

Artemis funds  
Assessment of value  
for the year ended 31 December 2022

---

# Setting the scene...

## *As we begin 2023...*

As we entered the new year and began to gather the information for this report, financial markets – which are relentlessly forward-looking – were exhibiting their typical New Year optimism.

The re-opening of China, as the Chinese government finally abandoned its 'zero-Covid' approach, seemed to be the basis for much of this optimism.

The good mood was (temporarily) broken in March, when two US regional financial institutions (Silicon Valley Bank and Signature) ran into liquidity issues. Credit Suisse soon followed. While this could have been seen as a reminder of earlier financial crises, the problems appeared to be specific to these businesses and orderly solutions were soon found.

After a year marked by war, inflation and falling asset prices – not to mention a cost-of-living crisis – that most financial markets notched up positive returns in the first quarter of 2023 came as an extremely welcome result.

## *To recap briefly...*

When 2022 began, the US Federal Reserve was still buying bonds through quantitative easing (QE) and holding interest rates at zero. A year later, it has responded to rampant inflation by shrinking its balance sheet (selling its holdings in assets such as US Treasuries) by over half a trillion dollars and by pushing up US interest rates to 5%. Similar processes have unfolded in Europe and the UK. This came against the backdrop of war in Ukraine and ongoing geopolitical tension between the US, China and Russia.

Many investment professionals, including many of the fund managers at Artemis, described this as a 'regime change' – a process whereby central banks withdraw the vast amount of monetary stimulus they once provided to financial markets.

This support – including QE – started almost 15 years ago, with the bailout of banks in the aftermath of the collapse of Lehman Brothers. It has continued in one form or another ever since. In 2022, however, that suddenly changed.

In response, every major asset class fell, with cash being the most notable exception. The losses suffered were particularly painful because fixed income and equity markets fell in tandem; there was no place to hide.

From the perspective of UK-focused investors there was, however, one welcome development: after years in which it lagged its international peers, the FTSE 100 was – at least in relative terms – a safe haven. Might this come to be viewed as a turning point for this long-neglected market?

## *And now?*

As governments and central banks step back, we may be heading towards what could be described as a more 'normal' investing environment – one in which traditional investment fundamentals drive the value of assets, whether they be bonds or equities.

Only time will tell how the remainder of the year plays out, but it seems likely that interest rates will not return to the historic lows to which many had become accustomed; base rates of 3-4% in the UK may well be the 'new norm.'

Against this shifting economic and market backdrop, we have been endeavouring to ensure that all of the funds we manage provide value for our clients and meet their needs. So, where relevant, we have continued to make improvements, instituting changes that we believe will help to deliver better outcomes for clients.

Stewardship and sustainability remain an ongoing focus for Artemis. A number of senior global equity investment professionals were recruited in early 2023, with the aim of combining leading performance in global equities with sustainability.

We believe that the stability and continuity brought by a core team of experienced, long-standing fund managers creates the right environment to deliver favourable client outcomes. Over the last year, new managers have been added to that core, bringing different skill sets and perspectives.

---

## *What is an 'assessment of value' and why are we publishing this report?*

The Financial Conduct Authority (FCA) has asked all managers of UK-domiciled funds to carry out an annual review of the funds they manage to assess the overall value delivered to clients.

In terms of seeking to deliver value, this review is aligned with Artemis' core cultural principles of putting clients first, collaboration and integrity & accountability.

The assessment of value is the responsibility of the Board of Directors of Artemis Fund Managers Limited (the 'Board/Directors'). We have conducted a detailed analysis and review of Artemis' funds and

the outcomes are summarised in this report, based on data and information to the end of December 2022.

---

## *How did we assess value?*

An essential part of our role as Directors is to determine whether value is being provided to our clients. We define value as delivering positive outcomes in terms of investment performance, costs, and service.

In addition to producing this report, at Artemis we separately and regularly review the funds across our range to ensure that we are offering appropriate products to our clients.

We have completed an extensive review of each fund under the seven 'value criteria' introduced by the FCA. We have grouped these into three categories:

- Fund performance;
- Costs and charges; and
- Services provided.

Detailed analysis of each of the seven criteria was provided to the Board for review and consideration, and the conclusions are set out in this report.

We believe that Artemis' assessment of value should consider the various elements within a broad and robust framework. To allow overall value to be assessed, in our view this assessment should not be equated to lowest cost or to investment performance in isolation. So, we have taken a more holistic approach.

Following our review, we have identified some potential improvements which are detailed in the report for each fund, where relevant.

---

## *What our clients said...*

In addition to some of the potential changes noted, the review also highlighted some areas in which Artemis has continued to do well. For example, it remains gratifying that, according to Artemis' annual client survey, 88% of respondents said they think they are receiving good value from their investments with us. Moreover, when thinking about Artemis as a business, 90% of respondents

rate positively the overall value delivered in terms of fund performance, costs & charges and services provided. Finally, as they did last year, some 80% of respondents rate highly all aspects of their engagement and experience of customer service with us, with a third of these stating that our service is superior to that of other fund managers they deal with.

---

## *Things we have already improved...*

Since we last reported on our assessment of value, we have continued to make significant progress in a number of areas and enhanced the quality of our stewardship activities. We strengthened our sustainability oversight and expertise by creating a Sustainability Committee, chaired by the Chief Investment Officer, to develop strategy, set targets and monitor progress.

In line with our commitment to the Net Zero Asset Managers initiative, a detailed assessment of firm-wide investments was undertaken. We have initially committed 80% of assets under management to be in scope to reach net zero emissions by 2050. To further support our aims as a business, we continue

to build out our stewardship team as our sustainability goals are developed.

As part of Artemis' ongoing commitment to improvement, another criterion for assessing value is ensuring that our clients are invested in the lowest cost unit classes available to them. As part of this, we continued with our previous work to convert Class R unitholders to units with a lower annual management charge. During 2022 we converted a number of our Class R unitholders' investments to units with a lower annual management charge. This saves our clients between £5 and £30 per year for every £10,000 invested.

---

## *In conclusion...*

Just as markets refuse to stand still, the goals of our clients are constantly evolving. In this changing landscape, we continue to believe that a focus on our core cultural principles – putting clients first; collaboration; integrity & accountability – will help us continue to deliver, and improve, value for our clients.

So far in 2023, we have made good progress in migrating a range of services that support the operation of the funds to Northern Trust. We believe this will further enhance the quality of service provided to the funds.

Whatever happens in the year to come, we will continue to review our range of funds and, wherever

necessary, act to ensure that they still meet our clients' needs: long-term performance supported by outstanding client service.

On a personal note, thank you for continuing to put your trust in Artemis to help you navigate these times of economic and financial change. Along with my colleagues, I will continue to do my utmost to ensure that your trust is well placed.



John Dodd, Chair of the Board of Directors,  
Artemis Fund Managers Limited

# Introducing Artemis' Board of Directors

The Board of Artemis Fund Managers Limited plays a critical role in the governance and oversight of the company's activities. Through challenge and encouragement, our directors help to ensure that the focus of the whole business is on 'clients first'. As you will see from the biographies below, the company is directed by individuals who bring a wealth of experience to that singular aim.

## *John Dodd*

### EXECUTIVE CHAIRMAN AND EXECUTIVE DIRECTOR



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, a member of the firm's Executive Committee and Executive Chairman of Artemis Fund Managers Limited.

## *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, is a member of the Management Committee and a director of Artemis Fund Managers Limited.

## *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, a member of Artemis' Executive Committee and a director of Artemis Fund Managers Limited.

