

This document is issued by Artemis UK Future Leaders plc (the "Company") solely in order to make certain particular information available to investors in the Company before they invest, in accordance with the requirements of the Financial Conduct Authority's ("FCA") Rules implementing the Alternative Investment Fund Managers Directive ("AIFMD") in the United Kingdom. It is made available to investors in the Company by being made available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services & Markets Act 2000 before investing in the Company.

## **ARTEMIS UK FUTURE LEADERS PLC**

## **INVESTOR DISCLOSURE DOCUMENT**

### **IMPORTANT INFORMATION**

#### **Regulatory status of the Company**

The Company is an Alternative Investment Fund ("AIF") for the purposes of the AIFMD and the Company is regulated by the FCA in the United Kingdom as an externally-managed AIF for the purposes of that Directive.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its Articles of Association (the "Articles"), the Listing Rules and Disclosure and Transparency Rules of the FCA, the Companies Act 2006, and complies with the AIC Code of Corporate Governance.

The provisions of the Company's Articles are binding on the Company and its shareholders. The Articles set out the respective rights and restrictions attached to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles. The Company's Articles available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

#### **Limited purpose of this document**

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

**No advice**

The Company and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

**Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the shares may not (unless an exemption from such act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, New Zealand, South Africa or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such act.

Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

**Exchange of information agreements**

To comply with legislation implementing the United Kingdom's obligations under various intergovernmental exchange of information agreements (often referred to as the Common Reporting Standard), certain information is required to be collected from shareholders and reported to HM Revenue & Customs. This includes information to verify shareholders' identity, residence and tax status. Where shares are uncertificated, the CREST member or sponsor is responsible for collecting this information, while the Registrar is responsible for collecting information on all other accounts.

If requested to do so, shareholders must provide the required information. Failure to provide this information will result in the shareholder being reported to HM Revenue & Customs. If domestic tax legislation in their country of tax residency does not allow this information to be provided, shareholders should make the CREST member or sponsor, or the Registrar, aware of this.

Shareholders who are unsure how to determine their tax residency should contact their tax advisor.

**THE COMPANY****Background**

The Company is incorporated in England & Wales and its business as an investment trust is to buy and sell investments with the aim of achieving the objective outlined below.

## **Investment objective and policy**

*Full details can be found in the Annual Report and Accounts at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders). A summary is set out below.*

The investment objective of the Company is to achieve long-term total return for shareholders primarily by actively investing in a broad cross-section of small to medium sized UK quoted companies.

The portfolio primarily comprises shares traded on the London Stock Exchange including those traded on AIM. The investment manager can also invest in unquoted securities, though these are limited to a maximum of 5% of gross assets at the time of acquisition.

The Manager seeks to outperform the benchmark index. As a result, the Manager's approach can, and often does, result in significant overweight or underweight positions in individual stocks or sectors compared with the benchmark. Sector weightings are ultimately determined by stock selection decisions. Risk diversification is sought through a broad exposure to the market, where no single investment may exceed 5% of the Company's gross assets at the time of acquisition.

The Company may utilise index futures to hedge risk of no more than 10% and other derivatives (including warrants) of no more than 5% with the aim of reducing risk, reducing costs and/or generating additional capital or income. In addition, the Company will not invest more than 10% in collective investment schemes or investment companies, nor more than 10% in non-UK domiciled companies. All these limits are referenced to gross assets at the time of acquisition.

Borrowings may be used to raise market exposure up to the lower of 30% of net asset value and £25 million. Borrowings are invested in equity and other methods as considered to be appropriate on investment grounds. The Company will enhance dividends by making use of its ability to distribute capital profits. To the extent the Company uses its ability to fund dividends this will reduce capital growth.

## **Leverage**

Leverage is defined in the AIFMD as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions.

The Company is permitted under its investment policy to borrow up to the lower of 30% of net asset value and £25 million. It is also permitted to utilise index futures to hedge risk of no more than 10% and use other derivatives (including warrants) of no more than 5%. The use of borrowings and derivatives by an investment trust may enhance the total return on its shares when the value of the company's assets is rising and exceeds the cost of borrowings, but it will have the opposite effect when the value is falling and when the underlying return is less than the cost of borrowing, thus reducing the total return on the shares. They may also increase the volatility of the returns to shareholders and the net asset value per share.

