

ARTEMIS
Investment *Funds*
ICVC

Annual Report and
Financial Statements
for the year ended 28 February 2017



ARTEMIS
The PROFIT Hunter

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* These items comprise the authorised corporate director's report for the purposes of the rules contained in the Financial Conduct Authority's Collective Investment Scheme Sourcebook ('COLL').

Company information

About Artemis...

Artemis is a leading UK-based fund manager, offering a range of funds which invest in the UK, Europe, the US and around the world.

As a dedicated, active investment house, we specialise in investment management for both retail and institutional investors across Europe.

Independent and owner-managed, Artemis opened for business in 1997. Its aim was, and still is, exemplary investment performance and client service. All Artemis' staff share these two precepts – and the same flair and enthusiasm for fund management.

The firm now manages some £25.3 billion* across a range of funds, two investment trusts, a venture capital trust and both pooled and segregated institutional portfolios.

Our managers invest in their own and their colleagues' funds. This has been a basic tenet of the Artemis approach since the firm started. It means that interests of our fund managers are directly aligned with those of our investors.

* Source: Artemis as at 31 March 2017.

The company

Artemis Investment Funds ICVC ('the company') is an investment company with variable capital incorporated under the Open-Ended Investment Companies Regulations 2001 ('the Regulations') in England and Wales under registered number IC001014 and authorised and regulated by the Financial Conduct Authority ('FCA') with effect from 20 June 2014. The company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive. The company has an unlimited duration. Each sub-fund is treated as a segregated portfolio of assets, and those assets can only be used to meet the liabilities of that sub-fund. Shareholders are not liable for the debts of the company or any other sub-fund. The base currency of the company is Sterling.

The company has an umbrella structure and currently has eight sub-funds, each with a different investment objective. In

the financial statements you will find an investment review for each sub-fund which includes details of the investment objectives.

The company is registered for sale in Austria, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Singapore, Spain and Switzerland. Such registrations are subject to applicable local laws and regulations and some sub-funds and/or share classes may not be available in all jurisdictions.

Annual report and financial statements

We are pleased to present the annual report and financial statements of the company for the year ended 28 February 2017. As required by the Regulations, information for each of the sub-funds has also been included in these financial statements. On the following pages we present the performance of each of those sub-funds during the period.

Annual general meetings

The company has dispensed with the need to hold annual general meetings.

Prospectus

Copies of the most recent Prospectus are available free of charge from the authorised corporate director ('ACD') at the address on page 164.

Sub-fund cross holdings

At the year end none of the shares in any of the sub-funds were held by any other sub-funds of the company.

Significant events

The launch dates of the sub-funds and share classes in the period and following the year end are detailed in the table on page 165.

The maintenance and integrity of the Artemis Fund Managers Limited web site is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the depositary's responsibilities and report of the depositary to the shareholders of Artemis Investment Funds ICVC ('the Company') for the year ended 28 February 2017

The depositary must ensure that the Company is managed in accordance with COLL the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The depositary must ensure that;

- the Company's cash flows are properly monitored (this requirement on the depositary applied from 18 March 2016) and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank plc
Trustee & Depositary Services
Edinburgh
26 April 2017

Statement of the ACD responsibilities

COLL requires the ACD to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the company at the year end and of the net revenue or expense and net gains or losses on the scheme property of the company for the period then ended.

In preparing the financial statements the ACD is required to:

- (i) follow applicable accounting standards;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) select suitable accounting policies and then apply them consistently;

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation for the foreseeable future; and

(v) comply with the Instrument of Incorporation and the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 ('SORP').

The ACD is required to keep proper accounting records and to manage the company in accordance with the Regulations, the Instrument of Incorporation and prospectus.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the authorised corporate director

We hereby approve the Annual Report and Financial Statements of Artemis Investment Funds ICVC for the year ended 28 February 2017 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director

Artemis Fund Managers Limited
London
26 April 2017

R J Turpin
Director

Company information (continued)

Independent auditor's report to the members of Artemis Investment Funds ICVC

We have audited the financial statements of Artemis Investment Funds ICVC ('the Company') comprising its sub-funds for the year ended 28 February 2017 which comprise the statement of total return and statement of changes in net assets attributable to shareholders together with the balance sheet for each sub-fund, the accounting policies, the related notes for each sub-fund and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard ('FRS') 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the authorised corporate director (ACD) and auditor

As explained more fully in the ACD's responsibilities statement set out on page 2, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International

Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the ACD; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- The financial statements give a true and fair view of the financial position of the company and its sub-funds as at 28 February 2017 and of the net revenue/expenses and the net capital gains/losses of each sub-fund for the year then ended; and
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Ernst & Young LLP
Statutory Auditor
Edinburgh
26 April 2017

Artemis Global Emerging Markets Fund

Investment objective and policy

The objective of the Artemis Global Emerging Markets Fund (the 'sub-fund') is to achieve positive long-term returns through a combination of capital growth and income. The sub-fund invests principally in companies listed, quoted and/or traded in emerging market countries and in companies which are headquartered or have a significant part of their activities in emerging markets which are quoted on a regulated market in developed countries.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments either by company size, industry, or the geographical split of the portfolio.

The sub-fund may also invest in other transferable securities, fixed interest securities, derivative instruments, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The sub-fund is in the category shown because it invests in the shares of a wide range of companies in emerging markets which carries a degree of risk.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free"

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- The sub-fund's assets will be invested in new, emerging markets. Investment in emerging markets can involve greater risk than that usually associated with more established markets. This means that above-average rises and falls in share prices can be expected.
- The sub-fund's assets will primarily be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.
- Investments in fixed interest securities are subject to market and credit risk and will be impacted by movements in interest rates. Interest rate movements are determined by a number of economic factors, in particular market expectations of future inflation.

- The fund may hold derivatives with the aim of profiting from falling prices. If the related assets rise in value the fund will lose money.

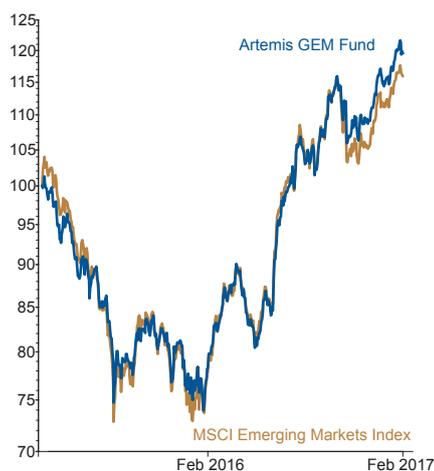
Artemis Global Emerging Markets Fund – Investment review

- The fund returned 48.2%*, versus the benchmark return 45.0%*.
- A turnaround in sentiment towards emerging markets.
- We expect fundamentals to continue to improve.

Performance – Outperforming a strong market ...

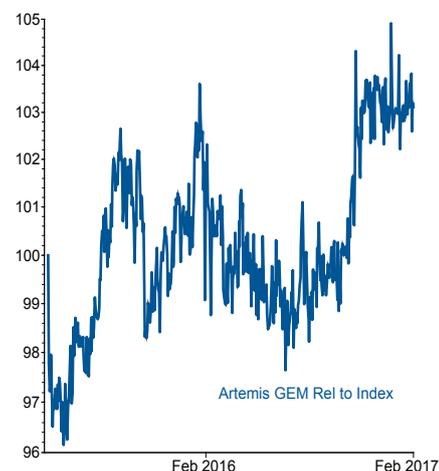
In a good year for emerging market equities, the fund rose 48.2%, outperforming both the MSCI Emerging Markets Index (which rose 45.0%) and the peer group (44.4%*). Since launch just under two years ago, the fund has returned 19.5%* versus a 15.1%* return by the benchmark.

Artemis Global Emerging Market and MSCI EM Index



Source: Datastream

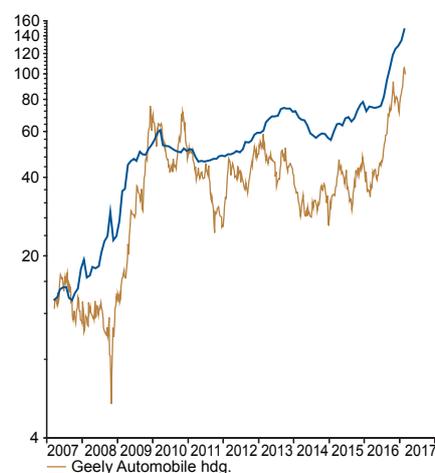
Artemis Global Emerging Market Relative to MSCI EM Index



Source: Datastream

The outperformance stemmed from positive stock selection in all regions. A number of positions benefited from firmer commodity prices and the improving global economic backdrop. Vale and Kumba Iron Ore – both producers of iron ore – saw their share prices more than double over the period. Our holding in Sunny Optical Technology Group (Chinese maker of optical lenses) also contributed strongly. The top performer was Geely Automobile Holdings, a Chinese car maker and sister company to Volvo: its share price more than tripled. Geely Automobile Holdings has gained from increasing demand in China for locally-produced cars. Even the less affluent are upgrading and buying bigger, more expensive cars. Geely Automobile Holdings' range of SUVs has been a beneficiary of this.

Geely Automobile Holdings' performance



Source: Datastream

While our stockpicking proved effective, our allocations to currencies and countries detracted slightly. We had too little exposure to Latin America – particularly Brazil – and our overweight in Turkish equities was negative after the failed coup.

Review - Sentiment has switched ...

In the last 12 months there has been a remarkable turnaround for sentiment

towards emerging markets. At the beginning of last year, investors were fretting about collapsing oil prices, the rising cost of credit and potential economic slowdown in the US and China. By the start of March there were already more encouraging signs, including a sharp rebound in metal prices and a weaker dollar. Then, one after the other, energy and commodity prices started an uptrend, the cost of credit fell back and economic newsflow in both the US and China improved. On the back of all this, emerging market equities rallied sharply.

As what usually happens at such times, the stocks that had fallen hardest during the sell-off were the ones that led the rally. Brazil is a case in point: having fallen more than 40% in US dollar terms in 2015, it rallied more than 90% from its lows. Such periods of reversal in sentiment are challenging to deal with. In retrospect the fund did not have sufficient exposure to the weakest parts of the market such as Brazilian banks and resource stocks and so lagged the benchmark until June. As the year progressed, the market's focus shifted away from chasing previous losers to identifying companies with improving fundamentals and the fund's performance picked up in this environment.

Following Donald Trump's unexpected win in November, emerging market stocks lost some momentum.

Concerns about changes to global trade agreements and a stronger dollar weighed on sentiment. But developing economies are on the whole in much better shape than they were even a few years ago. China – where domestic consumption accounts for a large part of the economy – has managed to restore stability. Brazil and Russia (among others) are showing evidence that the worst is behind them, aided by strong commodity prices. Although 2016 ended with sentiment taking a turn for the worse, emerging market stocks have started 2017 by overcoming these obstacles and rising in a steady fashion.

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the MSCI Emerging Markets Index. Sector is IA Global Emerging Markets.

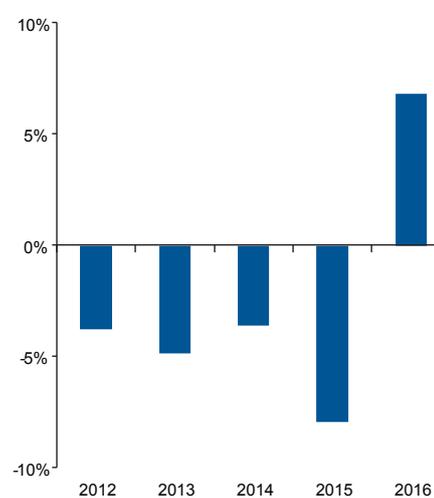
Transactions – Buying financials and cyclical, selling defensives ...

We spent much of the period increasing our exposure to value stocks (shares that trade on valuations below the market average). This type of stock has been out of favour for a number of years as investors have opted for companies with higher prospective growth and more stable earnings. Early in the year, it became apparent to us that the risk/reward for buying value stocks was favourable. Investors were generally underweight in these stocks and the dispersion of their valuations had also reached quite high levels relative to history.

As a result, we shifted the portfolio away from more defensive areas of the market, such as telecoms, healthcare and food & beverages and into sectors offering cheaper valuations. Financials were a beneficiary: we bought Bank of China, China Construction Bank and Banco Bradesco among others.

Our move into value was rewarded over the course of the year, as the second half of 2016 was a period of particularly heartening performance. We're starting to see signs that value stocks may have started to reverse their long-term trend of underperformance.

Performance of value relative to growth in relative markets



As evidence emerged that the global business cycle was accelerating, we responded by increasing our exposure to more economically-sensitive (cyclical) areas of the market. Our exposure to industrials, chemicals and technology increased as a result. Examples include: Samsung Electronics and Lotte Chemical in Korea and electronics company Hon Hai Precision Industry in Taiwan.

These purchases were funded in part by a reduction in more defensive areas of the market. We reduced our exposure to telecoms, selling out of China Mobile, and took profits in Top Glove (Malaysian healthcare) and Gruma (Mexican food producer). Other sales were in stocks where the case for investment had been undermined by weak corporate newsflow. At the country level, we reduced exposure to South Africa markedly, selling Vodacom, Liberty Holdings and Sappi.

After these changes, the fund ended the period with overweight positions in Thailand, South Korea and China and offsetting underweights in India and Mexico. At the sector level, we prefer resources, industrials and chemicals to technology and retail. The fund continues to present highly attractive financial characteristics: it trades on a p/e ratio of 9.2x compared with 12.3x for the market. It also offers a dividend yield some 27% higher than its Index.

Outlook – Improved fundamentals, focus on stockpicking ...

Following a number of challenging years, emerging market equities appear to be back in favour. The upturn is partly cyclical, but there's also evidence that the fundamentals of emerging market stocks are improving. A recovery in margins and improving returns on equity mean that growth in earnings is forecast to be higher in emerging markets than in many developed markets. Cheaper valuations and higher growth can make for a powerful combination. Our process for stockpicking has

proved effective through some challenging conditions. We believe that it will remain so against a more supportive backdrop.

Peter Saacke and Raheel Alaf
Fund Managers

Artemis Global Emerging Markets Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
Tencent Holdings	1,395	Tencent Holdings	1,760
Hon Hai Precision Industry	1,351	KCE Electronics	898
Alibaba Group Holding, ADR	1,287	Braskem Preference A shares	792
Samsung Electronics	1,223	Korea Electric Power, ADR	727
Taiwan Semiconductor Manufacturing	1,132	Soulbrain	720

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 99.49% (100.64%)			
Brazil 6.71% (5.48%)			
Banco Bradesco Preference shares	173,200	1,496	2.21
Braskem Preference A shares	24,000	200	0.30
Equatorial Energia	30,500	468	0.69
Sao Martinho	50,000	244	0.36
Ser Educacional	135,000	660	0.97
Transmissora Alianca de Energia Eletrica	23,200	132	0.20
Vale Preference shares	165,000	1,344	1.98
		4,544	6.71
Cayman Islands 0.00% (0.51%)			
Chile 0.00% (0.33%)			
China 24.52% (20.00%)			
Alibaba Group Holding, ADR	12,000	999	1.47
Bank of China H shares	2,537,000	1,033	1.52
Bank of Communications H shares	926,000	593	0.88
Changyou.com, ADR	34,000	748	1.10
China Agri-Industries Holdings	1,475,000	584	0.86
China Communications Services H shares	1,100,000	591	0.87
China Construction Bank H shares	1,944,000	1,284	1.90
China Hongqiao Group	942,000	758	1.12
China Petroleum & Chemical H shares	1,486,000	925	1.37
China Railway Group H shares	1,030,000	723	1.07
China Resources Land	170,000	372	0.55
China Shenhua Energy H shares	358,000	602	0.89
China State Construction Engineering (J.P. Morgan), ELN 20/04/2020	899,000	932	1.38
Geely Automobile Holdings	1,245,000	1,361	2.01
Huishang Bank H shares	2,059,200	853	1.26
Midea Group A shares	99,969	373	0.55
Midea Group (J.P. Morgan), ELN 16/04/2020	50,000	186	0.27
NetEase, ADR	3,800	922	1.36
PetroChina H shares	740,000	453	0.67
Sunny Optical Technology Group	120,000	619	0.91
Wanhua Chemical Group A shares	202,000	619	0.91
YY, ADR	13,500	492	0.73
Zhejiang Expressway H shares	648,900	587	0.87
		16,609	24.52
Egypt 0.62% (0.00%)			
Telecom Egypt	750,000	419	0.62
		419	0.62

Investment	Holding	Valuation £'000	% of net assets
Greece 1.08% (0.00%)			
Motor Oil Hellas Corinth Refineries	42,000	523	0.77
Mytilineos Holdings	35,000	209	0.31
		732	1.08
Hong Kong 3.37% (4.28%)			
Lee & Man Paper Manufacturing	1,251,700	913	1.35
Tongda Group Holdings	2,790,000	748	1.11
Xinyi Glass Holdings	848,000	618	0.91
		2,279	3.37
Hungary 0.84% (0.42%)			
MOL Hungarian Oil & Gas	10,200	572	0.84
		572	0.84
India 5.27% (5.60%)			
Bharat Petroleum	8,000	65	0.10
Bharat Petroleum (Morgan Stanley), ELN 18/09/2017	17,079	138	0.20
Hindustan Petroleum	30,000	195	0.29
Hindustan Petroleum (Morgan Stanley), ELN 25/04/2018	51,000	331	0.49
Power Finance	320,000	524	0.77
Power Grid Corp. of India	50,000	116	0.17
Power Grid Corp. of India (Morgan Stanley), ELN 23/10/2017	355,000	821	1.21
Rural Electrification	110,000	203	0.30
Tata Chemicals	27,000	184	0.27
Vedanta	318,000	992	1.47
		3,569	5.27
Indonesia 2.20% (2.79%)			
Bank Tabungan Negara Persero	3,740,000	480	0.71
Tambang Batubara Bukit Asam Persero	820,000	551	0.81
Telekomunikasi Indonesia Persero	1,985,000	460	0.68
		1,491	2.20
Kenya 1.08% (0.97%)			
Safaricom (Merrill Lynch International), ELN 13/06/2019	5,360,000	732	1.08
		732	1.08
Malaysia 0.58% (3.23%)			
Tenaga Nasional	160,000	392	0.58
		392	0.58
Mexico 1.49% (4.03%)			
America Movil	1,165,000	603	0.89
Banregio Grupo Financiero	95,000	403	0.60
		1,006	1.49
Oman 0.24% (0.33%)			
Ooredoo	135,600	160	0.24
		160	0.24
Peru 0.73% (0.00%)			
Credicorp	3,700	495	0.73
		495	0.73
Philippines 0.00% (1.75%)			
Poland 1.10% (0.75%)			
Polski Koncern Naftowy Orlen	40,000	746	1.10
		746	1.10
Qatar 0.00% (0.45%)			
Russia 5.78% (3.81%)			
Gazprom, ADR	88,000	321	0.47
LSR Group, GDR	148,000	407	0.60