## *Lesley Cairney*

### CHIEF OPERATING OFFICER AND EXECUTIVE DIRECTOR



Lesley holds an MBA from Heriot-Watt University. After 14 years at Henderson Global Investors, the last five as COO, Lesley joined Artemis in April 2016. Alongside her strategic role, Lesley's

responsibilities centre on ensuring the smooth delivery of Artemis' operations and client service. She is a partner of Artemis Investment Management LLP, a member of the firm's Executive Committee and a director of Artemis Fund Managers Limited.

## *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, a member of Artemis' Executive Committee and a director of Artemis Fund Managers Limited.

## *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

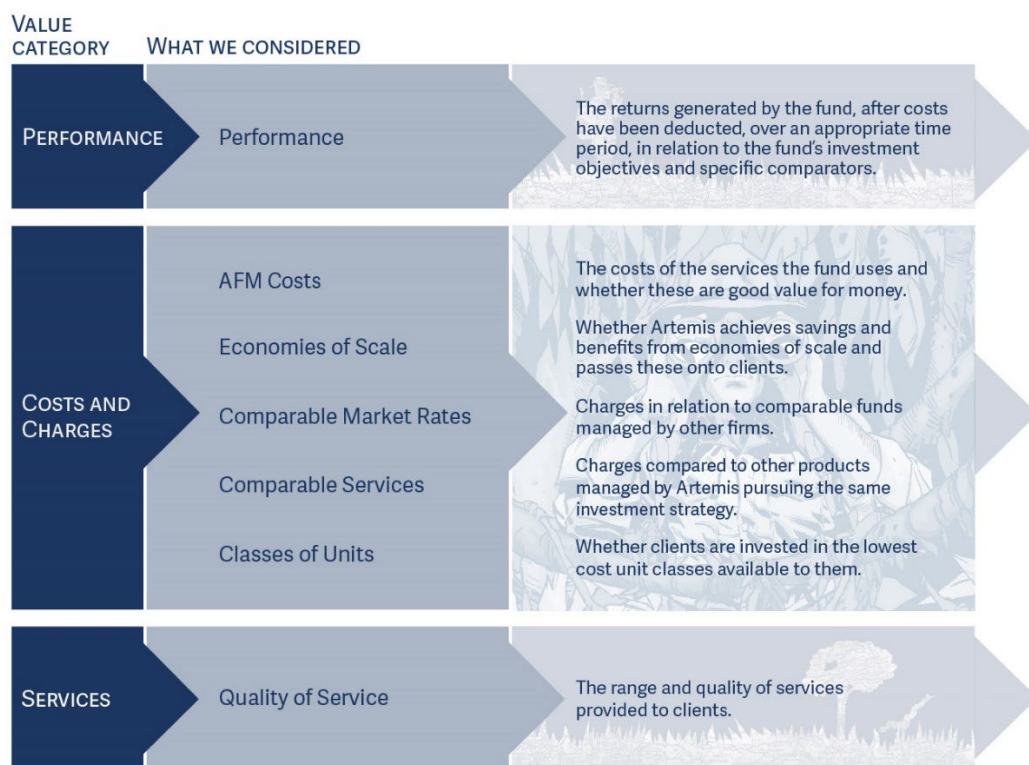
Andersen before joining Deloitte, where he spent seven years. He moved to Aberdeen Asset Management plc in January 2010 as Deputy Group Finance Director and then joined Artemis in September 2017. A member of the Institute of Chartered Accountants of Scotland, Jonathan is a partner in Artemis Investment Management LLP, a member of the firm's Executive Committee and a director of Artemis Fund Managers Limited.

# Criteria for assessing value

The FCA introduced seven criteria for all UK fund managers to consider in determining whether value has been delivered to clients. These must be included as part of the annual assessment for each fund.

These criteria are: Performance, Authorised Fund Manager (AFM) Costs, Economies of Scale, Comparable Market Rates, Comparable Services, Classes of Units and Quality of Service.

We have grouped the criteria into three categories: Performance, Costs and Charges, and Services.



The following report describes Artemis' approach to each of the individual criteria and covers each of them in turn, resulting in an overall outcome for each fund. This follows a thorough review of quantitative and qualitative data, metrics and information for each fund.

While an evaluation was completed for every share class, the fund-level analysis in this report is based on the representative share class for the fund. This is the highest charging 'clean' share class freely available through third-party distributors in the retail market. This is typically an accumulating class where available, except for funds where there is an income objective. In these cases, preference is given to the distributing share class, when available. This corresponds to the Investment Association's definition of a representative share class. For the non-representative share classes of a few funds, the extent of value delivered slightly varies.

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. As we establish a consistent trend analysis, this will further help the Board in our determination as to whether all of the costs of providing services to the funds represent value to clients.

We are also conscious of the increasing importance to investors of understanding how environmental, social and governance (ESG) factors impact on their investments. During 2022, Artemis further developed its approach to Stewardship and ESG integration, more information on which can be found in the firm's 2022 Stewardship Report.

We are considering whether adding information focused on ESG factors to future Assessment of Value reports will help us to demonstrate how our approach to ESG in funds' investment processes provides additional value. This work will continue in parallel with our (and the wider fund management industry's) response to the FCA's Sustainability Disclosure Requirements.



## Performance

### HOW DID WE MEASURE PERFORMANCE FOR EACH FUND?

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.

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. 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.

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 which they follow when choosing what to invest in. Over time, there might be specific market or economic conditions which either favour or do not favour 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.

Therefore, following detailed analysis which considers a combination of the factors above, we might still conclude that a fund has delivered good value overall, even if it has been through a period of underperformance. This could be the case where, for example, a fund meets its investment objectives; but is not currently aligned with the market cycle but where the Directors believe there are still opportunities for outperformance in the future.

## Costs and charges

### WHAT COSTS AND CHARGES DID WE ANALYSE FOR EACH FUND?

#### AFM COSTS – GENERAL

*The costs of the services the fund uses; and whether these are good value for money*

We focused on AFM service providers. Here we looked at the cost of investing in each fund, including the components of the fixed administration fee which 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 the 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 suppliers of services. As mentioned above, we have established a new, holistic review process to consider the extent to which each fund's Annual Management Charge represents value to clients. We will provide updates on this in future.

#### ECONOMIES OF SCALE

*Whether Artemis achieves savings and benefits from economies of scale and passes these on to clients*

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.

We also assess whether benefits obtained from economies of scale are passed on to our clients as cost savings.

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 in order to obtain better rates from suppliers. We confirmed that services which are obtained on the funds' behalf are reviewed regularly to ensure that costs remain competitive.

Second, the discount mechanism for the funds' administration fee means that our clients benefit directly from growth in the size of each fund. As a fund grows, a discount is applied to reduce the applicable administration fee.

#### COMPARABLE MARKET RATES

*Charges in relation to comparable funds managed by other firms*

We assessed whether the charges our clients pay compare favourably with those payable for similar funds from other providers. We measured the management fees and operating costs against those charged by the funds' Investment Association sector peer groups of similar funds.

We took into account two aspects of fund charges in making this comparison:

- Annual Management Charge (AMC)



- Ongoing Charges Figure (OCF)

The AMC is the fee paid to a fund management firm for managing a fund.

The OCF is the fund's AMC plus the costs of administration or administration fee which covers the annual operating costs of running the fund.

## COMPARABLE SERVICES

*Charges compared to other Artemis products pursuing the same investment strategy*

In addition to the investment management services provided to the funds, Artemis provides similar services to other parties. As appropriate, we assessed whether the charges which the funds pay for investment services are comparable with the amount paid by those other parties for investment management services.

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.

## CLASSES OF UNITS

*Whether clients are invested in the lowest cost unit classes available to them*

Artemis launched Class C units for a number of funds in March 2020. Class C units offer the same rights as Class R units, but with a lower annual management charge. At launch, we converted more than 9,000 client holdings into these new units,

saving those clients money. All remaining Class R holdings were investments held via an adviser.