The Manager is required under the Directive to set limits on leverage. This is calculated on a different basis to commonly used gearing ratios and includes market and credit exposure gained by any method, not just borrowings. Limits are set intentionally above the levels that the Company would normally expect to employ. For these purposes the limits are that aggregate exposure as a percentage of NAV may not exceed 200% measured by the commitment method and 250% measured by the gross method.

Under the gross method, exposure represents the sum of the Company's exposures, without any offsetting and excluding cash held in sterling. Under the commitment method, sterling cash balances, hedging, and other netting arrangements designed to limit risk are taken into account.

The Company's leverage ratio will be disclosed in each set of Annual Report and Accounts, along with details of any changes to the limits that have been made during the year. The Investment Manager monitors leverage values on a daily basis and reviews the limit annually.

Where there is a material change in the corporate policy of the Company, the limits would also be subject to review. As this change would require shareholder approval before being implemented, any changes to the leverage limits would be disclosed in any announcements made regarding the change in the corporate policy.

The Investment Manager is not able to enter into any stock-lending agreements; to borrow money against the security of the Company's investments; nor create any charges over any of the Company's investments, unless prior approval has been received from the Board.

#### **Investment strategy and investment techniques**

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the FCA's Listing Rules, prior approval is required from shareholders of any material change to the published corporate strategy and policy. Accordingly, the Company will not make any material change to its published corporate policy without the approval of shareholders by ordinary resolution. The Company will announce such changes through a Regulatory Information Service ("RNS") announcement. The Company's published corporate policy is set out in the section entitled 'Investment objective and policy' above.

Any change in corporate policy which does not amount to a material change to the published corporate policy may be made by the Company without shareholder approval.

### **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

#### **The Alternative Investment Fund Manager and the Investment Manager**

Artemis Fund Managers Limited ("AFML") has been appointed as the Alternative Investment Fund Manager to the Company.

Pursuant to the rules set out in the Investment Funds Sourcebook ("FUND") issued by the FCA, the Alternative Investment Fund Manager is entitled to delegate its investment management functions to any third party on and subject to such terms, conditions or regulations as it may in its absolute discretion think fit. AFML has delegated its responsibilities for the portfolio management of the Company to Artemis Investment Management LLP (the "Investment Manager").

As a result of the delegation of functions, it is possible that AFML and the Investment Manager may, in the course of their businesses, have potential conflicts of interest with the Company or that potential conflicts of interest may arise between the Company and other funds managed by the Investment Manager and/or AFML. Each of the Investment Manager and AFML will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to their obligations to act in the best interests of each client in so far as practicable, having regard to their obligations to other clients when undertaking any investment where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Investment Manager and AFML will ensure that each client it manages is fairly treated.

AFML receives an investment management fee from the Company of 0.65 per cent per annum on the first £50 million of the net assets of the Company. The balance above £50 million will be charged at a reduced rate of 0.55 per cent per annum.

No performance fees are payable. No fees are paid to AFML in respect of its role as Alternative Investment Fund Manager to the Company.

#### **The Depositary**

Northern Trust Investor Services Limited has been appointed as the Depositary to the Company. The Depositary has a duty of oversight in relation to the cash flows of, and securities held by, the Company.

The Depositary has delegated the safe-keeping of the assets of the Company to The Northern Trust Company, London Branch, the Custodian of the Company.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13). Shareholders will be notified of any changes with respect to the discharge by the Depositary of its liability, in accordance with Article 21(13), through an RNS announcement.

#### **The Administrator**

The Northern Trust Company ("TNTC") has been appointed as Administrator to the Company.

The Administrator provides fund accounting, financial reporting and other administration services to the Company.

#### **The Company Secretary**

Northern Trust Secretarial Services (UK) Limited ("NTSS") has been appointed as Company Secretary to the Company.