Artemis Global Emerging Markets Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Lukoil, ADR	32,989	1,416	2.09
MMC Norilsk Nickel, ADR	41,000	526	0.78
Surgutneftegas, ADR	115,000	473	0.70
Tatneft, ADR	20,700	598	0.88
X5 Retail Group, GDR	7,000	173	0.26
		3,914	5.78
Singapore 0.50% (0.00%)			
IGG	600,000	341	0.50
		341	0.50
South Africa 4.90% (6.28%)			
Adcock Ingram Holdings	40,000	146	0.21
Barclays Africa Group	76,000	718	1.06
Barloworld	85,000	604	0.89
Kumba Iron Ore	75,000	982	1.45
Shoprite Holdings	32,800	386	0.57
Telkom	117,000	486	0.72
		3,322	4.90
South Korea 17.01% (13.15%)			
Dongbu Insurance	12,400	541	0.80
Hankook Tire	15,000	639	0.94
Hyosung	5,000	467	0.69
Hyundai Marine & Fire Insurance	25,900	598	0.88
JB Financial Group	84,000	340	0.50
KT	5,117	111	0.16
KT, ADR	30,600	391	0.58
LG Chem	2,000	403	0.60
Lotte Chemical	3,800	988	1.46
Posco	4,700	951	1.40
Samsung Electronics	1,818	2,493	3.68
Samsung Electronics, GDR	1,400	954	1.41
SFA Engineering	12,000	556	0.82
Shinhan Financial Group	22,400	746	1.10
SK Hynix	24,800	826	1.22
Woori Bank	55,000	520	0.77
		11,524	17.01
Taiwan 12.59% (13.34%)			
Asustek Computer	57,000	415	0.61
Chroma ATE	239,000	589	0.87
First Financial Holding	1,334,725	636	0.94
Fubon Financial Holding	611,000	798	1.18
Gourmet Master	24,500	186	0.28
Hon Hai Precision Industry	624,000	1,466	2.17
Largan Precision	5,500	658	0.97
Lite-On Technology	587,570	794	1.17
Taiwan Semiconductor Manufacturing	408,000	2,025	2.99
Tripod Technology	455,000	958	1.41
		8,525	12.59
Thailand 5.38% (5.08%)			
CP ALL	340,000	470	0.69
PTT	87,500	801	1.18
Siam Cement	79,000	939	1.39

Investment	Holding	Valuation £'000	% of net assets
Thanachart Capital	680,200	756	1.12
Tisco Financial Group	431,000	680	1.00
		3,646	5.38
Turkey 1.97% (7.32%)			
Akbank	150,000	290	0.43
Soda Sanayii	563,321	699	1.03
Tofas Turk Otomobil Fabrikasi	57,000	344	0.51
		1,333	1.97
Ukraine 0.35% (0.74%)			
Kernel Holding	15,100	236	0.35
		236	0.35
United States of America 0.46% (0.00%)			
Nexteer Automotive Group	300,000	309	0.46
		309	0.46
Vietnam 0.72% (0.00%)			
Hoa Phat Group	343,500	485	0.72
		485	0.72
Investment assets		67,381	99.49
Net other assets		348	0.51
Net assets attributable to shareholders		67,729	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

Artemis Global Emerging Markets Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		From 8 April 2015 to 29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		16,757		(3,214)
Revenue	5	1,592		506	
Expenses	6	(464)		(143)	
Interest payable and similar charges	7	(2)		(2)	
Net revenue before taxation		1,126		361	
Taxation	8	(153)		(51)	
Net revenue after taxation			973		310
Total return before distributions			17,730		(2,904)
Distributions	9		(1,099)		(363)
Change in shareholders' funds from investment activities			16,631		(3,267)

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		From 8 April 2015 to 29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		25,587		-
Amounts receivable on issue of shares	26,368		29,134	
Amounts payable on cancellation of shares	(1,697)		(615)	
		24,671		28,519
Dilution adjustment		48		35
Change in shareholders' funds from investment activities		16,631		(3,267)
Retained distribution on accumulation shares		792		300
Closing net assets attributable to shareholders		67,729		25,587

Balance sheet as at 28 February 2017

	Note	28 February 2017 £'000	29 February 2016 £'000
Assets			
Fixed assets			
Investments	10	67,381	25,750
Current assets			
Debtors	11	684	489
Cash and bank balances	12	1,211	375
Total current assets		1,895	864
Total assets		69,276	26,614
Liabilities			
Creditors			
Distribution payable		647	281
Other creditors	13	900	746
Total creditors		1,547	1,027
Total liabilities		1,547	1,027
Net assets attributable to shareholders		67,729	25,587

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Equity linked notes ('ELN') are valued using the price derived by the issuer of the note. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends

are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. The ACD and depositary have agreed, for the distribution class only, that 100% of the annual management charge is to be transferred to capital for the purpose of calculating its distribution, as permitted by COLL. The distribution currently payable reflects this treatment. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

3. Net capital gains/(losses)

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
Non-derivative securities	16,909	(3,068)
Capital transaction charges	(17)	(27)
Currency losses	(135)	(119)
Net capital gains/(losses)	16,757	(3,214)

4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	70,920	45	35	71,000	0.06	0.05
Sales						
Equities	46,361	30	54	46,277	0.06	0.12
Total		75	89			
Percentage of sub-fund average net assets		0.15%	0.18%			

	Period from 8 April 2015 to 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	51,847	41	28	51,916	0.08	0.05
Sales						
Equities	23,140	22	28	23,090	0.10	0.12
Total		63	56			
Percentage of sub-fund average net assets		0.33%	0.29%			

During the year the sub-fund incurred £17,000 (2016: £27,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.20% (2016: 0.43%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
Overseas dividends	1,591	505
Bank interest	1	1
Total revenue	1,592	506

6. Expenses

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	360	128
Expense rebate	(44)	(118)
Other expenses:		
Administration fees	51	43
Registration fees	33	36
Safe custody fees	24	11
Operational fees	19	9
Auditor's remuneration: audit fees *	9	9
Depositary fees	6	2
Auditor's remuneration: non-audit fees (taxation)	5	16
Printing and postage fees	1	2
Price publication fees	-	5
Total expenses	464	143

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amount disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year/period was £7,500 (2016: £7,500).

7. Interest payable and similar charges

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
Interest payable	2	2
Total interest payable and similar charges	2	2

8. Taxation

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	153	51
Total taxation (note 8b)	153	51
b) Factors affecting the tax charge for the year		
Net revenue before taxation	1,126	361
Corporation tax at 20% (2016: 20%)	225	72
Effects of:		
Irrecoverable overseas tax	153	51
Unutilised management expenses	42	10
Overseas withholding tax expensed	(3)	-
Non-taxable overseas dividends	(264)	(82)
Tax charge for the year (note 8a)	153	51

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £53,000 (2016: £11,000) arising as a result of having unutilised management expenses of £267,000 (2016: £55,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2017 £'000	From 8 April 2015 to 29 February 2016 £'000
Final dividend distribution	1,439	581
Add: amounts deducted on cancellation of shares	29	10
Deduct: amounts added on issue of shares	(369)	(228)
Distributions	1,099	363
Movement between net revenue and distributions		
Net revenue after taxation	973	310
Expenses paid from capital	126	24
Add: revenue received on conversion of shares	-	30
Less: tax relief credited to capital	-	(1)
	1,099	363

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 20.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	64,241	-	25,750	-
Level 2	3,140	-	-	-
Total	67,381	-	25,750	-

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Sales awaiting settlement	252	345
Accrued revenue	227	107
Amounts receivable for issue of shares	170	10
Overseas withholding tax recoverable	21	3
Expense rebate receivable	11	22
Prepaid expenses	3	2
Total debtors	684	489

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held in JPMorgan Liquidity Funds – Sterling Liquidity Fund (Institutional dist.)	684	360
Cash and bank balances	527	15
Total cash and bank balances	1,211	375

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Purchases awaiting settlement	803	634
Accrued other expenses	57	63
Accrued annual management charge	37	14
Amounts payable for cancellation of shares	3	35
Total other creditors	900	746

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation EUR	10,000	-	-	10,000
I distribution GBP	13,420,725	9,562,452	(72,806)	22,910,371
I accumulation GBP	18,702,105	17,809,893	(1,555,820)	34,956,178
I accumulation USD	10,000	-	-	10,000

16. Risk disclosures

The sub-fund's financial instruments comprise equities, ELNs, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 4. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2017 (2016: nil).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the table below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2017			
Hong Kong Dollar	14,267	-	14,267
US Dollar	12,055	24	12,079
Korean Won	10,179	157	10,336
Taiwan Dollar	8,525	21	8,546
Brazilian Real	4,544	286	4,830
Thai Baht	3,646	-	3,646
South African Rand	3,322	-	3,322
Indian Rupee	2,279	12	2,291
Indonesian Rupiah	1,491	-	1,491
Turkish Lira	1,333	-	1,333
Mexican Peso	1,006	-	1,006
Chinese Yuan	992	-	992
Polish Zloty	982	-	982
Euro	732	-	732
Hungarian Forint	572	-	572
Vietnamese Dong	485	-	485
Egyptian Pound	419	-	419
Malaysian Ringgit	392	-	392
Omani Riyal	160	-	160
Sterling	-	(152)	(152)
29 February 2016			
Hong Kong Dollar	5,858	(269)	5,589
US Dollar	4,048	(20)	4,028
Taiwan Dollar	3,357	2	3,359
Korean Won	2,812	90	2,902
Turkish Lira	1,874	-	1,874
South African Rand	1,606	-	1,606
Thai Baht	1,300	7	1,307
Brazilian Real	1,170	(65)	1,105
Mexican Peso	965	(42)	923
Malaysian Ringgit	826	20	846
Indonesian Rupiah	713	-	713
Philippine Peso	448	3	451
Polish Zloty	381	-	381
Hungarian Forint	107	137	244
Qatari Riyal	116	-	116
Omani Riyal	85	-	85
Chilean Peso	84	-	84
Sterling	-	(26)	(26)

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £3,394,000 (2016: £1,281,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £3,369,000 (2016: £1,288,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method. The sub-fund can use cash borrowing and financial derivatives (subject to restrictions as set out in its Prospectus and COLL) as sources of leverage.

The maximum level of leverage which the ACD may employ on behalf of the sub-fund is 200% under the commitment method. There has been no change to the maximum level of leverage that can be employed, under the commitment method, during the year. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 100.3% (2016: 100.2%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

Artemis Global Emerging Markets Fund – Notes to the financial statements (continued)

Counterparty exposure

The sub-fund also uses equity linked notes issued by counterparties to provide exposure to certain investments. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

	Equity linked notes £'000	Total net exposure £'000
28 February 2017		
Morgan Stanley	1,290	1,290
JPMorgan	1,118	1,118
Merrill Lynch International	732	732
29 February 2016		
Morgan Stanley	821	821
JPMorgan	489	489
Merrill Lynch International	249	249

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 11 and notes 6, 9, 11 and 13 on pages 14 to 16 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2017 in respect of these transactions was £141,000 (2016: £17,000).

18. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 21. The distribution per share class are given in the distribution table on page 20. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation EUR	103.07c	101.72c	1.3%
I distribution GBP	114.24p	113.40p	0.7%
I accumulation GBP	120.27p	119.39p	0.7%
I accumulation USD	102.95c	99.20c	3.8%

Artemis Global Emerging Markets Fund – Distribution table

Final dividend distribution for the year ended 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR				
Group 1	1.8020c	-	1.8020c	1.4526c
Group 2	1.8020c	-	1.8020c	1.4526c
I distribution GBP				
Group 1	2.8235p	-	2.8235p	2.0966p
Group 2	0.4206p	2.4029p	2.8235p	2.0966p
I accumulation GBP				
Group 1	2.2649p	-	2.2649p	1.6006p
Group 2	1.4301p	0.8348p	2.2649p	1.6006p
I accumulation USD				
Group 1	1.7833c	-	1.7833c	1.4254c
Group 2	1.7833c	-	1.7833c	1.4254c

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Global Emerging Markets Fund – Comparative tables

	I accumulation EUR		I distribution GBP		I accumulation GBP		I accumulation USD	
	2017	2016**	2017	2016**	2017	2016**	2017	2016**
Change in net assets per share	(c)	(c)	(p)	(p)	(p)	(p)	(c)	(c)
Opening net asset value per share	74.50	100.00	78.40	100.00	80.49	100.00	74.56	100.00
Return before operating charges *	28.10	(23.75)	38.82	(18.31)	39.91	(18.25)	25.53	(23.49)
Operating charges	(0.88)	(1.75)	(1.00)	(1.19)	(1.01)	(1.26)	(0.89)	(1.95)
Return after operating charges	27.22	(25.50)	37.82	(19.50)	38.90	(19.51)	24.64	(25.44)
Distributions	(1.80)	(1.45)	(2.82)	(2.10)	(2.26)	(1.60)	(1.78)	(1.43)
Retained distributions on accumulation shares	1.80	1.45	-	-	2.26	1.60	1.78	1.43
Closing net asset value per share	101.72	74.50	113.40	78.40	119.39	80.49	99.20	74.56
* after direct transaction costs of	(0.26)	(0.45)	(0.30)	(0.42)	(0.31)	(0.44)	(0.27)	(0.45)
Performance								
Return after charges	36.54%	(25.50)%	48.24%	(19.50)%	48.33%	(19.51)%	33.05%	(25.44)%
Other information								
Closing net asset value (£'000)	9	6	25,979	10,522	41,733	15,054	8	5
Closing number of shares	10,000	10,000	22,910,371	13,420,725	34,956,178	18,702,105	10,000	10,000
Operating charges	1.00%	0.89%	1.00%	0.89%	1.00%	0.89%	1.00%	0.89%
Direct transaction costs	0.30%	0.53%	0.30%	0.53%	0.30%	0.53%	0.30%	0.53%
Prices	(c)	(c)	(p)	(p)	(p)	(p)	(c)	(c)
Highest price	104.55	102.21	118.37	101.30	121.59	101.30	101.09	101.17
Lowest price	76.64	68.35	78.37	73.95	80.45	73.94	74.71	70.82

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Ongoing charges

Class	28 February 2017
I accumulation EUR	1.00%
I distribution GBP	1.00%
I accumulation GBP	1.00%
I accumulation USD	1.00%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis Global Emerging Markets Fund	19.5	48.2	14.5
MSCI Emerging Markets Index	15.1	45.0	11.1
Sector average	18.2	44.4	10.7
Position in sector	22/56	14/59	6/60
Quartile	2	1	1

* Data from 8 April 2015. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling to 28 February 2017. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Global Emerging Markets.

Value of £1,000 invested at launch to 28 February 2017



Artemis Global Equity Income Fund

Investment objective and policy

The Artemis Global Equity Income Fund (the ‘sub-fund’) aims to achieve income combined with long-term capital growth.

The sub-fund invests principally in a portfolio of equities selected on a global basis.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments either by company size, industry, or the geographical split of the portfolio.

The sub-fund may also invest in other transferable securities, fixed interest securities, derivative instruments, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The sub-fund is in the category shown because it invests in the shares of a wide range of companies in emerging markets.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of “1” does not mean that the investment is “risk free”.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- The sub-fund’s assets will be invested in new, emerging markets. Investment in emerging markets can involve greater risk than that usually associated with more established markets. This means that above-average rises and falls in share prices can be expected.
- The sub-fund’s assets will primarily be invested in a currency other than the sub-fund’s accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.

■ Investments in fixed interest securities are subject to market and credit risk and will be impacted by movements in interest rates. Interest rate movements are determined by a number of economic factors, in particular market expectations of future inflation.

■ The sub-fund may hold derivatives with the aim of profiting from falling prices. If the related assets rise in value the sub-fund will lose money.

Artemis Global Equity Income Fund – Investment review

- The fund returns 30.0%* in sterling terms versus a gain of 36.7%* in the benchmark.
- Although we correctly anticipated a shift in economic and market conditions, we moved too soon.
- Our holdings in cheap, economically sensitive stocks began to perform in the second half of the year.

Performance – As deflation fears fade, returns improve ...

Helped by a rise in equity markets and by a decline in sterling, the fund produced a return of 30.0% during the year. Despite this healthy return, it lagged the rise in the wider market. That was largely due to its slow start to 2016, a choppy period for equity markets in which the threat of global deflation and economic slowdown was never far away.

A year ago, we regarded 'high quality' or 'low volatility, safe-haven' stocks as overvalued, believing it unlikely that their already high valuation multiples could rise any further. We also believed that stocks benefiting from decade-long deflationary trends had risen to unsustainable levels, in line with government bond yields hitting all-time lows. We had therefore reduced the fund's holdings in 'bond proxies' in the US and bought more cyclical value stocks. In Europe, meanwhile, we had moved away from highly valued healthcare, food and beverage stocks and into real estate and infrastructure assets. We believed the economic and political outlook there was murky so didn't mind owning defensive bond proxies; in the US the situation was almost the opposite so we positioned the fund for a pickup in the business cycle and higher interest rates. As a result, at the start of the year under review our portfolio was less dominated by the most expensive, highest quality companies (such as consumer staples stocks) than the benchmark. In the first half of 2016, however, short-lived fears of deflation and worries

that the Fed might hike interest rates too quickly and provoke a global recession meant that the valuation multiples being awarded to defensive growth stocks – companies that sell everyday necessities such as food, beer, toothpaste and detergent – rose to extraordinary new highs. The fund missed out on that brief but powerful rally.

During the second half of last year, however, things began to change. The business cycle picked up in all major regions of the global economy; inflation expectations started trending higher. Commodity prices rose. Evidence of wage inflation in the US continued to mount and consumer confidence increased. Together, this represented an important macroeconomic shift: the disinflationary fears that had weighed so heavily were dispelled. The response of government bond markets was predictable: having fallen to levels that were (in our view) too low, yields moved higher. In some quarters, this was ascribed to the unexpected election of Donald Trump. But correlation is not (always) causation. While the President-elect's pledges to cut taxes, allow cheap repatriation of corporate cash held overseas and invest heavily in infrastructure had some effect on sentiment, they largely served to intensify newly formed but pre-existing trends.

10-year US Treasury Yield

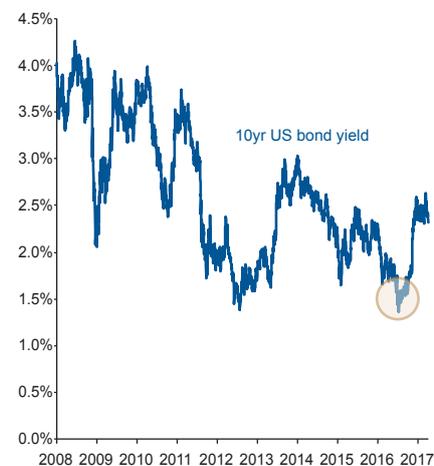


Chart 1: The only line that mattered? 10-year US Treasury yields reach an inflection point

The result was that the top-down trends moving markets began to help, rather than hinder, the fund. We were investing in 'value' rather than 'growth' stocks; we held industrial and cyclical stocks rather than consumer staples and defensives; our stocks were beneficiaries of fiscal – rather than monetary – stimulus. In other words, after almost a decade of unconventional monetary policy and distorted asset pricing following the financial crisis we were (and still are) positioned for a normalisation of the economic environment. Although much of the fund's improved performance in the second half of the year was due to good stockpicking, returns also benefited from that positioning: our exposure to value stocks and sectors such as financials and industrials paid off. And while we appreciate that the strong performance towards the second half of the reporting period didn't fully offset weakness in its first half, we do expect to be 'paid back' if current trends continue.