Clients can invest directly in several of our funds with a minimum lump sum investment of £1,000 in Class C units or £250,000 in Class I units/shares. Class I units/shares have a lower annual management charge. Some of our funds only offer Class I units/shares. Clients who do not meet the £250,000 minimum investment requirement can still invest in Class I units/shares and benefit from the lower annual management charge if they use a third-party investment platform instead of investing with us directly. These platforms are able to aggregate large numbers of clients and therefore meet the minimum investment requirement.

As part of our ongoing work in this area, we wrote to advisers during 2022 requesting confirmation that they continued to provide investment advice to their clients. A process to convert further clients invested in Class R through financial advisers, resulted in approximately 220 further conversions by the year end. At the request of some advisers, a number of clients remain in Class R.

Every client who invests directly with Artemis is in the lowest-cost unit class available to them. We regularly review holders of Class R units to ensure that, where we identify that a client's investment qualifies for a lower cost class of unit, Artemis converts their investment, which saves them money.

Whether clients hold Class C or Class R units, we encourage 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.

## Services

We assessed the range and quality of services provided to clients and the funds. This included: an evaluation of the direct services provided to our clients; our 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 our charitable activities and corporate and social responsibilities.

Most importantly though, this included the results of Artemis' annual client survey, whereby you, our clients, have provided us with valuable feedback on the quality of service provided by Artemis.

It was encouraging to learn that:

- When thinking about Artemis as a business, 90% of respondents rate positively the overall value delivered in terms of fund performance, costs & charges and services provided; with over half rating this highly.
- When asked about their investments with us, 88% of respondents believe they are receiving good value from their investments in Artemis funds.
- Similarly to last year, 80% of respondents rate highly all aspects of their engagement with us and their experience of customer service when communicating with us via telephone, with one third of these stating that the service is superior to that of other asset managers they deal with.

We were also very pleased to be able to share the news that six of our 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 performance of these funds over the three years to the end of February 2023.

The nominated funds are:

- Artemis UK Select Fund
- Artemis UK Smaller Companies Fund

- Artemis Global Income Fund
- Artemis Corporate Bond Fund
- Artemis SmartGARP UK Equity Fund
- Artemis SmartGARP Global Emerging Markets Fund

In addition, we have also been nominated in the 'Group of the Year' category. The Group of the Year nomination is based only on groups which have several shortlisted funds in major asset classes.

---

## *Artemis Positive Future Fund*

The Artemis Positive Future Fund was launched in April 2021. The fund therefore has fewer than five years' performance record; and thus falls outside the period reviewed in this year's assessment. Whilst the fund was included in our assessment of value analysis, an individual fund report for this fund

will not be produced until the minimum investment horizon has been reached. We believe that this approach results in more meaningful information about the fund being provided to our clients.

# Glossary of key terms

## *Annual Management Charge (AMC)*

The fee paid to a fund manager for managing a fund. The fee is calculated daily, based on the value of the fund's net assets and is reflected in the daily value of the fund's assets. Different charges are applied for 'Class R' 'Class C' and 'Class I' units/shares in Artemis funds.

## *Asset class*

Asset class refers to the type of asset in which a fund invests - for example, shares, bonds, cash, property, currencies and/or commodities.

## *Benchmark*

A benchmark is a standard (for example, a stockmarket index, or other market measurement), which a fund manager may use as a target to outperform, or as a comparison against the performance, risk and holdings of a fund portfolio.

## *Bottom-up analysis*

A bottom-up fund manager will build a portfolio by focusing on selecting securities (stocks and/or bonds) believed to be the best opportunities within their industry or sector. Attention is focused on specific companies and their fundamentals. Economic issues and asset allocation guidelines are considered, but are not of primary importance in the construction of the investment portfolio. In contrast, a 'top-down' fund manager will make investment decisions based on the macroeconomic environment and related data rather than on stock-specific criteria.

## *Consumer Price Index (CPI)*

The Consumer Price Index (CPI) is a measure that examines the purchasing power of money. It is a weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

## *Growth stock / growth investing*

A growth stock or share refers to a company whose earnings are expected to grow more rapidly than those of the average company over time. Fund managers who adopt a growth philosophy focus on identifying – and investing in – these growth stocks.

## *Investment Association (IA) sector*

As there are numerous funds in the market available from different fund managers, the Investment Association (the UK trade body for the investment management industry) divides these funds into broad groups. The aim is to help investors and their advisers compare funds with those with similar goals and holdings and thereby assist them in making investment decisions. Further information can be found on the Investment Association's website [www.theia.org](http://www.theia.org).

## *Long position*

A 'long position' is the purchase of a security, commodity or financial instrument (for example, shares or bonds) in the belief that its price will rise, with the aim of making a gain from the increase.

## *Ongoing Charges Figure (OCF)*

Ongoing charges are the annual operating expenses of running a fund. For the funds covered by this report, this is the AMC (the 'annual management charge' above) plus the administration fee. The administration fee covers the fees paid for custody, administration and the costs of independent oversight functions. These fees are paid from the net assets of the fund.

## *Short position*

A short position is when an investor borrows a share or other financial instrument (for a fee) and then sells it. The investor does this in the expectation that the price will fall and the share or position can be bought back at a lower price later, thus making a profit. The investor then returns the borrowed shares or other financial instrument.

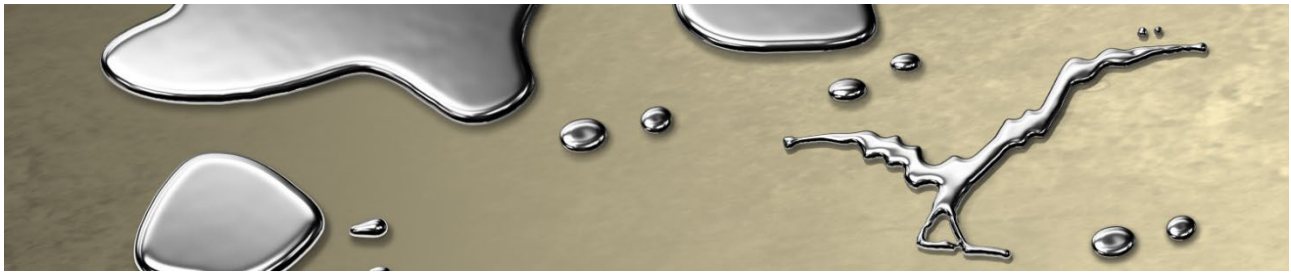
## *Value stock / value investing*

Value stocks are those trading at a lower share price relative to their fundamentals, such as earnings, dividends and sales. Fund managers who adopt a value philosophy therefore search for companies that they believe have been undervalued by the market and which may be due for a re-rating.

## *Volatility*

Volatility is a measure of how quickly the value of an investment rises and falls over time; and is a term applied to single shares, bonds, markets and investment funds.

Please visit [www.artemisfunds.com/glossary](http://www.artemisfunds.com/glossary) for other terms.



# Artemis Corporate Bond Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow both income and capital over a five-year period by investing at least 80% of its assets in investment grade corporate bonds.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- iBoxx Sterling Corporate and Collateralised Index TR (total return)  
This is a widely used indicator of the performance of the investment-grade fixed income market for GBP-denominated bonds. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association £ Corporate Bond NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund did not meet its objective of achieving long-term capital growth for clients, delivering a -4.0% return over the last three years against its stated objective. However, the fund met its objective of delivering income to clients.

The fund has outperformed the index over a cumulative three-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a three-year period.

### PERFORMANCE SUMMARY

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

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC less than the median charges of its peer group.

