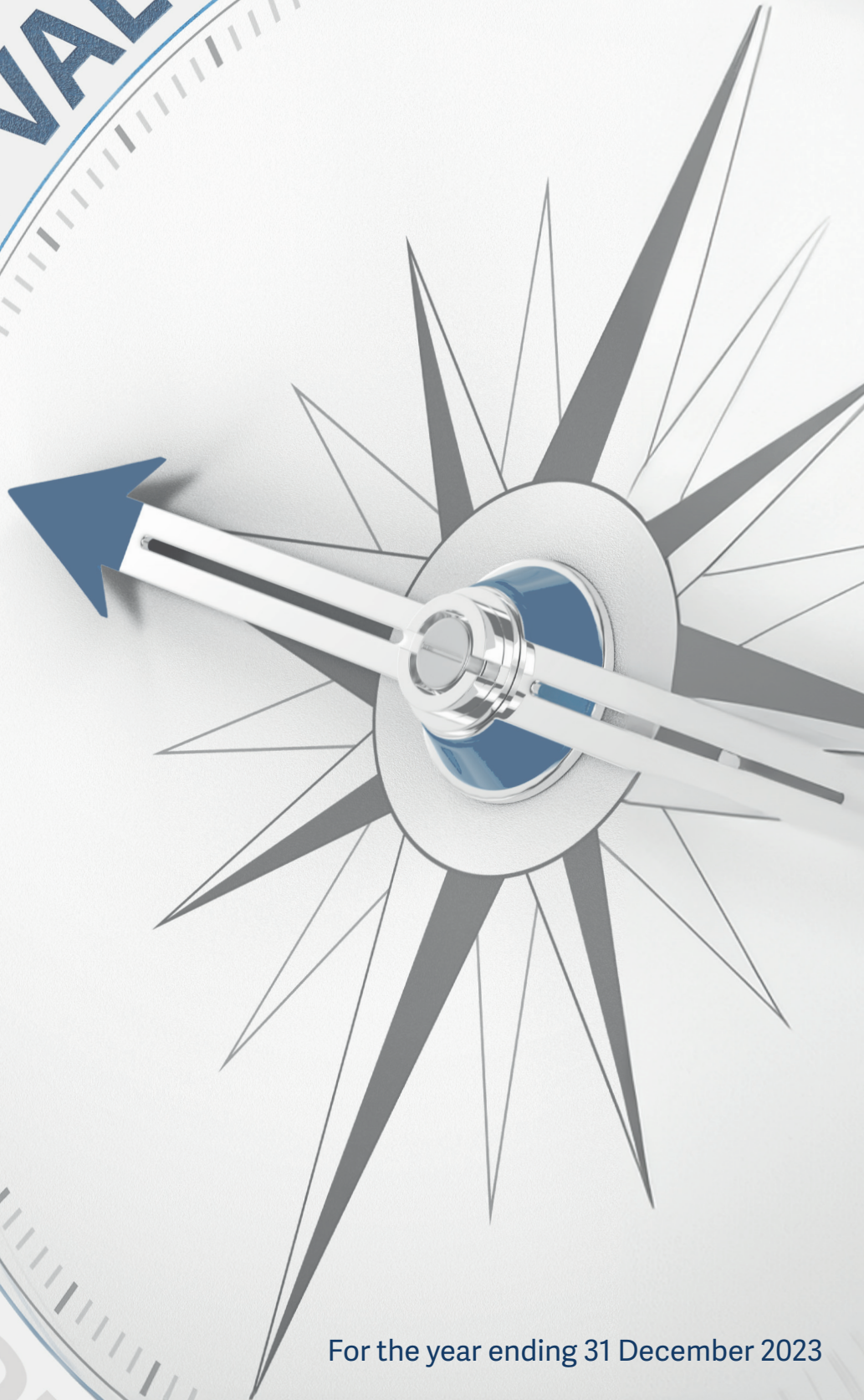




**ARTEMIS**  
The PROFIT Hunter

# ASSESSMENT OF VALUE

ASSESS



For the year ending 31 December 2023



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John Dodd  
Executive Chairman

## CHAIRMAN'S STATEMENT

Welcome to Artemis' 2023 Assessment of Value report.

'Putting clients first' is one of Artemis' core cultural values; another is 'integrity and accountability'. This report demonstrates both values in action. It shows our evaluation of whether our funds have delivered value to our clients and then reports our findings. To display these findings as clearly as possible, we have made a number of changes to the way this year's report presents them.

This assessment of value process was overseen by Artemis Fund Managers' Board of Directors, which provided expertise, perspective and challenge throughout. The Board consists of senior managers drawn from across Artemis together with two experienced independent non-executive directors. You can read their biographies on page 40 of this report.

This year, we again reviewed each of Artemis' UK-authorized funds against the seven value criteria outlined by the FCA, our regulator. The results are based on data and information to 31 December 2023.

- The first part of this report provides a brief summary of our analysis.
- That is followed by an outline of the actions we have taken in the small number of cases where we determined that improvements could be made.
- For readers seeking more detail, the second half of the report provides in-depth, fund-by-fund analysis and then explains how we are ensuring that Artemis delivers value against each of the seven criteria.

I believe that the results endorse the expertise of Artemis' investment teams and the soundness of our operating model. After review, the 22 UK-authorized funds covered by this report were assigned to one of the following three categories:

- **Green:** 'Delivered good value.'
- **Amber:** 'Delivered value overall' (where recent changes have been made or where further monitoring is needed).
- **Red:** 'Did not deliver value.'

The Board is pleased to report that 19 of the funds were judged to have delivered good value. Three of the funds, meanwhile, were found to have delivered value overall to our clients but changes have been made or further monitoring is required. None of the funds failed to deliver value.

### Grading our performance

Although fund performance is only one component of the overall value assessment, it is an important one. This report looks at the performance of our funds over a turbulent five-year period in financial markets. Stockmarkets saw violent rotations in market leadership. The initial stages of the pandemic saw life moving online and central banks supplying stimulus on a scale without precedent in peacetime. The result was to further intensify demand for 'growth' stocks (companies whose share prices reflect their future potential rather than today's profits). Then, as energy prices rose, pushing inflation and interest rates higher, the pendulum swung back towards 'value' stocks (companies whose shares look cheap relative to the profits and dividends they are delivering today). More recently, markets have been driven by a surge of excitement about the potential of artificial intelligence – 'AI' – to deliver a step change in innovation, productivity and corporate profitability.

Over the course of this period of enormous volatility and change – and despite the diversity of approaches taken by their managers – the majority of Artemis' equity funds outperformed their targets. That also holds true for our bond funds, all but one of which outperformed their targets over a period that saw one of the biggest sell-offs in the bond market's long history.

## Looking ahead: embracing change

Although we are pleased with the findings of this report, we are not complacent. Past performance, of course, offers no guarantee of future returns. And wherever we have identified changes that have the potential to deliver better outcomes for our clients, we are making them. Those improvements are described on page 11 of this report.

Moreover, we are conscious that the world does not stand still. Investment approaches that worked in the past – in the era of zero interest rates and quantitative easing – may not be suited to the new economic environment. That's why, with the agreement of our clients, we recently changed the objective, benchmark and name of the Artemis Target Return Bond Fund to the Artemis Short-Duration Strategic Bond Fund. You can find more detail about the reasoning behind those changes on our website.

We are also in the midst of a period of regulatory change. In July 2023, the FCA took steps to ensure that companies like Artemis put delivering good outcomes to their customers at the heart of everything they do through its Consumer Duty rules. As a result of our longstanding focus on 'putting clients first', we were already well on the road towards meeting those requirements before their introduction. Nonetheless, this is an ongoing area of focus for our business. In recent months, we have continued to evolve the way we communicate with our customers, particularly those who find jargon an impediment to their understanding.

Thank you for taking the time to read this report. If you have any suggestions for improvement, please let us know. And, if you invest with us, thank you for continuing to place your trust in Artemis. Rest assured that we will do our utmost to ensure we repay your trust over the years to come.

## OUR 2023 VALUE ASSESSMENT AT-A-GLANCE

We have assessed the value delivered by our UK-authorized funds across the seven criteria explained on page 36. This table summarises our conclusions. Individual assessments for each fund can be found on pages 13 to 35.

- Delivered good value
- Delivered value overall (where recent changes have been made or where further monitoring is needed)
- Did not deliver value

	Overall	Quality of service	Performance	Authorised Fund Manager Costs	Economies of scale	Comparable market rates <sup>1</sup>	Comparable services <sup>2</sup>	Classes of units/shares
<a href="#">Artemis Income Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis Income (Exclusions) Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis SmartGARP UK Equity Fund</a>	●	●	●	●	●	●	N/A	●
<a href="#">Artemis UK Select Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis UK Smaller Companies Fund</a>	●	●	●	●	●	●	N/A	●
<a href="#">Artemis UK Special Situations Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis European Select Fund</a>	●	●	●	●	●	●	N/A	●
<a href="#">Artemis SmartGARP European Equity Fund</a>	●	●	●	●	●	●	N/A	●
<a href="#">Artemis US Extended Alpha Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis US Select Fund</a>	●	●	●	●	●	●	●	●
<a href="#">Artemis US Smaller Companies Fund</a>	●	●	●	●	●	●	●	●

<sup>1</sup> Assessment conducted on all share and/ or unit classes, however RAG rating is based on Class I for each fund.