Review – A cyclical story ...

Although last year's unexpected election results (the UK's Brexit vote, Trump's victory and Renzi's defeat in the Italian referendum) dominated the headlines, their influence over the market was more modest than might have been anticipated. That is not to say that the prospect of the UK leaving the EU – or of Donald Trump leading the United States – had no effect. These were important events. But from an investment point of view their impact was soon overwhelmed by larger forces, particularly the underlying shift from a deflationary to a reflationary world. An investor with perfect foresight who had been able to predict with absolute certainty the outcome of the Brexit vote, the US election and the Italian referendum – and whose investment decisions were guided by those forecasts – would probably have fared quite

* Source: Lipper Limited, class I distribution GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the MSCI All Country World Index.

Artemis Global Equity Income Fund – Investment review (continued)

poorly. If we had perfect 'political' foresight we would probably not have expected markets to finish 2016 at all-time highs. In that sense, market responses and movements in asset prices were almost as surprising as the political events.

There was, however, one piece of intelligence that would have been a useful guide: the line traced by 10-year US Treasury yield, the global financial system's benchmark risk-free asset. Knowing the path it would take – edging lower and then collapsing into July 2016 and drifting higher thereafter – a portfolio manager would initially have bought heavily into bond proxies (stocks with reliable earnings and dividends) and defensive growth stocks and held them until early July, then switched into cyclical and value stocks once yields began to rise.

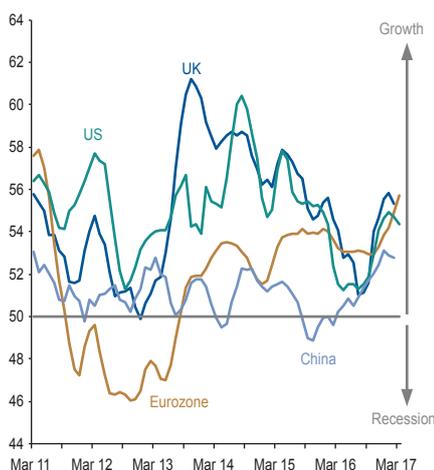


Chart 2: On the up: Survey data points to strong momentum throughout the global economy

What did we do? As always, we lacked perfect foresight. We had, however, been investing in anticipation of higher inflation, rising bond yields and a stronger global economy. Through 2014 and 2015 we progressively lowered the fund's exposure to bond proxies in the US. With the benefit of hindsight, we acted too soon. We accept that being too early by a year or more is the same as being wrong. But the economic and market trends that have taken hold since the summer have belatedly justified our early view: we are no longer battling against

a market willing to pay ever-higher multiples for defensive stocks. Instead, cyclical stocks – such as carmaker General Motors, Corning (which makes everything from the 'Gorilla Glass' used to make iPhones through to fibre-optic cables) and hard-drive manufacturers Western Digital and Seagate Technology – began performing. Miners such as BHP Billiton, Kumba Iron Ore and Norwegian diversified chemicals manufacturer Borregaard, meanwhile, responded to higher raw material and energy prices. As a fund manager it can be uncomfortable when it is the more cyclical and financially geared components of the portfolio that are delivering performance – but that's also when the best absolute or relative returns tend to be produced. For an income fund built on a foundation of 'boring' companies that generate lots of free cashflow, the important thing is to find a balance. We don't want to take on too much risk but we do want to benefit from a pickup in corporate earnings and stronger economic indicators. Interestingly, a number of the fund's newer holdings in cyclical stocks and banks have higher dividend yields and/or free cashflow yields than the defensive stocks we sold in 2014 and 2015 (particularly in the real estate and consumer staples sectors).

The fund's improved performance wasn't simply a matter of being in the right areas of the market. Our stock selection was also good – in fact, our stockpicking has been better than our top-down positioning. For example, the biggest contribution to returns came from Storebrand, a Norwegian life insurer that had suffered from low yields on government bonds and deflation. It became a beneficiary of the more positive mood towards financials. But it is also seeing company-specific change as shareholders urge it to change the composition of the board and, in general, try to give the company a greater focus on generating free cashflows and dividends than it has had in the past. We think this company is changing, moving away from being a struggling Norwegian

insurer that didn't pay dividends towards being a more rationally run, cash-generating, dividend-paying machine.

Another area where changes in the wider economic environment are having a direct impact on cash returns to shareholders is the banking sector. The positive impact that rising bond yields will have on banks' profitability is dramatic so a greater proportion of the fund is invested in banks, life insurers and diversified financials today than at any time since its launch in 2010. In particular, the fund is overweight in US banks. We think the strength of balance sheets across the sector, coupled with a more benign regulatory environment and a strong US business cycle, means they will become large dividend payers over the coming years. Of course, this doesn't mean banks aren't risky and cyclical. But we believe this is reflected in the modest multiples we pay for them.

Strong returns from our holding in Banco do Brasil, meanwhile, were partly a case of a 'macro' trade going well. But it has also been a beneficiary of a clean-up in the global banking industry. As globalisation retreats and global banks retrench, many international lenders (HSBC, Citigroup and so forth) have decided to exit Brazil. The result is an increasingly oligopolistic banking market dominated by three local banks. This has increased their pricing power and the market is now, relatively speaking, more rational than it was when international lenders were undercutting one another to gain market share.

Prominent among the year's biggest negatives, meanwhile, were holdings in European bond proxies, such as Euskaltel, the Basque telecoms company and Rai Way, Infrastrutture Wireless Italiane and EI Towers, the Italian TV and telecoms 'tower' companies. We believed that, with economic growth slow and interest rates in Europe remaining low, their predictable revenues and attractive yields would attract investors. During the reporting period, things didn't work

out that way. But we will not run away from assets that are too cheap and whose prospects remain good – so we retain these holdings in the fund’s income-producing ‘core’. Happily, our Italian tower stocks began to perform well towards the end of the year as investors returned to Europe and identified ‘mis-priced’ assets. There are also signs the Italian broadcast and telecoms tower sector will gain blessing from regulators to consolidate, leading to strong synergies and cost savings. This has prompted a very strong rally in Rai Way and EI Towers. We think these are perfect holdings for an income fund.

Outlook – Investing for income in a reflationary world ...

The important question now is whether the rise in bond yields since last July, and the outperformance in value and cyclical stocks that has accompanied it, marks a decisive break with the recent past. Is it just a temporary reversal in the trends that have prevailed since the financial crisis? Will inflation expectations move lower again? Is the developed world in the same deflationary trap that has marred Japan for almost three decades? On balance, we think not. We believe we have passed an inflection point and are seeing a transition from a deflationary to a reflationary environment. We have some sympathy with the view that we are at the end of a 30-year bull market in bonds, a rally that began when the Fed actively started fighting inflation in the late 1970s. Not only is the US economy growing nicely but economic data in every major region of the global economy is beating expectations. Inflation is stronger than it has been for half a decade; wages and commodity prices are rising. This suggests bond yields can continue to rise.

Also we are seeing a somewhat synchronised move away from purely monetary policy stimulus

towards active fiscal stimulus. This will have a very different effect on financial markets and asset prices. Furthermore, the improved performance in equities is being accompanied by a recovery in earnings of the type we haven’t seen since the financial crisis. The bull market that started back in 2009 was largely driven by central bank policy (quantitative easing and zero interest rates) rather than by earnings growth. The pickup in equities since the summer, however, has been driven by growth in the economy and corporate earnings not monetary policy. That does not mean, however, there is no risk of a retrenchment in bond yields or in equity markets. Markets never travel in a straight line. There could, for example, be a mistake in monetary policy (overly aggressive tightening by the Fed). Or perhaps a strong dollar could put too much pressure on emerging economies’ debt obligations. Bond yields in the US, meanwhile, might have risen a little too quickly and could retrace their recent gains if growth or inflation falls short of expectations. While there are few signs that the Fed will tighten too aggressively we are worried about what might happen were global interest rates to rise too quickly in a world with a lot of debt.

In Europe, the dynamics are different. The reality is that the eurozone’s problems continue. Yields on German Bunds (and bonds of the other core economies) recently hit new lows while yields on the periphery of the eurozone are rising in relative terms. Europe is a value market where stockpicking can be rewarded especially in the southern periphery.

Yet while it seems wise not to be positioned too narrowly for one particular outcome, everything seems to point in the same broadly positive direction for now. At the time of writing, the fund’s largest holdings include cyclical stocks (General Motors, Western Digital and Corning), and financials (Storebrand, Synchrony Financial, Zions Bancorporation and Citigroup).

We acknowledge that the road ahead

could be bumpy. We are monitoring the economic environment and are prepared to change our mind should there be any exogenous shocks to the global economic system. Overall, however, we think the fund – with its below-market price-to-earnings multiple and above-average dividend (and free cashflow) yield – is well placed to ride out any disruption.

Jacob de Tusch-Lec
Fund manager

Artemis Global Equity Income Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
BHP Billiton	6,010	Apple	5,175
Imperial Brands	4,539	Franco-Nevada	4,839
Zions Bancorporation	4,494	Imperial Brands	4,676
General Motors	4,349	General Motors	4,154
Citigroup	4,228	Altria Group	3,792

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 104.54% (98.11%)			
Australia 4.23% (1.43%)			
BHP Billiton	322,965	4,210	3.33
Fortescue Metals Group	91,563	374	0.30
South32	491,973	756	0.60
		5,340	4.23
Belgium 0.27% (0.00%)			
Melexis	5,198	347	0.27
		347	0.27
Brazil 3.69% (0.00%)			
Banco do Brasil	324,419	2,776	2.20
Cia Energetica de Minas Gerais Preference shares	682,506	1,886	1.49
		4,662	3.69
Canada 1.72% (2.29%)			
Lundin Mining	444,018	2,167	1.72
		2,167	1.72
China 2.31% (4.03%)			
Anhui Conch Cement H shares	713,000	1,994	1.58
Beijing Capital International Airport H shares	568,245	490	0.39
China Petroleum & Chemical H shares	648,000	403	0.32
Shenzhen Expressway H shares	38,000	28	0.02
		2,915	2.31
Czech Republic 1.74% (0.00%)			
Moneta Money Bank	806,491	2,196	1.74
		2,196	1.74
Denmark 3.40% (3.71%)			
AP Moller - Maersk B shares	487	637	0.50
Danske Bank	47,900	1,284	1.02
Dfds	54,379	2,379	1.88
		4,300	3.40
Finland 0.00% (0.25%)			
France 3.19% (4.09%)			
Amundi	35,727	1,660	1.32
Atos	4,429	419	0.33
AXA	13,598	257	0.20
Natixis	191,753	842	0.67
Vallourec	194,782	846	0.67
		4,024	3.19

Investment	Holding	Valuation £'000	% of net assets
Georgia 1.09% (0.86%)			
BGEO Group	48,702	1,379	1.09
		1,379	1.09
Germany 6.13% (5.40%)			
Bayer	18,927	1,675	1.33
Deutsche Pfandbriefbank	126,489	1,075	0.85
Drillisch	56,976	2,071	1.64
K+S	22,883	425	0.34
Rheinmetall	19,420	1,191	0.94
Siemens	12,527	1,303	1.03
		7,740	6.13
Hong Kong 0.00% (1.36%)			
Ireland 0.00% (1.02%)			
Israel 2.46% (3.60%)			
Bezeq The Israeli Telecommunication Corporation	1,113,395	1,594	1.26
Israel Chemicals	90,948	312	0.25
Shikun & Binui	660,314	1,202	0.95
		3,108	2.46
Italy 9.45% (7.90%)			
Assicurazioni Generali	131,327	1,530	1.21
Banco BPM	46,582	94	0.07
Ei Towers	72,907	3,014	2.39
Infrastrutture Wireless Italiane	798,627	2,897	2.29
Rai Way	769,866	2,810	2.23
Unipol Gruppo Finanziario	101,742	313	0.25
UnipolSai	740,542	1,275	1.01
		11,933	9.45
Japan 6.51% (2.66%)			
Fuji Heavy Industries	42,000	1,265	1.00
ITOCHU	114,300	1,330	1.05
Mitsubishi UFJ Financial Group	163,100	862	0.68
Mitsubishi UFJ Financial Group, ADR	288,398	1,534	1.22
Mitsui	53,700	661	0.52
Nippon Steel & Sumitomo Metal	32,300	639	0.51
Sekisui House	56,800	730	0.58
Toyo Tire & Rubber	92,100	1,201	0.95
		8,222	6.51
Luxembourg 1.40% (0.75%)			
Tenaris	132,492	1,764	1.40
		1,764	1.40
Malaysia 0.00% (0.11%)			
Netherlands 1.19% (0.00%)			
Altice A shares	88,742	1,509	1.19
		1,509	1.19
New Zealand 2.19% (1.36%)			
SKYCITY Entertainment Group	1,167,010	2,763	2.19
		2,763	2.19
Norway 7.02% (3.16%)			
Borregaard	124,387	1,112	0.88
BW LPG	247,959	958	0.76
Kongsberg Gruppen	21,786	296	0.23

Artemis Global Equity Income Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Ocean Yield	113,733	651	0.52
Storebrand	1,073,881	5,844	4.63
		8,861	7.02
Portugal 0.00% (1.30%)			
Russia 0.88% (0.00%)			
Moscow Exchange MICEX-RTS	651,230	1,117	0.88
		1,117	0.88
Singapore 0.00% (2.78%)			
South Africa 0.84% (0.00%)			
Kumba Iron Ore	80,743	1,058	0.84
		1,058	0.84
Spain 4.15% (4.62%)			
Euskaltel	376,491	2,853	2.26
Parques Reunidos Servicios Centrales	173,164	2,390	1.89
		5,243	4.15
Sweden 1.28% (0.00%)			
Nordea Bank	172,695	1,619	1.28
		1,619	1.28
Switzerland 0.00% (2.62%)			
United Kingdom 5.88% (7.65%)			
3i Group	178,214	1,225	0.97
Aberdeen Asset Management	125,876	348	0.27
CNH Industrial	128,887	961	0.76
Imperial Brands	57,195	2,173	1.72
Phoenix Group Holdings	180,199	1,387	1.10
Prudential	83,082	1,337	1.06
		7,431	5.88
United States of America 33.52% (35.16%)			
AbbVie	15,986	799	0.63
Adient	23,457	1,272	1.01
Apple	8,910	981	0.78
Bank of America	108,342	2,139	1.69
Blackstone Group	36,871	883	0.70
Carlyle Group	60,187	791	0.63
Citigroup	56,084	2,705	2.14
Corning	106,302	2,362	1.87
Dover	24,073	1,553	1.23
General Motors	85,959	2,575	2.04
GEO Group, REIT	47,940	1,886	1.49
Hess	49,128	2,081	1.65
International Game Technology	36,122	781	0.62
Johnson Controls International	63,827	2,166	1.72
KKR	116,266	1,693	1.34
Las Vegas Sands	16,996	723	0.57
Laureate Education A shares	34,221	362	0.29
Lazard A shares	48,668	1,684	1.33
MetLife	37,708	1,596	1.26
Reliance Steel & Aluminum	16,630	1,139	0.90
Seagate Technology	65,087	2,495	1.98
Synchrony Financial	94,897	2,817	2.23
Western Digital	64,504	3,945	3.12

Investment	Holding	Valuation £'000	% of net assets
Zions Bancorporation	80,030	2,902	2.30
		42,330	33.52
Equities total		132,028	104.54
Corporate bonds 0.00% (0.90%)			
Forward currency contracts (0.09)% (0.30%)			
Buy US Dollars 34,626,778 dated 13/03/2017		27,824	22.03
Sell Euro 34,707,000 dated 13/03/2017		(27,874)	(22.07)
Buy US Dollars 3,926,865 dated 13/03/2017		3,156	2.49
Sell Japanese Yen 448,650,000 dated 13/03/2017		(3,214)	(2.54)
Forward currency contracts total		(108)	(0.09)
Investment assets (including investment liabilities)		131,920	104.45
Net other liabilities		(5,625)	(4.45)
Net assets attributable to shareholders		126,295	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

Artemis Global Equity Income Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		From 3 June 2015 to 29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		29,977		(3,622)
Revenue	5	4,496		1,434	
Expenses	6	(1,144)		(501)	
Interest payable and similar charges	7	(25)		(11)	
Net revenue before taxation		3,327		922	
Taxation	8	(328)		(121)	
Net revenue after taxation			2,999		801
Total return before distributions			32,976		(2,821)
Distributions	9		(3,123)		(813)
Change in shareholders' funds from investment activities			29,853		(3,634)

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		From 3 June 2015 to 29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		97,821		-
Amounts receivable on issue of shares	42,621		119,348	
Amounts payable on cancellation of shares	(46,621)		(18,979)	
		(4,000)		100,369
Dilution adjustment		56		106
Change in shareholders' funds from investment activities		29,853		(3,634)
Retained distributions on accumulation shares		2,565		980
Closing net assets attributable to shareholders		126,295		97,821

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	10	132,114	97,209
Current assets			
Debtors	11	4,199	1,087
Cash and bank balances	12	12	233
Total current assets		4,211	1,320
Total assets		136,325	98,529
Liabilities			
Investment liabilities	10	194	62
Creditors			
Bank overdraft		4,260	-
Distribution payable		251	42
Other creditors	13	5,325	604
Total creditors		9,836	646
Total liabilities		10,030	708
Net assets attributable to shareholders		126,295	97,821

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that

the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. The ACD and depositary have agreed, for the distribution classes only, that 100% of the annual management charge is to be transferred to capital for the purpose of calculating its distribution, as permitted by COLL. The distribution currently payable reflects this treatment. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not

available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

3. Net capital gains/(losses)

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
Non-derivative securities	29,235	(4,166)
Forward currency contracts	693	493
Currency gains	88	58
Derivative contracts	14	18
Capital transaction charges	(53)	(25)
Net capital gains/(losses)	29,977	(3,622)

4. Direct transaction costs

For purchases and sales of equities, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	229,515	115	160	229,790	0.05	0.07
Bonds	655	-	-	655	-	-
Sales						
Equities	222,916	112	21	222,783	0.05	0.01
Bonds	1,714	-	-	1,714	-	-
Total		227	181			
Percentage of sub-fund average net assets		0.19%	0.15%			

	Period from 3 June 2015 to 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	171,032	247	104	171,383	0.14	0.06
Bonds	862	-	-	862	-	-
Sales						
Equities	71,279	49	6	71,224	0.07	0.01
Total		296	110			
Percentage of sub-fund average net assets		0.42%	0.14%			

During the year the sub-fund incurred £53,000 (2016: £25,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2016: 0.16%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
Overseas dividends	4,084	1,311
UK dividends	341	119
Interest on debt securities	68	2
Bank interest	3	2
Total revenue	4,496	1,434

6. Expenses

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	932	396
Expense rebate	-	(61)
Other expenses:		
Administration fees	86	46
Operational fees	34	18
Registration fees	28	56
Safe custody fees	22	10
Auditor's remuneration: non-audit fees (taxation)	16	17
Depository fees	15	6
Auditor's remuneration: audit fees *	9	9
Printing and postage fees	2	1
Price publication fees	-	3
Total expenses	1,144	501

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amount disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year/period was £7,500 (2016: £7,000).

