent returns.

As for new investments, although we have recently found many interesting opportunities (some of which we continue to examine) few have been sufficiently compelling to invest in at current valuations. In contrast, the market sell off in February, while shallow, was violent and we were able to make new investments then. This caution, derived from a bottom-up examination of investments, fits with our top-down view of markets; valuations in certain segments (US cyclicals/technology) seem high and bond yields remain very low (which has pushed up equity valuations). Political risks, meanwhile, are unavoidable, as seen most recently in Italy.

As a result, we were happy to reduce the Company's gearing to 7.1 per cent by the year end. In the absence of opportunities we continue to expect gearing to fall and move into net cash as the portfolio transition continues. As for our existing investments, we believe many have attractive prospects and think there is significant value in the portfolio, which should lead to continued progression in the net asset value per share.

John Dodd, Kartik Kumar and Adrian Paterson
Fund managers
Artemis Fund Managers Limited
1 August 2018

Twenty-Five Largest Investments as at 30 April 2018

Investment	Business activity	Market Value £'000	% of total investments
Tesco	UK grocery retailer	7,549	4.5
URICA[2,3]	Payment network for SMEs	6,972	4.1
Rocket Internet	Online retail & food delivery	6,364	3.8
Polar Capital Holdings[1]	Asset management	6,229	3.7
Hurricane Energy[1]	Oil & gas exploration	5,786	3.4
Liontrust Asset Management	Asset management	5,780	3.4
Metapack[2]	Delivery optimisation software	5,210	3.1
Gleeson (M.J.) Group	UK housebuilding	5,152	3.0
Reaction Engines[2]	Rocket propulsion systems	5,147	3.0
Dignity	Funeral services	4,909	2.9
Sports Direct International	UK sports retailer	3,827	2.3
Ramsdens Holdings[1]	Financial services provider & retailer	3,800	2.2
Avation	Aircraft leasing	3,769	2.2
Gresham Technologies	Financial software services	3,610	2.1
IWG	Business office facilities	3,593	2.1
Plus500[1]	Online trading platform	3,522	2.1
Miton Group[1]	Asset management	3,325	2.0
Starcount Group[2]	Data consultancy	3,119	1.8
Hornby[1]	Hobby and toy brands	2,968	1.8
Helical	Property development	2,906	1.7
Gundaline[2]	Australian agriculture	2,631	1.6
Vectura Group	Drug delivery specialist	2,608	1.5
BP	Global integrated oil & gas company	2,421	1.4
Fitbit	Health & fitness devices	2,418	1.4
Samarang Asian Prosperity Fund	Asian investment fund	2,395	1.4
Top 25 investments		**106,010**	**62.5**

[1] AIM quoted

[2] Unquoted, delisted or suspended investment

[3] Includes fixed interest element

Strategic Report (continued)

Portfolio of Investments as at 30 April 2018

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Financials				
Capital & Counties Properties	London property company	UK	1,946	1.1
Charles Stanley	Stockbroking & investment management	UK	1,029	0.6
City of London Investment Group	Emerging markets asset management	UK	1,319	0.8
GLI Finance[1]	Peer-to-peer lending investments	Guernsey	546	0.3
Hawk Group[2]	SME finance solutions	Luxembourg	–	–
Helical	Property development	UK	2,906	1.7
Just Group	Specialist retirement products & services	UK	1,836	1.1
K3 Capital Group[1]	Corporate finance	UK	600	0.4
Lamp Group[2]	Healthcare & specialist insurance	UK	624	0.4
Liontrust Asset Management	Asset management	UK	5,780	3.4
LumX Group	Asset management	Switzerland	1,027	0.6
Menhaden Capital	UK-listed investment company	UK	539	0.3
Miton Group[1]	Asset management	UK	3,325	2.0
Mountview Estates	Property trading company	UK	1,704	1.0
N1 Singer[2]	Stockbroking	UK	1,527	0.9
Newriver REIT (warrants)	UK retail property investments	UK	61	–
Orchard Funding Group[1]	Professional fee funding solutions	UK	598	0.4
Oxford Sciences Innovation[2]	Oxford University spin-out companies	UK	2,200	1.3
Plus500[1]	Online trading platform	Israel	3,522	2.1
Polar Capital Holdings[1]	Asset management	UK	6,229	3.7
Premier Asset Management[1]	Asset management	UK	1,220	0.7
Property Franchise Group[1]	Estate agent services	UK	1,485	0.9
Ramsdens Holdings[1]	Financial services provider & retailer	UK	3,800	2.2
Retail Money Market[2]	Peer-to-peer lender	UK	2,149	1.3
Samarang Asian Prosperity Fund	Asian investment fund	Luxembourg	2,395	1.4
Samarang Japan Value Fund	Japan investment fund	Luxembourg	1,127	0.7
URICA[2,3]	Payment network for SMEs	UK	6,972	4.1
Total Financials			**56,466**	**33.4**
Consumer Services				
Be Heard Group[1]	Digital marketing network	UK	190	0.1
Claremont Alpha[2]	Taiwan casino developments	Isle of Man	1,734	1.0
Criteo	Web advertising services	France	1,777	1.1
Dignity	Funeral services	UK	4,909	2.9
Foot Locker	Global athletic footwear & apparel retailer	USA	563	0.3
Gaming Realms[1]	Online bingo & gaming	UK	722	0.4
Hardlyever[2]	Online portal selling pre-owned luxury goods	UK	1,035	0.6
Maison Seven[2]	Online fashion retailing	UK	–	–
Majestic Wine[1]	Specialist wine retailer	UK	1,670	1.0
Revolution Bars	UK operator of premium bars	UK	1,869	1.1
ROK Entertainment[2]	Global mobile entertainment group	USA	–	–
ROK Global[2]	Global mobile entertainment group	UK	–	–
Sports Direct International	UK sports retailer	UK	3,827	2.3
Starcount Group[2]	Data consultancy	UK	3,119	1.8
Tesco	UK grocery retailer	UK	7,549	4.5
Zinc Media Group[1]	Media production	UK	498	0.3
Total Consumer Services			**29,462**	**17.4**

[1] AIM quoted investment
[2] Unquoted delisted or suspended investment
[3] Includes fixed interest element

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Industrials				
Augean[1]	Specialist waste management	UK	1,530	0.9
Avation	Aircraft leasing	UK	3,769	2.2
Fox Marble[1]	Kosovo marble mining	UK	923	0.6
IWG	Business office facilities	Jersey	3,593	2.1
MBA Polymers[2]	Post-consumer recycled plastics producer	USA	–	–
Metapack[2]	Delivery optimisation software	UK	5,210	3.1
Rated People[2]	Home maintenance services	UK	802	0.5
Reaction Engines[2]	Rocket propulsion systems	UK	5,147	3.0
Total Industrials			**20,974**	**12.4**
Consumer Goods				
Chateau Rieussec 2010[2]	Physical wine holding	France	16	–
Dick's Sporting Goods	Sporting goods retailer	USA	1,561	0.9
Dixons Carphone	Specialist electrical & telecommunications retailer	UK	1,162	0.7
Eve Sleep[1]	Direct to consumer sleep products	UK	445	0.3
Gleeson (M.J.) Group	UK housebuilding	UK	5,152	3.0
Gundaline[2]	Australian agriculture	Australia	2,631	1.6
Hornby[1]	Hobby and toy brands	UK	2,968	1.8
Houseology Design Group[2]	Home interiors & furniture design	UK	676	0.4
Nintendo	Video games	Japan	2,000	1.2
Pittards[1]	High performance leather goods	UK	1,950	1.1
Springfield Properties[1]	Private & affordable property development	UK	1,220	0.7
Total Consumer Goods			**19,781**	**11.7**
Technology				
Attraqt Group[1]	Online visual merchandising	UK	1,500	0.9
Delivery Hero	Online food ordering company	Germany	2,345	1.4
Fitbit	Health & fitness devices	USA	2,418	1.4
FreeAgent Holdings[1]	Online accounting software provider	UK	1,475	0.9
Gresham Technologies	Financial software services	UK	3,610	2.1
Mporium Group[1]	Mobile retail design	UK	858	0.5
Rocket Internet	Online retail & food delivery	Germany	6,364	3.8
Rovio Entertainment	Video games	Finland	499	0.3
Total Technology			**19,069**	**11.3**
Oil & Gas				
Africa Oil	East Africa oil & gas exploration	Canada	668	0.4
BP	Global integrated oil & gas company	UK	2,421	1.4
Buried Hill Energy (Cyprus)[2]	Turkmenistan oil & gas exploration	Cyprus	387	0.2
Ceramic Fuel Cells[2]	Electric fuel cells	Australia	–	–
Energy Equity Resources (Norway)[2]	African oil & gas exploration	UK	–	–
Homeland Renewable Energy[2]	US renewable energy production	USA	–	–
Hurricane Energy[1]	Oil & gas exploration	UK	5,786	3.4
IGas Energy[1]	UK onshore gas production	UK	1,731	1.0
Lansdowne Oil & Gas[1]	Irish gas storage & exploration	UK	244	0.2

[1] AIM quoted investment
[2] Unquoted delisted or suspended investment
[3] Includes fixed interest element

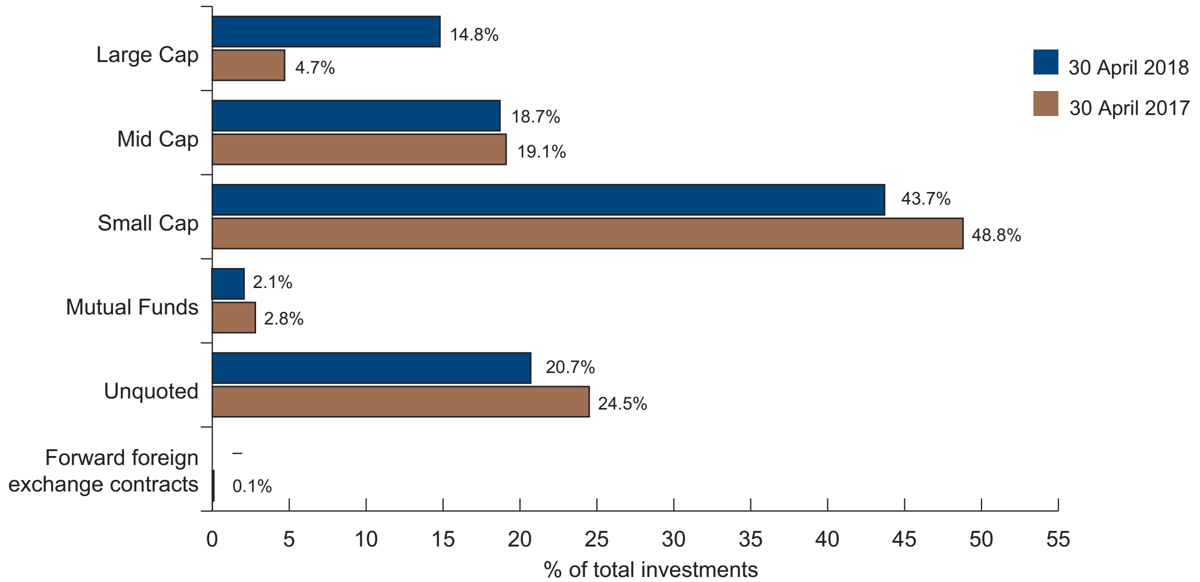
Strategic Report (continued)