<sup>2</sup> Assessment only conducted on funds with a comparable mandate. For funds without a comparable mandate, no rating has been applied

<sup>3</sup> The name of the fund was changed from the Artemis Target Return Bond Fund to the Artemis Short-Duration Strategic Bond Fund on 18 March 2024.

	Overall	Quality of service	Performance	Authorised Fund Manager Costs	Economies of scale	Comparable market rates <sup>1</sup>	Comparable services <sup>2</sup>	Classes of units/shares
<u>Artemis SmartGARP Global Emerging Markets Equity Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Global Income Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Global Select Fund</u>	●	●	●	●	●	●	●	●
<u>Artemis SmartGARP Global Equity Fund</u>	●	●	●	●	●	●	●	●
<u>Artemis SmartGARP Paris-Aligned Global Equity Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Corporate Bond Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis High Income Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Strategic Bond Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Short-Duration Strategic Bond Fund<sup>3</sup></u>	●	●	●	●	●	●	N/A	●
<u>Artemis Monthly Distribution Fund</u>	●	●	●	●	●	●	N/A	●
<u>Artemis Strategic Assets Fund</u>	●	●	●	●	●	●	N/A	●

<sup>1</sup> Assessment conducted on all share and/ or unit classes, however RAG rating is based on Class I for each fund

<sup>2</sup> Assessment only conducted on funds with a comparable mandate. For funds without a comparable mandate, no rating has been applied

<sup>3</sup> The name of the fund was changed from the Artemis Target Return Bond Fund to the Artemis Short-Duration Strategic Bond Fund on 18 March 2024.

## EXECUTIVE SUMMARY

The Board has concluded that, of the 22 funds being reviewed, 19 consistently delivered good value.

All of the funds received green ratings against four of the assessment criteria: Quality of service, Costs, Comparable services and Classes of shares.

A clear majority of the funds also received green ratings against the remaining three criteria: Performance, Economies of scale and Comparable market rates. There were a handful of cases, however, where the Board found that, despite the funds having delivered value overall, improvements could be made or further monitoring is needed. Here, we focus on this small subset of funds and summarise the actions we have taken in response.



### Performance

In the cases of the Artemis Strategic Assets Fund and the Artemis European Select Fund, changes to the investment management teams and

investment processes have been made since January 2023. The impact of these changes will take time to become clear. We will therefore closely monitor progress via regular updates from the management teams and appropriate governance forums. This year, we incorporated an additional check into the Assessment of Value framework to ensure that any funds which materially underperform their benchmarks are subject to additional scrutiny. Given its relative underperformance over the reporting period, the Artemis SmartGARP Global Equity Fund triggered this additional check. The fund's absolute performance (a simple measure of its gain or loss without considering any benchmark) remains strong and we found that its underperformance relative to its benchmark was principally due to its bias towards 'value' stocks. We remain confident that the fund is performing in line with expectations. More commentary on the performance of all funds is contained on pages 13 to 35.



### Economies of scale

In 2023, a major operational project to move our third-party administration and custodian services to

Northern Trust was completed. A full review is now underway to ensure that the benefits of cost savings are passed on to our clients. Ahead of that review's completion, the Artemis SmartGARP Global Emerging Markets Equity Fund was identified as requiring immediate action under the Economies of Scale criteria. This fund has directly benefited from the lower custody fees Northern Trust applies to investments in emerging markets compared to the previous custodian. We have therefore been able to reduce the fund's administration fee by 0.02%, from 0.19% to 0.17%. Together with the discount threshold mechanism, which ensures that administration fees are reduced as Artemis' funds grow, we have concluded that value has been delivered by passing on economies of scale for all funds.



### Comparable market rates

The assessment compares the Ongoing Charges Figure for Artemis' funds against the median of similar funds in the relevant Investment Association (IA) sector. This assessment is conducted using representative I-class units or shares and is designed to identify instances where charges are high compared to the market average. It is complementary to the Artemis Fund Managers' Costs and Economies of Scale reviews, which assess costs and charges on an absolute rather than relative basis.

All of the representative classes achieved a green rating. However, the assessment highlighted that several C-class units (which are only offered to direct investors) were rated amber. That prompted a further detailed review of whether the pricing of C-class units remained appropriate. When the additional services provided by both Artemis and Northern Trust to customers who hold C-class units were taken into account, we concluded that value is being delivered.



# WHAT IS AN ASSESSMENT OF VALUE?

This assessment considers seven criteria when determining whether a fund has delivered value. We group the criteria into three broad categories: 'Performance', 'Costs and Charges' and 'Services'.



We conduct a two-stage assessment for each of these criteria. The first stage is quantitative, comparing data against the thresholds we have set for measuring whether value has been delivered. The second part is qualitative and considers any broader factors that need to be taken into account. Each fund then receives a 'red', 'amber' or 'green' rating for all seven criteria. Finally, the individual ratings are aggregated at the category level to produce an overall rating for each fund.

The overall ratings we use are as follows:

- **Green:** 'Delivered good value.'
- **Amber:** 'Delivered value overall' (where recent changes have been made or where further monitoring is needed).
- **Red:** 'Did not deliver value.'

While we complete an evaluation for every unit and/or share class, the fund-level analysis in this report is always based on its I-class units or shares.

## Improvements to our process

Following the publication of our previous report in April 2023, we undertook a thorough review of our value assessment framework, with a particular focus on how we present our findings. This work was informed both by the FCA's own review of the industry's approach to assessing value, which it published in August 2023, and by our preparations to meet the new Consumer Duty requirements.

As a result, you will see that this report looks different to its precursors. We have made greater use of graphics and 'traffic-light' reporting, which we hope summarises our findings in an easier-to-understand way. We have also changed the layout of the report to make individual fund commentaries more concise. More detailed information is set out in the second half of the report for those readers who would like it.

Within the assessment framework itself, we identified some areas for improvement. Changes have been made where required, with additional tests being introduced that make it harder for funds to achieve green ratings for some criteria.

## What does this report show?

For each of our funds, this report shows our assessment of whether the fund has delivered value over the relevant assessment period. All of the funds are assessed over the five years ended 31 December 2023, with the exceptions being:

- The Artemis Short-Duration Strategic Bond Fund\*, where the recommended minimum investment period is three rather than five years. It has therefore been assessed over the three years to 31 December 2023;
- The Artemis Corporate Bond Fund, which does not yet have a five-year track record. This fund has been assessed over the three years to 31 December 2023;
- The Artemis Positive Future Fund, which was launched in April 2021 and therefore had fewer than three years' performance to analyse as at 31 December 2023. While the fund was included in our assessment of value analysis, an individual report for this fund will not be produced until three years of performance is available.

We do not conduct an assessment of value on those funds that were closed during the assessment period. The Artemis US Absolute Return Fund, which closed on 12 June 2023, is therefore not included within this report.

## Looking beyond performance: assessing all seven criteria

The individual fund pages of this report show whether they have been rated green, amber or red against each of the seven assessment criteria. In the majority of cases, however, the accompanying narrative tends to focus on two areas: performance and the Board's overall assessment of whether the fund has delivered value. Yet while fund performance is a key component of the overall value assessment, there are six other important criteria.

The Board's detailed assessment of all seven criteria can be read on page 36 of this report.

\*The name of the fund was changed from the Artemis Target Return Bond Fund to the Artemis Short-Duration Strategic Bond Fund on 18 March 2024.

# PRODUCT CHANGES

## Product development activity since the 2022 Assessment of Value Report – and ongoing oversight

While the Assessment of Value report is produced once a year, Artemis continually reviews its product range to ensure that desired consumer outcomes are being met. At times, making changes to a fund – or discontinuing it entirely – might be judged to be in the best interests of our clients. In those instances, action will be taken accordingly.

Where we have made changes, our focus has been on the long-term interests of our clients. We are mindful that it often takes time for the impact of a new investment approach – or of a new investment team – to become fully apparent. Yet, while we are prepared to be patient, we will continue to monitor these funds closely as we seek assurance that our actions are beginning to have the impact that we expect.

### Changes delivered

In the 2022 report, the **Artemis Strategic Assets Fund** was flagged red for performance given its consistent underperformance relative to both its target and peer group. As a result, a new lead fund manager, David Hollis, was appointed in June 2023. The fund's investment strategy was revised and the manager given access to a broader range of instruments and more freedom to allocate the fund's assets across asset classes. While we believe these changes should result in the fund delivering returns more consistently, we will continue to monitor its performance closely.