The Company Secretary provides support and advice to the Directors on corporate governance matters (including on matters relating to the Company's listing and compliance with the Companies Act and the Articles of Association); maintains the Company's statutory books and registers and minutes of general meetings and board meetings; and provides related services and advice to ensure that the Directors are able to operate the Company efficiently.

#### **The Auditor**

The Auditor of the Company is Ernst & Young LLP. The Auditor is required to report to shareholders whether the Annual Report and Accounts represent a true and fair view of the state of the Company's affairs at each financial year end, and also to confirm that the Annual Report and Accounts have been prepared in accordance with UK accounting standards and the requirements of the Companies Act 2006.

The Directors of the Company are authorised by shareholders at each Annual General Meeting to determine the remuneration of the Auditors. The amounts paid to the Auditors in respect of the last two financial year ends are disclosed in the notes to the financial statements in the Annual Report and Accounts.

#### **The Registrar**

The Registrar of the Company is MUFG Corporate Markets (formerly known as Link Group). The Registrar maintains the share register of the Company, collates shareholder proxy votes and arranges payment of the Company's dividends to shareholders.

The Registrar receives an annual fee based on the number of shareholder accounts and activity on the share register, plus expenses and disbursements.

### **SHAREHOLDER INFORMATION**

#### **Reports and Accounts**

Copies of the Company's latest Annual and Half-Yearly Report and Accounts may be accessed at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

#### **Publication of net asset values**

The latest net asset value of the Company, which is calculated and published daily, may be accessed at [londonstockexchange.com](http://londonstockexchange.com).

**Valuation policy**

Purchases and sales of investments are accounted for on a trade date basis. Investments are designated as held at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed investments is the bid value or last traded prices for holdings on certain recognised overseas exchanges. The fair value of unquoted investments uses valuation techniques, determined by the Directors, and based upon recommendations from the Investment Manager's Fair Value Pricing Committee which takes into account latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board.

**Historic performance of the Company**

Details of the Company's historical financial performance are provided in the Company's Annual and Half-Yearly Report and Accounts and monthly factsheets, which are available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

The value of shares in the Company, and any income from them, can fall as well as rise and you may not get back the amount originally invested. Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events. How the shares have performed in the past is not a guide to how they will perform in the future.

**Purchases and sales of shares by investors**

The Company's shares are admitted to the Official List of the UKLA and to trading on the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the London Stock Exchange.

The Company may make market purchases of its shares from time to time, subject to the Company having the necessary authorities in place and having sufficient funds available for this purpose.

The Company may issue shares from time to time, subject to having the necessary authorities in place. Shares will only be issued at a premium to net asset value. Shareholders will be notified of any shares purchased or new shares issued through an RNS announcement.

**Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject to ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally and each ordinary share is entitled to one vote in any circumstances. Each ordinary share has equal rights in respect of dividends.

As directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

**Fees and Expenses**

AFML is entitled to an investment management fee as set out in "The Alternative Investment Fund Manager and the Investment Manager" section on page 4 of this document. In addition, the Company will incur annual fees and expenses including fees for: depositary, fund administration, registration services, directors and other operating expenses. Such expenses are all paid by the Company and thus indirectly borne by its shareholders.

The aggregate fees and expenses incurred each year are set out in the Company's annual financial report as Ongoing Charges.

The expenses of managing the Company are not subject to any maximum but are carefully monitored by the Board and the ongoing charges ratio provides a guide to the effect on performance of the annual operating costs. The Board reviews expenditure using an annual budgetary process.

## RISK FACTORS

The Company is exposed to a number of risks that are associated with the financial instruments and markets in which it invests, notably market risk, which includes foreign exchange risk and gearing risk, and credit and counterparty risk.

Market 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, country or sector. The number of individual holdings will vary over time but to ensure diversification there can be between 50 and 70 holdings. The number of holdings may be higher in the transition period.

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. Derivatives may also be used by the Company to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

As described above under the heading "Investment Objective and Policy", the Company principally invests in shares issued by smaller companies. Investment in the securities of smaller and unquoted companies can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for securities in smaller companies is often less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper information for determining their value, or the risks to which they are exposed, may also not be readily available.