Portfolio of Investments (continued)

Investment	Business activity	Country of incorporation	Market value £'000	% of total investments
Oil & Gas (continued)				
Leed Resources[2]	Natural resources investments	UK	–	–
PetroHunter Energy[2]	US oil & gas exploration	USA	–	–
Trinity Exploration & Production[1]	Oil & gas exploration	UK	1,811	1.1
Total Oil & Gas			**13,048**	**7.7**
Health Care				
Eden Research[1]	Agricultural chemicals	UK	1,537	0.9
GlaxoSmithKline	Global healthcare company	UK	2,192	1.3
hVIVO[1]	Vaccine testing	UK	139	0.1
Physiolab Technologies[2,3]	Cryotherapy technology	UK	838	0.5
Summit[1]	Drug development	UK	950	0.6
Vectura Group	Drug delivery specialist	UK	2,608	1.5
Total Health Care			**8,264**	**4.9**
Telecommunications				
Inmarsat	Mobile satellite communications	UK	2,069	1.2
Total Telecommunications			**2,069**	**1.2**
Total equity investments			**169,133**	**100.0**
Forward foreign exchange contracts				
Buy Sterling 1,168,092 dated 16 May 2018			1,168	0.7
Sell Australian Dollars 2,000,000 dated 16 May 2018			(1,095)	(0.7)
Total forward foreign exchange contracts			**73**	**–**
Total investments			**169,206**	**100.0**

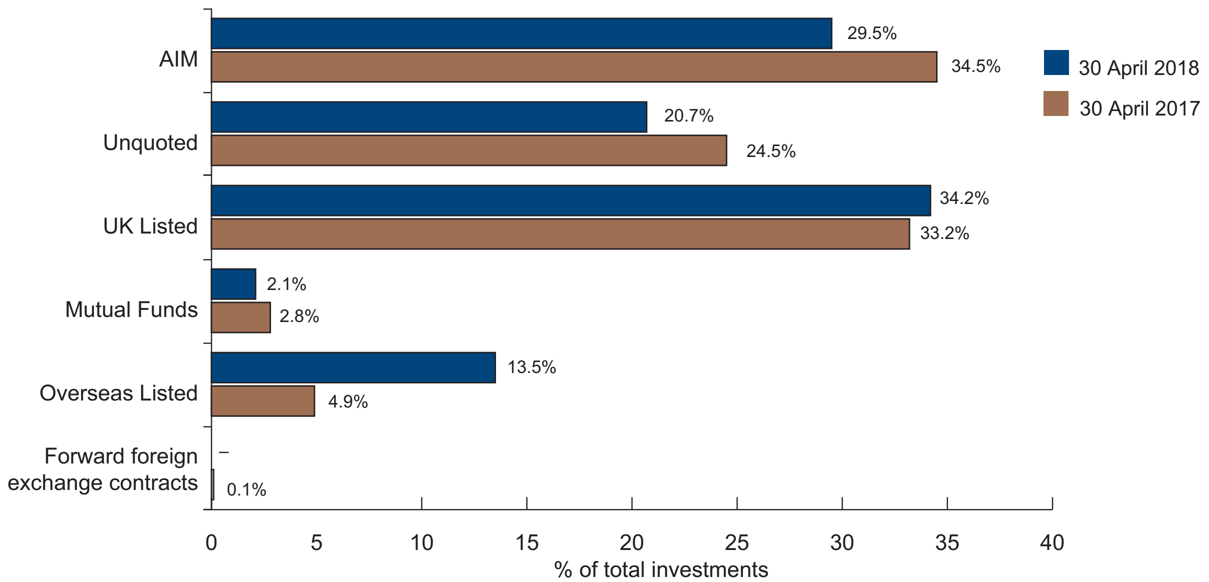
[1] AIM quoted investment
[2] Unquoted delisted or suspended investment
[3] Includes fixed interest element

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

Market analysis



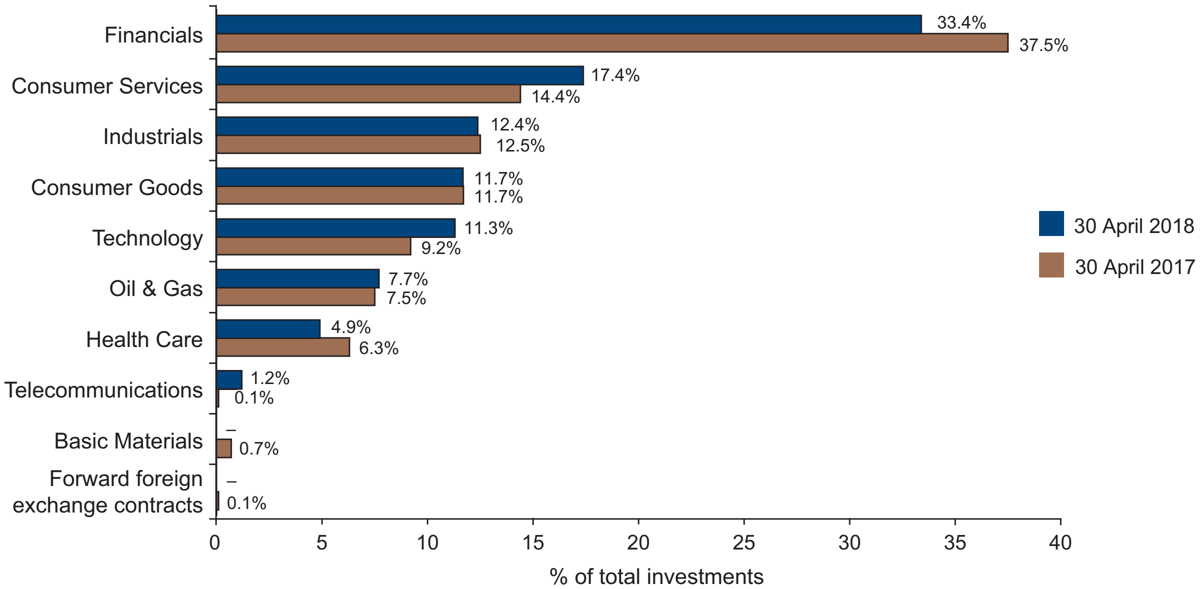
Strategic Report (continued)

Portfolio of Investments (continued)

Geographical analysis

Country of incorporation	2018 % of total investments	2017 % of total investments
UK	79.2	86.8
Germany	5.2	1.6
USA	2.6	0.5
Jersey	2.1	–
Israel	2.1	–
Luxembourg	2.1	2.8
Australia	1.6	1.7
Japan	1.2	1.3
France	1.1	0.5
Isle of Man	1.0	2.4
Switzerland	0.6	0.9
Canada	0.4	0.7
Guernsey	0.3	–
Finland	0.3	–
Cyprus	0.2	0.5
Ireland	–	0.2
Forward foreign exchange contracts	–	0.1
	100.0	**100.0**

Industry analysis



Portfolio has been analysed using ICB industry classifications.

Ten largest unquoted investments

Name	Valuation £'000	% of total investments	% of equity held	Market cap (m)	Date of first investment	Website
URICA	6,972	4.1	28.3	£23.8	June 2013	urica.com
URICA provides SME companies with early settlement of their invoices through URICA's own real time online platform.						
Metapack	5,210	3.1	4.4	£152.0	May 2011	metapack.com
Metapack is a software as a service ("SaaS") business that optimises delivery fulfilment choices for online retailers.						
Reaction Engines	5,147	3.0	1.7	£190	September 2009	reactionengines.co.uk
Reaction Engines develops innovative lightweight heat exchangers for space and hypersonic propulsion systems.						
Starcount Group	3,119	1.8	11.4	£21.7	January 2013	starcount.com
Starcount is a data analytics business run by Edwina Dunn and Clive Humby who were founders of DunnHumby.						
Gundaline	2,631	1.6	12.0	£22.7	January 2014	–
Gundaline is the holding company for a 15,000 hectare soft commodities farm located in New South Wales, Australia.						
Oxford Sciences Innovation	2,200	1.3	0.3	£721.0	June 2015	oxfordsciencesinnovation.com
Oxford Sciences was established to work with Oxford University to commercialise the IP assets of the University derived from its Mathematical, Physical and Life Sciences Division (MPLS) and Medical Sciences Division (MSD).						
Retail Money Market	2,149	1.3	1.0	£212.4	March 2015	ratesetter.com
Retail Money Market trades as RateSetter which is one of the largest peer-to-peer (P2P) lenders in the UK.						
Claremont Alpha	1,734	1.0	40.5	£4.3	November 2011	–
Claremont Alpha was set up to identify, develop and monetise early stage opportunities in the gaming sector. The company owns real estate assets in New York and Taiwan.						
N1 Singer	1,527	0.9	6.6	£27.0	March 2010	n1singer.com
N1 Singer is an independent UK stockbroker that specialises in corporate advisory and sales, research and trading services in the small and mid-cap sectors.						
Hardlyever	1,035	0.6	18.9	£5.1	January 2013	hardlyeverwornit.com
Hardlyever is an online portal that facilitates the buying and selling of pre-owned luxury and designer items including accessories, clothing, handbags and shoes.						

Strategic Report (continued)

Strategy and Business Review

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

The Company uses gearing as part of its investment strategy. The Articles of Association (the "Articles") in place during the year permit the Company to borrow up to 25 per cent of its adjusted capital and reserves. Shareholders approved amendments to the Articles on 7 June 2018 which changed the borrowing limit to fifty 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. The Company has a £30.0m borrowing facility with The Royal Bank of Scotland plc, of which £11.0m (2017: £13.0m) was drawn down at the year end. 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.