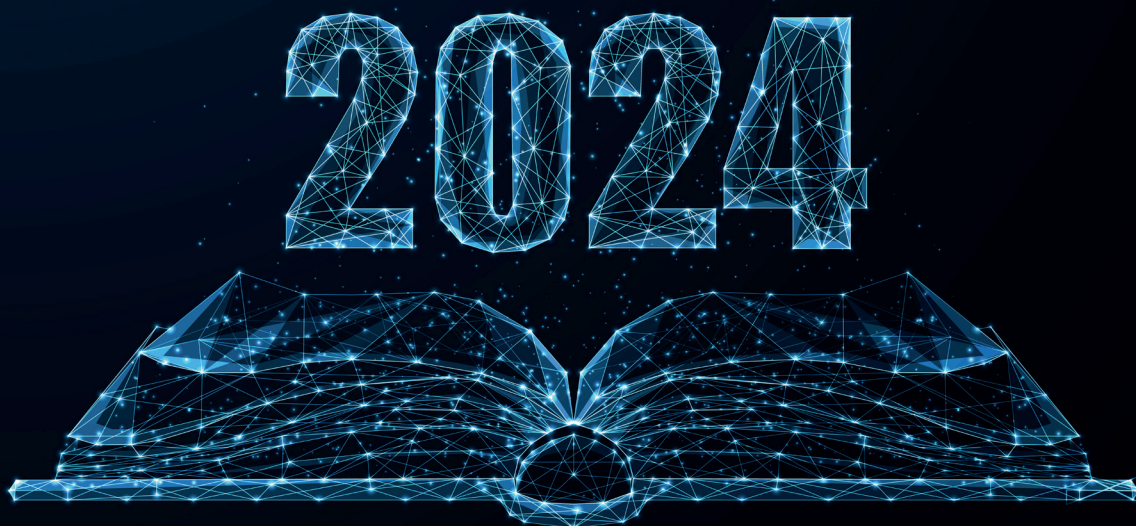
The **Artemis European Sustainable Growth Fund** was re-named the Artemis European Select Fund in September 2023. A new lead fund manager, Kartik Kumar, appointed in January 2023, concluded following a period of review that removing restrictions on the fund investing in areas such as energy and defence would increase the likelihood of it meeting its investment objective and delivering value to clients. These changes were approved by shareholders following an EGM. The fund's progress to date is encouraging – over the course of 2023, it outperformed both its benchmark index and peer group average.

The **Artemis US Absolute Return Fund** was found not to have delivered value in the 2022 Assessment of Value Report. After assessing all options, it was decided that closing the fund and returning cash to its investors would ultimately be in their best interests. This was implemented in June 2023.

## PRODUCT CHANGES INTO 2024...

Further changes to some of our funds and investment teams have taken place since the end of the review period. On 18 March 2024, the Artemis Target Return Bond Fund was re-named the **Artemis Short-Duration Strategic Bond Fund** with its benchmark and IA sector also changing. While the fund remains a lower-risk bond fund, we believe that its revised name, objective and peer group are more appropriate given changes in the investment environment, particularly the return to a more 'normalised' interest-rate environment.

On 12 March 2024, we announced the restructuring of Artemis' impact equities team. Four members of the team left and Sacha El Khoury, Artemis' Head of Impact and Sustainable Equities, was appointed as the lead manager of the **Artemis Positive Future Fund**. Launched in April 2021, the fund had less than three years' performance record at the time of this review, meaning a formal value assessment report was inappropriate. But because the fund was not performing in line with expectations, action was taken. The fund is being actively monitored and Sacha is now leading a review of the strategy.



# ARTEMIS INCOME FUND

*Investment Objective: To grow both income and capital over a five-year period.*

## Performance

With a total 46.9% return over the five years to 31 December 2023, the fund met its objective of achieving long-term capital growth for clients. Over the same five-year period, meanwhile, the cumulative distribution (income) payments per unit were 8% higher than they had been in the preceding five-year period.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the FTSE All-Share (total return) index, which returned 37.7%.
- The fund outperformed the average net return of 32.8% from its peer group, the Investment Association's UK Equity Income sector.

The fund has provided capital growth and income growth while also outperforming its benchmark index and its peers. Therefore, the assessment concludes that the fund has delivered good performance to clients.

## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

## Overall assessment

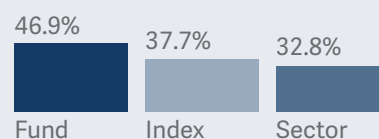


## Criteria ratings

Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of units	●

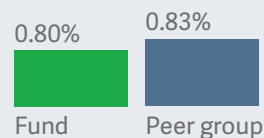
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS INCOME (EXCLUSIONS) FUND

*Investment Objective: To grow both income and capital over at least a five-year period. The fund also aims to provide investors with a total return in excess of the FTSE All-Share Index, after fees, on an annualised basis over rolling five-year periods.*

## Performance

With a total return of 44.6% over the five years to 31 December 2023, the fund met its objective of delivering capital growth. Over the same five-year period, meanwhile, the fund's cumulative distribution (income) payments per unit were 4% higher than they had been in the preceding five-year period.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund delivered an annualised return of 7.6% (after fees) versus 6.6% from the FTSE All-Share index.
- The fund outperformed the average net return of 32.8% from its peer group, the Investment Association's UK Equity Income sector.

The fund has provided capital growth and income growth while also outperforming its benchmark index and its peer group. Therefore, the assessment concludes that the fund has delivered good performance to clients.

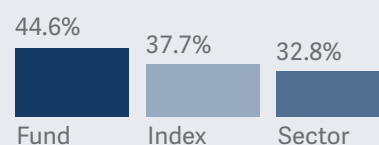
## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of units	●

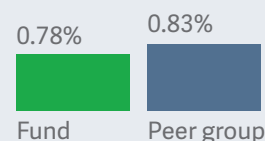
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS SMARTGARP UK EQUITY FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 66.7% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the FTSE All-Share (total return) index, which returned 37.7%.
- The fund outperformed the average net return of 30.7% from its peer group, the Investment Association's UK All Companies sector.

The fund has delivered capital growth, outperformed its benchmark and outperformed its peers. The assessment therefore concludes that the fund has delivered good performance to clients.

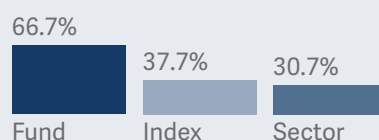
## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	
<b>Criteria ratings</b>	
Quality of service	
Performance	
Costs	
Economies of scale	
Comparable market rates	
Comparable services	N/A
Classes of units	

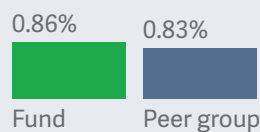
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS UK SELECT FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 79.3% return over the five years to 31 December 2023, the fund met its objective of achieving long term capital growth for clients.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the FTSE All-Share (total return) index, which returned 37.7%.
- The fund outperformed the average net return of 30.7% from its peer group, the Investment Association's UK All Companies sector.

The fund has provided capital appreciation and outperformed its benchmark and its peers, therefore the assessment concludes that the fund has delivered good performance to clients.

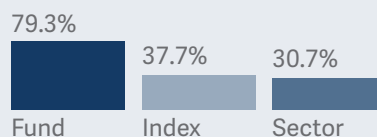
## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of units	●

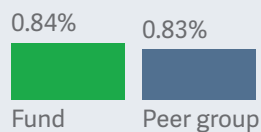
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge





# ARTEMIS UK SMALLER COMPANIES FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 34.7% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the Deutsche Numis UK Smaller Companies (ex-IT) index, which returned 32.1%.
- The fund outperformed the average net return of 23.6% from its peer group, the Investment Association's UK Smaller Companies sector.

The fund has provided capital appreciation and outperformed its benchmark and its peers, therefore the assessment concludes that the fund has delivered good performance to clients.

## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

## Overall assessment



## Criteria ratings

Quality of service



Performance



Costs



Economies of scale



Comparable market rates



Comparable services

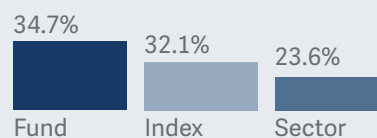
N/A

Classes of units



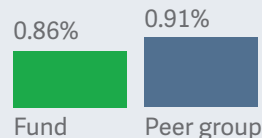
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS UK SPECIAL SITUATIONS FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 50.6% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.









The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the FTSE All-Share (total return) index, which returned 37.7%.
- The fund outperformed the average net return of 30.7% from its peer group, the Investment Association's UK All Companies sector.

The fund has delivered capital growth and outperformed its benchmark and outperformed its peers. The assessment therefore concludes that the fund has delivered good performance to clients.