The OCF for all share classes of this fund is less than the median range for its peer group; of these the representative share class of the fund has an OCF of 0.37%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

All clients are invested in either Class I shares which are equally priced, or in founder share classes which are no longer available.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

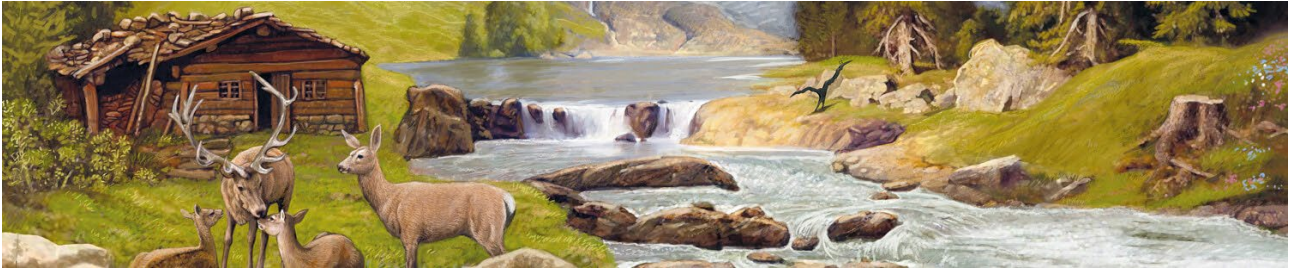
Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis Corporate Bond Fund delivers good value overall to clients.



# Artemis European Sustainable Growth Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in European (excluding the UK) company shares.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- **FTSE World Europe ex UK Index TR (total return)**  
This is a widely used indicator of the performance of European stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- **Investment Association Europe Excluding UK NR (net return)**  
This is a group of other asset managers' funds that invest in asset types similar to this fund.

### HOW DID THE FUND PERFORM?

The fund has delivered capital appreciation of 9.3% in absolute terms during the last five years and met its investment objective. It has also performed better than investing in cash (using the BoE base rate), which we have used as a proxy for a standard UK bank account.

However, in delivering this return, the fund lagged the index return of 29.4% and the return of its average peer of 25.4% over the five-year review period.

### WHY DID THE FUND PERFORM IN THIS WAY?

The fund's underperformance relative to its benchmark over the last five years arose from a prolonged period of disappointing stock selection. Over the last 12 months, this was exacerbated by a market environment which favoured sectors – particularly energy companies – to which the fund had little exposure.

In 2022, clarifications were made to reflect the way in which sustainability factors are incorporated within the investment process. At that time, the fund's name was changed to Artemis European Sustainable Growth Fund to better reflect its approach. This formalised certain exclusions (for example, restricting investment in companies that have reserves or engage in power generation or production related to thermal coal, oil or gas) and introduced assessments of the quality of investee companies' environmental, social and governance (ESG) processes. As part of the investment process, the fund's managers directly analyse companies' sustainability practices.

In 2022, Russia's invasion of Ukraine, the spike in inflation, the rise in raw material prices and the change in the interest rate environment led to a shift in the market that represented a headwind for long duration investments, including those with a focus on sustainability. This was detrimental to the fund's performance in absolute terms and relative to its benchmark index, of which fossil fuel companies remain a major component.

Over the longer term, however, the fund's underperformance stemmed from an extended period of poor stock selection. This directly informed the decision to replace the fund's lead manager in December 2022.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in-depth periodic review process.

### PERFORMANCE SUMMARY

Although it has delivered capital appreciation in absolute terms, the fund's performance over the last five years has lagged its peers and its benchmark.



As a result of this underperformance, the fund's previous lead manager left Artemis in December 2022 to be replaced by another long-standing Artemis equity manager.

Together, the fund's new investment team is working to evolve the fund's investment process, carrying out a holistic review of the current exclusions policy and relying on a more balanced investment style.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

Core economies of scale were achieved through our negotiation of cost savings on our clients' behalf. Additionally, the administration fee model allows economies of scale to be directly passed on to clients via Artemis' tiered fee structure, based on fund size. However, in the year under review, the fund was under £250m in size and not therefore large enough to benefit from a reduction in these fees.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for each share class of this fund is in line with the median for its peer group; of these the representative share class of the fund has an OCF of 0.87%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

All clients are invested in Class I units which are equally priced.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

Following our review, we have concluded that the fund has delivered capital appreciation in absolute terms and met its investment objective. However, the fund's performance has been disappointing relative to its peers. We also note that its performance has not benefitted from market conditions which should, overall, have favoured its growth investing style.

We have therefore concluded that while the Fund has delivered value overall, it has not performed as well as we would have expected.

Since the start of 2023, the fund's new management team has been placing increased emphasis on delivering returns through stockpicking across the breadth of the European market. At the same time, they are de-emphasising the thematic and sector biases that characterised the portfolio in the past. This should result in a more balanced investment style.

We will continue to monitor the fund's performance actively through the firm's governance processes.



# Artemis Global Income Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow both income and capital over a five-year period by investing at least 80% of its assets in company shares globally. The fund managers actively manage the portfolio to achieve the objective and are not restricted in the choice of investments either by a company's size or industry, or in terms of the geographical split of the portfolio.

The following independent industry comparator benchmarks were used to evaluate the fund's performance:

- MSCI AC World Index NR (net return)  
This is a widely used indicator of the performance of the global stockmarkets in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association Global Equity Income NR (net return)  
This is a group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has delivered capital appreciation in absolute terms during the last five years. It has also grown its annual income distribution to unitholders during this period, and so met its investment objective.

However, with a 25.8% return, the fund lagged both its index return of 45.1% and the return of its average peer of 37.4% over the five-year review period.

### WHY DID THE FUND PERFORM IN THIS WAY?

For the reasons indicated in last year's report, the fund focusses on companies that pay a sustainable dividend to their shareholders. This means that younger, less mature companies in sectors such as technology are often unsuitable for investment.

When these companies and sectors perform well, the fund's performance relative to its benchmark tends to suffer by comparison. For example, software companies have generally performed well over the review period as they have benefitted from low interest rates and policy responses to the global pandemic. However, the fund does not invest in the majority of these companies as they do not pay attractive dividends.

During the five year period under review, the fund suffered from particularly acute underperformance in late 2018. At that time, the oil price fell significantly and the share prices of a number of energy stocks to which the fund was exposed fell sharply. However, since 2019, the fund's performance has been much stronger: it outperformed its benchmark index in both 2021 and 2022.

The fund continues to follow the same investment philosophy and process, which has been clearly and consistently articulated to clients throughout this time.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in-depth periodic review process.

The fund has been managed by the present lead manager since its inception in 2010. The investment approach of this fund is well established and is consistently applied. In addition to enhancements to that process as discussed in previous reports, the fund managers have also improved their risk management processes. Taken in conjunction with a focus on improving the fund's integration of Environmental, Social and Governance ('ESG') analysis, we believe that this will increase opportunities for further improved performance.

### PERFORMANCE SUMMARY

The fund's performance since inception remains strong, but over the most recent five-year period the fund has continued to underperform the

benchmark. The fund has however delivered successfully against its objective of achieving long-term income and capital growth for investors.

As we stated in the last report, we continue to believe that the fund's performance against its comparator benchmark should be viewed in context. Many companies in the benchmark universe (which includes a wider range of stocks than the fund would typically invest in), do not pay

dividends and as such are not suitable for the fund. In that context, we conclude that the fund has performed both in accordance with our expectations and consistently with how we have expressed those expectations to clients.

As noted above, in 2022 the fund not only achieved its income objective, but also provided its highest ever income distribution to clients.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.87%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

Following our review, and when taking all factors of our assessment into account, we have concluded that the Artemis Global Income Fund delivers value overall to clients. The fund's longer-term performance relative to its benchmark and, to a lesser extent, its peers is still somewhat disappointing. However, we see evidence that this is improving and continue to believe that the fund is

well placed to deliver outperformance in the future. We are also pleased that the fund made its highest ever income distribution to clients last year.