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 2018, together with its prospects for the future, is set out in the Chairman's Statement on pages 5 and 6 and Investment Manager's Review on pages 7 to 10. 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
2014	13.3%	3.1%	10.5%
2015	(0.9)%	(6.9)%	7.5%
2016	(6.1)%	(13.2)%	(5.7)%
2017	20.9%	26.7%	20.1%
2018	11.0%	13.2%	8.2%

Source: Artemis/Datastream

- Dividends per ordinary share

Year ended 30 April	Ordinary	Special	Total pence per ordinary share	Ordinary increase/ (decrease)	Total increase/ (decrease)
2014	3.20p	–	3.20p	4.9%	4.9%
2015	3.55p	–	3.55p	10.9%	10.9%
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%

- Ongoing charges as a proportion of shareholders' funds (excluding performance fees)

As at 30 April	Ongoing charges
2014	1.0%
2015	0.9%
2016	0.9%
2017	0.9%
2018	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 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. 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 Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company. It is used to monitor these risks and to review the effectiveness of the controls established to mitigate them. This is reviewed and assessed by the Board on a six monthly basis. Further information on the Company's internal controls is set out in the corporate governance section on page 29. 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. This includes the views expressed by the Company's shareholders.

- *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). The Company invests 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.

  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.

  As a result of the Investment Manager's investment approach, the overall composition of the Company's portfolio and the Company's investment performance are likely to vary significantly from that of the Company's benchmark index.

  The New Investment Objective and Policy will result in the Company's portfolio becoming 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 greater material adverse effect on the Company's overall performance, financial condition and 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.

Further information on risks and the management of them are set out in the notes to the financial statements on pages 55 to 58.

Other matters

Viability Statement

In accordance with the UK Corporate Governance Code, the Board has considered the longer term prospects for the Company. The period assessed is for five years to 30 April 2023.

As part of its assessment of the viability of the Company, the Board has considered each of the principal risks and the impact on the Company's portfolio of a significant fall in UK markets. 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.

Strategic Report (continued)

Strategy and Business Review (continued)

The conclusion of this review is that 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 2023.

Life of the Company

The Company's Articles provided that, at the AGM to be held in 2018 and at every fifth AGM thereafter, a vote on whether the Company should continue in existence as an investment trust will be proposed as an ordinary resolution.

At a shareholder general meeting held on 7 June 2018, a resolution was passed which amended the Company's Articles to, amongst other things, remove the requirement to hold a continuation vote at the 2018 AGM and each fifth AGM thereafter.

This was replaced by a triennial liquidity event commencing in 2021. 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 2017 AGM. This has been used to manage the balance between supply and demand for the Company's shares in the market.

During the year the Company repurchased a total of 152,500 ordinary shares, representing 0.37 per cent of the issued share capital as at 1 May 2018 (2017: 1,040,706).

The Company subsequently cancelled the repurchased shares from treasury on 27 June 2018.

A resolution to renew the Company's buy-back authority will be put to shareholders at the AGM on 11 October 2018.

5,499 ordinary shares were issued during the year as a result of the exercise of subscription shares (2017: 3,539).

Following the year end, the Company's remaining subscription shares were converted to deferred shares and immediately cancelled.

Directors

The Directors of the Company and their biographical details are set out on page 22.

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, and 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, but in so doing, consideration will be given to diversity, including gender. The Board is currently comprised of four male directors and one female director.

Modern Slavery Act 2015

The Company does not fall within the scope of the Modern Slavery Act 2015 as its turnover is less than £36 million. 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.

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, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the underlying investment portfolio.

Leverage

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 was permitted by its Articles to borrow up to 25 per cent of its net assets (equivalent to 125 per cent under the commitment and gross ratios in the AIFMD). Following the period end the Articles were updated to permit borrowings 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 2018, the Company's leverage was 116.2 per cent as determined using the gross method and 106.03 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.

Financial Statements

The financial statements of the Company are included on pages 42 to 58 of this report.

For and on behalf of the Board,

Duncan Budge
Chairman

1 August 2018

Directors and Corporate Governance

Directors

Duncan Budge (Chairman)

Duncan Budge, aged 62, 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 Lazard World Trust Fund, Lowland Investment Company plc, Menhaden Capital plc, BioPharma Credit plc and Asset Value Investors Limited.

Appointed as a 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, aged 56, 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 mentor to, a number of emerging luxury brands businesses, 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 a non-executive Director on 25 June 2015.

Blathnaid Bergin

Blathnaid Bergin, aged 43, joined Aviva in 2017 as Chief Finance Operations Officer. Prior to that she was Group Financial Controller for RSA Insurance Group plc. 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 a 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.

Tom Cross Brown

Tom Cross Brown, aged 70, was global chief executive officer of ABN AMRO Asset Management, having previously been chief executive officer of ABN AMRO Asset Management in the UK and global head of business development. Prior to joining ABN AMRO, Mr Cross Brown spent 21 years at Lazard Brothers & Co. and was chief executive of Lazard Brothers Asset Management Limited between 1994 and 1997. He is currently chairman of XPS Pensions Group plc, and is a non-executive member of the management committee of Artemis Investment Management LLP. He stood down as deputy chairman of Just Group on 17 May 2018.

Appointed as a non-executive Director on 5 April 2006.

Jamie Korner

Jamie Korner, aged 63, is a 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 a non-executive Director on 6 April 2017.

Mr Budge, Mr Ayton, Ms Bergin and Mr Korner were considered independent of the Investment Manager throughout the year ended 30 April 2018 and up to the date of this report. They were members of the Audit, Nomination and Management Engagement Committees throughout the period.

Mr Cross Brown is not considered independent of the Investment Manager due to his role as a non-executive member of the management committee of Artemis Investment Management LLP.

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 2018.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 42. The Board has declared dividends for the year totalling 6.35 pence per ordinary share. This is made up of a first interim dividend of 1.75 pence, a second interim dividend of 3.00 pence and a special dividend of 1.60 pence. The second interim dividend and a special dividend for the year ended 30 April 2018 will be paid on 24 August 2018 to shareholders who are on the register at the close of business on 3 August 2018 with an ex-dividend date of 2 August 2018.

References to Future Development and Financial Risk Management are included in the Strategic Report on pages 5 to 10 and 19 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"). Pursuant to the Agreement, Artemis is entitled to a management fee of 0.75 per cent per annum of the average monthly market capitalisation of the Company, payable quarterly in arrears. In addition, a performance-related fee equal to 15 per cent of any outperformance by the Company's share price (on a total return basis) of the rate of total return on the FTSE All-Share Index plus 2 per cent per annum, measured over a rolling three year period.

The performance fee payable each year cannot exceed 2.5 per cent of the Company's market capitalisation at the end of the performance period. The performance fee operates a "high water mark" such that it will only be payable if the Company's share price ends the measurement period higher than at the start of such period and is higher (on a total return basis) than the share price level at which a performance fee was last paid. Any relative underperformance compared to the FTSE All-Share Index (plus 2 per cent) each year is carried forward to the next period. This ensures that any under performance from prior years needs to be made up before any performance fee can become payable. No performance fee was earned for the year ended 30 April 2018 or 30 April 2017.

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 and the performance fee (if any) due in accordance with the Agreement.

The Board and the Investment Manager agreed an amendment to the Investment Management Agreement dated 7 June 2018, which made changes to the management fee and performance fee.

With effect from 1 May 2018, the existing management fee rate of 0.75 per cent per annum will only apply to the first £250 million of the average monthly market capitalisation of the Company. The balance above £250 million and up to £500 million will be charged at a reduced rate of 0.70 per cent per annum and the balance above £500 million charged at a further reduced rate of 0.65 per cent per annum.

In addition, the Board and Investment Manager have agreed to remove the performance fee arrangements with effect from 1 May 2018.

During the year, the Company was managed by John Dodd and Adrian Paterson. On 11 April 2018 it was announced that Kartik Kumar had been appointed co-fund manager to the Company. It was also announced that Adrian Paterson plans to retire from fund management at the end of 2018 and he will continue to work closely with John and Kartik until his retirement.

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 2018 had £28.2 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, on the terms agreed in June 2018 terms, remains in the interests of shareholders at this time. Such a review is carried out on an annual basis.

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 and Mr Korner on the basis of their industry knowledge, experience and their contribution to the operation of the Company.

Directors and Corporate Governance (continued)

Directors' Report (continued)

Mr Cross Brown will retire as a Director of the Company at the conclusion of the AGM on 11 October 2018.

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 2018, the Company had two share classes: ordinary shares of 1 pence each and subscription shares of 1 pence each. As at 30 April 2018 the Company had 40,980,974 ordinary shares (2017: 41,127,975) and 6,853,639 subscription shares (2017: 6,859,138) in issue.

The Company made market purchases of its own ordinary shares totalling 152,500 (2017: 1,040,706) during the year for an aggregate consideration of £444,000 (2017: £2,376,000). This represented 0.4 per cent of issued ordinary share capital at the start of the period, with a nominal value of £1,525. The shares were bought at an average discount of 23.9 per cent (2017: 24.3 per cent) and are currently held in treasury.

During the year the Company issued and allotted 5,499 ordinary shares (2017: 3,539) in connection with the exercise of subscription rights by holders of a corresponding number of subscription shares. These shares were issued at the subscription price of 345 pence per share.

The ordinary share capital at 30 April 2018 included 152,500 shares held in treasury (2017: 1,223,706). The Company has a policy whereby any shares held in treasury for more than twelve months from the date of acquisition will be cancelled. During the year 1,223,706 treasury shares were cancelled (2017: 551,000). Since the year end a further 152,500 treasury shares were cancelled.

Following the final subscription date of 29 December 2017, there are 6,853,639 Subscription Shares in issue, the subscription rights of which had not been exercised. As those rights had lapsed and the Subscription Shares had no voting rights or rights to receive any dividends or return of capital (beyond the right to receive the nominal value of 1p per Subscription Share on any winding up of the Company), the Subscription Shares no longer had any purpose or meaningful rights and were valueless.

At a general meeting and a subscription shareholder meeting of the Company held on 7 June and 18 June 2018 respectively, shareholders approved the redesignation of the Subscription Shares as Deferred Shares.