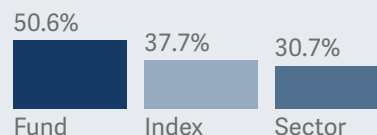
## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	
<b>Criteria ratings</b>	
Quality of service	
Performance	
Costs	
Economies of scale	
Comparable market rates	
Comparable services	
Classes of units	

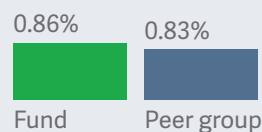
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS EUROPEAN SELECT FUND

*Investment Objective: To grow capital over a five-year period.*

## Changes to the fund

In the 2022 Assessment of Value report, we explained that the previous manager of the fund left Artemis in December 2022 and that the fund's new management team would seek to evolve its investment process, implementing a high-conviction, concentrated approach. Following a shareholder vote, the fund was renamed the Artemis European Select Fund in October 2023 and the restrictions that had previously been applied to investments in certain industries were removed. The removal of the explicit focus on sustainable investing allows the fund managers to invest across the spectrum of the European market.

We are encouraged to see that, since the new investment team took over the management of the fund at the beginning of 2023, the fund has delivered a return of 18.3%, outperforming both the index (up 15.7%) and its peers (up 13.5%). This strong relative performance has primarily been driven by good stock selection. The three biggest contributors to the fund's performance were new holdings in the financial sector. Elsewhere, new additions in the infrastructure sector have also made a strong contribution. While the changes have certainly been encouraging, it is too early to make any definitive judgement of their impact.

## Performance

With a 44.9% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the FTSE World Europe ex-UK index, which returned 65.3%.
- The fund also underperformed the average net return of 58.5% from its peer group, the Investment Association's Europe excluding UK sector.

The fund's underperformance over the last five years was primarily a result of disappointing stock selection. During 2022, this was exacerbated by a market environment that favoured a number of sectors – particularly energy and defence companies – to which the fund had zero exposure. This underperformance directly informed Artemis' decision to make the changes to the fund described above.

Given the fund delivered capital growth over the five-year review period but underperformed its benchmark index and its peer group, further monitoring is required, and we believe an 'amber' rating for performance is appropriate.

## Our overall conclusion

While this fund received an 'amber' rating for performance, it has delivered against its objective and, given that it achieved a green rating on the other applicable assessment criteria, the Board concluded that it has delivered value overall.

## Overall assessment

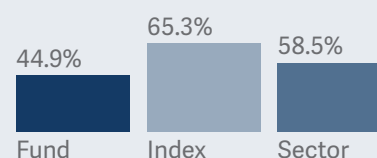


## Criteria ratings

Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of units	●

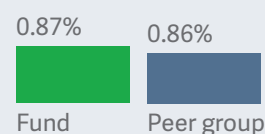
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS SMARTGARP EUROPEAN EQUITY FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 60.5% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.








The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the FTSE World Europe Ex-UK (total return) index, which returned 65.3%.
- The fund outperformed the average net return of 58.5% from its peer group, the Investment Association's Europe excluding UK sector.

The assessment concludes that, while the fund has lagged its benchmark, it has delivered capital appreciation and outperformed its peers and therefore met the performance criteria during the reporting period.

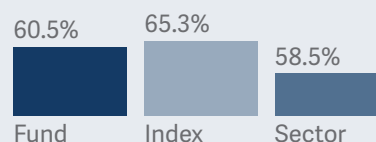
## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	
<b>Criteria ratings</b>	
Quality of service	
Performance	
Costs	
Economies of scale	
Comparable market rates	
Comparable services	N/A
Classes of units	

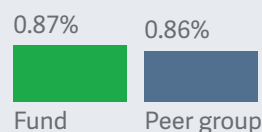
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS US EXTENDED ALPHA FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 92.5% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the S&P 500 (total return) index, which returned 107.0%.
- The fund narrowly outperformed the average net return of 92.0% from its peer group, the Investment Association's North America sector.

The fund's short positions and relatively high cash position were a drag on its performance relative to the index. An underweight to the information technology sector also detracted from performance.

The assessment concludes that, while the fund has lagged its benchmark, it has delivered capital appreciation and outperformed its peers, therefore delivering value to clients during the reporting period.

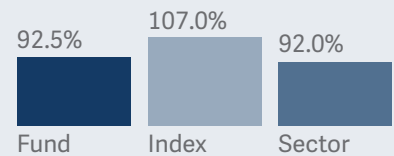
## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of shares	●

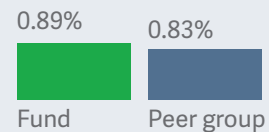
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS US SELECT FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a return of 89.2% over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the S&P 500 Index, which returned 107.0%.
- The fund also underperformed the average net return of 92.0% from its peer group, the Investment Association's North America sector.

The majority of the fund's underperformance was concentrated in 2021 and 2022; it outperformed the index in 2019, 2020 and 2023.

In part, the fund's underperformance in 2021 and 2022 reflected the market's response to the powerful inflationary pressures that began to appear as the global economy emerged from the pandemic. At that time, the fund's managers believed that those inflationary pressures would be transitory and structured the portfolio accordingly. In the event, however, inflation proved to be 'stickier' than forecast due to a combination of the commodity-price shock resulting from Russia's invasion of Ukraine and the strength of the US jobs market, which pushed wages higher. This forced the US Federal Reserve to raise interest rates more aggressively than anticipated. In the market, one result was a violent factor rotation away from 'growth' stocks and towards their 'value' counterparts. The Artemis US Select Fund seeks to provide investors with a balanced exposure to the US market; it is neither a growth nor a value fund. This made it difficult to keep pace with the index in the growth-dominated market of 2021 and in 2022, when value stocks were in favor.

However, after that challenging period for relative performance, the fund outperformed in 2023, returning 21.8% versus a return of 19.2% from the S&P 500 and 17.6% from its peer group. Stock selection was the main driver of this outperformance, underpinned by the granular company analysis that continues to define the team's approach to investing.

Given that the fund delivered capital growth over the five-year review period but underperformed its benchmark index and its peer group, we believe an 'amber' rating for performance is justified.

## Our overall conclusion

While this fund received an 'amber' rating for performance, it has delivered against its objective and, given that it achieved a green rating on the other six assessment criteria, the Board concluded that it has delivered good value.

## Overall assessment



## Criteria ratings

Quality of service



Performance



Costs



Economies of scale



Comparable market rates



Comparable services

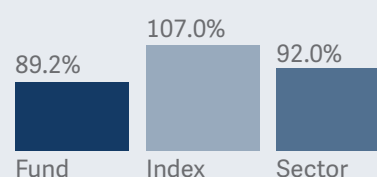


Classes of shares



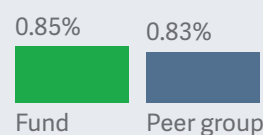
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS US SMALLER COMPANIES FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 67.0% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the Russell 2000 (total return) index, which returned 60.7%.
- The fund underperformed the average net return of 78.5% from its peer group, the Investment Association's North American Smaller Companies sector.

The assessment concludes that, while the fund has lagged the average return from its peer group, it has delivered capital appreciation and outperformed its benchmark index and therefore delivered value to clients during the reporting period.

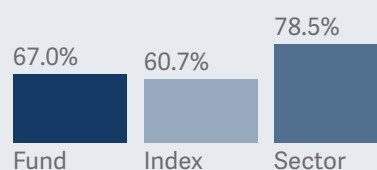
## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of shares	●

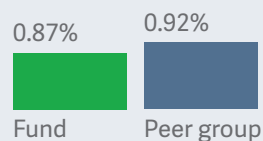
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS SMARTGARP GLOBAL EMERGING MARKETS EQUITY FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 40.0% return over the five years to 31 December 2023, the fund met its objective of achieving long-term capital growth for clients.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund outperformed the MSCI Emerging Markets NR index, which returned 19.7%.
- The fund outperformed the average net return of 24.9% from its peer group, the Investment Association's Global Emerging Markets sector.

The fund has provided capital appreciation and outperformed its benchmark and its peers, therefore the assessment concludes that the fund has delivered good performance to clients.

## Economies of scale

Following the recent transfer of Artemis' third-party administration and custodian services to Northern Trust, a review is being undertaken to ensure that the benefits of cost savings are passed on to clients. Ahead of that review's completion, the Artemis SmartGARP Global Emerging Markets Equity Fund was identified as requiring immediate action under the Economies of Scale criteria. This fund has directly benefited from the lower custody fees Northern Trust applies to investments in emerging markets compared to the previous custodian. We have therefore been able to reduce the fund's administration fee.

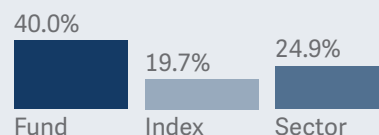
## Our overall assessment

The fund generated capital gains over the assessment period but received an 'amber' rating for 'economies of scale'. Artemis has reduced the fund's administration fee and the Board will continue to monitor. Considering the other applicable assessment criteria, however, the Board concluded that the fund has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of shares	●

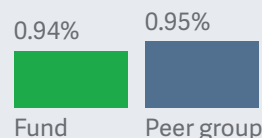
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge





# ARTEMIS GLOBAL INCOME FUND

*Investment Objective: To grow both income and capital over a five-year period.*

## Performance

With a total return of 57.7% over the five years to 31 December 2023, the fund met its objective of delivering capital growth. Over the same five-year period, meanwhile, the cumulative distribution (income) payments per unit were 13% higher than they had been in the preceding five-year period.