When assessed against the prevailing economic and market backdrop, we are satisfied that the fund has performed as expected. A number of improvements have been made to the managers' investment process to reduce the number of holdings and

ensure that the fund is less exposed to the effects of market cycles. We will continue to monitor the

fund's performance carefully through the firm's governance processes.



# Artemis Global Select Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in company shares globally.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- MSCI AC World Index NR (net return)  
This is a widely used indicator of the performance of global stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association Global NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 51.7% return over the last five years.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## Costs and charges

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.89%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

We compared the costs of the comparable services with the cost of services provided to the fund. We concluded that the costs paid by the fund for investment management services are justified.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower

cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis Global Select Fund delivers very good value overall to clients.





# Artemis High Income Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to provide a combination of a high level of income and capital growth over a rolling five-year period by investing at least 80% of its assets in bonds and up to 20% of its assets in company shares both globally and in the UK. The manager defines a high level of income as equal to, or in excess of, the average yield of funds in the Investment Association Strategic Bond sector.

The following independent industry target benchmark was used to evaluate fund performance:

- Investment Association £ Strategic Bond NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts

as a 'target benchmark' that the fund aims to outperform. Management of the fund is not restricted by this benchmark.

### HOW DID THE FUND PERFORM?

With a 1.9% return, the fund has delivered income and achieved capital appreciation in absolute terms during the last five years and met its investment objective.

The fund has outperformed the benchmark over a cumulative five-year period.

### PERFORMANCE SUMMARY

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

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for all share classes of this fund is within or less than the median range for its peer group; of these the representative share class of the fund has an OCF of 0.735%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis High Income Fund delivers very good value overall to clients.



# Artemis Income Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow both income and capital over a five-year period by investing at least 80% of its assets in UK company shares.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- FTSE All-Share Index TR (total return)  
This is a widely used indicator of the performance of the UK stockmarkets, in which this fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association UK Equity Income NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth and income for clients, delivering successfully against its stated objective with a 20.7% return over the last five years.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## Costs and charges

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.80%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

We compared the costs of the comparable services with the cost of services provided to the fund. We

concluded that the costs paid by the fund for investment management services are justified.

whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

## CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews

---

### *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

### *Overall conclusion*

We have concluded that the Artemis Income Fund delivers very good value overall to clients.



# Artemis Monthly Distribution Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to generate monthly income, combined with some capital growth over a five-year period by investing 40% to 80% of its assets in bonds and 20% to 60% of its assets in company shares globally.

The following independent industry comparator benchmark was used to evaluate fund performance:

- Investment Association Mixed Investment 20-60% Shares NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared.  
Management of the fund is not restricted by this benchmark.

### HOW DID THE FUND PERFORM?

The fund has met its objective of generating monthly income with long-term capital growth for clients, delivering successfully against its stated objective with a 12.8% return over the last five years.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

The majority of share classes of this fund have an AMC in line with or less than the median charges of

its peer group. The I share classes have an AMC of 0.75%, which is higher than the median charge for its peer group; however the OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.86%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports

---

## *Overall conclusion*

We have concluded that the Artemis Monthly Distribution Fund delivers very good value overall to clients.





# Artemis SmartGARP European Equity Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in European (excluding the UK) company shares.

The following independent industry comparator benchmarks were used to evaluate the fund's performance:

- **FTSE World Europe ex UK Index TR (total return)**  
This is a widely used indicator of the performance of European stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- **Investment Association Europe Excluding UK NR (net return)**  
This is a group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has delivered capital appreciation in absolute terms during the last five years and met its investment objective; it has also performed better than investing in cash (the BoE base rate), which we have used as a proxy for a standard UK bank account.

However, with a 9.0% return, the fund significantly lagged both its index return of 29.4% and the return of its average peer of 25.4% over the five-year review period.

### WHY DID THE FUND PERFORM IN THIS WAY?

The underperformance of the fund relative to its benchmark over the review period is principally due to its emphasis on investing in companies where the manager identified cheap valuations representing opportunities to add value. Over the period as a whole, these stocks have typically

performed less well than those of faster-growing companies.

Underperformance over the review period has been driven by a combination of the fund's focus on companies offering opportunities to add value and weak performance of some companies which have suffered from negative investor sentiment. These trends were most apparent in the period from 2018 – 2020.

However, the fund's allocations in parts of the market which performed less well prior to 2021 are now performing much more strongly. In particular, the manager's perseverance with more cyclical stocks has been of particular benefit as they have more recently experienced a turnaround in performance. As a result, the fund has outperformed its peers and the benchmark in 2021 and 2022.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in-depth periodic review process.

The investment process of this fund is well established and is consistently applied. Process enhancements are periodically considered by the fund manager. The manager has made a number of enhancements to the way in which the SmartGARP process evaluates the growth potential of companies by including additional datasets. The process has improved, and enhanced returns have been seen, with clients expected to benefit from better growth and income during future periods.

### PERFORMANCE SUMMARY

The fund is managed using a disciplined, quantitative-led actively-managed investment approach that was designed, and has been used by, the present fund manager since he assumed management of the fund in 2001. While the fund has

lagged its benchmark and peers over the full period under review, it has outperformed both benchmark and peers since 2021. When assessed against the prevailing economic and market backdrop, we

conclude that the fund has performed as expected given its investment philosophy and process. Nevertheless, the fund will continue to be closely monitored.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

Core economies of scale were achieved through our negotiation of cost savings on our clients' behalf. Additionally, the administration fee model allows economies of scale to be directly passed on to clients via Artemis' tiered fee structure, based on fund size. However, in the year under review, the fund was under £250m in size and not therefore large enough to benefit from a reduction in these fees.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for each share class of this fund is less than or in line with the median for its peer group; of these the representative share class of the fund has an OCF of 0.87%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded following our review that the Artemis SmartGARP European Equity Fund delivers value overall to clients.

When assessed against the prevailing economic and market backdrop, we are satisfied that the fund has performed as expected given market conditions.

The manager has made a number of enhancements to the investment process. We will continue to actively monitor the fund's performance through the firm's governance processes.



# Artemis SmartGARP Global Emerging Markets Equity Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in the shares of emerging market companies.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- MSCI Emerging Markets Index NR (net return)  
This is a widely used indicator of the performance of emerging markets stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association Global Emerging Markets NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund

### HOW DID THE FUND PERFORM?

With a 15% return, the fund has delivered capital appreciation in absolute terms during the last five years and met its investment objective.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.94%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

## CLASSES OF UNITS

All clients are invested in Class I shares which are equally priced.

---

### *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

### *Overall conclusion*

We have concluded that the Artemis SmartGARP Global Emerging Markets Equity Fund delivers very good value overall to clients.



# Artemis SmartGARP Global Equity Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in company shares globally.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- MSCI All Country World Index NR (net return)  
This is a widely used indicator of the performance of global stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association Global NR (net return)  
This is a group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has delivered capital appreciation in absolute terms during the last five years and met its investment objective. It has also performed better than investing in cash (the BoE base rate), which we have used as a proxy for a standard UK bank account.

However, with a 32.5% return the fund lagged both the index return of 45.1% and the peer-group average return of 38.2% over the five-year review period.

### WHY DID THE FUND PERFORM IN THIS WAY?

The underperformance of the fund relative to its benchmark over the review period is principally due to its emphasis on investing in companies with below average valuation multiples ('value stocks'). Over the period, these stocks have typically performed less well than those of 'growth' companies.