The Deferred Shares will have substantially the same rights that the Subscription Shares have but, because they will also confer entitlements to a dividend at a fixed rate of 0.1 per cent of their nominal value and to be paid only the nominal value of 1p per Deferred Share on any winding-up of the Company, the Deferred Shares will not constitute ordinary share capital for the purpose of the investment trust eligibility conditions and, accordingly, there will be no continuing requirement to maintain an admission of the Deferred Shares to trading on the London Stock Exchange's Main Market (or another regulated market).

As the Deferred Shares will be valueless (save for their entitlements to a dividend at a fixed rate of 0.1 per cent of their nominal value and to be paid the nominal value of 1p per Deferred Share on any winding-up of the Company), the Board approved the removal of the Deferred Shares from the Company's balance sheet. Accordingly, shareholders approved the right for the Company to repurchase compulsorily all of the Deferred Shares for cancellation for an aggregate consideration equal to their nominal value of 1p per share immediately. The consideration payable by the Company in respect of the repurchase and cancellation is approximately £68,536.

The consideration for the repurchase of the Deferred Shares shall be paid to the persons entitled thereto at the risk of such persons within 56 days of such purchase, provided that entitlements of less than £5.00 shall be retained for the benefit of the Company.

Immediately following the redesignation and subsequent repurchase and cancellation, the Company's issued share capital only comprises Ordinary Shares.

The listing of the Subscription Shares in the standard segment of the Official List of the UK Listing Authority and admission of the Subscription Shares to trading on the London Stock Exchange's Main Market was cancelled on 20 June 2018.

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 declare 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 1 August 2018	1 August 2018 % of voting rights
1607 Capital Partners, LLC	4,084,677	9.97
Mr John Dodd	2,723,839	6.55
Mr Mark Tyndall	2,125,990	5.19
Mr Adrian Paterson	2,000,000	4.88
Investec Wealth & Investment Limited	2,057,697	5.02
Schroders plc & Schroder & co. Limited	1,734,182	4.11

Treasury shares

The Board believes that the use of treasury shares can assist with the liquidity of the Company's ordinary shares to address any imbalances between supply and demand.

Any shares held in treasury for more than twelve months from the date of acquisition will be cancelled.

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 buy-back and issue shares will expire at the AGM and proposals for their renewal are set out on pages 59 and 60. 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. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2018 AGM are set out in the Chairman's Statement on page 5 and the Notice of Meeting on pages 59 and 60. Resolutions in relation to the re-issue of treasury shares and special business are set out below.

Authority to allot shares and disapply pre-emption rights

The Directors were authorised at the AGM in October 2017 to allot up to an aggregate nominal amount of £68,563 pursuant to the exercise of rights attaching to the subscription shares and up to an aggregate nominal amount of £20,489 under a general authority to allot ordinary shares. These authorities will expire at the forthcoming AGM of the Company. Resolution 8, which will be proposed as an ordinary resolution, seeks to renew the authority for the ordinary shares only.

The current authority for Directors to allot shares in the Company without first offering them to existing shareholders, in accordance with statutory pre-emption procedures, will also expire at the forthcoming AGM. The Directors believe it to be in shareholders' interests to continue to have such an authority for the forthcoming year and will seek to renew the authority and to disapply pre-emption rights at the forthcoming AGM.

Accordingly, Resolution 9 will, if approved, authorise the Directors to allot new ordinary shares up to an aggregate nominal amount of £20,490, under a general authority, representing approximately 5 per cent of the Company's issued ordinary share capital as at the date of this report, for cash without first offering such shares to existing shareholders pro rata to their existing holdings. Resolution 9 will be proposed as a special resolution and the authorities will continue in effect until the conclusion of the AGM to be held in 2019. The Directors will only issue new ordinary shares pursuant to the general authority if they believe it is advantageous to the Company's shareholders to do so.

Authority to buy-back shares

The Company's existing authority to make market purchases of up to 14.99 per cent of the issued ordinary and subscription share capital will expire at the forthcoming AGM. The Directors consider that the Company should continue to have authority to make market purchases of its own shares and accordingly Resolution 10 will be proposed as a special resolution at the forthcoming AGM to renew that authority for ordinary shares only.

Repurchased ordinary shares may be held in treasury or cancelled.

The maximum price which may be paid for purchases of ordinary shares through the market will not exceed the higher of: (i) 5 per cent above the average of the middle market quotations (as derived from the Official List) for the relevant shares 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, or (b) the highest current independent bid for, any number of ordinary shares on the trading venue

Directors and Corporate Governance (continued)

Directors' Report (continued)

where the purchase is carried out. In addition, repurchases of ordinary shares will only be made in the market at prices below the prevailing net asset value per ordinary share.

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 recommend that shareholders vote in favour of each of these resolutions, as the Directors intend to do in respect of their own holdings.

Independent auditors

PricewaterhouseCoopers LLP appointed as independent auditors during the year by the Board following a competitive tender process which resulted in KPMG LLP standing down. The appointment will be formally considered by shareholders at the forthcoming AGM. The Audit Committee has responsibility for making a recommendation to the Board on the appointment of the external 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 appointed as auditors. Accordingly, a resolution 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 31 July 2018 other than those included in note 20 on page 58.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code. This statement outlines how the principles of the AIC Code, issued in July 2016, were applied throughout the financial year. The AIC Code has been endorsed by the Financial Reporting Council (the "FRC") and compliance with the AIC Code enables the Company to meet its obligations in relation to the provisions of the FRC's UK Corporate Governance Code insofar as they relate to the Company's business. The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the AIC Code. It is the Board's intention that the Company will continue to comply with the terms of the AIC Code in the future. Set out below is how the Company applied the principles of the AIC Code.

All Directors of the Company are non-executive and the Company's day-to-day responsibilities are delegated to third party service providers.

Board responsibilities

The Board is responsible for determining the 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. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Board, the Investment Manager and a number of third party service providers.

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. 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 comprises five Directors, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 22 of this Report.

The Board considers that all the Directors, with the exception of Mr Cross Brown, are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code. Mr Cross Brown is not considered independent due to his position on the management committee of Artemis Investment Management LLP. Each of the Directors is deemed to be independent in character and judgement. The Nomination Committee meets annually to consider matters of independence.

Ms Bergin is the Company's Senior Independent Director. This position is reviewed annually.

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 annual re-election.

As stated in the Chairman's Statement, Mr Cross Brown will retire as a Director at the conclusion of the AGM and will not stand for re-election. The Board recommends the re-election of Mr Budge, Mr Ayton, Ms Bergin and Mr Korner to shareholders on the basis of their expertise and experience in investment matters and their continuing effectiveness and commitment to the Company.

	Date of appointment	Due for re-election
Mr Ayton	25 June 2015	AGM 2018
Ms Bergin	9 July 2015	AGM 2018
Mr Budge	19 November 2013	AGM 2018
Mr Cross Brown	5 April 2006	N/A
Mr Korner	6 April 2017	AGM 2018

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. 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 continues to have an appropriate balance of skills and experience and therefore supports the resolutions to re-elect the Directors at the forthcoming AGM.

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 22 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 pages 33 and 34 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.

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 undertakes an annual performance evaluation of the Board, 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.

As detailed in the Strategic Report on page 20, 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.

Directors and Corporate Governance (continued)

Directors' Report (continued)

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 2018.

	Board Meetings	Audit Committee Meetings
Number of meetings held	5	3
Mr Ayton	5/5	3/3
Ms Bergin	5/5	3/3
Mr Budge	5/5	3/3
Mr Cross Brown*	5/5	3/3
Mr Korner	5/5	3/3

* Mr Cross Brown is not a member of the Audit, Management Engagement or Nomination Committees, but he is invited to attend any meetings held.

	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 Cross Brown*	1/1	1/1
Mr Korner	1/1	1/1

* Mr Cross Brown is not a member of the Audit, Management Engagement or Nomination Committees, but he is invited to attend any meetings held.

Directors' tenure

The Board has adopted a policy of annual re-election by Shareholders. Directors are subject to a rigorous review after six years of service. The Board does not consider length of service itself to affect a Director's independence. 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.

All shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager will be available to discuss issues affecting the Company. 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. All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 59 and 60 of this report.

UK Stewardship Code

Artemis has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this 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 carying 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 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.
- 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 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.

Further information on the risks and the management of them is set out in the Strategic Report on page 19 and in note 18 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 performance, business model and strategy.

By order of the Board

Artemis Fund Managers Limited
Company Secretary
1 August 2018

Directors and Corporate Governance (continued)

Directors' Remuneration Policy and Report

Directors' Remuneration Policy

The remuneration policy of the Company was approved by shareholders at the annual general meeting held on 5 October 2017. The policy will apply until the 2020 AGM (being three years from the date of shareholder approval of the policy).

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.

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 2018. 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 35 to 41.

An ordinary resolution, Resolution 2, to approve this report will be put to shareholders at the AGM.

The Board

During the year ended 30 April 2018, the Board consisted solely of non-executive Directors who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established.

After consideration at a meeting of the Board on 27 June 2018, it was agreed that the fees for each Director, for the year ending 30 April 2019, should be increased to £33,000 for the Chairman, £27,000 for the Chairman of the Audit Committee and £24,000 for the other Directors. In reviewing the fees, it was noted that the fees for the chairman had not been changed since 2014 and other directors since 2010. The review also considered the fees paid by trusts in the Company's peer group, its position relative to these peers and the industry as a whole. The increase in fees was also deemed appropriate to ensure that the Company continues to be able to attract potential directors.

The fees for the year ended 30 April 2018 were £28,000 (2017: £28,000) for the Chairman £22,000 (2017: £22,000) for the Chairman of the Audit Committee and £20,000 (2017: £20,000) for the other directors.

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.

The Directors do not have a contract of service with the Company but are instead appointed by letters of appointment. A Director may resign in writing to the Board at any time; there are no fixed notice periods or any entitlement to compensation for loss of office.