7. Interest payable and similar charges

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
Interest payable	25	11
Total interest payable and similar charges	25	11

8. Taxation

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	328	121
Total taxation (note 8b)	328	121
b) Factors affecting the tax charge for the year		
Net revenue before taxation	3,327	922
Corporation tax at 20% (2016: 20%)	665	184
Effects of:		
Irrecoverable overseas tax	328	121
Unutilised management expenses	117	65
Non-taxable UK dividends	(68)	(24)
Non-taxable overseas dividends	(714)	(225)
Tax charge for the year (note 8a)	328	121

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £183,000 (2016: £66,000) arising as a result of having unutilised management expenses of £913,000 (2016: £331,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2017 £'000	From 3 June 2015 to 29 February 2016 £'000
Interim dividend distribution	2,229	277
Final dividend distribution	914	758
Add: amounts deducted on cancellation of shares	291	93
Deduct: amounts added on issue of shares	(311)	(315)
Distributions	3,123	813
Movement between net revenue and distributions		
Net revenue after taxation	2,999	801
Expenses paid from capital	124	12
	3,123	813

The distribution takes account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution tables on pages 40 and 41.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	132,028	-	95,974	-
Level 2	88	196	1,235	(62)
Total	132,116	196	97,209	(62)

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Sales awaiting settlement	3,136	178
Amounts receivable for issue of shares	783	612
Accrued revenue	177	234
Overseas withholding tax recoverable	102	28
Prepaid expenses	1	-
Expense rebate receivable	-	35
Total debtors	4,199	1,087

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held at futures clearing houses and brokers	7	-
Cash and bank balances	5	89
Amounts held in JPMorgan Liquidity Funds - Sterling Liquidity Fund (Institutional dist)	-	95
Amounts held in JPMorgan Liquidity Funds - US Dollar Liquidity Fund (Institutional dist)	-	49
Total cash and bank balances	12	233

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Amounts payable for cancellation of shares	4,163	178
Purchases awaiting settlement	998	296
Accrued other expenses	90	79
Accrued annual management charge	74	51
Total other creditors	5,325	604

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I distribution EUR	3,268,945	207,822	(2,964,836)	511,931
I accumulation EUR	63,290,299	14,830,541	(21,994,176)	56,126,664
I distribution GBP	1,129,808	20,905,246	(945,366)	21,089,688
I accumulation GBP	31,129,173	2,558,880	(6,601,610)	27,086,443
I distribution USD	998,025	398,518	(559,818)	836,725
I accumulation USD	36,790,612	6,559,500	(23,911,312)	19,438,800
R accumulation EUR	279,000	3,363,037	(626,049)	3,015,988
R accumulation USD	262,438	1,555,882	(262,438)	1,555,882

16. Risk disclosures

The sub-fund's financial instruments comprise equities, bonds, forward currency contracts, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 23. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. The gain on forward currency contracts for the year was £693,000 (2016: £493,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the tables below.

Currency	Investments £'000	Net other assets/(liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	43,865	70	30,980	74,915
Norwegian Krone	8,860	22	-	8,882
Sterling	12,059	(5,766)	-	6,293
Euro	33,521	38	(27,875)	5,684
Brazilian Real	4,662	(122)	-	4,540
Danish Krone	4,300	20	-	4,320
Japanese Yen	6,688	36	(3,213)	3,511
Israeli New Shekel	3,108	54	-	3,162
Hong Kong Dollar	2,915	15	-	2,930
New Zealand Dollar	2,763	-	-	2,763
Czech Koruna	2,196	-	-	2,196
Canadian Dollar	2,167	-	-	2,167
Swedish Krona	1,619	-	-	1,619
Australian Dollar	1,130	-	-	1,130
Russian Rouble	1,117	-	-	1,117
South African Rand	1,058	-	-	1,058
Swiss Franc	-	8	-	8
29 February 2016				
US Dollar	36,634	207	19,210	56,051
Sterling	9,593	186	-	9,779
Euro	24,395	21	(17,868)	6,548
Hong Kong Dollar	5,271	17	-	5,288
Japanese Yen	2,602	149	1,035	3,786
Danish Krone	3,629	2	-	3,631
Israeli New Shekel	3,525	9	-	3,534
Singapore Dollar	2,827	12	-	2,839
Swiss Franc	2,559	-	-	2,559
Norwegian Krone	3,090	15	(1,579)	1,526
New Zealand Dollar	1,326	-	(127)	1,199
Australian Dollar	1,403	56	(378)	1,081

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £6,000,000 (2016: £4,402,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the

underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £6,596,000 (2016: £4,857,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the amount of leverage used by the sub-fund was 128.7% (2016: 120.2%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus.

Counterparty exposure

The types of derivatives held at the balance sheet date were forward currency contracts. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty, at the balance sheet date, were as follows:

	Forward currency contracts £'000	Total net exposure £'000
28 February 2017		
JPMorgan	(108)	(108)
29 February 2016		
JPMorgan	293	293

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market

Artemis Global Equity Income Fund – Notes to the financial statements (continued)

liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 31 and notes 6, 9, 11 and 13 on pages 34 to 36 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2017 in respect of these transactions was £3,454,000 (2016: due from the ACD £383,000).

18. Share classes

The annual management charge on each share class is as follows:

I distribution EUR:	0.75%
I accumulation EUR:	0.75%
I distribution GBP:	0.75%
I accumulation GBP:	0.75%
I distribution USD:	0.75%
I accumulation USD:	0.75%
R accumulation EUR:	1.50%
R accumulation USD:	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on page 42.

The distribution per share class are given in the distribution tables on pages 40 and 41. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I distribution EUR	97.68c	97.81c	(0.1)%
I accumulation EUR	102.68c	102.83c	(0.1)%
I distribution GBP	113.87p	114.70p	(0.7)%
I accumulation GBP	119.54p	120.42p	(0.7)%
I distribution USD	95.53c	93.40c	2.3%
I accumulation USD	100.25c	98.03c	2.3%
R accumulation EUR	103.83c	104.10c	(0.3)%
R accumulation USD	102.89c	100.72c	2.2%

Artemis Global Equity Income Fund – Distribution tables

Interim dividend distribution for the six months ended 31 August 2016 (paid on 31 October 2016) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 31 August 2016.

	Net revenue per share	Equalisation per share	Distribution per share 31 October 2016	Distribution per share 30 October 2015
I distribution EUR				
Group 1	1.7475c	-	1.7475c	0.5364c
Group 2	0.3281c	1.4194c	1.7475c	0.5364c
I accumulation EUR				
Group 1	1.5320c	-	1.5320c	0.3757c
Group 2	0.2015c	1.3305c	1.5320c	0.3757c
I distribution GBP				
Group 1	2.0413p	-	2.0413p	0.5351p
Group 2	1.6013p	0.4400p	2.0413p	0.5351p
I accumulation GBP				
Group 1	1.7843p	-	1.7843p	0.3784p
Group 2	0.4484p	1.3359p	1.7843p	0.3784p
I distribution USD				
Group 1	1.7540c	-	1.7540c	0.5480c
Group 2	1.2026c	0.5514c	1.7540c	0.5480c
I accumulation USD				
Group 1	1.5341c	-	1.5341c	0.3826c
Group 2	0.9914c	0.5427c	1.5341c	0.3826c
R accumulation EUR				
Group 1	1.2469c	-	1.2469c	0.0584c
Group 2	0.5696c	0.6773c	1.2469c	0.0584c
R accumulation USD				
Group 1	1.2681c	-	1.2681c	0.0757c
Group 2	0.1564c	1.1117c	1.2681c	0.0757c

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Artemis Global Equity Income Fund – Distribution tables (continued)

Final dividend distribution for the six months ended 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 September 2016.

Group 2 - Shares purchased from 1 September 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I distribution EUR				
Group 1	0.9743c	-	0.9743c	0.9443c
Group 2	0.4118c	0.5625c	0.9743c	0.9443c
I accumulation EUR				
Group 1	0.6885c	-	0.6885c	0.6531c
Group 2	0.3566c	0.3319c	0.6885c	0.6531c
I distribution GBP				
Group 1	1.1415p	-	1.1415p	1.0190p
Group 2	0.5568p	0.5847p	1.1415p	1.0190p
I accumulation GBP				
Group 1	0.8047p	-	0.8047p	0.7054p
Group 2	0.2853p	0.5194p	0.8047p	0.7054p
I distribution USD				
Group 1	0.9294c	-	0.9294c	0.9205c
Group 2	0.7434c	0.1860c	0.9294c	0.9205c
I accumulation USD				
Group 1	0.6546c	-	0.6546c	0.6392c
Group 2	0.2781c	0.3765c	0.6546c	0.6392c
R accumulation EUR				
Group 1	0.3389c	-	0.3389c	0.3293c
Group 2	0.1256c	0.2133c	0.3389c	0.3293c
R accumulation USD				
Group 1	0.3353c	-	0.3353c	0.3414c
Group 2	0.1422c	0.1931c	0.3353c	0.3414c

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Global Equity Income Fund – Comparative tables

	I distribution EUR		I accumulation EUR		I distribution GBP		I accumulation GBP	
	2017	2016 **	2017	2016 **	2017	2016 **	2017	2016 **
Change in net assets per share	(c)	(c)	(c)	(c)	(p)	(p)	(p)	(p)
Opening net asset value per share	84.22	100.00	85.68	100.00	90.90	100.00	92.52	100.00
Return before operating charges *	17.13	(13.26)	18.03	(13.27)	27.98	(6.82)	28.90	(6.73)
Operating charges	(0.82)	(1.04)	(0.88)	(1.05)	(1.00)	(0.73)	(1.00)	(0.75)
Return after operating charges	16.31	(14.30)	17.15	(14.32)	26.98	(7.55)	27.90	(7.48)
Distributions	(2.72)	(1.48)	(2.22)	(1.03)	(3.18)	(1.55)	(2.59)	(1.08)
Retained distributions on accumulation shares	-	-	2.22	1.03	-	-	2.59	1.08
Closing net asset value per share	97.81	84.22	102.83	85.68	114.70	90.90	120.42	92.52
* after direct transaction costs of	(0.26)	(0.52)	(0.28)	(0.52)	(0.32)	(0.51)	(0.32)	(0.52)
Performance								
Return after charges	19.37%	(14.30)%	20.02%	(14.32)%	29.68%	(7.55)%	30.16%	(7.48)%
Other information								
Closing net asset value (£'000)	427	2,163	49,181	42,608	24,191	1,027	32,619	28,802
Closing number of shares	511,931	3,268,945	56,126,664	63,290,299	21,089,688	1,129,808	27,086,443	31,129,173
Operating charges	0.96%	0.83%	0.96%	0.83%	0.96%	0.83%	0.96%	0.83%
Direct transaction costs	0.31%	0.47%	0.31%	0.47%	0.31%	0.47%	0.31%	0.47%
Prices	(c)	(c)	(c)	(c)	(p)	(p)	(p)	(p)
Highest price	100.81	100.26	105.37	100.27	118.32	100.00	124.20	100.00
Lowest price	80.73	76.93	82.14	77.40	89.20	83.14	90.80	83.69

	I distribution USD		I accumulation USD		R accumulation EUR		R accumulation USD	
	2017	2016 **	2017	2016 **	2017	2016 **	2017	2016 **
Change in net assets per share	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)
Opening net asset value per share	82.41	100.00	83.86	100.00	87.38	100.00	86.80	100.00
Return before operating charges *	14.52	(15.00)	15.04	(15.00)	18.34	(11.16)	15.60	(11.60)
Operating charges	(0.85)	(1.12)	(0.87)	(1.14)	(1.62)	(1.46)	(1.68)	(1.60)
Return after operating charges	13.67	(16.12)	14.17	(16.14)	16.72	(12.62)	13.92	(13.20)
Distributions	(2.68)	(1.47)	(2.19)	(1.02)	(1.59)	(0.39)	(1.60)	(0.42)
Retained distributions on accumulation shares	-	-	2.19	1.02	1.59	0.39	1.60	0.42
Closing net asset value per share	93.40	82.41	98.03	83.86	104.10	87.38	100.72	86.80
* after direct transaction costs of	(0.27)	(0.51)	(0.28)	(0.52)	(0.29)	(0.52)	(0.31)	(0.53)
Performance								
Return after charges	16.59%	(16.12)%	16.90%	(16.14)%	19.13%	(12.62)%	16.04%	(13.20)%
Other information								
Closing net asset value (£'000)	628	594	15,315	22,271	2,675	192	1,259	164
Closing number of shares	836,725	998,025	19,438,800	36,790,612	3,015,988	279,000	1,555,882	262,438
Operating charges	0.96%	0.83%	0.96%	0.83%	1.71%	1.15%	1.71%	1.15%
Direct transaction costs	0.31%	0.47%	0.31%	0.47%	0.31%	0.47%	0.31%	0.47%
Prices	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)
Highest price	95.37	100.00	99.69	100.00	106.66	101.15	102.42	100.53
Lowest price	80.48	78.39	81.91	78.90	83.57	78.96	84.56	81.69

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis Global Equity Income Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I distribution EUR	0.96%
I accumulation EUR	0.96%
I distribution GBP	0.96%
I accumulation GBP	0.96%
I distribution USD	0.96%
I accumulation USD	0.96%
R accumulation EUR	1.71%
R accumulation USD	1.71%

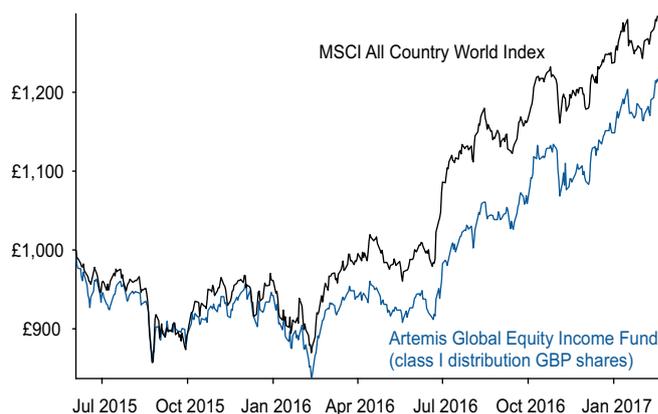
Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis Global Equity Income Fund	20.3	30.0	15.2
MSCI All Country World Index	29.7	36.7	13.2
Sector average	24.2	28.6	9.8
Position in sector	25/33	11/34	3/36
Quartile	3	2	1

* Data from 3 June 2015. Source: Lipper Limited, class I distribution GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2017. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Global Equity Income.

Value of £1,000 invested at launch to 28 February 2017



Artemis Pan-European Absolute Return Fund

Investment objective and policy

The objective of the Artemis Pan-European Absolute Return Fund (the 'sub-fund') is to achieve a positive return over a rolling three-year period, notwithstanding changing market conditions. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in Europe and in companies which are headquartered or have a significant part of their activities in Europe which are quoted on a regulated market outside Europe.

There is no guarantee that the sub-fund will achieve a positive return over the longer term or any other time period and your capital is at risk.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time. When market conditions are less favourable, a higher proportion of the sub-fund may be invested in cash and near cash.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risks of indicator of “1” does not mean that the investment is “risk free”.
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund’s assets may be invested in a currency other than the sub-fund’s accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investing in derivatives carries risks. In the case of a short position, for example, where the sub-fund aims to profit from falling prices, if the price of the underlying asset rises in value, the sub-fund will lose money.
- If the sub-fund holds a large percentage of cash when markets are rising, the return on your investment could be less than if it were fully invested in other types of asset.

Artemis Pan-European Absolute Return Fund – Investment review

- The fund rose by 6.9%* over the year, against the benchmark's 0.4%*.
- Value and cyclical stocks rallied.
- Rotation in the market will provide opportunities on the short and long side.

Performance – Flexible strategy delivers returns ...

The net asset value of your fund grew by 6.9% over the year under review, a period of heightened volatility sparked by various political events. Investors have become more used to this volatility over the years. That is not to say it is a comfortable experience. However, this is partly why the equity risk premium (the excess return over government bonds) in Europe is elevated and as such allows us to buy assets at a lower price than might otherwise be the case. It also creates an environment in which investors have little patience for disappointment. This is helpful for our short book - if we select the right targets.

The other point worth noting is the profile of the fund's returns. It is considerably less volatile than the underlying market and shows the benefit of flexibility in the fund's structure. This flexibility is core to the way we manage your money, as it allows us to take advantage of periodic bouts of risk aversion in the market.

Review – Rotation into cyclical and value stocks ...

We begin our review of the year with the June vote for Brexit which was the defining event of the year – both from the point of view of how performance was generated and also from what it tells us about the most likely way to make money in 2017. In retrospect, the sell-off in January and February 2016 was a false panic that should be viewed in isolation. The shadow of that early rout stayed with markets

until around the end of May, with the result that gains in the early part of the period were hard to come by.

The outcome of the UK referendum in June surprised investors and resulted in a severe two-day fall in the UK market. It also put commentators on alert, encouraging them to take fright at political risks (such as Donald Trump and the Italian referendum) for the rest of the year. The sell-off that the vote for Brexit inspired, however, gave us opportunities to add to holdings in the long book, many of which (ITV, Sky, Kingspan Group and Ryanair Holdings among others) have already contributed to returns. We also booked good profits in our UK shorts at that time, including holdings in housebuilders, travel and support services. This type of trading reaction to sharp falls in the market is typical: take profits in shorts and add to longs at good prices. In aggregate, the fund's net long position increased from approximately 34% to 45% in the immediate aftermath of the referendum. This is the standard size of a move when trading around 'events', such as this one or during the market's panic in February.

One of the helpful things about running a long/short fund in times of stress is that we have the ability to expand its balance sheet. Being able to deploy 200% of NAV means never having to sell something cheap to buy something cheaper, which simplifies decision-making enormously. We always leave plenty of scope within our overall levels of gross exposure to take opportunities that present themselves unexpectedly. This is governed by pragmatism. Much as we would like to be able to predict every single event, this simply isn't possible. So we also need a model for what to do when the unexpected happens.