The Company uses gearing as part of its investment strategy. 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 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.

Counterparty risk is the risk that an issuer or counterparty will fail to discharge its obligations or commitments to the Company, resulting in a financial loss. The Investment Manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with The Northern Trust Company acting through its London Branch ("TNTC"), the Company's Banker and Custodian, which holds the Company's investments and maintains the bank accounts on behalf of the Depositary. Bankruptcy or insolvency of TNTC may cause the Company's rights with respect to securities and cash held by the Custodian to be delayed or limited.

Other risks faced by the Company include:

■ **Strategic:** the suitability of the Board's strategy for the development of the Company in the current marketplace and the effectiveness of the Board to deliver it. The Board meets regularly

and considers the ongoing suitability of the Company's strategy as part of its review of the Company's performance. The Nomination Committee reviews the effectiveness of the Board annually.

■ **Investment:** the management of the portfolio of the Company to achieve its investment objective and policy. The Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider market. The Board believes this approach will continue to generate good long-term returns for shareholders. Risk will be diversified through a range of investments being held. The Board discusses the investment portfolio and its performance with the Investment Manager at each Board meeting.

■ **Borrowing:** 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 discussed by the Board and Investment Manager at every meeting.

■ **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 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 and carry out oversight and monitoring of third party service providers.

## RISK MANAGEMENT

### Risk profile

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.

The Company will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure in the Annual Report and Accounts which are sent to shareholders and are also available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

### Risk management systems

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 the Company's assets and shareholders' interest therein. As the majority of the Company's systems are maintained on behalf of the Company by third party 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. Any breaches of these, or of any law or regulation the Company is required to comply with, are reported to the Board on a quarterly basis.

The Investment Manager, Administrator and Depositary of the Company and AFML 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 and AFML report to the Board on a regular basis with regard to the operation of their internal controls and risk management within their operations in so far as they impact the Company. In addition, the Investment Manager and AFML report quarterly to the Board on compliance with the terms of their delegated authorities under the Investment Management Agreement and other restrictions determined by the Board.

The Administrator and the Depositary of the Company also report, on a quarterly basis, any breaches of law and regulation and any operational errors. 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 the Audit Committee, has carried out and documented a risk and control assessment, which 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 are designed to complement each other.
- Investment management services are provided by AFML. The Board is responsible for setting the overall investment policy and monitoring the actions of AFML. The Board reviews information produced by AFML in detail on a regular basis.
- Administration services are provided by TNTC, who reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives TNTC's semi-annual report on internal controls.
- The Board is aware of the whistleblowing procedures of the Investment Manager and the Administrator.
- Safekeeping of the Company's assets is undertaken by NTISL as Depositary to the Company, and has been delegated to TNTC. The Board receives NTISL's semi-annual report on internal controls.
- Oversight of certain administrative and custodial procedures is undertaken by the Depositary. The Board reviews any exceptional items raised by the Depositary on a quarterly basis.
- The Board 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: the quality of the parties involved; their ongoing performance; and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.

### **Liquidity risk management**

AFML has a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by the Investment Manager of the prices or values at which it expects to be able to realise the Company's assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

Shares in the Company are not redeemable and shareholders do not have the right to require their shares to be purchased by the Company.

The liquidity management policy ensures that the Company's investment portfolio is sufficiently liquid to meet the Company's ongoing cash requirements for the payment of dividends and operating expenses. This requires the Investment Manager to identify and monitor its 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 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 liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified in the Annual Report and Accounts, which are sent to shareholders and also available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders) in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

The Company will also disclose the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature in the Annual Report and Accounts, which is sent to shareholders and is also available at [www.artemisfunds.com/futureleaders](http://www.artemisfunds.com/futureleaders).

#### **Professional negligence liability risks**

Directors' & officers' liability insurance is maintained by the Company in respect of the Directors and is reviewed annually. AFML and the Investment Manager also maintain professional indemnity cover which is reviewed annually.

**Any changes to the information disclosed in this document will be updated as soon as the changes have been approved and are in place.**

**10 March 2025**