Directors' fees (audited)

The Directors who served during the years ended 30 April 2018 and 30 April 2017 received the following emoluments:

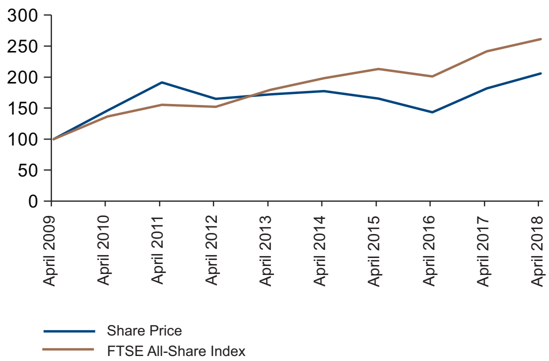
Director[1]	2018	2017
Mr Ayton	£20,000	£20,000
Mr Barron[2]	–	£9,446
Ms Bergin	£22,000	£22,000
Mr Budge	£28,000	£28,000
Mr Cross Brown	£20,000	£20,000
Mr Korner[3]	£20,000	£1,404
	£110,000	**£100,850**

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

2 Mr Barron retired on 5 October 2016.

3 Mr Korner was appointed on 6 April 2017.

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 2009 to 30 April 2018 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 to distributions made to Shareholders during the year under review and the prior financial review.

	2018	2017
Directors' fees	110,000	100,850
Distributions to Shareholders		
– dividends	2,664,000	1,687,000
– share buybacks	444,000	2,376,000

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last annual general meeting of shareholders, held on 5 October 2017, in respect of the approval of the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total	Number of votes
Number	%	Number	%	votes cast	withheld
14,663,888	99.72	41,480	0.28	14,705,368	44,045

Directors' interests

The Directors' interests in the capital of the Company who held office at 30 April 2018 were as follows:

Ordinary shares

	30 April 2018		30 April 2017	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	6,562	–	–	–
Ms Bergin	4,970	–	–	–
Mr Budge	15,000	–	15,000	–
Mr Cross Brown	44,321	–	44,321	–
Mr Korner	10,000	–	10,000	–

Subscription shares

	30 April 2018		30 April 2017	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	–	–	–	–
Ms Bergin	–	–	–	–
Mr Budge	–	–	–	–
Mr Cross Brown	6,331	–	6,331	–
Mr Korner	–	–	–	–

On 15 May 2018 Mr Korner purchased an additional 10,000 ordinary shares.

On 18 June 2018, Mr Cross Brown's subscription shares were redesignated as deferred shares and subsequently repurchased and cancelled by the Company.

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.

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 2018, the review undertaken and the decisions made regarding the fees paid to the Board.

For and on behalf of the Board

Duncan Budge
Chairman
1 August 2018

Directors and Corporate Governance (continued)

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

Management Report

Listed companies are required by the Financial Conduct Authority's Disclosure 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 21). 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 the 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 2018, 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
1 August 2018

Report of the Audit Committee

Roles and responsibilities

The main responsibilities of the Audit Committee include:

- reviewing the Company's annual and interim financial statements, and confirming to the Board that they are fair, balanced and understandable,
- the reviewing the appropriateness and consistency of its accounting policies,
- reviewing the effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks,
- reviewing the need for an internal audit function,
- considering and making recommendations to the Board as regards the appointment and re-appointment of the Company's external auditors,
- reviewing the relationship with the external auditors including:
    - the independence and objectivity of the auditors,
    - the effectiveness of the annual external audit process,
    - considering the audit fees payable to the external auditors, and
    - monitoring the non-audit services provided to the Company by its Auditors.

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

Composition and meetings

All members of the Audit Committee are considered to have relevant and recent financial and investment experience as a result of their employment in financial services and other industries. Blathnaid Bergin, the Chairman of the Audit Committee, is a chartered accountant.

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.

During the year the Committee met three times, and representation of the Company's Auditors attended two of these meetings. It also met with senior representatives of the Investment Managers' Risk and Compliance departments during the period.

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. 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.

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.

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.

Appointment and remuneration of Auditors

The Company undertook a competitive tender process to appoint the Auditors of the Company. The outcome of this process was that the Audit Committee recommended to the Board of Directors that PricewaterhouseCoopers LLP (PwC) should be appointed as the Company's auditors for the year ending 30 April 2018, replacing KPMG LLP.

Subsequently KPMG LLP resigned as auditors on 16 January 2018. As required by the Companies Act 2006, a copy of the auditors' resignation letter, including its statement regarding the reasons for its ceasing to hold office was circulated to shareholders with the half-yearly financial report.

The fees paid to PwC in respect of audit services are disclosed in note 4 of the notes to the financial statements. No non-audit services are provided by the auditor.

As noted in the Directors' Report on page 26, 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 formally appointed as Auditor for the Company. Accordingly, a resolution will be proposed at the forthcoming AGM for the auditors' appointment and to authorise the Directors to agree the auditors' remuneration.

Audit for the year ended 30 April 2018

As part of the planning for the annual audit, the Audit Committee reviewed PwC's audit strategy document, which highlighted the level of materiality applied by the

Report of the Audit Committee (continued)

Auditors, the key perceived audit risks and the scope of the audit.

Following this review, the Audit Committee considered the main risk that arises in relation to the financial statements to be the valuation and ownership of both listed and unquoted investments held by the Company.

As part of the annual audit, the Auditor has agreed the valuation of all listed investments in the portfolio to independent pricing sources, and for unquoted investments, discussed and challenged the valuations with the Investment Manager and Directors. The Auditor also validated the existence of all securities held by the Company to the records of the Custodian.

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.

The Auditors also highlighted, during the planning process, the calculation of the investment management fee and performance fee and the Company's compliance with section 1158 of the Corporation Taxes Act 2010 as other key areas considered as part of the audit. The Auditors have not reported any exceptions as part of the work in these areas.

The Audit Committee met with representatives of the Company's Auditors at the Audit Committee meeting held on 27 June 2018 to discuss any matters arising from the annual audit. An unqualified audit opinion on the financial statements has been provided, which is set out on pages 35 to 41.

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.

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.

PwC had previously been appointed to provide services in relation to the preparation and submission of the Company and its subsidiary's tax returns and computations to HM Revenue & Customs. However, as PwC were being proposed as auditors to the Company, it was no longer able to provide non-audit services to the Company under the Statutory Audit Amending Directive and Regulation. As no work had been carried out under the tax engagement, the agreement was terminated prior to the appointment of PwC as auditors to the Company.

Ernst & Young LLP was appointed as tax adviser to the Company for the year ended 30 April 2017 and on an ongoing basis.

By order of the Board

Blathnaid Bergin
Chairman of the Audit Committee
1 August 2018

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 2018 and of its profit 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 2018; the Statement of Comprehensive Income, the Statement of Cash Flows, 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

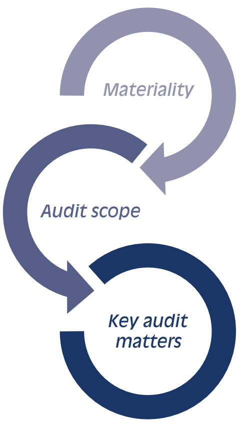
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities 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 2017 to 30 April 2018.

Our audit approach

Overview



- Overall materiality: £1.62 million (2017: £1.64 million), based on 1% of net assets (2017: 1% of total assets).

- The company is a standalone Investment Trust Company and engages Artemis Fund Managers Limited (the "Manager") to manage its assets.
- We conduct our audit of the financial statements with the assistance of J.P. Morgan Europe Limited (the "Administrator") to whom the Investment Manager has, with the consent of the Directors, 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.

- Valuation and existence of unlisted investments.
- Valuation and existence of listed investments.
- Income from investments.

Audit Information (continued)

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

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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, designed audit procedures that focused on the risk of non-compliance related to section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, testing the Company's compliance with section 1158 in the current year as well as testing the tax disclosures in Note 6. 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.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 unlisted investments Refer to page 33 (Audit Committee Report), pages 46-47 (Accounting Policies) and pages 50-52 (notes). The investment portfolio at 30 April 2018 included unlisted investments of £35m. We focused on the valuation and existence of the unlisted 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 unlisted investment or in aggregate, in a material change to the valuation of unlisted investments.	We understood and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by the Manager in determining the fair value of the unlisted investments. The testing included: – Comparing valuations based on recent transactions; – Comparing recent investments made in investee companies where there was a significant new investor; – Assessing valuation models that applied comparable listed company earnings multiples, discounted appropriately to reflect the illiquidity of the investment, to earnings data from audited financial statements, unaudited management accounts and/ or forecasts for the investee entities, being the key inputs in valuing the unlisted investments; and – Agreeing unlisted investments back to the relevant issuance to assess the impact of restrictions on distributions. We also read the Valuations Committee meeting minutes where the valuations of the unlisted investments were discussed and agreed. This, together with the work outlined above and our knowledge of the investee entities, IFRS, 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, and the valuations themselves.

Key audit matter	*How our audit addressed the key audit matter*
	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 unlisted investment portfolio by agreeing 100% of the holdings to an independent depositary confirmation from the Administrator.
Valuation and existence of listed investments Refer to page 33 (Audit Committee Report), page 46 (Accounting Policies) and pages 50-52 (notes). The investment portfolio at 30 April 2018 comprised listed equity investments of £130 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.	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 misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary. No differences were identified.
Income from investments Refer to page 33 (Audit Committee Report), page 46 (Accounting Policies) and page 48 (notes). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the valuation of investments with respect to gains on investments and the accuracy 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').	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. In addition, we tested a sample of dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. 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.

Audit Information (continued)

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

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.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)").

We designed our audit by determining and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "key audit matters" in the table above. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

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	£1.62 million.
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £81k 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 2018 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 pages 19 and 20 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 19 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)*

Audit Information (continued)

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

Other Code Provisions

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

- The statement given by the directors, on page 29, 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 33 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 32, 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: 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

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. This is therefore our first year of uninterrupted engagement.

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

1 August 2018

Financial Statements

Statement of Comprehensive Income

For the year ended 30 April 2018

	Note	Year ended 30 April 2018 Revenue £'000	Year ended 30 April 2018 Capital £'000	Year ended 30 April 2018 Total £'000	Year ended 30 April 2017 Revenue £'000	Year ended 30 April 2017 Capital £'000	Year ended 30 April 2017 Total £'000
Investment income	2	3,250	–	3,250	3,184	–	3,184
Total revenue		**3,250**	**–**	**3,250**	**3,184**	**–**	**3,184**
Gains on investments		–	13,454	13,454	–	24,515	24,515
Currency (losses)/gains		–	(46)	(46)	–	7	7
Total income		**3,250**	**13,408**	**16,658**	**3,184**	**24,522**	**27,706**
Expenses							
Investment management fee	3	(92)	(829)	(921)	(76)	(688)	(764)
Other expenses	4	(433)	(24)	(457)	(420)	(13)	(433)
Profit before finance costs and tax		**2,725**	**12,555**	**15,280**	**2,688**	**23,821**	**26,509**
Finance costs	5	(39)	(352)	(391)	(36)	(323)	(359)
Profit before tax		**2,686**	**12,203**	**14,889**	**2,652**	**23,498**	**26,150**
Tax	6	(83)	-	(83)	(37)	–	(37)
Profit for the year		**2,603**	**12,203**	**14,806**	**2,615**	**23,498**	**26,113**
Earnings per ordinary share (undiluted)	8	**6.35p**	**29.77p**	**36.12p**	**6.31p**	**56.70p**	**63.01p**
Earnings per ordinary share (diluted)[1]	8	**6.35p**	**29.77p**	**36.12p**	**6.31p**	**56.70p**	**63.01p**

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

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. 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 46 to 58 form part of these financial statements.