The following comparator benchmarks were used to evaluate the funds relative performance. Over the five years to 31 December 2023:

- The fund underperformed the MSCI AC World NR Index, which returned 73.9%.
- The fund underperformed the average net return of 60.0% from its peer group, the Investment Association's Global Equity Income sector.

This underperformance was largely a result of two challenging periods:

1. During the fourth quarter of 2018, the oil price fell by almost 40% due to concerns around US-China trade tensions and slowing economic growth. The fund's holdings in the energy sector, which at that time amounted to around 11% of the portfolio, fell sharply in response, dragging the fund 17% lower in the quarter.
2. In 2020, the fallout from the onset of the Covid 19 pandemic saw the oil price fall sharply, European financial companies suspended their dividends and companies across a number of industrial sectors temporarily shut down operations. All of these factors were detrimental to the fund's performance.

Since the pandemic however, the fund's relative performance has rebounded; it has outperformed the benchmark MSCI AC World Index by 2.8% on an annualised basis over the last three years. It has delivered this performance through a volatile period characterised by sharp changes in market leadership and despite not investing in large US technology companies (whose dividend payments are either small or non-existent), such as Apple, Microsoft and Nvidia. Lack of exposure to these three companies alone cost the fund over 5% in relative performance. Despite this, the fund's flexible approach and its focus on free cashflows and dividends has seen the fund delivering strong total returns. We therefore believe the that investment process is functioning as it should.

As we discussed in the 2022 Assessment of Value report, the fund's position in Sberbank – the value of which was written down to zero following Russia's invasion of Ukraine – has provided a valuable lesson in risk management. In a world characterised by heightened international tensions and reduced levels of global cooperation, country risk is an increasingly important consideration in portfolio construction and risk management.

The fund has provided income and capital gains over the assessment period but, given the volatility in its returns and its underperformance relative to its benchmark and its peers, it has received an 'amber' rating for performance. We will continue to monitor its performance.

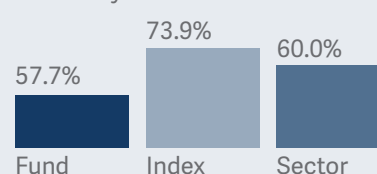
## Our overall assessment

While this fund received an 'amber' rating for performance, it has delivered against its objective and, given that it achieved a green rating on the other applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of units	●

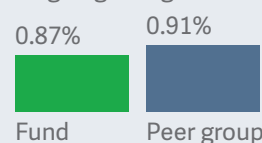
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS GLOBAL SELECT FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 69.4% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the MSCI AC World NR Index, which returned 73.9%.
- The fund outperformed the average net return of 66.6% from its peer group, the Investment Association's Global sector.

The assessment concludes that, while the fund has lagged its benchmark, it has delivered capital appreciation and outperformed its peers and therefore delivered value to clients during the reporting period.

## Our overall assessment

Because the fund has achieved a green rating on all seven of the assessment criteria, the Board concluded that it has delivered good value.

## Overall assessment

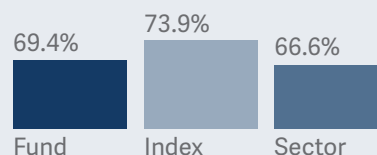


## Criteria ratings

Quality of service	
Performance	
Costs	
Economies of scale	
Comparable market rates	
Comparable services	
Classes of units	

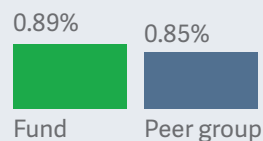
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS SMARTGARP GLOBAL EQUITY FUND

*Investment Objective: To grow capital over a five-year period.*

## Performance

With a 48.7% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the MSCI AC World Index, which returned 73.9%.
- The fund also underperformed the average net return of 66.6% from its peer group, the Investment Association's Global sector.

The underperformance of the fund relative to its benchmarks over the review period was principally due to two related factors. First, its emphasis on investing in companies with below-average valuation multiples ('value stocks'). Over the period, value stocks typically performed less well than 'growth' companies. The second factor was stock selection in the US, where the fund had a low level of exposure to mega-cap technology companies. These performed well and, because of their size, made a significant contribution to returns from the benchmark index. Five of the 10 largest negatives for the fund's relative performance were a result of its limited exposure to the so-called 'Magnificent-Seven' companies in the US including Apple, Microsoft and Nvidia.

While the fund has lagged its benchmark and peers over the five-year review period, it outperformed both its benchmark and its peers in 2021 and 2022. During this period, markets shifted away from their extreme bias towards growth stocks and gains became more broadly based, with value stocks also enjoying periods of relative strength. While this trend went into reverse in the US during 2023, it has remained in evidence in other regions and the fund's valuation-conscious approach has delivered positive relative returns in Europe, Asia, Japan and emerging markets.

Given that the fund delivered capital growth over the five-year review period but underperformed its benchmark index and its peer group, further monitoring is required and we believe an 'amber' rating for performance is appropriate.

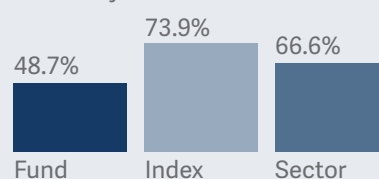
## Our overall assessment

While this fund received an 'amber' rating for performance, it has delivered against its objective and, given that it achieved a green rating on the other six assessment criteria, the Board concluded that it has delivered value overall.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	●
Classes of units	●

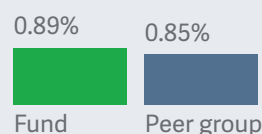
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS SMARTGARP PARIS-ALIGNED GLOBAL EQUITY FUND

*Investment Objective: To generate capital growth in excess of that of the MSCI ACWI Climate Paris-Aligned Index, after fees, on an annualised basis over rolling five-year periods, from a diversified portfolio of shares in companies that meet the Manager's criteria for transitioning to a low-carbon economy. The portfolio will have a weighted average implied temperature rise that is lower than 2 degrees Celsius.*

## Performance

With a 51.4% return over the five years to 31 December 2023, the fund met its objective of delivering capital growth.

The following comparator benchmarks were used to evaluate its relative performance. Over the five years to 31 December 2023:

- The fund underperformed the cumulative return of 71.3% from its benchmark index, which was the MSCI ACWI Index until 1 March 2022 before becoming the MSCI ACWI Climate Paris-Aligned Index.
- The fund also underperformed the average net return of 66.6% from its peer group, the Investment Association's Global sector.

Since the fund's investment objective was changed, the portfolio has achieved a positive return for clients and has also, in accordance with its new investment objective, maintained a weighted average implied temperature rise of lower than 2 degrees Celsius.

The underperformance of the fund relative to its benchmarks over the review period was principally due to two related factors. First, its emphasis on investing in companies with below-average valuation multiples ('value stocks'). Over the period, value stocks typically performed less well than 'growth' companies. The second factor was stock selection in the US, where the fund had a low level of exposure to mega-cap technology companies. These performed well and, because of their size, made a significant contribution to returns from the benchmark index. Five of the 10 largest negatives for the fund's relative performance were a result of its limited exposure to the so-called 'Magnificent-Seven' companies in the US including Apple, Microsoft and Nvidia.

While the fund has lagged its benchmark and peers over the five-year review period, it outperformed both its benchmark and its peers in 2021 and 2022. During this period, markets shifted away from their extreme bias towards growth stocks and gains became more broadly based, with value stocks also enjoying periods of relative strength. While this trend went into reverse in the US during 2023, it has remained in evidence in other regions and the fund's valuation-conscious approach has delivered positive relative returns in Europe, Asia, Japan and emerging markets.

Given that the fund delivered capital growth over the five-year review period but underperformed its benchmark index and its peer group, further monitoring is required and we believe an 'amber' rating for performance is appropriate.

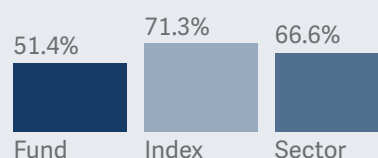
## Our overall assessment

While this fund received an 'amber' rating for performance, given that it achieved a green rating on the other applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	<span style="color: green;">●</span>
<b>Criteria ratings</b>	
Quality of service	<span style="color: green;">●</span>
Performance	<span style="color: orange;">●</span>
Costs	<span style="color: green;">●</span>
Economies of scale	<span style="color: green;">●</span>
Comparable market rates	<span style="color: green;">●</span>
Comparable services	N/A
Classes of units	<span style="color: green;">●</span>

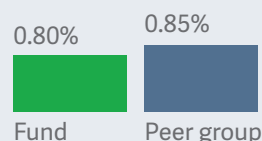
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS CORPORATE BOND FUND

*Investment Objective: To generate a return that exceeds the iBoxx £ Collateralized & Corporates Index, after fees, over rolling three-year periods, through a combination of income and capital growth.*

## Performance

By delivering a -7.5% return over that three-year period, the fund did not meet its objective of generating capital growth. It has, however, met its objective of delivering income.