Perhaps most notably, the fund had a low level of exposure to mega-cap technology companies listed

in the US. These performed well and, because of their large size, contributed strongly to benchmark returns.

Over the last two years, however, markets have shifted away from their former extreme bias towards growth stocks; gains have become more broadly based, with value stocks also enjoying periods of relative strength. As a result, the fund outperformed its peers and the benchmark in 2021 and 2022.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in-depth periodic review process.

The investment process of this fund is well-established and consistently applied. Process enhancements are periodically considered by the fund manager. The manager has made a number of enhancements to the way in which the SmartGARP process evaluates the growth potential of companies by including additional datasets. The process has improved, and enhanced returns have been seen, with clients expected to benefit from better growth and income during future periods.

### PERFORMANCE SUMMARY

The fund is managed using a disciplined, quantitative-led actively-managed investment approach that was designed, and has been used by the present fund manager, since he assumed management of the fund in 2004. While the fund has lagged its benchmark and peers over the full period under review, it outperformed both benchmark and peers in 2021 and 2022. When assessed against the prevailing economic and market backdrop, we conclude that the fund has performed as expected given its investment philosophy and process.

The fund will continue to be closely monitored.



---

## *Costs and charges*

### **AFM COSTS – GENERAL**

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### **ECONOMIES OF SCALE**

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### **COMPARABLE MARKET RATES**

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.89%.

We have therefore concluded that the fund costs are reasonable and competitive.

### **COMPARABLE SERVICES**

There are no comparable services provided.

### **CLASSES OF UNITS**

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded following our review that the Artemis SmartGARP Global Equity Fund delivers value overall to clients.

When assessed against the prevailing economic and market backdrop, we are satisfied that the fund has performed as expected given the market conditions.

The manager has made a number of enhancements to the investment process. We will continue to actively monitor the fund's performance through the firm's governance processes.





# Artemis SmartGARP UK Equity Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in UK company shares.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- FTSE All-Share Index TR (total return)  
This is a widely used indicator of the performance of the UK stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association UK All Companies NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

With a 37% return, the fund has delivered capital appreciation in absolute terms during the last five years and met its investment objective.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## *Costs and charges*

### AFM COSTS—GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for all share classes of this fund is within or less than the median range for its peer group; of these, the representative share class of the fund has an OCF of 0.86%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis SmartGARP UK Equity Fund has delivered very good value overall to clients.



# Artemis Strategic Assets Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow the value of clients' investments 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.

The manager actively manages the portfolio in response to an evolving view of market conditions and analysis of macro-economic factors. The fund allocates to, and selects investments in, different asset classes, geographies, industries and individual companies and issuers with the aim of performing well when markets are favourable and preserving capital when markets are poor. For example, if the fund manager believes that conditions are less favourable for bonds, then the fund's net bond exposure can be reduced by short selling bonds or by investing a higher proportion of the fund's assets in asset classes other than bonds.

The following independent indicator of UK inflation was used to measure fund performance:

- UK Consumer Price Index (CPI) + 3%  
UK CPI is a widely used indicator of UK inflation. It acts as a 'target benchmark' that the fund aims to outperform by at least 3% per annum over at least five years.

### HOW DID THE FUND PERFORM?

With a 5.4% return, the fund has delivered capital appreciation in absolute terms during the last five years. It also performed better than investing in cash (using the BoE base rate), which we have used as a proxy for a standard UK bank account.

However, the fund has lagged its CPI +3% per annum benchmark return of 39.8% over five years.

### WHY DID THE FUND PERFORM IN THIS WAY?

The fund invests in a variety of assets and sectors, offering clients instant diversification. This flexibility also means that the fund can, in theory, perform

well when markets are favourable whilst also being able to preserve capital when markets are more challenging. For example, if the manager believes that conditions in the bond market are unfavourable, then the fund's net bond exposure can be reduced by short-selling bonds or by investing a higher proportion of the fund's assets in asset classes other than bonds. Over the five-year review period, however, the fund's short positions in bonds were negative for returns.

With a positive return of 14%, the fund's performance in 2022 was better in than it has been in a number of years during the five-year period under review. It also outperformed its benchmark. In part, this was driven by a positive contribution from its short allocation to bonds - particularly European bonds. This arose as a result of the manager's review of the fund's historic approach to bond exposures and his decision to take a more negative view on duration. Additionally, the fund benefitted from its relative exposure to currencies (long US Dollar and short Euro).

Conversely, the fund's exposure to equities was a detractor from performance for most of 2022. There were, however, encouraging signs that the equity portion of the portfolio performed more strongly in late 2022 and early 2023.

As indicated in last year's report, the manager significantly reduced the fund's exposure to currencies other than GBP, USD and EUR and to commodities, so exposures to these asset classes did not have a significant impact on performance during 2022.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in-depth periodic review process.

Given its underperformance over the longer term, a detailed and holistic strategic review of this fund was undertaken. As a result, the Investment

Committee implemented certain actions intended to improve the fund's ability to generate risk-adjusted returns. Additionally, briefings have been held at which the fund manager has provided updates directly to the members of the Board.

Following regulatory approval, we have recently communicated to investors that we will be (i) making changes to the fund's investment policy and strategy; and (ii) appointing a new manager, who will run the fund in accordance with a new systematic investment approach, one that has a proven record of delivering returns and minimising volatility.

## PERFORMANCE SUMMARY

The fund delivered capital appreciation in absolute terms over the last five years. It has, however, underperformed its benchmark of CPI + 3% by a considerable margin over the five-year period.

The fund's current lead manager was appointed to that role in Q1 2021 but had been working on the

fund since 2017. At that time, the overall structure and approach of the fund was largely retained although a number of refinements to the investment process and risk management framework have been made.

Following those changes, the fund achieved a positive return of 14% in 2022 despite the challenging market conditions seen for much of the year. Changes made by the fund manager to the investment process and positioning of the portfolio, (referred to in last year's report) have made a material positive contribution to the turnaround in performance.

While this improvement has been pleasing to see, it is our belief that the application of a new, systematic investment approach under a new investment team is the best way to ensure that this improvement in returns will continue whilst minimising volatility.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

Core economies of scale were achieved through our negotiation of cost savings on our clients' behalf. Additionally, the administration fee model allows economies of scale to be directly passed on to clients via Artemis' tiered fee structure, based on fund size. As at 31 December in the year under review, the fund was under £250m in size and not therefore large enough to benefit from a reduction in these fees.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.88%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted

in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating

these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

The actions taken to improve the investment process and balance of the fund's portfolio have resulted in significantly improved short-term performance.

However, the effect of longer-term volatility on returns over a five-year period remains. Given that the fund has underperformed its target so materially over the period, we are disappointed to conclude that the Artemis Strategic Assets fund has not delivered value for clients.

As a result of this finding, we have decided to take action to improve the chances of more consistent capital appreciation for the fund's future returns. Following regulatory approval, we have recently communicated to investors that we will be (i) making changes to the fund's investment policy and strategy; and (ii) appointing a new manager, David Hollis, who will run the fund in accordance with an

entirely new investment process. David has fifteen years' experience in managing multi-asset strategies, delivering returns and minimising volatility using a systematic investment approach.

We will also be reducing the fees which we charge for running the fund, recognising the efficiencies which we believe will be driven from the new investment process. The costs associated with changing the portfolio will be met by Artemis.

Further information can be found at [www.artemisfunds.com/fund-changes](http://www.artemisfunds.com/fund-changes). We will closely monitor the implementation of the new process and are confident that there will be further progress in the next report





# Artemis Strategic Bond Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to provide a combination of income and capital growth over a five-year period by investing at least 80% of its assets in bonds (of any credit quality) globally.