Statement of Financial Position

As at 30 April 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	9	169,206	156,756
Investments in subsidiary undertaking	10	3,213	2,719
		172,419	**159,475**
Current assets			
Other receivables	12	734	645
Cash and cash equivalents		1,126	4,012
Total assets		**174,279**	**164,132**
Current liabilities			
Other payables	13	(1,559)	(1,129)
Bank loan	18	(11,000)	(13,000)
Total liabilities		(12,559)	(14,129)
Net assets		**161,720**	**150,003**
Equity attributable to equity holders			
Share capital	14	480	492
Share premium		676	657
Special reserve		50,202	50,646
Capital redemption reserve		110	98
Retained earnings – revenue		2,867	2,928
Retained earnings – capital	15	107,385	95,182
Total equity		**161,720**	**150,003**
Net asset value per ordinary share (undiluted)	**16**	**394.62p**	**364.72p**
Net asset value per ordinary share (diluted)[1]	**16**	**394.62p**	**361.90p**

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

These financial statements on pages 42 to 58 were approved by the Board of Directors and signed on its behalf on 1 August 2018:

Duncan Budge
Chairman

The notes on pages 46 to 58 form part of these financial statements.

Company No: 253644

Financial Statements (continued)

Statement of Changes in Equity

For the year ended 30 April 2018

	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 2018							
At 1 May 2017	492	657	50,646	98	2,928	95,182	150,003
Total comprehensive income:							
Profit for the year	–	–	–	–	2,603	12,203	14,806
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(444)	–	–	–	(444)
Cancellation of ordinary shares from treasury	(12)	–	–	12	–	–	–
Conversion of subscription shares	–	19	–	–	–	–	19
Dividends paid	–	–	–	–	(2,664)	–	(2,664)
At 30 April 2018	**480**	**676**	**50,202**	**110**	**2,867**	**107,385**	**161,720**
For the year ended 30 April 2017							
At 1 May 2016	498	645	53,022	92	2,000	71,684	127,941
Total comprehensive income:							
Profit for the year	–	–	–	–	2,615	23,498	26,113
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,376)	–	–	–	(2,376)
Cancellation of ordinary shares from treasury	(6)	–	–	6	–	–	–
Conversion of subscription shares	–	12	–	–	–	–	12
Dividends paid	–	–	–	–	(1,687)	–	(1,687)
At 30 April 2017	**492**	**657**	**50,646**	**98**	**2,928**	**95,182**	**150,003**

The notes on pages 46 to 58 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 April 2018

	2018 £'000	2017 £'000
Operating activities		
Profit before tax	14,889	26,150
Interest payable	391	359
Gains on investments	(13,454)	(24,515)
Currency losses/(gains)	46	(7)
Increase in other receivables	(179)	(150)
Increase/(decrease) in other payables	252	(144)
Net cash inflow from operating activities before interest and tax	**1,945**	**1,693**
Interest paid	(391)	(359)
Irrecoverable overseas tax suffered	(83)	(37)
Net cash inflow from operating activities	**1,471**	**1,297**
Investing activities		
Purchase of investments	(52,510)	(45,795)
Sales of investments	53,337	46,574
Net cash inflow from investing activities	**827**	**779**
Financing activities		
Repurchase of ordinary shares into treasury	(444)	(2,593)
Conversion of subscription shares	19	12
Dividends paid	(2,664)	(1,687)
(Decrease)/increase in inter-company loan	(49)	110
Net cash outflow from financing activities	**(3,138)**	**(4,158)**
Net increase in net debt	**(840)**	**(2,082)**
Net debt at the start of the year	**(8,988)**	**(6,913)**
Effect of foreign exchange rate changes	(46)	7
Net debt at the end of the year	**(9,874)**	**(8,988)**
Bank loans	(11,000)	(13,000)
Cash and cash equivalents	1,126	4,012
	(9,874)	**(8,988)**

The notes on pages 46 to 58 form part of these financial statements.

Financial Statements (continued)

Notes to the Financial Statements

1. Accounting policies

(a) Basis of preparation. The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union including interpretations issued by the IFRS Interpretations Committee 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 November 2014 and updated in February 2018 is consistent with the requirements of IFRS, the financial statements have been prepared in accordance with the SORP.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 April 2018 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) 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. Valuation techniques employed include: 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.

(c) Revenue. Dividends receivable on equity shares 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.

(d) 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.

Investment management fees, performance fees and finance costs are allocated on the basis of 10% to revenue and 90% to capital.

The performance fee is accrued in the daily net asset value and is calculated using the prevailing price of the Company's ordinary shares and benchmark performance. The accrued fee is based on the full expected liability of performance fee as at the date of the calculation. Payments will be made to the Investment Manager at the end of each performance period, in line with the Investment Management Agreement. Any amounts accrued but not due for payment may be reversed as a result of future relative performance.

(e) 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.

(f) 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.

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

(h) 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.

(i) 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 non-interest bearing and are stated at their nominal value.

(j) 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 are accounted for through this reserve.

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.

(k) Accounting developments. At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue. They are not yet mandatory, but are available for early adoption. They are not expected to have any significant impact on the Company:

- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 – Leases (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018).

(l) 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 price of recent investment, net assets and earnings multiples.

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 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. 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.

Financial Statements (continued)

Notes to the Financial Statements (continued)

2. Income

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Investment income*		
UK dividend income	2,615	2,208
UK fixed interest	104	28
Overseas dividend income	529	942
	3,248	3,178
Other income		
Bank interest	2	6
	2	6
Total income	**3,250**	**3,184**
Income from investments		
UK quoted investments	2,376	1,894
UK unquoted investments	343	342
Overseas quoted investments	529	942
	3,248	**3,178**

* 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.

3. Investment management fees

	Year ended 30 April 2018			Year ended 30 April 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	92	829	921	76	688	764

Details of the terms of the investment management fee and performance fee are set out in the Directors' Report on page 23. As at 30 April 2018, £308,000 was outstanding in respect of amounts due to the Investment Manager (2017: £69,000). As the performance of the Company's share price did not meet the criteria required for the payment of a performance fee, no payment has been made (2017: nil).

4. Other expenses

	Year ended 30 April 2018			Year ended 30 April 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Director's remuneration (excluding VAT and NIC)	110	–	110	110	–	110
Auditors' remuneration (excluding VAT):						
– Fee for the audit of the Company's financial report	29	–	29	25	–	25
Other expenses*	294	24	318	285	13	298
	433	**24**	**457**	**420**	**13**	**433**

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

The audit fee for the year includes the audit fee for the Company's subsidiary. In prior year the subsidiary had a separate audit fee of £1,869 excluding VAT.

5. Finance costs

	Year ended 30 April 2018			Year ended 30 April 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest*	25	224	249	20	183	203
Loan commitment fee	3	27	30	3	27	30
Loan non-utilisation fee	10	95	105	12	109	121
Overdraft interest*	1	6	7	1	4	5
	39	**352**	**391**	**36**	**323**	**359**

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

6. Taxation

(a) Tax charge for the year

	Year ended 30 April 2018			Year ended 30 April 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	83	–	83	37	–	37
	83	**–**	**83**	**37**	**–**	**37**

(b) Factors affecting the tax charge for the year

	Year ended 30 April 2018			Year ended 30 April 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before tax	2,686	12,203	14,889	2,652	23,498	26,150
Profit on ordinary activites multiplied by the standard rate of UK corporation tax of 19.00% (2017: 19.92%)	510	2,319	2,829	528	4,681	5,209
Non-taxable capital gains	–	(2,548)	(2,548)	–	(4,885)	(4,885)
Non-taxable UK dividends	(497)	–	(497)	(440)	–	(440)
Non-taxable overseas dividends	(44)	–	(44)	(154)	–	(154)
Unutilised management expenses	79	229	308	99	204	303
Irrecoverable overseas tax	83	–	83	37	–	37
Double taxation relief expensed	(33)	–	(33)	-	–	–
Income taxed in different years	(15)	–	(15)	(33)	–	(33)
	83	**–**	**83**	**37**	**–**	**37**

(c) Factors that may affect future tax charges

The Company has excess management expenses and surplus loan relationship deficits of £15,623,000 (2017: £14,600,000) 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.

Financial Statements (continued)

Notes to the Financial Statements (continued)

7. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2018.

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
2017 second interim dividend of 2.75p per ordinary share (2016: 2.50p)	1,127	1,050
2018 first interim dividend of 1.75p per ordinary share (2017: 1.55p)	717	637
Special dividend of 2.00p per ordinary share (2017: nil)	820	–
	2,664	**1,687**

Dividends are recognised in the period in which they are due to be paid and are shown through the Statement of Changes in Equity. Therefore, the Statement of Changes in Equity for the year ended 30 April 2018 reflects the second interim dividend for the year ended 30 April 2017 which was paid on 25 August 2017 together with a special dividend of 2.00p. For the year ended 30 April 2018, a first interim dividend of 1.75p has been paid on 26 January 2018 and a second interim dividend of 3.00p together with a special dividend of 1.60p will be paid on 24 August 2018.

Set out below are the total dividends paid/payable in respect of the financial year ended 30 April 2018.

	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
First interim dividend of 1.75p per ordinary share (2017: 1.55p)	717	637
Second interim dividend of 3.00p per ordinary share (2017: 2.75p)	1,229	1,127
Special dividend of 1.60p per ordinary share (2017: 2.00p)	656	820
	2,602	**2,584**

8. Earnings per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £2,603,000 (2017: £2,615,000) and on 40,992,533 (2017: 41,443,082) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital return per ordinary share is based on the capital return for the year of £12,203,000 (2017: £23,498,000) and on 40,992,533 (2017: 41,443,082) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There was no dilution to the returns for the year ended 30 April 2018 (2017: none) as the Company's issued subscription shares have lapsed on 16 January 2018.