Moreover, this headline return figure must be set into context: in 2022 and 2023, the asset class it invests in experienced the worst conditions seen in decades. This was a direct result of the profound changes taking place in the global economy. In November 2021, interest rates in the UK were just 0.5%. The Bank of England then began pushing interest rates higher to help bring inflation down. By the time the year 2023 ended, they stood at 5.25%. Higher interest rates reduces the capital value of bonds down. So, over the course of 2022, the UK corporate bond index suffered its largest fall since it was created in 1997..

The following comparator benchmarks were used to evaluate its relative performance. Over the three years to 31 December 2023:

- The fund outperformed the iBoxx Sterling Corporate and Collateralised (total return) index, which fell by 14.2%.
- The fund outperformed the average net return of -10.4% from its peer group, the Investment Association's £ Corporate Bond sector.

The assessment concludes that the fund has therefore delivered good performance to clients.

## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of shares	●

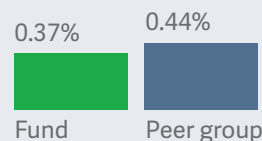
## Performance

Over three years to 31 December 2023



## Costs

Ongoing charge



# ARTEMIS HIGH INCOME FUND

*Investment Objective: To provide a combination of a high level of income and capital growth, before fees, over a rolling five-year period. The manager defines a high level of income as equal to, or in excess of, the average yield of the funds in the fund's Investment Association sector, the Strategic Bond sector.*

## Performance

The fund delivered a total return (a combination of income and capital growth) of 19.1% over the five years to 31 December 2023.

Over the same five-year period, the average net return from the Investment Association £ Strategic Bond sector was 11.0%.

As at 31 December, the fund yielded 6.1% versus an average yield of 4.2% from its peer group, the Investment Association £ Strategic Bond sector.

The assessment therefore concludes that the fund has delivered a high level of income and capital growth and so delivered good performance to clients.

## Comparable Market Rates

The initial quantitative assessment of the Ongoing Charge Figure (OCF) for I class units flagged amber as the OCF was found to be out of line with the sector median. The secondary qualitative assessment confirmed that the fund's peer group is mostly made up of funds which invest only in bonds. Bond funds typically have a lower management fee than equity or mixed equity/bond funds, so the overall effect is to drive the median OCF for the peer group lower. When a smaller and more directly comparable peer group (consisting of funds which invest in both equities and bonds) is considered, the Fund's OCF achieves a green rating.

## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

### Overall assessment

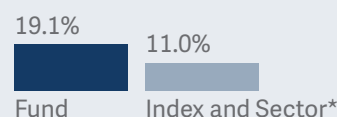


### Criteria ratings

Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of units	●

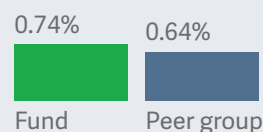
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



\*for this fund, the index and the sector are the same



# ARTEMIS STRATEGIC BOND FUND

*Investment Objective: To provide a combination of income and capital growth over a five-year period.*

## Performance

Over the five years to 31 December 2023, the fund delivered a total return (a combination of income and capital growth) of 12.0%.

It thereby outperformed the average net return of 11.0% from its peer group, the Investment Association's £ Strategic Bond sector.

Therefore, the assessment concludes that the fund has delivered good performance to clients.

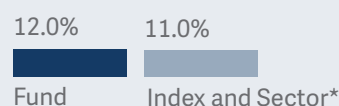
## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of units	●

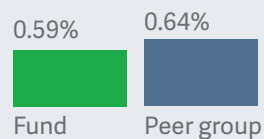
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



\*for this fund, the index and the sector are the same



# ARTEMIS SHORT-DURATION STRATEGIC BOND FUND

*Investment Objective: To generate a return that exceeds the Markit iBoxx 1-5 year £ Collateralised & Corporates Index, after fees, over rolling three-year periods, through a combination of income and capital growth, by investing in a portfolio of global debt and debt-related securities whilst maintaining an aggregate portfolio duration of below four years (duration is a measure of the sensitivity of the prices of bonds to changes in interest rates).*

## Recent changes to the fund

Over the period covered by this report, this fund was called the Artemis Target Return Bond Fund. Its objective was "To achieve a positive return of at least 2.5% above the Bank of England (BOE) base rate, after fees, on an annualised basis over rolling three-year periods."

In early 2024, however, Artemis wrote to the fund's investors and asked for permission to change the fund's investment objective, benchmark and name. They overwhelmingly voted in favour of those proposals.

Those changes were a response to the significant shift that has taken place in the economic environment since the fund's launch in 2019. In the view of the fund's managers, that has made targeting a positive absolute return irrespective of market conditions less desirable for two broad reasons.

- First, the rise in interest rates makes taking 'short' positions (an inherent component of a pure 'absolute-return' approach) significantly more expensive.
- Second, with interest rates at 5.25%, hitting the fund's original objective would have meant targeting an annualised return of at least 7.75%. That, in turn, would have meant taking on more risk and delivering more volatility than the managers believed their clients were seeking.

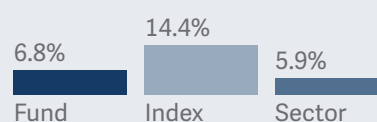
In a world where interest rates have normalised, the fund's managers believe they can still deliver an attractive return combined with relatively low beta and low volatility – but that means moving away from the previous absolute return target.

\*numbers relate to the Artemis Target Return Bond Fund as at 31 December 2023. The Sector and Peer group is the Investment Association Targeted Absolute Return.

<b>Overall assessment</b>	<span style="color: green;">●</span>
<b>Criteria ratings</b>	
Quality of service	<span style="color: green;">●</span>
Performance	<span style="color: orange;">●</span>
Costs	<span style="color: green;">●</span>
Economies of scale	<span style="color: green;">●</span>
Comparable market rates	<span style="color: green;">●</span>
Comparable services	N/A
Classes of shares	<span style="color: green;">●</span>

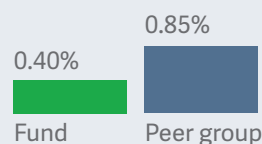
## Performance\*

Over three years to 31 December 2023



## Costs\*

Ongoing charge





## Performance

For the three years to 31 December 2023, the fund delivered a positive return of 6.8%. Its target was to produce a positive return of at least 2.5% above the Bank of England's base rate, after fees, on an annualised basis (over rolling three-year periods). Meeting that objective would have meant generating a return of 14.4%. So, although the fund generated a positive absolute return and outperformed cash, it did not meet its performance objective.

These headline return figures, however, must be set into context: the fund is a bond fund and, in 2022 and 2023, the asset class it invests in experienced the worst conditions seen in decades. In November 2021, interest rates in the UK were just 0.5%. The Bank of England then began increasing interest rates higher to help bring inflation down. By the time 2023 ended, they stood at 5.25%. Higher interest rates reduces the capital value of bonds down. Over the course of 2022:

- the UK corporate bond index suffered its largest fall since it was created in 1997.
- short-dated sterling corporate bonds fell by 8.0%.
- short-dated UK gilts fell by 25.1%.

So, over the three years to 31 December 2023, the Artemis Target Return Bond Fund delivered a positive return through a period in which bond markets all but collapsed. So, while it delivered a positive return through one of the most challenging periods for bond markets in history, the fund failed to meet its performance objective. The Board therefore believes an 'amber' rating for performance is justified.

## Our overall conclusion

While this fund received an 'amber' rating for performance, it delivered a positive absolute return through the three-year review period and, given that it achieved a green rating on the other applicable assessment criteria, the Board concluded that it has delivered good value.



# ARTEMIS MONTHLY DISTRIBUTION FUND

*Investment Objective: To generate monthly income, combined with some capital growth over a five-year period.*

## Performance

The fund delivered a total return (a combination of income and capital growth) of 30.9% over the five years to 31 December 2023. It also delivered regular monthly income payments.

Over the same five-year period, the average net return from the Investment Association Mixed Investment 20-60% Shares sector was 20.3%.

The assessment therefore concludes that, having delivered a monthly income and capital growth while also outperforming its peer-group average, the fund has delivered good performance to clients.

## Our overall assessment

Because the fund has achieved a green rating on all applicable assessment criteria, the Board concluded that it has delivered good value.