The next big watershed was the election of Donald Trump. That masks the much more important matter for investors of sector rotation, which was already well underway before his election. The bubble created by zero interest rates in "bond proxies"

(equities with bond-like characteristics) and defensive growth stocks began to burst in July. The corollary was that cyclical and value (stocks trading at below-market valuations) styles began to outperform – something we had been positioning the fund for since early 2016. When we began to adopt that stance, it looked quite contrarian. Although it is gradually becoming less so, most investors still seem to be in denial. This shift was the main source of returns for the fund in 2016. Holdings – primarily long positions – in energy, materials, industrials and consumer discretionary sectors added the most. By stock, Royal Dutch Shell, Amundi, Vallourec, LafargeHolcim, Rio Tinto, AP Moller-Maersk and Subsea 7 were the biggest winners. These are all value and cyclical names. Our losers tended to be short positions where we were a bit early entering the trades, such as in the consumer staples sector. These positions were already beginning to contribute more positively in the final part of the year. In any event, the fund's average 'losers' were a much smaller drag on performance than were the gains from its average 'winners'.

Central bankers have dominated stock and bond markets since the global financial crisis of 2008. Their policies employing quantitative easing (QE) in various forms sent interest rates to the lowest they have ever been. It is becoming evident that the suppression and elongation of the economic cycle that this caused is coming to an end. The Federal Reserve in the US has already begun to raise interest rates. What we have learned about Europe since the global financial crisis is that we are not different, merely late. So our view is that QE will be ending in Europe too, bringing higher interest rates with it. This is what the rotation in equity markets is trying to predict.

Taking all this into account, how has the fund traded in the past year and what is its positioning at the beginning of 2017? We have been steadily building our holdings in energy for the last 12 months and this is now one of the fund's largest net long

* Source: Lipper Limited, class I accumulation GBP (Hedged) shares, mid to mid in sterling with dividends reinvested to 28 February 2017. Benchmark is LIBOR GBP 3 months.

exposures. In particular we think investors will be surprised at the pace of upgrades to earnings in some of the oil services stocks. Ones we like include Saipem, Vallourec and Subsea 7. The agreement by Opec to curb oil production may not have been necessary but it should certainly help underpin the price. We have also completely changed our positioning in banks. Having been net short six months ago, we are now considerably net long. Commerzbank, BBVA, BNP Paribas and Cembra Money Bank are key holdings.

The consumer discretionary area has been a bit of a laggard so far but our faith was rewarded in December when both Sky and Mediaset saw M&A activity. They are not the only attractive stocks in the sector, so we expect more outperformance from this source. BMW, for example, is now in our top 10 largest holdings following a series of purchases over the year and early share price gains. ITV looks extremely cheap. Advertising tends to grow at a multiple of GDP, which continues to surprise positively in the UK. ITV also has a core shareholder on the register with a track record of acquisitive behaviour. Aside from this we have various idiosyncratic long positions that are not easily categorised but that we believe have plenty of scope to make money.

On the short side, bad news is being punished decisively. This is very helpful for our strategy. Alongside this, the ongoing rotation in sectors should allow us to capitalise on a combination of (modest) downgrades to earnings and the deteriorating valuation multiples being awarded to bond proxies and expensive defensives. The gains here won't be as large as those on the long side – but they will still be useful. Support services, healthcare, beverages and utilities populate the short book alongside individually troubled names in other sectors.

Outlook – Shifts in the market provide opportunities ...

We are going to hear a lot more about politics in 2017. The UK has yet to negotiate Brexit and there will be elections in the Netherlands, France and Germany. Italy's problems will no doubt reappear. Our view is to not be distracted by this.

There is something much more important going on, an economic shift that deserves more attention:

- QE is being withdrawn;
- Inflation is picking up;
- Interest rates are rising;
- Commodity prices are recovering;
- Manufacturing and consumer confidence surveys are improving across Europe; and
- Estimates of economic growth are being revised up.

All of this supports continued rotation into those areas of the market that are sensitive to a better economic backdrop. Construction, oil services, autos, banks and media companies will be among the beneficiaries. The losers will be expensive stocks that have little to offer apart from their dividends. If earnings growth is becoming less scarce, then the high premiums investors paid for it in certain sections of the market will be eroded.

The absence of inflation in the past few years has made it hard for companies to raise prices. To protect profits, management teams responded with repeated cost-cutting and efficiency. The result is that organisations are much leaner and so are primed to capitalise on better times. Until now, these better times have been elusive. Earnings have not risen for the past five years. No wonder Europe is among the least popular equity markets in the world. Within that market, value stocks have underperformed dramatically and earnings from large caps have lagged those of small caps.

The odds therefore look better for European large-cap value stocks than they have for years. They are cheap and are providing the vast majority of expected growth in European earnings for 2017. Most cyclical stocks are also not widely owned – unlike their low-volatility cousins. Low volatility in earnings does not guarantee low volatility in share prices when everybody owns the same stocks and the marginal buyer vanishes. The recent past is testament to this. In addition, these expensive corners of the market are contributing very little to aggregate growth in earnings at present. This is an unusual juxtaposition for recent times. Cheap stocks are growing and expensive stocks are not. As interest rates rise we expect ever more attention to be paid to this evolution in European equities.

Overall, the current environment is providing scope on both the long and the short side. It isn't always this way – sometimes one book or the other dominates. So we don't lament the volatility of current equity markets. That is what gives us opportunities.

Paul Casson
Fund manager

Artemis Pan-European Absolute Return Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
Bayerische Motoren Werke	2,683	Vinci	1,793
Commerzbank	2,401	Mediaset	1,648
Rio Tinto	2,358	Next	1,588
Banco Bilbao Vizcaya Argentaria	2,315	SuperGroup	1,566
ING Groep	2,257	Assa Abloy B shares	1,531

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 59.72% (64.35%)			
Belgium 0.28% (0.00%)			
Nyrstar	55,885	274	0.28
		274	0.28
Denmark 2.69% (0.00%)			
AP Moller - Maersk B shares	1,995	2,611	2.69
OW Bunker †	29,538	-	-
		2,611	2.69
France 7.59% (10.18%)			
Amundi	40,032	1,860	1.91
BNP Paribas	39,061	1,840	1.89
Sodexo	21,646	1,903	1.96
Vallourec	408,620	1,776	1.83
		7,379	7.59
Germany 5.54% (0.00%)			
Bayerische Motoren Werke	40,081	2,873	2.96
Commerzbank	408,781	2,508	2.58
		5,381	5.54
Greece 0.00% (0.81%)			
Ireland 0.98% (1.57%)			
Cairn Homes	872,160	955	0.98
		955	0.98
Italy 4.34% (0.00%)			
Saipem	6,187,489	2,246	2.31
UniCredit	183,997	1,972	2.03
		4,218	4.34
Netherlands 5.08% (2.14%)			
ING Groep	204,276	2,248	2.31
Royal Dutch Shell B shares	124,550	2,693	2.77
		4,941	5.08
Spain 7.44% (5.01%)			
Banco Bilbao Vizcaya Argentaria	432,247	2,271	2.34
Mediaset Espana Comunicacion	216,432	2,051	2.11
Merlin Properties Socimi, REIT	177,780	1,619	1.67
Parques Reunidos Servicios Centrales	93,203	1,286	1.32
		7,227	7.44

Investment	Holding	Global exposure * £'000	Valuation £'000	% of net assets
Sweden 0.00% (3.02%)				
Switzerland 7.62% (7.55%)				
Cembra Money Bank	38,114		2,519	2.59
LafargeHolcim	54,807		2,497	2.57
Swatch Group	8,908		2,384	2.46
			7,400	7.62
United Kingdom 18.16% (34.07%)				
Card Factory	521,091		1,370	1.41
DCC	34,951		2,410	2.48
Greggs	172,275		1,691	1.74
Henderson Group	865,608		1,926	1.98
Howden Joinery Group	457,802		1,964	2.02
Imperial Brands	51,539		1,958	2.02
ITV	1,138,876		2,314	2.38
Rio Tinto	78,271		2,572	2.65
Subsea 7	128,682		1,442	1.48
			17,647	18.16
Equities total			58,033	59.72
Contracts for difference (1.13)% (0.37%)				
Belgium (0.06)% (0.00%)				
Anheuser-Busch InBev	(16,582)	(1,450)	(60)	(0.06)
		(1,450)	(60)	(0.06)
Denmark (0.04)% ((0.08)%)				
GN Store Nord	(67,572)	(1,233)	(35)	(0.04)
		(1,233)	(35)	(0.04)
France (0.14)% (0.16%)				
Airbus	(31,092)	(1,823)	(146)	(0.15)
Legrand	(23,682)	(1,077)	10	0.01
		(2,900)	(136)	(0.14)
Germany (0.09)% (0.22%)				
Adidas	(11,244)	(1,517)	(80)	(0.08)
Beiersdorf	(20,076)	(1,472)	(62)	(0.06)
Deutsche Telekom	(144,403)	(2,007)	(6)	(0.01)
Fresenius	44,916	2,871	37	0.04
Tui	(138,735)	(1,583)	24	0.02
		(3,708)	(87)	(0.09)
Ireland 0.04% (0.51%)				
CRH	90,196	2,461	(57)	(0.06)
Kingspan Group	95,860	2,373	131	0.13
Ryanair Holdings	241,081	2,925	(31)	(0.03)
		7,759	43	0.04
Italy 0.00% ((0.05)%)				
Luxembourg 0.07% ((0.01)%)				
B&M European Value Retail	(426,796)	(1,267)	10	0.01
SES	62,415	1,041	60	0.06
		(226)	70	0.07

Artemis Pan-European Absolute Return Fund – Investment information (continued)

Investment	Holding	Global exposure * £'000	Valuation £'000	% of net assets
Netherlands (0.14)% (0.08%)				
Heineken	(19,748)	(1,310)	(139)	(0.14)
		(1,310)	(139)	(0.14)
Norway (0.07)% ((0.10)%)				
Norwegian Air Shuttle	(31,206)	(775)	36	0.04
Statoil	201,779	2,875	(107)	(0.11)
		2,100	(71)	(0.07)
Portugal (0.09)% (0.19%)				
EDP - Energias de Portugal	(512,414)	(1,264)	(86)	(0.09)
		(1,264)	(86)	(0.09)
Spain (0.04)% (0.00%)				
Amadeus IT Group	(43,431)	(1,621)	(37)	(0.04)
		(1,621)	(37)	(0.04)
Switzerland 0.05% ((0.12)%)				
Adecco Group	50,043	2,865	43	0.05
		2,865	43	0.05
United Kingdom (0.62)% ((0.43)%)				
AA	(336,831)	(873)	(45)	(0.05)
Amec Foster Wheeler	281,297	1,248	(8)	(0.01)
AO World	(349,273)	(520)	34	0.04
Berkeley Group Holdings	(48,663)	(1,428)	(52)	(0.05)
Carillion	(385,909)	(834)	7	0.01
Diageo	(71,406)	(1,623)	(40)	(0.04)
GlaxoSmithKline	(78,975)	(1,298)	(87)	(0.09)
Meggitt	(219,188)	(1,041)	(125)	(0.13)
Mitie Group	(444,954)	(911)	(16)	(0.02)
Pearson	(289,808)	(1,990)	(190)	(0.20)
SSE	(93,477)	(1,432)	(32)	(0.03)
Standard Life	(259,200)	(956)	(53)	(0.05)
		(11,658)	(607)	(0.62)
Contracts for difference total		(12,646)	(1,102)	(1.13)
Forward currency contracts 0.08% (0.12%)				
I accumulation EUR (Hedged) 0.20% ((0.02)%)				
Buy Euro 1,581,115 dated 31/03/2017			1,349	1.39
Sell Danish Krone 11,753,194 dated 31/03/2017			(1,349)	(1.39)
Buy Euro 35,059,567 dated 31/03/2017			29,892	30.76
Sell Sterling 29,698,477 dated 31/03/2017			(29,698)	(30.56)
Buy Euro 3,274,486 dated 31/03/2017			2,792	2.87
Sell Swiss Franc 3,483,946 dated 31/03/2017			(2,791)	(2.87)
			195	0.20
I accumulation GBP (Hedged) (0.12)% (0.13%)				
Buy Sterling 1,244,402 dated 31/03/2017			1,244	1.28
Sell Danish Krone 10,928,410 dated 31/03/2017			(1,252)	(1.29)
Buy Sterling 13,899,663 dated 31/03/2017			13,900	14.31
Sell Euro 16,411,686 dated 31/03/2017			(13,993)	(14.40)

Investment	Valuation £'000	% of net assets
Buy Sterling 2,577,870 dated 31/03/2017	2,577	2.65
Sell Swiss Franc 3,238,048 dated 31/03/2017	(2,593)	(2.67)
	(117)	(0.12)
I accumulation USD (Hedged) 0.00% (0.01%)		
Buy US Dollars 32,490 dated 31/03/2017	26	0.03
Sell Danish Krone 227,921 dated 31/03/2017	(26)	(0.03)
Buy US Dollars 362,909 dated 31/03/2017	291	0.30
Sell Euro 342,480 dated 31/03/2017	(292)	(0.30)
Buy US Dollars 720,813 dated 31/03/2017	579	0.59
Sell Sterling 576,284 dated 31/03/2017	(576)	(0.59)
Buy US Dollars 67,307 dated 31/03/2017	54	0.06
Sell Swiss Franc 67,555 dated 31/03/2017	(54)	(0.06)
	2	-
R accumulation EUR (Hedged) 0.00% (0.00%)		
Buy Euro 280 dated 31/03/2017	-	-
Sell Danish Krone 2,081 dated 31/03/2017	-	-
Buy Euro 6,210 dated 31/03/2017	6	0.01
Sell Sterling 5,260 dated 31/03/2017	(6)	(0.01)
Buy Euro 580 dated 31/03/2017	-	-
Sell Swiss Franc 617 dated 31/03/2017	-	-
	-	-
Forward currency contracts total	80	0.08
Investment assets (including investment liabilities)	57,011	58.67
Net other assets	40,160	41.33
Net assets attributable to shareholders	97,171	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

† Unlisted, suspended or delisted security.

* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract.

Fund exposure *

28 February 2017	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	78.91	(32.23)	111.14	46.68
Forward currency contracts	54.51	(54.43)	108.94	0.08
Net other assets	41.33	-	41.33	41.33

29 February 2016	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	88.83	(34.97)	123.80	53.86
Forward currency contracts	62.57	(62.45)	125.02	0.12
Net other assets	35.16	-	35.16	35.16

* For derivatives the percentage of net assets has been calculated based on the global exposure of each contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding. The gross exposure is the long positions plus the value of the short positions. The net exposure is the long positions less the short positions.

** Equities includes equities and contracts for difference.

Artemis Pan-European Absolute Return Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		5,277		3,889
Revenue	5	1,325		965	
Expenses	6	(1,186)		(1,085)	
Interest payable and similar charges	7	(912)		(570)	
Net expense before taxation		(773)		(690)	
Taxation	8	(17)		(4)	
Net expense after taxation			(790)		(694)
Total return before distributions			4,487		3,195
Distributions	9		118		(46)
Change in shareholders' funds from investment activities			4,605		3,149

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		34,592		32,002
Amounts receivable on issue of shares	82,086		20,735	
Amounts payable on cancellation of shares	(24,274)		(21,410)	
		57,812		(675)
Dilution adjustment		158		82
Change in shareholders' funds from investment activities		4,605		3,149
Retained distribution on accumulation shares		4		34
Closing net assets attributable to shareholders		97,171		34,592

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	10	58,624	22,917
Current assets			
Debtors	11	2,403	2,407
Cash and bank balances	12	39,524	24,427
Total current assets		41,927	26,834
Total assets		100,551	49,751
Liabilities			
Investment liabilities	10	1,613	489
Creditors			
Bank overdraft		565	-
Other creditors	13	1,202	14,670
Total creditors		1,767	14,670
Total liabilities		3,380	15,159
Net assets attributable to shareholders		97,171	34,592

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the ACD, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for Difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment

Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long contracts a compensatory payment is credited to revenue whereas for short contracts a compensatory payment is debited from revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than the performance fee and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

Artemis Pan-European Absolute Return Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	5,854	767
Forward currency contracts	66	(1,051)
Capital transaction charges	(5)	(3)
Currency (losses)/gains	(32)	45
Derivative contracts	(606)	4,131
Net capital gains	5,277	3,889

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	56,613	46	119	56,778	0.08	0.21
Sales						
Equities	26,880	21	-	26,859	0.08	-
Derivative purchases and sales		29	5			
Total		96	124			
Percentage of sub-fund average net assets		0.17%	0.22%			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	28,848	19	76	28,943	0.07	0.26
Sales						
Equities	29,010	21	-	28,989	0.07	-
Derivative purchases and sales		66	-			
Total		106	76			
Percentage sub-fund of average net assets		0.30%	0.21%			

During the year the sub-fund incurred £5,000 (2016: £3,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2016: 0.19%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
UK dividends	583	490
Overseas dividends	417	251
Derivative revenue	285	197
Bank interest	40	27
Total revenue	1,325	965

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Performance fee	634	731
Annual management charge	416	267
Expense rebate	(49)	(61)
Other expenses:		
Administration fees	66	56
Operational fees	51	18
Registration fees	41	44
Auditor's remuneration: audit fees*	11	12
Depository fees	7	4
Auditor's remuneration: non-audit fees (taxation)	5	9
Safe custody fees	2	1
Price publication fees	1	3
Printing and postage fees	1	1
Total expenses	1,186	1,085

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year was £9,000 (2016: £10,000).

7. Interest payable and similar charges

	28 February 2017 £'000	29 February 2016 £'000
Dividends payable on short positions	708	437
Interest payable on positions with brokers and counterparties	203	133
Interest payable	1	-
Total interest payable and similar charges	912	570

8. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	17	4
Total taxation (note 8b)	17	4
b) Factors affecting the tax charge for the year		
Net expense before taxation	(773)	(690)
Corporation tax at 20% (2016: 20%)	(155)	(138)
Effects of:		
Unutilised management expenses	237	215
Utilisation of non-trade deficit carried forward	117	63
Irrecoverable overseas tax	17	4
Non-taxable overseas dividends	(83)	(50)
Non-taxable UK dividends	(116)	(90)
Tax charge for the year (note 8a)	17	4

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £504,000 (2016: £267,000) arising as a result of having unutilised management expenses of £2,521,000 (2016: £1,335,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis Pan-European Absolute Return Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	4	34
Add: amounts deducted on cancellation of shares	28	29
Deduct: amounts added on issue of shares	(150)	(17)
Distributions	(118)	46
Movement between net expense and distributions		
Net expense after taxation	(790)	(694)
Expenses paid from capital	652	740
Deficit transferred to capital	20	-
	(118)	46

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 59.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	58,425	(1,494)	22,837	(448)
Level 2	199	(119)	80	(41)
Total	58,624	(1,613)	22,917	(489)

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Amounts receivable for issue of shares	2,187	205
Accrued revenue	180	101
Overseas withholding tax recoverable	24	11
Expense rebate receivable	8	9
Prepaid expenses	2	1
Income tax recoverable	2	2
Sales awaiting settlement	-	2,078
Total debtors	2,403	2,407

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Cash and bank balances	16,234	13,248
Amounts held at futures clearing houses and brokers	10,990	8,370
Amounts held on deposit with Goldman Sachs	8,127	-
Amounts held in JPMorgan Liquidity - Sterling Liquidity (Institutional dist.)	4,100	2,800
Amounts held in JPMorgan Liquidity - US Dollar Liquidity (Institutional dist.)	73	9
Total cash and bank balances	39,524	24,427

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Accrued performance fee	641	731
Amounts payable for cancellation of shares	351	13,838
Amounts payable on derivative contracts	87	6
Accrued other expenses	73	70
Accrued annual management charge	50	25
Total other creditors	1,202	14,670

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation EUR (Hedged)	1,479,061	50,177,545	(1,640,699)	50,015,907
I accumulation GBP (Hedged)	30,003,104	29,323,181	(20,269,029)	39,057,256
I accumulation USD (Hedged)	194,912	1,006,245	(194,912)	1,006,245
R accumulation EUR (Hedged) *	-	10,000	-	10,000

* Launched 31 October 2016.