9. Non-current assets – Investments

(a) Valuation of investments

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

	2018 £'000	2017 £'000
UK quoted investments *(level 1)*		
– UK listed	61,789	52,370
– AIM quoted	49,472	53,732
Overseas quoted investments *(level 1)*	19,222	7,802
Mutual funds *(level 2)*	3,522	4,364
Forward foreign exchange contracts *(level 2)*	73	147
Warrants *(level 2)*	61	–
Unquoted investments *(level 3)*		
– Equities and warrants	30,563	34,200
– Fixed interest	950	587
– Preference shares	3,554	3,554
	169,206	**156,756**

(b) Movements in investments

	2018				2017			
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000
Opening book cost	96,387	3,040	41,065	140,492	92,784	3,040	46,424	142,248
Opening fair value adjustment	17,517	1,471	(2,724)	16,264	1,567	514	(9,682)	(7,601)
Opening valuation	**113,904**	**4,511**	**38,341**	**156,756**	**94,351**	**3,554**	**36,742**	**134,647**
Movements in year:								
Purchases at cost	50,590	1,001	1,146	52,737	42,617	–	2,046	44,663
Sales – proceeds	(48,821)	(2,558)	(1,868)	(53,247)	(41,427)	5	(5,178)	(46,600)
– realised gains/(losses) on sales	7,944	785	(2,913)	5,816	5,325	(5)	(5,139)	181
Transfer to/(from) unquoted investments (cost)	–	–	–	–	(2,912)	–	2,912	–
Transfer to/(from) unquoted investments unrealised gain/(unrealised loss)	–	–	–	–	3,053	–	(3,053)	–
Increase/(decrease) in fair value adjustment	6,866	(83)	361	7,144	12,897	957	10,011	23,865
Closing valuation	**130,483**	**3,656**	**35,067**	**169,206**	**113,904**	**4,511**	**38,341**	**156,756**
Closing book cost	106,100	2,268	37,430	145,798	96,387	3,040	41,065	140,492
Closing fair value adjustment	24,383	1,388	(2,363)	23,408	17,517	1,471	(2,724)	16,264
	130,483	**3,656**	**35,067**	**169,206**	**113,904**	**4,511**	**38,341**	**156,756**

(c) Analysis of fair value assets

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 impact of adjusting the earnings multiple (+/-1), the premium/discount (+/-10%) and the net assets (+/- 10%) would be an increase of £4,246,000 or a decrease of £3,812,000 of the fair value of level 3 assets.

Financial Statements (continued)

Notes to the Financial Statements (continued)

9. Non-current assets – Investments (continued)

During the year, the valuations of the following Level 3 assets were reduced: Buried Hill Energy (Cyprus) (£422,000), Chateau Rieussec 2010 (£2,000), Claremont Alpha (£2,376,000), Houseology Design Group (£200,000), Lamp Group (£732,000), Metapack (£38,000), Physiolab Technologies (£489,000) and URICA (£424,000).

During the year, Chateau Lafite Rothschild 2009, which was valued at £401,000 at 30 April 2017, was sold during the year for proceeds of £399,000, Chateau Lafite Rothschild 2010, which was valued at £347,000 at 30 April 2017 was sold for £360,000, MBA Polymers which was valued at £137,000 at 30 April 2017 was sold for £148,000, Oxford Nanopore Technologies, which was valued at £822,000 at 30 April 2017, was sold for £915,000 and Flying Brands, which was valued at £nil at 30 April 2017, was sold during the year for proceeds of £46,000.

d) Transaction costs

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

	2018 £'000	2017 £'000
Purchases	148	90
Sales	33	27
	181	**117**

10. 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.

	2018 £'000	2017 £'000
Historic book cost of investment in subsidiary undertaking	–	–
Opening fair value adjustment	2,719	2,250
Opening valuation	2,719	2,250
Increase in fair value adjustment	494	469
Closing valuation	**3,213**	**2,719**

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.

11. Significant interests

At 30 April 2018 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
Attraqt Group	Ordinary	4.70%
Augean	Ordinary	4.35%
Ceramic Fuel Cells	Ordinary	3.53%
Claremont Alpha*	Ordinary	100.00%
Eden Research	Ordinary	5.94%
Fox Marble	Ordinary	6.54%
FreeAgent Holdings	Ordinary	3.07%
Gaming Realms	Ordinary	3.19%
Gundaline	Ordinary	12.00%
Hardlyever+	A Ordinary	65.21%
Hardlyever	Ordinary	10.43%
Hornby	Ordinary	9.29%
Houseology Design Group	Ordinary	16.94%
Lamp Group	Ordinary	7.62%
LumX Group	Ordinary	5.85%
Maison Seven	Ordinary	19.56%
Metapack	Ordinary	4.40%
Miton Group	Ordinary	4.06%
N1 Singer	Ordinary	6.87%
Physiolab Technologies	Ordinary	15.03%
Pittards	Ordinary	17.55%
Property Franchise Group	Ordinary	4.39%
Ramsdens Holdings	Ordinary	6.49%
Reaction Engines	Ordinary	4.32%
Starcount Group	A Ordinary	22.40%
URICA	Ordinary	28.32%
Zinc Media Group	Ordinary	8.33%

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 and therefore are not considered associated undertakings of the Company.

* See note 10 – entity is not consolidated.

+ The Company holds less than 50% of the total voting rights of this company and therefore does not exercise control.

12. Other receivables

	2018 £'000	2017 £'000
Amounts due from brokers	185	275
Prepayments and accrued income	511	333
Taxation recoverable	38	37
	734	**645**

Financial Statements (continued)

Notes to the Financial Statements (continued)

13. Other payables

	2018 £'000	2017 £'000
Amounts due to brokers	231	4
Accrued expenses	433	181
Amounts due to subsidiary undertakings	895	944
	1,559	**1,129**

14. Share capital

(a) Share capital

	2018 Shares	2018 £'000	2017 Shares	2017 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	40,980,974	409	41,127,975	411
Ordinary shares of 1p each held in treasury	152,500	2	1,223,706	12
Subscription shares of 1p each	6,853,639	69	6,859,138	69
	47,987,113	**480**	**49,210,819**	**492**

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2017	41,127,975	411
Repurchases of ordinary shares into treasury	(152,500)	(2)
Issue of ordinary shares upon exercise of subscription shares	5,499	–
Ordinary shares in issue on 30 April 2018	**40,980,974**	**409**

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

	2018 Shares	2018 £'000	2017 Shares	2017 £'000
Balance brought forward	**1,223,706**	**12**	**734,000**	**7**
Repurchases of ordinary shares	152,500	2	1,040,706	11
Cancellation of ordinary shares	(1,223,706)	(12)	(551,000)	(6)
Balance carried forward	**152,500**	**2**	**1,223,706**	**12**

During the year ended 30 April 2018, a total of 152,500 ordinary shares were repurchased by the Company at a total cost, including transaction costs, of £444,000 for placement in treasury (2017: 1,040,706 ordinary shares were repurchased for placement in treasury for £2,376,000).

(c) Subscription shares

The movements in subscription shares during the year are as follows:

	Shares	£'000
Balance brought forward	**6,859,138**	**69**
Conversion of subscription shares into ordinary shares	(5,499)	-
Balance carried forward	**6,853,639**	**69**

During the year, holders of 5,499 (2017: 3,539) subscription shares exercised their rights to covert those shares into ordinary shares at a price of 345 pence per ordinary share, giving a total consideration received of £19,000 (2017: £12,000).

The trustee appointed in accordance with the terms and conditions of the remaining subscription shares had confirmed to the Company that it does not intend to exercise the outstanding subscription shares and therefore the rights attaching to such shares had lapsed on 16 January 2018 with nil value.

Following the year end the remaining subsciption shares were converted into deferred shares, repurchased for par value and immediately cancelled.

15. Retained earnings – Capital

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
Balance at 1 May 2017	**87,314**	**7,868**	**95,182**
Increase in fair value adjustment	–	7,638	7,638
Net gain on realisation of investments	5,816	–	5,816
Currency losses on capital items	(46)	–	(46)
Costs charged to capital (net of tax relief)	(1,205)	–	(1,205)
Transfer between reserves	7,063	(7,063)	–
Balance at 30 April 2018	**98,942**	**8,443**	**107,385**
Balance at 1 May 2016	**87,360**	**(15,676)**	**71,684**
Increase in fair value adjustment	–	24,334	24,334
Net gain on realisation of investments	181	–	181
Currency gains on capital items	7	–	7
Costs charged to capital (net of tax relief)	(1,024)	–	(1,024)
Transfer between reserves	790	(790)	–
Balance at 30 April 2017	**87,314**	**7,868**	**95,182**

16. Net asset value per ordinary share

The net asset value per share is based on the net assets of £161,720,000 (2017: £150,003,000) and on 40,980,974 (2017: 41,127,975) ordinary shares, being the number of ordinary shares in issue at the year end.

There was no dilution effect on net asset value per share at 30 April 2018, as the rights attached to the subscription shares lapsed on 16 January 2018.

17. Financial commitments

At 30 April 2018, the Company did not have any financial commitments which had not been accrued (2017: nil).

18. Financial instruments

As detailed on page 2, the principal investment objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream.

The Company's financial instruments comprise equities, fixed interest securities, warrants, cash balances, a revolving credit facility 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.

Financial Statements (continued)

Notes to the Financial Statements (continued)

18. Financial instruments (continued)

(i) Market price risk (continued)

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. No derivatives or hedging instruments are used to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments at 30 April 2018 are disclosed in the unaudited investment portfolio set out on pages 12 to 17.

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 2018 £'000	Net monetary assets at 30 April 2018 £'000	Total at 30 April 2018 £'000	Investments at 30 April 2017 £'000	Net monetary assets at 30 April 2017 £'000	Total at 30 April 2017 £'000
US Dollar	8,706	205	8,911	5,416	152	5,568
Australian Dollar	2,631	(1,095)	1,536	2,601	(2,301)	300
Euro	9,208	38	9,246	2,455	37	2,492
Swiss Franc	1,027	–	1,027	1,433	–	1,433
Canadian Dollar	668	–	668	1,170	–	1,170
Danish Krone	–	–	–	–	(3)	(3)
Total	**22,240**	**(852)**	**21,388**	**13,075**	**(2,115)**	**10,960**

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 £1,069,000 (2017: £548,000). 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 0.50 per cent at 30 April 2018 (2017: 0.25 per cent).