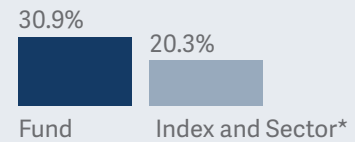
## Overall assessment ●

### Criteria ratings

Quality of service	<span style="color: green;">●</span>
Performance	<span style="color: green;">●</span>
Costs	<span style="color: green;">●</span>
Economies of scale	<span style="color: green;">●</span>
Comparable market rates	<span style="color: green;">●</span>
Comparable services	N/A
Classes of units	<span style="color: green;">●</span>

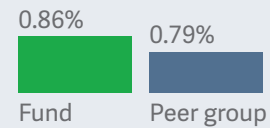
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge



\*for this fund, the index and the sector are the same



# ARTEMIS STRATEGIC ASSETS FUND

*Investment Objective: To grow the value of your investment by greater than 3% above the Consumer Price Index (CPI) per annum after fees over a minimum five-year period, by strategically allocating the fund's assets within a diversified range of asset classes in markets around the world.*

## Performance

Over the five years to 31 December 2023, the fund outperformed cash and delivered a positive return of 21.2%. At the same time, however, its returns were behind its target of delivering a return of 3% above CPI per annum over a five-year period. Over the five years assessed in this report, hitting that target would have meant generating a return of 42.2%.

Over the five-year review period, the fund's 'short' positions in bonds (which deliver positive returns as bond prices fall) made a positive contribution to the absolute return it delivered. That was a direct result of a sharp sell-off in bond markets in 2022 as inflation spiked higher and central banks pushed up interest rates. The fund's holdings in equities also made a positive contribution over the five-year review period, but their contribution was insufficient for the fund to beat its performance target. The fund's currency positions, meanwhile, made a small negative contribution.

In light of the finding in Artemis' 2022 Assessment of Value report that the fund had failed to deliver value, a number of significant changes were made in 2023:

- A new investment team was appointed.
- The fund's new manager introduced a different approach to multi-asset investing, one designed to deliver returns with less volatility.
- The annual management charge being applied to the fund was reduced.

The fund's new manager believes that the end of a long period of near-zero interest rates and quantitative easing means that investment conditions have fundamentally changed and that asset prices are likely to be more volatile. So, while the fund will continue to take a multi-asset investment approach, it now looks to make (and take) profits far more quickly and seeks to exit loss-making positions as swiftly as possible. The aim is to deliver returns more smoothly than in the past and to minimise the extent and duration of drawdowns (periods of negative returns).

Because the fund did not deliver against its objective, the Board believes a red rating for performance is appropriate. Given the new investment team only began to apply its new approach in June 2023, the Board feels more time is needed for the changes to be embedded before a fair assessment of the new process can be made. While its performance will continue to be closely monitored, Artemis' investment committee is confident that the changes made to the fund in 2023 leave it better placed to deliver on its performance target going forward.

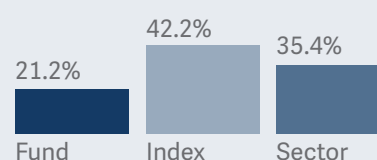
## Our overall conclusion

While the fund's performance fell short of its target over the five years to the end of 2023, given that it achieved a green rating on the other applicable assessment criteria, the Board concluded that it has delivered value overall.

<b>Overall assessment</b>	●
<b>Criteria ratings</b>	
Quality of service	●
Performance	●
Costs	●
Economies of scale	●
Comparable market rates	●
Comparable services	N/A
Classes of units	●

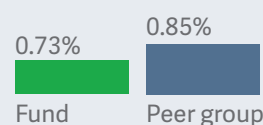
## Performance

Over five years to 31 December 2023



## Costs

Ongoing charge





# THE SEVEN ASSESSMENT CRITERIA

Assessment criteria	How we assess value?	2024 rating	Commentary
<p>Performance</p> 	<p>We considered each fund's performance, after the deduction of costs, against its investment objective and specific comparators. We used independent industry benchmarks (whether acting as a target, or as a reference against which fund performance can be compared) and/or the relevant Investment Association sector (peer groups of similar funds).</p> <p>All of the funds' objectives in this report have been measured over a period of either three or five years, based on the investment horizon of the fund. For funds that have been in existence for a shorter time period than their investment horizon, a shorter data period may have been used, if appropriate. As Artemis is a dedicated, active and specialised investment manager, it is possible for performance to be volatile over shorter periods of time, or over a specific period of time within its recommended minimum holding period.</p> <p>We have considered the wider context of each fund's performance in deciding whether value has been delivered to clients. Our funds are actively managed. Each fund manager or fund management team has their own investment style, philosophy and process. Over time, certain market or economic conditions may arise that are unfavourable for these styles, philosophies or processes. In practice, this can mean that a fund might underperform its objective or industry benchmark (or its peer group of similar funds), even when the manager is investing in accordance with the fund's investment policy.</p> <p>Therefore, following detailed analysis which considers a combination of the factors above, we might still conclude that a fund has delivered value overall, even if it has been through a period of underperformance. This could be the case where, for example, a fund has met its investment objective but is not currently aligned with the market cycle and the Directors believe there are opportunities for it to outperform in the future.</p>	<p>See individual fund pages for specific performance ratings.</p>	<p>Our performance assessment concluded that 16 out of 22 funds merit a green rating for performance.</p> <p>Five funds delivered on some but not all of their performance metrics. They therefore received an amber rating for performance. These funds will be subject to further monitoring.</p> <p>One fund, the Artemis Strategic Assets Fund, did not meet its investment objective over the review period and therefore received a red rating for performance.</p> <p>Please see the individual fund pages for performance analysis.</p>

Assessment criteria	How we assess value?	2024 rating	Commentary
<p data-bbox="165 472 293 595">Authorised Fund Managers Costs</p> 	<p data-bbox="347 472 847 853">We looked at the cost of investing in each fund, including the underlying components of the fixed administration fee that forms part of the Ongoing Charges Figure. We conducted a review of the components of Artemis' fixed administration fee, which covers the operational costs incurred in running each fund. These costs were benchmarked. Artemis has a robust system of review in place to demonstrate effective cost management, including using economies of scale to obtain better rates from its suppliers.</p> <p data-bbox="347 875 839 1182">As we discussed in our last report, we have implemented a process whereby we continually review the Annual Management Charge applied to the funds against the costs of providing Artemis' services to them. By the time of next year's report, we expect to have established a consistent trend analysis. This will further help the Board to determine whether all of the costs of providing services to the funds represent value to clients.</p>		<p data-bbox="1050 472 1469 689">Our analysis determined that all of the material costs being billed to the funds are fair and in line with industry standards. Artemis regularly reviews its service providers to ensure that it is receiving the best available prices on behalf of our clients.</p>
<p data-bbox="165 1256 320 1317">Economies of Scale</p> 	<p data-bbox="347 1256 831 1413">The administration fee for each fund is based on the investment strategy of the fund and is discounted as the fund grows in size. The Board reviews the model at least annually to make sure that the fee remains appropriate.</p> <p data-bbox="347 1435 831 1525">We also assess whether benefits obtained from economies of scale are being passed on to clients as cost savings.</p> <p data-bbox="347 1547 826 1697">There are two main ways that clients benefit from economies of scale. First, Artemis aims to leverage the aggregate size of all of the assets that it manages to obtain better rates from its suppliers.</p> <p data-bbox="347 1720 823 1966">Second, for all funds other than the Artemis Income (Exclusions) Fund and the Artemis SmartGARP Paris-Aligned Global Equity Fund, the discount mechanism for the funds' administration fee means that clients benefit directly when funds grow: as a fund grows, a discount is applied to reduce the administration fee being applied.</p>		<p data-bbox="1050 1256 1485 1451">We confirmed that the services that are obtained on the funds' behalf are reviewed regularly to ensure that costs remain competitive. Our analysis confirmed that the discount mechanism remains appropriate.</p> <p data-bbox="1050 1473 1497 1966">Our review found that the Artemis SmartGARP Global Emerging Markets Equity Fund did not meet the threshold for a green rating and an additional review was undertaken. This fund has directly benefited from the lower custody fees Northern Trust applies to investments in emerging markets compared to the previous custodian. Artemis has therefore been able to reduce the fund's administration fee by 0.02%. While the fund received an amber rating as at 31 December 2023, this reduction means that the fund meets the threshold for a green rating as at the date of publication of this report.</p> <p data-bbox="1050 1989 1469 2018">All other funds received a green rating.</p>