The following independent industry comparator benchmark was used to evaluate fund performance:

- Investment Association £ Strategic Bond NR (net return)  
This is a group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared.  
Management of the fund is not restricted by this benchmark.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving income and long-term capital growth for clients, delivering against its stated objective with a marginal positive return over the last five years.

The fund generated net returns of 0.54% over the five-year review period, however, it lagged the 1.7% average return of its Investment Association sector comparator.

### PERFORMANCE SUMMARY

During a period of uncertainty in bond markets, the fund has demonstrated that it is able to navigate challenging conditions. The assessment concludes that the fund has delivered its investment objective to clients during the reporting period. It has delivered some long-term capital growth and made income distributions to clients over five years.

The current managers took over running the portfolio in late 2021. We expanded the investment powers of the fund to allow them access to additional methods of generating returns. Since then, the new managers have evolved the portfolio so that, overall, it contains higher-quality bonds with a more balanced spread between government, investment grade and higher yield bonds. As a result, the portfolio started 2023 in a positive position..

## Costs and charges

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC less than the median charges of its peer group.

The OCF for each share class of this fund is less than the median for its peer group; of these the representative share class of the fund has an OCF of 0.59%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.



## CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews

whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis Strategic Bond Fund delivers value overall to clients. In last year's report we indicated that there were positive signs since the new team took over management of the fund. We believe that good progress continues to be made, and will continue to monitor the fund's performance.



# Artemis Target Return Bond Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The fund's investment objective is to achieve a positive return of at least 2.5% above the Bank of England base rate, after fees, on an annualised basis over rolling three-year periods by investing in a range of fixed income securities.

### HOW DID THE FUND PERFORM?

The fund has achieved a positive return for clients by delivering a 4.6% return over the last three years (the fund was launched in December 2019).

However, it has not produced a positive return of at least 2.5% above the Bank of England's base rate over a cumulative three-year period. Over the three-year period, achieving that target would have meant generating a return of 9.1%.

### WHY DID THE FUND PERFORM THIS WAY?

Market dynamics over the past three years have created a challenging environment for a bond fund which targets a positive return in all market

conditions. In 2022, the world's bond markets experienced the worst conditions seen in decades: given the spike in inflation and abrupt change in central bank policy, every corner of the fixed income market fell in reaction to the attempts of central banks to bring inflation under control.

This, in turn, meant that bond market indices – in aggregate – posted negative returns over the three-year period.

Notwithstanding the fund's failure to achieve its target return, the fund has performed strongly relative to fixed income indices and in line with our expectations given the prevailing market conditions.

### PERFORMANCE SUMMARY

While the fund did not meet its investment objective over the three-year period under review, it did achieve a positive return for clients over that period – an encouraging result given the broader market context.

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC less than the median charges of its peer group.

The OCF for all share classes of this fund is less than the median range for its peer group; of these the representative share class of the fund has an OCF of 0.40%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

## CLASSES OF UNITS

All clients are invested in either Class I shares which are equally priced or in founder share classes, which are no longer available.

---

### *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

### *Overall conclusion*

We have concluded, after taking all factors into account, that the Artemis Target Return Bond Fund delivers value overall to clients. Although we are conscious that the fund has not met its stated performance target over the period under review, we have taken into account its strong performance

relative to the negative returns from the underlying bond markets in which it invests.

We will continue to monitor the fund's performance carefully through the firm's governance processes and are optimistic that it is well placed for the future.



# Artemis UK Select Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in UK company shares.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- FTSE All-Share Index TR (total return)  
This is a widely used indicator of the performance of the UK stock market, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association UK All Companies NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 20.9% return over the last five years.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for all share classes of this fund is within or less than the median range for its peer group; of these the representative share class of the fund has an OCF of 0.84%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

## CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews

whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

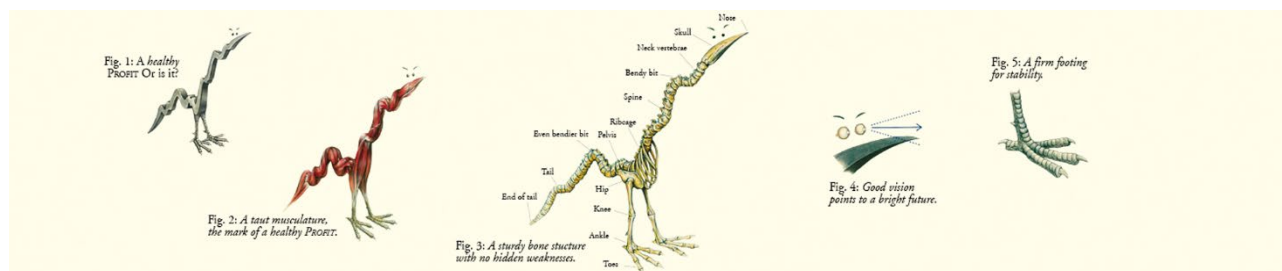
Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis UK Select Fund delivers very good value overall to clients.



# Artemis UK Smaller Companies Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in the shares of UK smaller companies.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- Numis Smaller Companies (ex Inv Trust) TR (total return)  
This is a widely used indicator of the performance of UK smaller companies, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association UK Smaller Companies NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 12.2% return over the last five years.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## Costs and charges

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for all share classes of this fund is less than or within the median range for its peer group; of these the representative share class of the fund has an OCF of 0.86%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.



## CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews

whether it is in clients' interests to move to a lower cost class of the same fund and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

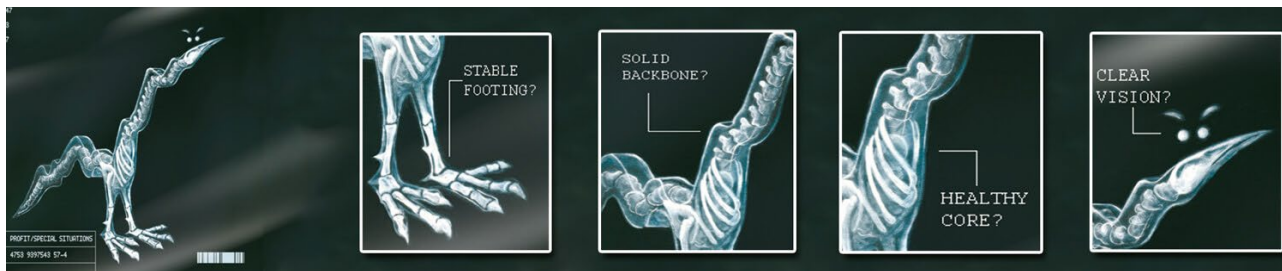
Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis UK Smaller Companies Fund delivers very good value overall to clients.



# Artemis UK Special Situations Fund

## Performance

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in UK company shares.

The following independent industry benchmark comparators were used to evaluate the fund's performance:

- FTSE All-Share Index TR (total return)  
This is a widely used indicator of the performance of the UK stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association UK All Companies NR (net return)  
A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

With a 13.6% return, the fund has delivered capital appreciation in absolute terms during the last five years and met its investment objective.

The fund did not outperform the index over a cumulative five-year period.

However, the fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

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

## Costs and charges

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with or less than the median charges of its peer group.

The OCF for all share classes of this fund is within or less than the median range for its peer group; of these the representative share class of the fund has an OCF of 0.86%.

We have therefore concluded that the fund costs are reasonable and competitive.

## COMPARABLE SERVICES

We compared the costs of the comparable services with the cost of services provided to the fund. We concluded that the costs paid by the fund for investment management services are justified.

## CLASSES OF UNITS

Different classes of units are available for this fund at different prices. Artemis periodically reviews

whether it is in clients' interests to move to a lower cost class of the same fund, and may carry out conversions when it is.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis UK Special Situations Fund delivers good value overall to clients.