16. Risk disclosures

The sub-fund's financial instruments comprise equities, contracts for difference, forward currency contracts, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 44. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub-fund's exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a

Artemis Pan-European Absolute Return Fund – Notes to the financial statements (continued)

daily basis, which is then used by the ACD to evaluate the exposures and risks in the portfolio. As part of the process, the VaR is produced on a daily basis to calculate the market price risk on the sub-fund. The ACD calculates VaR on an absolute basis. The maximum level of VaR is limited by the ACD to 20% of the NAV of the sub-fund.

The absolute VaR expresses the maximum expected loss by the sub-fund in a defined period within a defined confidence level. The model used for the sub-fund has a confidence level of 99%, uses two years risk factor data over a 20 business day period (i.e. it predicts the maximum loss that could arise over a 20 business day period) and is based on the portfolio at the point of the calculation. From 8 February 2017 the VaR methodology was changed from using one year risk factor data to two years.

It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	For the period from 8 February 2017 to 28 February 2017 %	For the period from 1 March 2016 to 7 February 2017 %	29 February 2016 %
At the balance sheet date	7.70	-	10.16
Average utilisation during the period	8.35	10.19	7.78
Highest utilisation during the period	8.99	13.35	10.88
Lowest utilisation during the period	7.70	6.97	4.97

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowing and financial derivatives (subject to the restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the amount of leverage used by the sub-fund was 210.1% (2016: 224.9%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs') and UBS AG ('UBS') are the counterparties for the CFD's and JPMorgan is the counterparty for the forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

In order to diversify counterparty risk the sub fund holds cash with a number of other counterparties. The other counterparties were The Royal Bank of Scotland plc ('RBS'), Goldman Sachs International ('Goldman Sachs') and J.P. Morgan Asset Management ('JPMorgan Liquidity Funds').

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were contracts for difference and forward currency contracts. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held £'000
28 February 2017				
UBS	(10,776)	-	(10,776)	1,783
Goldman Sachs	(1,870)	-	(1,870)	6,420
JPMorgan	-	80	80	-
29 February 2016				
UBS	(2,917)	-	(2,917)	536
Morgan Stanley	(710)	-	(710)	-
JPMorgan	-	39	39	-

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 51 and notes 6, 9, 11 and 13 on pages 54 to 56 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2017 in respect of these transactions was £1,153,000 (2016: due to the ACD £14,380,000).

18. Share classes

The annual management charge on each share class is as follows:

I accumulation EUR (Hedged)	0.75%
I accumulation GBP (Hedged)	0.75%
I accumulation USD (Hedged)	0.75%
R accumulation EUR (Hedged)	1.50%

The net asset value per share and the number of shares in each class are given in the comparative table on page 60. The distribution per share class are given in the distribution table on page 59. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation EUR (Hedged)	122.19c	117.36c	4.1%
I accumulation GBP (Hedged)	123.21p	118.23p	4.2%
I accumulation USD (Hedged)	124.94c	119.72c	4.4%
R accumulation EUR (Hedged)	107.94c	103.80c	4.0%

Artemis Pan-European Absolute Return Fund – Distribution tables

Final dividend distribution for the year ended 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR (Hedged)				
Group 1	0.0088c	-	0.0088c	0.1242c
Group 2	-	0.0088c	0.0088c	0.1242c
I accumulation GBP (Hedged)				
Group 1	-	-	-	0.1066p
Group 2	-	-	-	0.1066p
I accumulation USD (Hedged)				
Group 1	-	-	-	0.1480c
Group 2	-	-	-	0.1480c

Final dividend distribution for the period from 31 October 2016 to 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased on 31 October 2016.

Group 2 - Shares purchased from 1 November 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017
R accumulation EUR (Hedged)			
Group 1	-	-	-
Group 2	-	-	-

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis Pan-European Absolute Return Fund – Comparative tables

	I accumulation EUR (Hedged)			I accumulation GBP (Hedged)		
	2017	2016	2015 **	2017	2016	2015 **
Change in net assets per share	(c)	(c)	(c)	(p)	(p)	(p)
Opening net asset value per share	109.95	101.59	100.00	110.52	100.83	100.00
Return before operating charges *	8.58	10.08	2.26	8.85	10.90	1.68
Operating charges	(1.17)	(1.72)	(0.67)	(1.14)	(1.21)	(0.85)
Return after operating charges	7.41	8.36	1.59	7.71	9.69	0.83
Distributions	(0.01)	(0.12)	-	-	(0.11)	-
Retained distributions on accumulation shares	0.01	0.12	-	-	0.11	-
Closing net asset value per share	117.36	109.95	101.59	118.23	110.52	100.83
* after direct transaction costs of	(0.25)	(0.44)	(0.51)	(0.24)	(0.42)	(0.51)
Performance						
Return after charges	6.74%	8.23%	1.59%	6.98%	9.61%	0.83%
Other information						
Closing net asset value (£'000)	50,016	1,278	10	46,178	33,158	38,988
Closing number of shares	50,015,907	1,479,061	10,000	39,057,256	30,003,104	31,726,229
Operating charges	1.00%	1.00%	0.63%	1.00%	1.00%	0.85%
Performance fees	0.40%	0.58%	0.00%	1.44%	2.08%	0.00%
Direct transaction costs	0.21%	0.39%	0.51%	0.21%	0.39%	0.51%
Prices	(c)	(c)	(c)	(p)	(p)	(p)
Highest price	121.30	114.46	101.69	122.20	114.11	101.84
Lowest price	106.12	101.19	96.81	106.77	100.47	95.81

	I accumulation USD (Hedged)			R accumulation EUR (Hedged)
	2017	2016	2015 **	2017 **
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	111.20	101.59	100.00	100.00
Return before operating charges *	9.72	11.52	2.21	4.59
Operating charges	(1.20)	(1.91)	(0.62)	(0.79)
Return after operating charges	8.52	9.61	1.59	3.80
Distributions	-	(0.15)	-	-
Retained distributions on accumulation shares	-	0.15	-	-
Closing net asset value per share	119.72	111.20	101.59	103.80
* after direct transaction costs of	(0.25)	(0.44)	(0.51)	(0.22)
Performance				
Return after charges	7.66%	9.46%	1.59%	3.80%
Other information				
Closing net asset value (£'000)	968	156	10	9
Closing number of shares	1,006,245	194,912	10,000	10,000
Operating charges	1.00%	1.00%	0.63%	0.74%
Performance fees	1.66%	0.00%	0.00%	0.91%
Direct transaction costs	0.21%	0.39%	0.51%	0.21%
Prices	(c)	(c)	(c)	(c)
Highest price	123.78	115.11	101.70	107.41
Lowest price	107.71	101.22	96.84	98.29

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis Pan-European Absolute Return Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I accumulation EUR (Hedged)	1.00%
I accumulation GBP (Hedged)	1.00%
I accumulation USD (Hedged)	1.00%
R accumulation EUR (Hedged)	1.75%

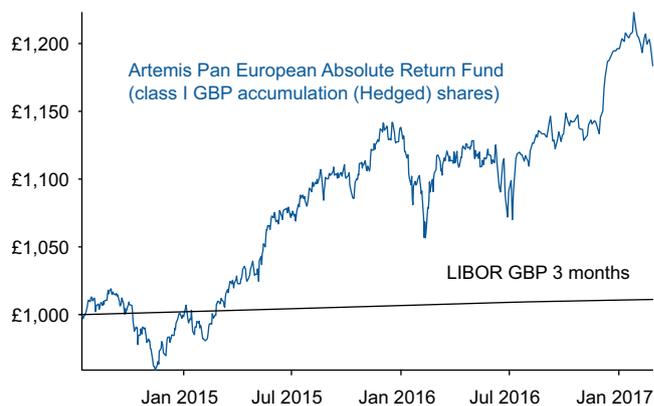
Ongoing charges shows the annual operating expenses (excluding performance fee) of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis Pan-European Absolute Return Fund	18.3	6.9	4.6
LIBOR GBP 3 months	1.1	0.4	0.1
Sector average	7.0	2.9	1.5
Position in sector	5/47	16/62	12/62
Quartile	1	2	1

* Data from 14 July 2014. Source: Lipper Limited, class I accumulation GBP (Hedged) shares, mid to mid in sterling to 28 February 2017. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Targeted Absolute Return.

Value of £1,000 invested at launch to 28 February 2017



Artemis US Absolute Return Fund

Investment objective and policy

The objective of the Artemis US Absolute Return Fund (the 'sub-fund') is to achieve a positive return over a rolling three-year period, notwithstanding changing market conditions. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

There is no guarantee that the sub-fund will achieve a positive return over the longer term or any other time period and your capital is at risk.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company or by industry. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time. When market conditions are less favourable, a higher proportion of the sub-fund may be invested in cash and near cash.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stock market and currency movements.
- Stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- Investing in derivatives carries risks. In the case of a 'short' position, for example, where the sub-fund aims to profit from falling prices, if the price of the underlying asset rises in value, the sub-fund will lose money.
- If the sub-fund holds a large percentage of cash when markets are rising, the return on your investment could be less than if it were fully invested in other types of asset.

Artemis US Absolute Return Fund – Investment review

- The fund returned 1.2%* versus 0.4%* for the cash benchmark.
- Higher interest rates and Trump's policies drive market's returns.
- Cautious on the outlook, given equities' strong run.

Performance – A better second half...

The fund rose 1.2%, ahead of its cash benchmark but behind the sector's average return of 2.9%*. It was a difficult year for equity investors, with many short-term trends and sharp reversals in style. The fund trailed the cash benchmark in the early part of the period but performance picked up in the second half of the year.

Review – Equities adapt to higher interest rates ...

The first half of the year was dominated by the outperformance of so-called 'bond proxies' (stocks with dividends that can be relied upon like the coupon on a bond) as economic growth slowed to near-recessionary levels. Growth started to rebound in the summer. After the US presidential election, the prospect of lower tax rates and de-regulation caused a wave of optimism and a sharp bounce in confidence for both consumers and business leaders, further invigorating the economy. The market subsequently reached new highs helped by further liquidity from central banks around the world.

The fund's underperformance in the first half of the year stemmed in part from our negative view on the low growth bubble in the bond market. Throughout the period, we had a negative stance on bond proxies because of their deteriorating fundamentals and very high relative valuations. Our view was reinforced when we started to see signs of higher inflation: this ought to have been the end for yield as a factor and as a mainstay of most portfolios. Interest

rates have moved sharply higher since the summer (the 10-year US Treasury yield bottomed out in early July) and bond proxies have underperformed the market. However, the expected 'crash' in bond proxies is yet to come.

Early in the period our long position in Seagate Technology (hard disk drives) detracted from performance following its announcement of disappointing results. Yet despite this setback, we used the research underpinning that investment to make a more rewarding purchase in the same industry – Western Digital. This was one of the top 10 contributors to the fund's performance in the second half of the year.

More recently, as financials have led the market higher, our negative stance in the sector has hindered performance. In this area, we tend to favour high quality businesses with strong competitive positions, such as MSCI (a provider of financial data) and credit-rating agency S&P Global. These types of financial stocks have lagged the powerful rallies in regional and investment banks in anticipation of higher interest rates.

The fund's performance was better in the second half of the year. Our positive stance towards semi-conductors and the equipment for making them contributed well. The industry's dynamics are now more rational and growth is coming from advances in technology and from areas other than the PC market. We own Lam Research and KLA Tencor, some of the main suppliers that should benefit from the wider use of semiconductors. Elsewhere in technology, our positive stance on video-game producers also continued to prove rewarding. In industrials, defence stocks (Raytheon and Lockheed Martin) benefited from a bottoming in defence spending globally. And as previously mentioned, the fund was helped by the reversal in bond proxies' performance.

We have maintained our positive stance in technology. We expect

video-game producers such as Take-Two Interactive Software – whose growth is likely to outstrip the rest of the media industry – to see improving margins because of the move to digital distribution and being able to increase revenue through online sales. We have lately added to our long positions in semiconductor stocks such as Applied Materials, and believe that strong growth in demand will be supported by a bottleneck in capacity.

Within industrials, we have short positions on selected stocks; but remain positive on the defence sector.

Healthcare is a highly contentious sector. When and if clarity emerges on the repeal and replacement of the Affordable Care Act (Obamacare), we might see some opportunities in a sector that has been under pressure on concerns about the pricing of drugs and now on the uncertainty facing the reforms. However, the healthcare industry will continue to have problems as efforts will be made to cut spending.

Our positioning in the retail sector has worked well. We see a large amount of 'creative destruction' here: online retailers such as Amazon.com are clear winners in what is otherwise a low growth industry with excess capacity. We are pessimistic on the outlook for traditional retailers and have some short positions in this area. However, we expect real wage growth to improve over the balance of the year and reduced our short positions as risk/reward became more balanced. And we continue to have a negative stance on bond proxies in various sectors such as consumer staples and telecommunications.

Outlook – Some caution ahead ...

Despite increasing optimism, economic growth may be vulnerable to various factors, such as rising interest rates. In addition, the US economy has benefited from easy monetary policy

* Source: Lipper Limited, class I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the LIBOR GBP 3 months. Sector is IA Targeted Absolute Return.

from all the major banks globally, but that is set to change. Also, the US Treasury has dramatically reduced issuance, choosing instead to spend down the substantial cash balance at the Federal Reserve - ahead of the debt ceiling which will be reached later this year. The net impact has been a sharp increase in liquidity. We expect economic reform to occur over the next two years, although in fits and starts. However, most macro-indicators indicate that we are in the late stage of the current economic cycle. We are cautious on the outlook for the US market as a whole as the risk/reward ratios have deteriorated in many sectors.

Stephen Moore
Fund manager

Artemis US Absolute Return Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury Bill 0.00% 11/05/2017	90,829	US Treasury Bill 0.00% 17/11/2016	63,577
US Treasury Bill 0.00% 16/02/2017	63,501	US Treasury Bill 0.00% 16/02/2017	63,576
US Treasury Bill 0.00% 17/11/2016	60,695	US Treasury Bill 0.00% 18/08/2016	58,740
US Treasury Bill 0.00% 18/08/2016	53,567	US Treasury Bill 0.00% 19/05/2016	33,493
US Treasury Bill 0.00% 19/05/2016	14,497	Liberty Expedia Holdings A shares	7,848

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Collective Investment Scheme 0.00% (0.50%)			
Equities 31.03% (23.80%)			
Consumer Discretionary 5.84% (3.41%)			
Amazon.com	2,864	1,953	0.61
Aramark	57,389	1,654	0.52
Charter Communications A shares	2,788	732	0.23
Churchill Downs	8,571	1,052	0.33
DISH Network A shares	23,260	1,169	0.36
L Brands	4,016	169	0.05
Liberty Broadband C shares	30,627	2,125	0.66
Liberty Expedia Holdings A shares	195,802	6,858	2.14
Time Warner	38,083	3,006	0.94
		18,718	5.84
Consumer Staples 0.00% (0.90%)			
Energy 0.57% (0.40%)			
Baker Hughes	38,006	1,840	0.57
		1,840	0.57
Financials 4.97% (3.53%)			
Berkshire Hathaway B shares	26,131	3,583	1.12
Chubb	5,867	649	0.20
East West Bancorp	14,740	644	0.20
Fifth Third Bancorp	99,788	2,211	0.69
Leucadia National	106,089	2,229	0.70
Markel	1,182	924	0.29
MSCI	23,341	1,792	0.56
S&P Global	10,309	1,077	0.34
Synchrony Financial	94,422	2,803	0.87
		15,912	4.97
Health Care 2.54% (2.86%)			
AbbVie	13,176	659	0.20
UnitedHealth Group	16,077	2,137	0.67
Zoetis	123,454	5,341	1.67
		8,137	2.54
Industrials 1.94% (3.93%)			
Cintas	19,276	1,845	0.58
Spirit Airlines	35,958	1,536	0.48

Investment	Holding or nominal value	Global exposure* £'000	Valuation £'000	% of net assets
Swift Transportation	110,521		1,964	0.61
Terex	8,992		225	0.07
Verisk Analytics	9,438		636	0.20
			6,206	1.94
Information Technology 13.17% (7.26%)				
Activision Blizzard	168,132		6,173	1.93
Advanced Energy Industries	11,728		594	0.19
Alphabet C shares	10,123		6,746	2.11
Applied Materials	142,917		4,185	1.31
Booz Allen Hamilton Holding	29,888		881	0.27
Electronic Arts	34,644		2,422	0.76
F5 Networks	36,233		4,182	1.30
Flex	76,122		1,022	0.32
Imperva	36,181		1,220	0.38
KLA-Tencor	67,405		4,887	1.53
Mastercard A shares	4,369		388	0.12
Micron Technology	130,978		2,500	0.78
Nuance Communications	51,783		717	0.22
Oracle	18,158		623	0.19
Qualcomm	7,345		335	0.10
Take-Two Interactive Software	115,471		5,333	1.66
			42,208	13.17
Materials 1.30% (0.85%)				
Crown Holdings	60,909		2,611	0.81
Sealed Air	27,169		1,019	0.32
Summit Materials A shares	27,400		534	0.17
			4,164	1.30
Real Estate 0.48% (0.66%)				
SL Green Realty, REIT	16,985		1,538	0.48
			1,538	0.48
Utilities 0.22% (0.00%)				
Vistra Energy	53,982		701	0.22
			701	0.22
Equities total				
			99,424	31.03
Government bonds 28.32% (31.16%)				
US Treasury Bill 0.00% 11/05/2017	\$113,000,000		90,729	28.32
Government bonds total				
			90,729	28.32
Contracts for difference (0.02)% ((0.46)%)				
Consumer Discretionary (0.01)% ((0.09)%)				
Acushnet Holdings	(82,183)	(1,170)	37	0.01
Advance Auto Parts	(11,530)	(1,455)	21	0.01
Chipotle Mexican Grill	(3,833)	(1,299)	(7)	-
Columbia Sportswear	(22,666)	(1,033)	(20)	(0.01)
Comcast A shares	182,593	5,508	(16)	-
Darden Restaurants	(28,520)	(1,708)	(15)	-
Discovery Communications A shares	(58,102)	(1,357)	(38)	(0.01)
Expedia	(68,752)	(6,559)	157	0.05
General Motors	14,464	433	10	-