Assessment criteria	How we assess value?	2024 rating	Commentary
<p><b>Comparable Market Rates</b></p> 	<p>In addition to the investment management services provided to the funds, Artemis provides similar services to other parties. Where applicable, we assessed whether the charges the funds pay for investment services are comparable with the amount paid by those other parties for similar investment management services.</p> <p>For each fund, we first identified whether any comparable investment services were provided. If so, we compared the costs charged for these services to the costs charged to the funds. Where applicable, we took into account differences in how the services are provided, the relative sizes of the underlying portfolios of assets and different fee structures.</p>		<p>Where applicable, we compared the costs of the comparable services with the cost of services provided to the fund.</p> <p>In each case, we concluded that the costs paid by the fund for investment management services are appropriate.</p>
<p><b>Classes of Units and/or shares</b></p> 	<p>Artemis launched C-class units for a number of funds in March 2020. C-class units offer the same rights as R-class units, but with a lower annual management charge. At C-class launch, we converted more than 9,000 client holdings into these new units, immediately saving those clients money. All remaining R-class holdings are investments held via an adviser.</p> <p>Clients can invest directly in several of Artemis' funds by making a minimum lump sum investment of £1,000 in C-class units or £250,000 in I-class units or shares. I-class units or shares have a lower annual management charge.</p> <p>Some of Artemis' funds only offer I-class units/shares. However, clients who do not meet the £250,000 minimum investment requirement can still invest in I-class units/shares and benefit from the lower annual management charge if they use a third-party investment platform instead of investing directly. These platforms are able to aggregate large numbers of clients to meet the minimum investment requirement.</p> <p>Whether clients hold C-class or R-class units, Artemis encourages them to contact their financial advisers (or other agents) directly to confirm whether there is a more economical way to invest in their chosen fund.</p>		<p>We have assessed that appropriate share and/ or unit classes are available to meet various investor needs. Artemis has processes to move investors into lower-cost unit or share classes where they qualify.</p> <p>As part of Artemis' ongoing work in this area, it wrote to advisers during 2023 to request confirmation that they were continuing to provide investment advice to their clients. At the request of some advisers, a number of clients remain in R-class units.</p> <p>Each client who invests directly with Artemis is in the lowest-cost unit class available to them. We regularly review holders of R-class units to ensure that, where we identify that a client's investment qualifies for a lower-cost class of unit or share, it is converted.</p>

Assessment criteria	How we assess value?	2024 rating	Commentary
<p data-bbox="165 387 277 443">Quality of Service</p> 	<p data-bbox="347 387 847 734">We assessed the range and quality of services provided to clients and the funds. This included an evaluation of the direct services provided to clients, Artemis' communication and engagement with clients and the day-to-day maintenance and investment services provided to the funds. In addition, we assessed the quality of the proposition which Artemis' brand represents, including its charitable activities and corporate and social responsibilities.</p> <p data-bbox="347 752 815 875">Most importantly though, this included the results of Artemis' annual client survey, whereby clients provided feedback on the quality of service they are receiving.</p>		<p data-bbox="1048 387 1497 448">Overall, our assessment is that the funds have met the threshold for a green rating.</p> <p data-bbox="1048 465 1485 651">Ongoing reviews of the services Artemis provides to its clients have found that they consistently rate them positively. We continue, to seek the views of our customers proactively, through client surveys and by soliciting feedback.</p> <p data-bbox="1048 669 1493 891">In 2023, Artemis changed administration provider from JP Morgan and SS&amp;C to Northern Trust. This was a complex initiative which was implemented in tranches over the year. We anticipate enhanced service levels as we move through 2024.</p> <p data-bbox="1048 909 1501 1160">Seven of Artemis' funds have been shortlisted in the annual 'Fund Manager of the Year Awards' organised by Investment Week magazine. These nominations are based on the consistency of these funds' performance over the three years to the end of January 2024.</p> <p data-bbox="1048 1178 1326 1207">The nominated funds are:</p> <ul data-bbox="1080 1225 1485 1615" style="list-style-type: none"> <li data-bbox="1080 1225 1442 1285">■ Artemis SmartGARP European Equity Fund</li> <li data-bbox="1080 1296 1442 1357">■ Artemis SmartGARP Global Emerging Markets Equity Fund</li> <li data-bbox="1080 1368 1418 1397">■ Artemis Global Income Fund</li> <li data-bbox="1080 1408 1485 1469">■ Artemis Funds (Lux) – Short-Dated Global High Yield Bond Fund</li> <li data-bbox="1080 1480 1485 1509">■ Artemis Monthly Distribution Fund</li> <li data-bbox="1080 1520 1342 1550">■ Artemis Income Fund</li> <li data-bbox="1080 1561 1450 1621">■ Artemis UK Smaller Companies Fund</li> </ul> <p data-bbox="1048 1632 1501 1787">In addition, Artemis has also been nominated in the 'Group of the Year' category. The Group of the Year nominees are groups that have several shortlisted funds in major asset classes.</p>

## YOUR BOARD

The Board of Artemis Fund Managers Limited plays a critical role in the governance and oversight of the company's activities. Our directors help to ensure that the focus of the whole business is 'clients first'.



### **John Dodd - Executive Chairman**

Before co-founding Artemis in 1997, John was senior investment manager of UK smaller companies at Ivory & Sime. He launched and managed for a decade the successful Artemis UK Smaller Companies Fund. John still co-manages one of Artemis' UK-listed investment trusts; and is now Artemis' Executive Chairman. John is a partner in Artemis Investment Management LLP, a member of the Management Committee and a member of the firm's Executive Committee.



### **Mark Murray - Senior Partner And Executive Director**

After graduating with an LLB from Edinburgh University, Mark worked as a corporate lawyer with Shepherd & Wedderburn in Edinburgh for five years. He joined Artemis in 1997 as company secretary and became COO in March 2001. Mark took on the role of Artemis' Senior Partner in January 2016. He is a partner in Artemis Investment Management LLP, chairs its Executive Committee and is a member of the Management Committee.



### **Claire Finn - Independent Non-Executive Director**

Claire holds a BA Hons in Modern Languages and an MSc in Finance, as well as a number of post-graduate qualifications, including the Investment Management Certificate. After four years as a Product Manager at Henderson Global Investors, Claire joined BlackRock in 2005. By the time she left in 2018, she had fulfilled a number of senior roles in distribution, concluding with her promotion to Managing Director, Head of DC, Unit-Linked and Platforms. She joined the board of Artemis Fund Managers Limited on 30 August 2019.



### **Andrew Laing - Independent Non-Executive Director**

After six years as a commercial lawyer, Andrew spent eight years in private equity. He joined Aberdeen Asset Managers in 1986, retiring in 2019. In that time, his roles included that of COO and Deputy CEO before, in August 2017, he became Head of Integration and a member of the Group Executive Committee at Aberdeen Standard. Andrew has also been active in the wider industry and was a Director of the Investment Association from 2012 until 2019. He joined the board of Artemis Fund Managers Limited on 30 August 2019.





### **Paras Anand - Chief Investment Officer And Executive Director**

Paras held a number of fund management roles in London and New York before becoming Head of European Equities at F&C Investments. He then joined Fidelity in 2012 as CIO for European equities; before moving to Singapore in 2018 to become CIO for all asset classes and functions across the Asia-Pacific region. He was also a member of Fidelity International's Global Operating Committee. He led the group's strategy on sustainability and was global sponsor for cultural diversity. Paras joined Artemis as CIO in 2022. He is a partner in Artemis Investment Management LLP and a member of Artemis' Executive Committee.



### **Greg Jones - Head Of Distribution And Executive Director**

Greg started his career in 1985 as a portfolio manager for part of Sedgwick Group, before moving into sales and management with Schroders, Morgan Grenfell and Aviva. Greg joined Artemis in 2020 after a decade at Janus Henderson, where latterly he was Head of Distribution for EMEA, APAC and Latin America. He had joined Henderson in 2009 through its acquisition of New Star, where he was a founder of the company's UK investment funds business and managing director of New Star International Investment Funds. Greg is a partner in Artemis Investment Management LLP and a member of Artemis' Executive Committee.



### **Jonathan Loukes - Chief Financial Officer And Executive Director**

Jonathan graduated from Glasgow University with an LLB. He went on to take an LLM before completing an MBA at Manchester Business School. He then qualified as an accountant with Arthur Andersen before joining Deloitte, where he spent seven years. He moved to Aberdeen Asset Management plc in January 2010 as Deputy Group Finance Director and then joined Artemis in September 2017. A member of the Institute of Chartered Accountants of Scotland, Jonathan is a partner in Artemis Investment Management LLP and a member of the firm's Executive Committee.



### **Sheenagh Dougall - Chief Operating Officer And Executive Director**

Sheenagh joined Artemis in 2021 and is responsible for operational and administrative functions relating to Artemis' fund ranges and segregated clients and for the technology infrastructure across the firm. She began her career at Deloitte in 2004 where she qualified as a chartered accountant and was part of the Audit & Assurance practice focused on asset management. In 2010 she moved to Santander Asset Management where she held a number of senior roles in the UK business including Head of Operations and Head of Transformation and PMO. She holds a BA Hons in Economics and is a member of the Institute of Chartered Accountants of Scotland and the Institute of Directors. Sheenagh is a partner in Artemis Investment Management LLP, a member of Artemis' Executive Committee and a director of Artemis Funds (Lux) SICAV. Sheenagh was appointed as a Director of Artemis Fund Managers Limited on 1 April 2024.

# DISCLAIMER

Issued by Artemis Fund Managers Limited, which is authorised and regulated by the Financial Conduct Authority.

Artemis Fund Managers Limited does not offer investment advice.

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Source for performance data: Lipper. Source for charges data: Fitz Partners and Artemis. All data is correct as at 31 December 2023. All performance figures show total returns with dividends and/or income reinvested, net of all charges and (where relevant) performance fees. Performance does not take account of any costs incurred when investors buy or sell the fund.