The Company has a 5 year multi-currency revolving credit facility of £30,000,000 of which £11,000,000 was drawn down at 30 April 2018 (2017: £13,000,000). Interest is charged at variable rates equivalent to 1.70 per cent over the London interbank market rate.

Fixed rate

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

	30 April 2018			30 April 2017		
	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	950	2.53	–	587	4.09	0.74

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 £8,621,000 (2017: £7,974,000). 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 2018. In addition, none of the Company's assets are subject to any special arrangements linked to their liquidity.

Financial liabilities

The Company primarily finances its operations through equity, retained profits and bank borrowings. As at 30 April 2018, the Company had drawn down £11,000,000 of its committed £30,000,000 multi-currency revolving credit facility with The Royal Bank of Scotland plc (30 April 2017: £13,000,000). Interest is incurred at a variable rate as agreed at the time of draw down and is payable at the maturity date of each advance. The interest rate at 30 April 2018 was 2.21 per cent per annum (2017: 1.96 per cent per annum). There was no interest rate risk associated with other short-term creditors at 30 April 2018 or 30 April 2017. There is no difference between the fair value of the financial liabilities and their carrying value.

The credit facility is committed until 30 November 2018. The amount that can be drawn down under the facility is limited by a covenant measured against a proportion of the Company's portfolio and cash such that the Company's gross borrowings must not exceed 35 per cent of adjusted net assets (net assets adjusted for unquoted holdings and other concentration deductions).

(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.

Financial Statements (continued)

Notes to the Financial Statements (continued)

18. Financial instruments (continued)

(iii) Credit and counterparty risk (continued)

- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment 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.

19. 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.

The Company surrendered excess management expenses without payment to Alpha Securities Trading Limited of £495,000 (2017: £445,000). All other 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 (2017: £nil). Outstanding balances are set out in Note 13.

20. Events after the reporting period

On 4 July 2018, a trading update was received from URICA. As a result of this update, the valuation of the equity holding was written down by £1.6 million. A further update was made on 10 July 2018, reducing the equity value by a further £1.6 million. On 21 July 2018, the company appointed a liquidator and the remaining investment was written down by £3.7 million to £nil.

On 6 July 2018 the Company's investment in Oxford Sciences Innovation was sold for £2.2 million, the same value as at the reporting date. The Company's investment in Buried Hill Energy (Cyprus) was sold on 10 May 2018 for £395,000, an increase of £8,000 when compared to the reporting date.

On 25 July 2018, it was announced that Metapack had agreed to be taken over for cash. The transaction is expected to complete in August 2018. The total proceeds for the Company are expected to be £6.5 million, an increase of £1.3 million over the valuation at the year end.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Artemis Alpha Trust plc (the "Company") will be held at the offices of Artemis Fund Managers Limited, Cassini House, 57-59 St James's Street, London SW1A 1LD on Thursday, 11 October 2018 at 12.30 p.m. 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 2018.

Resolution 2. To approve the Directors' Remuneration Report for the year ended 30 April 2018.

Resolution 3. To re-elect Mr Duncan Budge as a Director of the Company.

Resolution 4. To re-elect Mr John Ayton as a Director of the Company.

Resolution 5. To re-elect Ms Blathnaid Bergin as a Director of the Company.

Resolution 6. To re-elect Mr Jamie Korner as a Director of the Company.

Resolution 7. To 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 and to authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP.

Special Business

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

Resolution 8. 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 £20,490 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 1 August 2018);

provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2019, 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 9. That, subject to the passing of Resolution 8 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 2019 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

Shareholder Information (continued)

Notice of Annual General Meeting (continued)

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 £20,490 representing approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 1 August 2018.

Resolution 10. 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 6,143,048 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 2019 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.

By order of the Board:

Artemis Fund Managers Limited
Company Secretary
1 August 2018

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.

2. Entitlement to Attend and Vote

Only Ordinary Shareholders registered in the Company's register of members at as at close of business on Tuesday, 9 October 2018 (or, if the AGM is adjourned, at as at close of business on the day two business days prior to the adjourned meeting) shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after as at close of business on Tuesday, 9 October 2018 (or, if the AGM is adjourned, at as at close of business on the day two business days prior to the date of the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

3. Attending the AGM in Person

An Ordinary Shareholder who wishes to attend the AGM in person should arrive at the venue for the AGM in good time to allow their attendance to be registered. As they may be asked to provide evidence of their identity prior to being admitted to the AGM, it is advisable for Ordinary Shareholders to have some form of identification with them.

4. Appointment and Revocation of Proxies

4.1 An Ordinary Shareholder at the time set out in note 2 above 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 but must attend the AGM to represent the Ordinary Shareholder. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.

4.2 An Ordinary Shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. An Ordinary Shareholder cannot appoint more than one proxy to exercise rights attached to the same Ordinary Shares. If an Ordinary Shareholder wishes to appoint more than one proxy, they should contact the Company's registrar, Link Asset Services (the "**Registrar**"), on 0871 664 0300. Calls cost 12p per minute plus the Ordinary Shareholder's phone company's access charge. Ordinary Shareholders outside the United Kingdom should call +44 371 664 0300. 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 an Ordinary Shareholder wishes a proxy to speak on their behalf at the AGM, the Ordinary Shareholder will need 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 An Ordinary Shareholder 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 An Ordinary Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 5-7 (as appropriate) below. If an Ordinary Shareholder 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, an Ordinary Shareholder 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 an Ordinary Shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. The revocation notice must be received by the Registrar not later than 12.30 p.m. on Tuesday, 9 October 2018.

4.7 Appointment of a proxy will not preclude an Ordinary Shareholder from attending the AGM and voting in person.

4.8 A person who is not an Ordinary Shareholder but has been nominated by an Ordinary Shareholder 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 9 below.

5. Appointment of Proxy Using Hard-copy Form of Proxy or Via the Internet

5.1 The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolutions to be considered at the AGM. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand during normal business hours only at the same address, as soon as possible and in any event so as to be received by the Registrar by not later than 12.30 p.m. on Tuesday, 9 October 2018. In the case of an Ordinary Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

5.2 Alternatively, an Ordinary Shareholder may appoint a proxy via the internet by going to signalshares.com and logging into their share portal account or registering for the share portal if they have not already done so (to register for the share portal, an Ordinary Shareholder will need their investor code set out on the accompanying white Form of Proxy). Appointment of a proxy via the share portal must be submitted by not later than 12.30 p.m. on Tuesday, 9 October 2018.

5.3 Ordinary Shareholders with any queries in relation to the Form of Proxy or appointing a proxy via the internet should call the Registrar (see note 4.2 above).

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, which

Notice of Annual General Meeting (continued)

can be reviewed at euroclear.com. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

6.2 In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (ID RA10) by not later than 12.30 p.m. on Tuesday, 9 October 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

6.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6.4 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 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. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Corporate Representatives

Any corporation which is an Ordinary Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as an Ordinary Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary Share(s).

9. Nominated Persons

9.1 A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**"):

(i) may have a right under an agreement between the Nominated Person and the Ordinary Shareholder who has nominated them to have information rights (the "**Relevant Member**") to be appointed or to have someone else appointed as a proxy for the AGM; and

(ii) if they either do not have such a right or if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

9.2 The rights of Ordinary Shareholders to attend the AGM and to appoint proxies set out in notes 2 and 4 above do not apply directly to a Nominated Person.

10. Forms of proxy

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

11. Questions at the AGM

Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the AGM put by a member attending the General Meeting unless:

(i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

(ii) the answer has already been given on a website in the form of an answer to a question; or

(iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

12. Issued Shares and Total Voting Rights

At 1 August 2018, the Company's issued share capital comprised 40,980,974 Ordinary Shares. Each Ordinary Share carries the right to one vote at an AGM of the Company. Therefore, the total number of voting rights in the Company at 1 August 2018 was 40,980,974.

13. Disclosure Obligations

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person other than the chairman of the AGM 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.

14. Communication

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.

15. Notification of shareholdings

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast, and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's ordinary shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

16. 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.

16. Documents available for inspection

The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting:

16.1 a statement of all transactions of each Director and of their family interests in the share capital of the Company; and

16.2 copies of the Directors' letters of appointment.

No Director has a service contract with the Company.

17. Director biographies

The biographies of the Directors standing for re-election are set out on page 22 of the Company's Annual Financial Report for the year ended 30 April 2018.

18. Announcement of results

As soon as practicable following the AGM, the results of the voting at the AGM will be announced via a Regulatory Information Service and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be placed on the website: artemisalphatrust.co.uk.

19. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's financial statements (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with the auditors of the Company ceasing to hold office since the previous meeting at which annual financial statements were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Shareholder Information (continued)

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 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are 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 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Financial advisors

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisors 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 pages 20 and 21.
- Details of the Company's principal risks and their management are provided in the Strategic Report on page 19.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 18 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 171 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 2017 is £1,254,507, of which £327,834 is fixed remuneration and £926,673 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 2017 is £307,248. 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/government/publications/exchangeofinformation-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

February and August

Annual General Meeting

October

Shareholder Information (continued)

Glossary

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.

	2018	2017
Total assets	174,279	164,132
Cash and cash equivalents	(1,126)	(4,012)
	173,153	160,120
Net assets	161,720	150,003
Net gearing	7.1%	6.7%

Leverage

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

There are two measures of calculating leverage:

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

Net asset value

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

Ongoing charges

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

Ongoing charges

	2018	2017
Investment management fee	921	764
Other expenses	457	433
Total expenses	1,378	1,197
Average net assets	151,782	131,619
Ongoing charges	0.90%	0.90%

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

	2018	2017
Opening net asset value	361.89	303.43
Closing net asset value	394.62	361.89
Dividends paid	6.50	4.00
	11.0%	20.9%

Share price total return

	2018	2017
Opening share price	293.50	235.50
Closing share price	325.00	293.50
Dividends paid	6.50	4.00
	13.2%	26.7%

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

Website: artemisalphatrust.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary

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

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

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

Registrar

Link Asset Services (formerly Capita Asset Services)
Shareholder Enquiries
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholder enquiries: 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are 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

Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Tax adviser

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

Financial Adviser and Corporate Broker

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London E14 5RB

Solicitors

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

An investment company as defined under section 833 of the Companies Act 2006.
Registered in England No. 253644

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