Artemis US Absolute Return Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Hanesbrands	(66,298)	(1,101)	88	0.03
Harvey Norman Holdings	(100,838)	(320)	(11)	-
Home Depot	32,229	3,762	141	0.04
Hyatt Hotels A shares	(23,331)	(974)	40	0.01
International Game Technology	105,225	2,275	51	0.02
Las Vegas Sands	30,909	1,314	3	-
LKQ	(51,710)	(1,313)	10	-
Lululemon Athletica	(18,521)	(989)	4	-
Netflix	(11,163)	(1,287)	(19)	(0.01)
News Corp A shares	(245,450)	(2,578)	(147)	(0.05)
Panera Bread A shares	(9,484)	(1,760)	(123)	(0.04)
PulteGroup	(59,138)	(1,051)	(38)	(0.01)
Red Rock Resorts A shares	128,128	2,275	(146)	(0.04)
Sears Holdings	(97,498)	(630)	(99)	(0.03)
Six Flags Entertainment	49,204	2,373	2	-
Starbucks	13,917	635	10	-
Swatch Group	(3,384)	(906)	11	-
Target	(40,454)	(2,177)	(92)	(0.03)
Tesla	(7,827)	(1,548)	46	0.01
Under Armour C shares	(31,787)	(493)	85	0.03
Walt Disney	(14,956)	(1,325)	1	-
Wayfair A shares	(14,455)	(455)	30	0.01
		(14,913)	(24)	(0.01)
Consumer Staples 0.03% ((0.03)%)				
Altria Group	16,249	974	33	0.01
Campbell Soup	(24,969)	(1,184)	61	0.02
Church & Dwight	(23,761)	(947)	(72)	(0.02)
Energizer Holdings	59,227	2,582	168	0.05
General Mills	(21,725)	(1,047)	40	0.01
Hain Celestial Group	(15,851)	(444)	49	0.02
Hershey	(15,038)	(1,303)	(24)	(0.01)
Hormel Foods	(52,657)	(1,466)	59	0.02
Kellogg	(20,006)	(1,188)	(17)	(0.01)
Kraft Heinz	(30,330)	(2,209)	(44)	(0.01)
Maple Leaf Foods	181,452	3,431	122	0.04
Monster Beverage	(22,640)	(766)	7	-
Nestle	(23,064)	(1,366)	(29)	(0.01)
Procter & Gamble	(38,761)	(2,832)	(117)	(0.04)
Wal-Mart Stores	(34,857)	(2,010)	(142)	(0.04)
		(9,775)	94	0.03
Energy (0.01)% (0.00%)				
BP, ADR	20,568	562	(33)	(0.01)
Exxon Mobil	(14,869)	(975)	38	0.01
Schlumberger	22,639	1,475	(31)	(0.01)
		1,062	(26)	(0.01)
Financials (0.18)% ((0.19)%)				
Allianz	(2,595)	(363)	(11)	-
Ameriprise Financial	(14,394)	(1,517)	(168)	(0.05)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
BankUnited	(27,727)	(896)	(35)	(0.01)
BlackRock	(3,345)	(1,051)	(39)	(0.01)
Capital One Financial	(6,507)	(490)	(25)	(0.01)
Citigroup	(50,048)	(2,415)	(111)	(0.04)
Commonwealth Bank of Australia	(15,718)	(798)	(1)	-
Credit Agricole	(95,178)	(922)	10	-
Deutsche Bank	(53,432)	(841)	(11)	-
Discover Financial Services	33,876	1,950	52	0.02
Eaton Vance	(30,885)	(1,168)	(121)	(0.04)
Franklin Resources	(29,084)	(1,013)	(75)	(0.02)
HSBC Holdings, ADR	(17,502)	(568)	30	0.01
JPMorgan Chase	(19,175)	(1,394)	(63)	(0.02)
Lazard A shares	21,007	727	19	0.01
MetLife	43,127	1,825	(53)	(0.02)
Morgan Stanley	50,203	1,850	92	0.03
Sberbank of Russia, ADR	(81,171)	(718)	43	0.01
Wells Fargo	14,164	661	12	-
Westpac Banking, ADR	(88,811)	(1,854)	(126)	(0.04)
		(8,995)	(581)	(0.18)
Health Care (0.01)% (0.00%)				
Anthem	10,544	1,397	80	0.03
BioMarin Pharmaceutical	(6,534)	(481)	(32)	(0.01)
CR Bard	7,357	1,444	40	0.01
Mednax	(20,426)	(1,181)	(63)	(0.02)
Thermo Fisher Scientific	(4,105)	(523)	(50)	(0.02)
Zimmer Biomet Holdings	(9,031)	(849)	(11)	-
		(193)	(36)	(0.01)
Industrials 0.17% ((0.11)%)				
Acuity Brands	(3,903)	(690)	(37)	(0.01)
Caterpillar	(46,473)	(3,640)	(42)	(0.01)
Deere	(17,226)	(1,516)	(28)	(0.01)
Donaldson	(21,876)	(767)	(19)	(0.01)
Dover	(4,977)	(321)	(7)	-
GATX	(25,049)	(1,203)	(17)	(0.01)
General Dynamics	11,659	1,784	58	0.02
General Electric	(358,016)	(8,615)	(12)	-
Lockheed Martin	17,344	3,755	217	0.07
Northrop Grumman	10,861	2,170	154	0.05
Raytheon	31,465	3,915	196	0.06
Rockwell Collins	(14,953)	(1,156)	(60)	(0.02)
Snap-on	12,569	1,728	(77)	(0.03)
Southwest Airlines	30,241	1,420	139	0.04
Textron	(15,294)	(589)	(5)	-
Triumph Group	(27,855)	(622)	(32)	(0.01)
Wabtec	(22,471)	(1,462)	104	0.03
WW Grainger	(6,868)	(1,382)	20	0.01
		(7,191)	552	0.17

Artemis US Absolute Return Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Information Technology (0.03)% ((0.01)%)				
Amkor Technology	(77,493)	(614)	(8)	-
ASML Holding	(29,500)	(2,916)	(24)	(0.01)
Baidu, ADR	(1,774)	(247)	3	-
BlackBerry	(120,226)	(686)	(4)	-
Box A shares	(57,689)	(835)	3	-
Broadcom	(4,936)	(846)	(37)	(0.01)
Ebix	(10,972)	(529)	(36)	(0.01)
Intel	(72,958)	(2,141)	15	-
International Business Machines	(4,199)	(606)	(12)	-
InvenSense	(175,517)	(1,745)	35	0.01
Lam Research	61,025	5,850	161	0.05
Leidos Holdings	32,480	1,411	128	0.04
Microchip Technology	(26,660)	(1,567)	(78)	(0.02)
Microsoft	82,803	4,274	(53)	(0.02)
Proofpoint	(11,582)	(739)	(12)	-
Qorvo	(11,800)	(641)	(29)	(0.01)
salesforce.com	(13,760)	(902)	(29)	(0.01)
SAP, ADR	(27,358)	(2,049)	(30)	(0.01)
ServiceNow	(10,181)	(718)	19	0.01
Skyworks Solutions	(22,021)	(1,692)	(54)	(0.02)
Taiwan Semiconductor Manufacturing, ADR	(45,367)	(1,149)	(15)	(0.01)
Texas Instruments	(24,262)	(1,505)	1	-
Visa A shares	13,937	986	44	0.01
Workday A shares	(13,499)	(978)	(75)	(0.02)
Xilinx	66,508	3,152	4	-
		(7,432)	(83)	(0.03)
Investment Funds 0.00% ((0.09)%)				
iShares JPMorgan USD Emerging Markets Bond Fund	(9,307)	(850)	(7)	-
Scottish Mortgage Investment Trust	(1,056,467)	(3,708)	(3)	-
		(4,558)	(10)	-
Materials 0.06% ((0.03)%)				
Air Products & Chemicals	(28,196)	(3,159)	29	0.01
Dow Chemical	(20,040)	(1,013)	(43)	(0.01)
Freeport-McMoRan B shares	(47,029)	(502)	110	0.03
LyondellBasell Industries A shares	(6,544)	(480)	10	-
Southern Copper	(43,039)	(1,274)	53	0.02
Trinseo	20,914	1,173	66	0.02
WR Grace	(14,241)	(813)	(21)	(0.01)
		(6,068)	204	0.06
Real Estate (0.03)% (0.07%)				
Seritage Growth Properties A shares, REIT	(21,705)	(825)	(109)	(0.03)
		(825)	(109)	(0.03)
Telecommunication Services (0.01)% (0.00%)				
AT&T	(163,149)	(5,482)	(9)	-
CenturyLink	29,757	588	(22)	(0.01)
T-Mobile US	100,440	5,018	70	0.02

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Verizon Communications	(122,938)	(4,934)	(65)	(0.02)
		(4,810)	(26)	(0.01)
Utilities 0.00% (0.02%)				
Vistra Energy	2,305	30	(1)	-
		30	(1)	-
Contracts for difference total		(63,668)	(46)	(0.02)
Options 0.03% (0.00%)				
S&P 500 Index, Put, 2,275, 28/04/2017	112	205	166	0.05
S&P 500 Index, Put, 2,125, 28/04/2017	(169)	(289)	(79)	(0.02)
		(84)	87	0.03
Forward currency contracts (0.06%) ((0.83%))				
I accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 10,052 dated 31/03/2017			8	-
Sell US Dollar 10,015 dated 31/03/2017			(8)	-
			-	-
I accumulation EUR (NAV hedged) 0.11% ((0.43%))				
Buy Euro 189,239,448 dated 31/03/2017			161,347	50.36
Sell US Dollar 200,523,374 dated 31/03/2017			(161,038)	(50.26)
			309	0.10
I accumulation GBP (NAV hedged) 0.17% ((0.40%))				
Buy Sterling 121,137,567 dated 31/03/2017			121,138	37.81
Sell US Dollar 151,516,967 dated 31/03/2017			(121,682)	(37.98)
			(544)	(0.17)
R accumulation CHF (NAV hedged) 0.01% (0.00%)				
Buy Swiss Franc 27,199 dated 31/03/2017			22	0.01
Sell US Dollar 27,099 dated 31/03/2017			(22)	(0.01)
			-	-
R accumulation EUR (NAV hedged) 0.11% (0.00%)				
Buy Euro 108,204 dated 31/03/2017			23,947	7.47
Sell US Dollar 114,910 dated 31/03/2017			(23,902)	(7.46)
			45	0.01
Forward currency contracts total			(190)	(0.01)
Investment assets (including investment liabilities)			190,004	59.30
Net other assets			130,411	40.70
Net assets attributable to shareholders			320,415	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

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

Artemis US Absolute Return Fund – Investment information (continued)

Fund exposure *

28 February 2017	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	54.41	(43.28)	97.69	11.13
Government bonds	28.32	-	28.32	28.32
Forward currency contracts	96.65	(95.71)	192.36	(0.94)
Net other assets	40.70	-	40.70	40.70

29 February 2016	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	56.69	(52.54)	109.23	4.15
Government bonds	31.16	-	31.16	31.16
Forward currency contracts	93.72	(94.55)	188.27	(0.83)
Net other assets	45.83	-	45.83	45.83

* For derivatives the percentage of net assets has been calculated based on the global exposure of each contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding. The gross exposure is the long positions plus the value of the short positions. The net exposure is the long positions less the short positions.

** Equities includes equities, options, collective investment schemes and contracts for difference.

Artemis US Absolute Return Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		13,331		1,899
Revenue	5	2,043		171	
Expenses	6	(1,929)		(237)	
Interest payable and similar charges	7	(2,757)		(205)	
Net expense before taxation		(2,643)		(271)	
Taxation	8	(60)		(4)	
Net expense after taxation			(2,703)		(275)
Total return before distributions			10,628		1,624
Distributions	9		9		-
Change in shareholders' funds from investment activities			10,637		1,624

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		65,018		8,682
Amounts receivable on issue of shares	289,999		54,990	
Amounts payable on cancellation of shares	(45,329)		(306)	
		244,670		54,684
Dilution adjustment		90		28
Change in shareholders' funds from investment activities		10,637		1,624
Closing net assets attributable to shareholders		320,415		65,018

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	10	194,016	36,760
Current assets			
Debtors	11	21,050	2,332
Cash and bank balances	12	115,177	27,959
Total current assets		136,227	30,291
Total assets		330,243	67,051
Liabilities			
Investment liabilities	10	4,012	1,537
Creditors			
Bank overdraft		120	-
Other creditors	13	5,696	496
Total creditors		5,816	496
Total liabilities		9,828	2,033
Net assets attributable to shareholders		320,415	65,018

Artemis US Absolute Return Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for Difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-

dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Premiums arising on written call options are treated as revenue and are amortised on a straight-line basis over the life of the option, unless the option has the immediate effect of generating a capital loss, in which case the premiums are taken to capital. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than the performance fee and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the manager's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	27,053	1,893
Currency gains	4,176	2,299
Capital transaction charges	(12)	(7)
Derivative contracts	(5,872)	1,097
Forward currency contracts	(12,014)	(3,383)
Net capital gains	13,331	1,899

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs, these costs form part of the dealing price.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	190,303	90	-	190,393	0.05	-
Bonds	285,948	-	-	285,948	-	-
Sales						
Equities	126,683	82	4	126,597	0.06	-
Bonds	222,681	-	-	222,681	-	-
Derivative purchases and sales		400	2			
Total		572	6			
Percentage of sub-fund average net assets		0.30%	0.00%			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	23,173	9	-	23,182	0.04	-
Bonds	36,307	-	-	36,307	-	-
Sales						
Equities	10,166	6	-	10,160	0.06	-
Bonds	17,314	-	-	17,314	-	-
Derivative purchases and sales		62	1			
Total		77	1			
Percentage of sub-fund average net assets		0.41%	0.00%			

During the year the sub-fund incurred £12,000 (2016: £7,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2016: 0.02%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
Derivative income	1,315	131
Overseas dividends	372	27
Interest on debt securities	196	5
Bank interest	160	8
Total revenue	2,043	171

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	1,443	140
Performance fees	219	67
Expense rebate	(45)	(146)
Other expenses:		
Administration fees	141	71
Registration fees	67	52
Operational fees	60	23
Depositary fees	22	3
Auditor's remuneration: audit fees*	11	11
Auditor's remuneration: non-audit fees (taxation)	5	11
Safe custody fees	4	-
Printing and postage fees	1	2
Price publication fees	1	3
Total expenses	1,929	237

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year was £9,000 (2016: £9,000).

7. Interest payable and similar charges

	28 February 2017 £'000	29 February 2016 £'000
Dividends payable on short positions	2,013	160
Interest payable on positions with brokers and counterparties	743	45
Interest payable	1	-
Total interest payable and similar charges	2,757	205

8. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	60	4
Total taxation (note 8b)	60	4
b) Factors affecting the tax charge for the year		
Net expense before taxation	(2,643)	(271)
Corporation tax at 20% (2016: 20%)	(529)	(54)
Effects of:		
Unutilised management expenses	380	47
Utilisation of non-trade deficit carried forward	217	12
Irrecoverable overseas tax	60	4
Overseas withholding tax expensed	(1)	-
Non-taxable overseas dividends	(67)	(5)
Tax charge for the year (note 8a)	60	4
c) Provision for deferred tax		
No provision for deferred tax has been made in the current or prior accounting year.		
d) Factors that may affect future tax charges		
The sub-fund has not recognised a deferred tax asset of £665,000 (2016: £68,000) arising as a result of having unutilised management expenses of £2,175,000 (2016: £274,000) and non-trade loan relationship deficits of £1,152,000 (2016: £66,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.		

9. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	-	-
Deduct: amounts added on issue of shares	(9)	-
Distributions	(9)	-
Movement between net expense and distributions		
Net expense after taxation	(2,703)	(275)
Revenue deficit transferred to capital	2,452	192
Expenses paid from capital	242	83
	(9)	-

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	193,660	(3,466)	16,503	(1,002)
Level 2	356	(546)	20,257	(535)
Total	194,016	(4,012)	36,760	(1,537)

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Amounts receivable for issue of shares	19,517	1,689
Sales awaiting settlement	1,282	551
Amounts receivable on derivative contracts	168	51
Accrued revenue	81	11
Prepaid expenses	2	1
Expense rebate receivable	-	29
Total debtors	21,050	2,332

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held on deposit with RBS	40,804	-
Amounts held at futures clearing houses and brokers	20,250	35
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	24,863	5,137
Cash and bank balances	17,202	22,787
Amounts held on deposit with HSBC	12,058	-
Total cash and bank balances	115,177	27,959

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Purchases awaiting settlement	4,317	242
Amounts payable on derivative contracts	451	73
Amounts payable for cancellation of shares	397	2
Accrued performance fee	219	67
Accrued annual management charge	176	34
Accrued other expenses	136	78
Total other creditors	5,696	496

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation CHF (NAV hedged) *	-	10,000	-	10,000
I accumulation EUR (NAV hedged)	24,692,097	178,172,079	(25,694,897)	177,169,279
I accumulation GBP (NAV hedged)	37,354,892	88,869,810	(14,910,176)	111,314,526
I accumulation USD	5,160,780	16,349,079	(6,770,872)	14,738,987
R accumulation CHF (NAV hedged) *	-	27,200	-	27,200
R accumulation EUR (NAV hedged) *	-	28,601,867	(596,223)	28,005,644
R accumulation USD *	-	108,618	-	108,618

* Launched 1 April 2016

16. Risk disclosures

The sub-fund's financial instruments comprise equities, bonds, contracts for difference, options, forward currency contracts, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial

assets in accordance with its investment objective and policy which is provided on page 62. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub-fund's exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a daily basis, which is then used by the ACD to evaluate the exposures and risks in the portfolio. As part of the process, the VaR is produced on a daily basis to calculate the market price risk on the sub-fund. The ACD calculates VaR on an absolute basis. The maximum level of VaR is limited by the ACD to 20% of the NAV of the sub-fund. The absolute VaR expresses the maximum expected loss by the sub-fund in a defined period within a defined confidence level. The model used for the sub-fund has a confidence level of 99%, uses two year risk factor data over a 20 business day period (i.e. it predicts the maximum loss that could arise over a 20 business day period) and is based on the portfolio at the point of the calculation. It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	28 February 2017 %	29 February 2016 %
At the balance sheet date	4.87	-
Average utilisation during the year	3.86	1.85
Highest utilisation during the year	5.28	2.19
Lowest utilisation during the year	2.55	1.18

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowing and financial derivatives (subject to restrictions as set out in its Prospectus and COLL) as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 321.4% (2016: 309.8%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter

Artemis US Absolute Return Fund – Notes to the financial statements (continued)

into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Cash accounts are maintained at several counterparties. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs'), Morgan Stanley ('Morgan Stanley'), JPMorgan Chase Bank N.A. ('JPMorgan') are the counterparties for the CFD's and JPMorgan is the counterparty for the futures contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

In order to diversify counterparty risk the sub fund holds cash with a number of other counterparties. The other counterparties were The Royal Bank of Scotland plc ('RBS'), J.P. Morgan Asset Management ('JP Morgan Liquidity Funds') and HSBC Holdings ('HSBC').