# Artemis US Absolute Return Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to achieve a positive return over a rolling three-year period after fees, notwithstanding changing market conditions. The fund also targets returns in excess of SONIA +0.1%\*, after fees, in calculating the performance fee payable to the manager. At least 60% of the fund's assets (calculated on a gross basis) will be invested directly or indirectly in companies in the United States of America, including companies in other countries that are headquartered or have a significant part of their activities in the USA, but the fund may also invest in other countries.

The following independent industry benchmark was used to evaluate fund performance:

- SONIA +0.1% (Sterling Overnight Index Average)\*  
This is a widely used measure of the average interest rate at which banks lend to each other, and is used to estimate the amount of interest which could be earned on cash. It acts as a 'target benchmark' that the fund aims to outperform. Artemis is paid a performance fee if the fund's performance exceeds the benchmark.

(\*The target benchmark of the fund was changed to SONIA +0.1% on 1 January 2022.)

### HOW DID THE FUND PERFORM?

With a -2.8% return in the three years to December 2022, the fund has not achieved its objective.

The fund has also not outperformed its benchmark, which returned 1.96% over a cumulative three-year period.

### WHY DID THE FUND PERFORM IN THIS WAY?

Market dynamics over the last three years have created a challenging environment for a fund that seeks to generate positive returns with low volatility in all market conditions.

In last year's report, we described changes which we had made to the investment process for taking short positions in the fund. We were pleased to see that these changes had a positive effect overall in 2022, with the fund preserving capital in the face of a weak market for US equities.

However, the investment process changes have not been sufficient to enable the fund to meet its investment objective. In 2022, the fund had six positive and six negative months of performance. While the fund successfully limited losses in the negative months, these losses were not then outweighed by gains in the positive months.

### HOW DO WE MONITOR ONGOING FUND PERFORMANCE?

Artemis' Investment Committee monitors the performance of all funds on an ongoing basis, with an additional focus on underperforming funds via a more detailed and in depth periodic review process.

Given its underperformance over the longer term, as well as our consideration of the fund's size, a detailed and holistic viability assessment of this fund was undertaken during 2022.

### PERFORMANCE SUMMARY

The assessment concludes that, as the fund did not meet its investment objective over a three-year period, it has not delivered the required level of performance to clients.

---

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

Core economies of scale were achieved through our negotiation of cost savings on our clients' behalf. Additionally, the administration fee model allows economies of scale to be directly passed on to clients via Artemis' tiered fee structure, based on fund size. However, as at 31 December in the year under review, the fund was under £250m in size and not therefore large enough to benefit from a reduction in these fees.

### COMPARABLE MARKET RATES

The share class of this fund has an AMC the same as the median charge of its peer group.

The OCF for the share class of this fund is 0.90%, which is the same as the median for its peer group.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

All clients are invested in Class I shares. This fund only offers one Class I share class.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

Following our assessment, unfortunately we found that the fund has not produced a positive absolute return since 2019. It has not delivered capital appreciation over a three-year period, did not outperform its target benchmark, and did not outperform cash. On that basis, we conclude that the fund has not delivered value to clients.

In light of this conclusion, and the relatively small size of the fund, we have undertaken a full assessment of the fund's continuing viability. We are currently considering which options would be in the best interests of remaining clients. We intend to communicate further with clients within the coming months.



# Artemis US Extended Alpha Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in the shares of US companies either directly or indirectly through derivatives.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- S&P 500 Index TR (total return)  
This is a widely used indicator of the performance of 500 large publicly traded US companies, some of which the fund invests in. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association North America NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 69.7% return over the last five years.

The fund has lagged the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

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

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for all share classes of this fund is within the median range for its peer group; of these the representative share class of the fund has an OCF of 0.89%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

All clients are invested in Class I shares which are equally priced.



---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded following our review that the Artemis US Extended Alpha Fund delivers good value overall to clients.



# Artemis US Select Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in US company shares.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- S&P 500 Index TR (total return)  
This is a widely used indicator of the performance of 500 large publicly traded US companies, some of which the fund invests in. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association North America NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 60.4% return over the last five years.

The fund has lagged the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

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

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charges of its peer group.

The OCF for all share classes of this fund is in line with the median range for its peer group; of these the representative share class of the fund has an OCF of 0.85%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

There are no comparable services provided.

### CLASSES OF UNITS

All clients are invested in Class I shares which are equally priced.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis US Select Fund delivers good value overall to clients.



# Artemis US Smaller Companies Fund

## *Performance*

### WHAT DID THE FUND AIM TO ACHIEVE, AND HOW?

The investment objective of the fund is to grow capital over a five-year period by investing at least 80% of its assets in the shares of US smaller companies.

The following independent industry comparator benchmarks were used to evaluate fund performance:

- Russell 2000 Index TR (total return)  
This is a widely used indicator of the performance of US smaller companies, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.
- Investment Association North American Smaller Companies NR (net return)

A group of other asset managers' funds that invest in similar asset types as this fund.

### HOW DID THE FUND PERFORM?

The fund has met its objective of achieving long-term capital growth for clients, delivering successfully against its stated objective with a 56.9% return over the last five years.

The fund has outperformed the index over a cumulative five-year period.

The fund has generated net returns that exceed the average returns of its Investment Association sector peer group over a five-year period.

### PERFORMANCE SUMMARY

The assessment concludes that the fund has therefore delivered very good performance to clients during the reporting period.

## *Costs and charges*

### AFM COSTS – GENERAL

With regard to the operating costs incurred in running the fund, we have concluded that these remain reasonable and are being appropriately managed. As noted elsewhere, we have instigated a broader review of costs and fees, to ensure that they remain appropriate for our clients and in line with our expectations.

### ECONOMIES OF SCALE

We also concluded that any cost savings which have been obtained from economies of scale have been passed on to clients.

### COMPARABLE MARKET RATES

Each share class of this fund has an AMC in line with the median charge of its peer group.

The OCF for the share classes of this fund are in line with the median for its peer group; of these the representative share class of the fund has an OCF of 0.87%.

We have therefore concluded that the fund costs are reasonable and competitive.

### COMPARABLE SERVICES

We compared the costs of the comparable services with the cost of services provided to the fund. We concluded that the costs paid by the fund for investment management services are justified.

### CLASSES OF UNITS

All clients are invested in Class I shares which are equally priced.

---

## *Quality of service*

Our ongoing reviews of the services we provide to clients have found that our clients consistently rate them positively. We look forward to hearing our clients' views, both from future surveys and from the feedback we collect regularly.

Artemis' commitment to putting clients first means we will always prioritise improving our services. As part of this, we conduct periodic benchmarking of

our service providers to ensure the same high standards continue to be met with regards to the day-to-day services provided to the funds. As noted in last year's report, during 2022 we were preparing to move certain outsourced services to Northern Trust. We have made good progress in migrating these so far in 2023. We expect that this will further enhance the quality of services and this will be reflected in future reports.

---

## *Overall conclusion*

We have concluded that the Artemis US Smaller Companies Fund delivers very good value overall to clients.

Full details of the funds can be found on our website: [www.artemisfunds.com](http://www.artemisfunds.com)

### Artemis Fund Managers Limited

Cassini House, 57 St James's Street, London SW1A 1LD

Client Services 0800 092 2051

Website [www.artemisfunds.com](http://www.artemisfunds.com)

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.

Registered in England, number 1988106. Registered office: Cassini House, 57 St James's Street, London, SW1A 1LD.

SmartGARP is a registered trademark of Artemis Investment Management LLP.

Source for performance data: Morningstar. Source for charges data: Morningstar and Artemis. All data is correct as at 31 December 2022 with since inception information as at 31 March 2023, unless otherwise stated. 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.