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were contracts for difference, options and forward currency contracts. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

	Contracts for difference £'000	Options £'000	Forward currency £'000	Total net exposure £'000	Net collateral held £'000
28 February 2017			contracts		
Goldman Sachs	(21,778)	-	-	(21,778)	-
JPMorgan	(27,237)	(84)	(190)	(27,511)	3,242
Morgan Stanley	(14,653)	-	-	(14,653)	16,557
29 February 2016					
Goldman Sachs	(5,253)	-	-	(5,253)	-
JPMorgan	(7,847)	-	(535)	(8,382)	260

Only cash collateral is held or pledged by the sub-fund.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 72 and notes 6, 9, 11 and 13 on pages 75 to 77 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2017 in respect of these transactions was £18,725,000 (2016: £1,615,000).

18. Share classes

The annual management charge on each shareclass is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR (NAV hedged)	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on page 81. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation CHF (NAV hedged)	101.16c	100.73c	0.4%
I accumulation EUR (NAV hedged)	107.84c	107.32c	0.5%
I accumulation GBP (NAV hedged)	109.68p	109.04p	0.6%
I accumulation USD	110.12c	109.30c	0.8%
R accumulation CHF (NAV hedged)	100.52c	100.21c	0.3%
R accumulation EUR (NAV hedged)	100.84c	100.44c	0.4%
R accumulation USD	102.26c	101.60c	0.6%

Artemis US Absolute Return Fund – Comparative tables

	I accumulation CHF (NAV hedged)	I accumulation EUR (NAV hedged)			I accumulation GBP (NAV hedged)		
	2017**	2017	2016	2015**	2017	2016	2015**
Change in net assets per share	(c)	(c)	(c)	(c)	(p)	(p)	(p)
Opening net asset value per share	100.00	106.98	101.16	100.00	107.76	101.33	100.00
Return before operating charges *	1.57	1.31	7.16	1.49	2.25	7.38	1.66
Operating charges	(0.84)	(0.97)	(1.34)	(0.33)	(0.97)	(0.95)	(0.33)
Return after operating charges	0.73	0.34	5.82	1.16	1.28	6.43	1.33
Distributions	-	-	-	-	-	-	-
Closing net asset value per share	100.73	107.32	106.98	101.16	109.04	107.76	101.33
* after direct transaction costs of	(0.28)	(0.30)	(0.33)	(0.21)	(0.30)	(0.33)	(0.21)
Performance							
Return after charges	0.73%	0.32%	5.75%	1.16%	1.19%	6.35%	1.33%
Other information							
Closing net asset value (£'000)	8	162,004	20,753	81	121,376	40,253	7,737
Closing number of shares	10,000	177,169,279	24,692,097	110,715	111,314,526	37,354,892	7,635,684
Operating charges	0.82%	0.90%	0.90%	0.33%	0.90%	0.90%	0.33%
Performance fees	0.18%	0.01	0.00%	0.00%	0.20%	0.40%	0.00%
Direct transaction costs	0.28%	0.28%	0.31%	0.21%	0.28%	0.31%	0.21%
Prices	(c)	(c)	(c)	(c)	(p)	(p)	(p)
Highest price	101.41	107.93	108.41	101.52	109.22	109.13	101.68
Lowest price	99.73	105.52	99.51	99.19	106.31	99.76	99.31

	I accumulation USD			R accumulation CHF (NAV hedged)	R accumulation EUR (NAV hedged)	R accumulation USD
	2017**	2016	2015	2017**	2017**	2017**
Change in net assets per share	(c)	(c)	(c)	(c)	(c)	(c)
Opening net asset value per share	107.69	101.33	100.00	100.00	100.00	100.00
Return before operating charges *	2.60	7.81	1.66	1.73	2.00	3.19
Operating charges	(0.99)	(1.45)	(0.33)	(1.52)	(1.56)	(1.59)
Return after operating charges	1.61	6.36	1.33	0.21	0.44	1.60
Distributions	-	-	-	-	-	-
Closing net asset value per share	109.30	107.69	101.33	100.21	100.44	101.60
* after direct transaction costs of	(0.31)	(0.33)	(0.21)	(0.28)	(0.29)	(0.30)
Performance						
Return after charges	1.50%	6.28%	1.33%	0.21%	0.44%	1.60%
Other information						
Closing net asset value (£'000)	12,948	4,012	864	22	23,968	89
Closing number of shares	14,738,987	5,160,780	1,315,445	27,200	28,005,644	108,618
Operating charges	0.90%	0.90%	0.33%	1.52%	1.52%	1.52%
Performance fees	0.20%	0.75%	0.00%	0.12%	0.33%	0.32%
Direct transaction costs	0.28%	0.31%	0.21%	0.28%	0.28%	0.28%
Prices	(c)	(c)	(c)	(c)	(c)	(c)
Highest price	109.32	108.95	101.70	101.08	101.20	101.80
Lowest price	106.24	99.77	99.21	99.22	99.47	99.78

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Absolute Return Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I accumulation CHF (NAV hedged)	0.90%
I accumulation EUR (NAV hedged)	0.90%
I accumulation GBP (NAV hedged)	0.90%
I accumulation USD	0.90%
R accumulation CHF (NAV hedged)	1.65%
R accumulation EUR (NAV hedged)	1.65%
R accumulation USD	1.65%

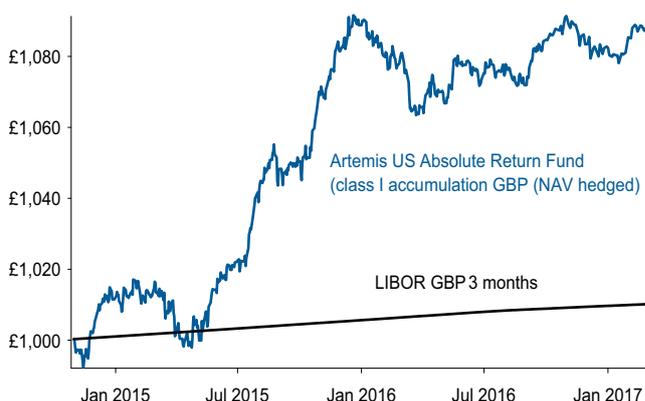
Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis US Absolute Return Fund	9.1	1.2	1.6
LIBOR GBP 3 months	1.0	0.4	0.1
Sector average	6.4	2.9	1.5
Position in sector	20/50	43/62	30/62
Quartile	2	3	2

* Data from 27 October 2015. Source: Lipper Limited, class I accumulation GBP (NAV hedged) shares, mid to mid in sterling to 28 February 2017. All performance figures show total returns with dividends reinvested, percentage growth. Sector is IA Targeted Absolute Return.

Value of £1,000 invested at launch to 28 February 2017



Artemis US Equity Fund

Investment objective and policy

The objective of the Artemis US Equity Fund (the 'sub-fund') is to achieve long-term capital growth. The sub-fund invests principally in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. The sub-fund will primarily invest in medium and large companies. The ACD will not be restricted in respect of choice of investments either by company size or industry.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the sub-fund is valued and priced.
- The sub-fund may have a concentrated portfolio of investments, which can give rise to more risk than where investments are spread over a large number of companies. This may increase the potential gains; however, the concentration of exposure and lack of diversification may also substantially increase the risk of loss by this fund.
- Investing in small and medium-sized companies can involve more risk
 - than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and

selling those shares. Also, reliable information for deciding their value or the risks may not be available.

Artemis US Equity Fund – Investment review

- The fund returns 33.9%* versus the benchmark's 40.0%*.
- Trump's proposals to stimulate the US economy drive the market's returns.
- Strong growth in earnings is forecast.

Performance – Good returns - but behind the index ...

The fund had a disappointing year: despite returning 33.9%, it trailed the S&P 500's 40.0% and the sector average's 38.0%. Most of the underperformance came early in the year.

Review – Industrials benefit from Trump's plans ...

A number of stocks detracted from performance in the first half of the year. In technology, our holding in Seagate Technology (a manufacturer of hard disk drives) held back returns. Yet despite this disappointment, we used the research underpinning that investment to make a more rewarding purchase in the same industry: Western Digital. While the traditional market for hard disk drives (HDD) in laptops and desktop PCs is in decline, there is increased demand from the storage facilities for cloud computing. In addition, the HDD market is consolidating into the hands of a few players. Because Western Digital needed to raise a significant amount of debt to finance its acquisition of SanDisk, we avoided investing in it in the early part of the year. At that time, there was a lot of uncertainty over whether the company could issue debt at a reasonable price. Once debt markets had settled down, however, Western was able to close the deal and we saw the opportunity to benefit from our analysis of the HDD market in a stock where there was a very attractive balance between risk and reward (which we describe as the 'up/

down'). Western Digital proved to be a good investment. Less happily, our timing in holding Apple over the year held performance back.

The end of the period was dominated by the surprising election of Donald Trump and his plans to increase spending on infrastructure, to cut taxes and to reduce regulation. The market moved higher on the hope that the stimulus from these measures would prolong the economic cycle. Industrial companies outperformed in reaction to the proposals to increase spending on infrastructure. The fund benefited through its exposure to aggregate companies including Summit Materials and to defence companies such as Leidos Holdings, a supplier of IT workers to the defence industry. We continue to be very positive on the dynamics for defence as we believe that the previous administration had under-spent and there is a clear need to invest in military hardware and infrastructure. We are more cautious on the broader plans to invest in the country's infrastructure and have reduced our exposure to aggregate companies in the light of their strong performance.

At the end of the summer we started increasing the fund's exposure to financials as we expected rising interest rates to support the sector. We bought regional banks including First Horizon National, US Bancorp and Wells Fargo.

Our holdings in the transport sector were mixed over the year. Norfolk Southern Railway reacted positively to the expected increase in economic activity in the midwest. However, low cost airline Spirit faced many problems and also suffered from the disruptions linked to the presidential travel ban. We still believe Spirit can penetrate the market further and that pricing in the industry will become more rational and volumes will pick up.

The fund's exposure to cable operators such as Liberty Broadband was positive. Our thinking on these companies is that they are positioning themselves as real competitors to

the traditional telecoms operators – this has now been recognised by the market. The sector has also been boosted by speculation about consolidation. The cable operators could well start to venture into the area of mobile telephony, either through the upcoming auctions of spectrum or by making acquisitions.

Our positive stance on video game producers Take-Two Interactive and Activision Blizzard also continued to prove rewarding. While the industry has benefited from digitalisation, we believe that there is further scope for both companies to grow earnings faster than the market is expecting and also that releases of new games will continue to support performance.

We continue to have an overweight in the technology sector and while we still hold stocks such as Alphabet and Microsoft, we have increased our exposure to semiconductors and the equipment for making them. The industry's dynamics are now more rational and growth is coming from advances in technology and from areas other than the PC market. We own Lam Research and KLA-Tencor, some of the main suppliers that should benefit from the wider use of semiconductors. This is a 'pick-and-shovel' approach to investing in artificial intelligence, autonomous vehicles, the 'internet of things' and exponential growth in data. While we don't know with any degree of certainty which companies will make the chips that power future generations of devices, we are confident that they will be made with tools from Lam Research, Applied Materials and KLA-Tencor. Lam Research, in particular, is positioned to gain significant share in equipment for making semiconductors, has meaningful capacity to increase capital return to shareholders and is undervalued versus the peer group and the overall semiconductor industry.

We remain cautious on the healthcare sector although as we gain clarity on the repeal and replacement of the

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index (GBP). Sector is IA North America.

Artemis US Equity Fund – Investment review (continued)

Affordable Care Act (Obamacare), we might find opportunities as the sector has come under pressure over the past year.

We also remain cautious on consumer-related stocks as consumer spending is failing to recover and traditional retailers are still losing out to online retail. In addition, consumer staple companies are looking expensive.

Outlook – We stick to stockpicking ...

Since the election, the market has performed strongly and while we can expect that Trump's proposals will have a positive impact on the economy and on earnings growth, some of the good news might already be priced in. Double-digit growth in earnings is forecast over the next two years and this could support the market at current valuations. There are nevertheless a number of risks associated with political uncertainty and scope for disappointment in delivery of Trump's ideas. While we were always dubious about the timing and scale of the increase in spending on infrastructure, the focus on healthcare reforms now threatens to delay the implementation of the tax cuts and that could trigger some downwards revisions to earnings. There is also the potentially negative impact of Trump's more protectionist proposals such as the implementation of a border adjustability tax. This would work against importing companies and might force some businesses to repatriate manufacturing back to the US. The market's strong performance has squeezed the risk/reward balance in some sectors. More than ever, stock selection will be crucial.

Cormac Weldon
Fund manager

Artemis US Equity Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
Bank of America	900	Apple	979
Apple	819	WEC Energy Group	521
Alphabet C shares	725	Occidental Petroleum	419
Facebook A shares	538	Charter Communications A shares	418
Spirit Airlines	461	Goldman Sachs Group	410

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 93.49% (95.71%)			
Consumer Discretionary 14.52% (11.76%)			
Amazon.com	759	518	2.01
Aramark	4,663	134	0.52
Comcast A shares	21,148	638	2.47
Dish Network A shares	2,824	142	0.55
Home Depot	5,914	690	2.68
Las Vegas Sands	3,887	165	0.64
Liberty Broadband C shares	6,541	454	1.76
Newell Brands	5,392	215	0.83
Nike B shares	2,504	116	0.45
Red Rock Resorts A shares	7,435	132	0.51
Starbucks	2,888	132	0.51
Time Warner	5,195	410	1.59
		3,746	14.52
Consumer Staples 5.18% (17.23%)			
Altria Group	5,333	320	1.24
Edgewell Personal Care	2,856	171	0.66
Energizer Holdings	2,519	110	0.43
Estee Lauder A shares	5,032	335	1.30
Maple Leaf Foods	10,163	192	0.74
PepsiCo	2,379	209	0.81
		1,337	5.18
Energy 6.16% (4.26%)			
Baker Hughes	5,146	249	0.97
Chevron	5,070	455	1.76
Diamondback Energy	4,527	370	1.43
Kinder Morgan	12,652	217	0.84
Pioneer Natural Resources	1,990	299	1.16
		1,590	6.16
Financials 15.43% (8.46%)			
Ally Financial	9,813	182	0.71
Bank of America	49,507	978	3.79
Charles Schwab	11,065	371	1.44
Chubb	2,342	259	1.00
Citizens Financial Group	8,305	248	0.96

Artemis US Equity Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
First Horizon National	8,997	146	0.57
Huntington Bancshares	21,907	250	0.97
Morgan Stanley	8,975	331	1.28
S&P Global	1,249	130	0.50
US Bancorp	12,837	570	2.21
Wells Fargo	11,041	515	2.00
		3,980	15.43
Health Care 10.98% (14.01%)			
Amgen	2,052	290	1.13
Anthem	2,069	274	1.06
Becton Dickinson	2,195	322	1.25
CR Bard	1,322	260	1.01
Gilead Sciences	2,375	135	0.52
Pfizer	17,743	489	1.90
UnitedHealth Group	2,455	326	1.26
Zoetis	17,012	736	2.85
		2,832	10.98
Industrials 9.19% (12.36%)			
Cintas	3,095	296	1.15
Equifax	2,165	228	0.88
Lockheed Martin	2,387	517	2.00
Masco	4,435	123	0.48
Norfolk Southern	3,510	342	1.33
Raytheon	2,308	287	1.11
Snap-on	936	129	0.50
Spirit Airlines	6,417	274	1.06
Swift Transportation	9,935	176	0.68
		2,372	9.19
Information Technology 26.23% (18.59%)			
Activision Blizzard	13,580	499	1.93
Alphabet C shares	1,348	898	3.48
Apple	5,208	573	2.22
Applied Materials	12,977	380	1.47
Cisco Systems	11,340	312	1.21
Corning	10,641	236	0.91
Electronic Arts	4,528	317	1.23
Facebook A shares	2,430	266	1.03
Fidelity National Information Services	3,469	230	0.89
KLA-Tencor	2,943	213	0.83
Lam Research	5,503	528	2.05
Leidos Holdings	5,310	231	0.90
Mastercard A shares	3,385	301	1.17
Micron Technology	5,479	105	0.41
Microsoft	16,385	846	3.28
Synaptics	2,142	96	0.37
Take-Two Interactive Software	8,316	384	1.49

Investment	Holding	Valuation £'000	% of net assets
Visa A shares	4,982	352	1.36
		6,767	26.23
Materials 1.23% (2.02%)			
Franco-Nevada	3,609	186	0.72
Summit Materials A shares	6,788	132	0.51
		318	1.23
Real Estate 2.46% (1.67%)			
American Campus Communities, REIT	3,764	155	0.60
Prologis, REIT	5,723	238	0.92
SL Green Realty, REIT	2,661	241	0.94
		634	2.46
Telecommunication Services 1.20% (0.00%)			
T-Mobile US	6,217	311	1.20
		311	1.20
Utilities 0.91% (5.35%)			
NextEra Energy	2,239	234	0.91
		234	0.91
Investment assets		24,121	93.49
Net other assets		1,679	6.51
Net assets attributable to shareholders		25,800	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

Artemis US Equity Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		6,088		759
Revenue	5	356		205	
Expenses	6	(204)		(123)	
Net revenue before taxation		152		82	
Taxation	7	(49)		(30)	
Net revenue after taxation			103		52
Total return before distributions			6,191		811
Distributions	8		(103)		(52)
Change in shareholders' funds from investment activities			6,088		759

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		16,279		10,354
Amounts receivable on issue of shares	5,038		6,594	
Amounts payable on cancellation of shares	(1,716)		(1,491)	
		3,322		5,103
Dilution adjustment		-		1
Change in shareholders' funds from investment activities		6,088		759
Retained distributions on accumulation shares		111		62
Closing net assets attributable to shareholders		25,800		16,279

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	9	24,121	15,581
Current assets			
Debtors	10	279	112
Cash and bank balances	11	1,781	641
Total current assets		2,060	753
Total assets		26,181	16,334
Liabilities			
Creditors			
Other creditors	12	381	55
Total liabilities		381	55
Net assets attributable to shareholders		25,800	16,279

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if

the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the

day that the income or expense is recognised. Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

Artemis US Equity Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	5,990	700
Currency gains	98	66
Forward currency contracts	5	5
Capital transaction charges	(5)	(6)
Derivative contracts	-	(6)
Net capital gains	6,088	759

4. Direct transaction costs

For purchases and sales of equities broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	22,364	17	-	22,381	0.08	-
Sales						
Equities	19,844	14	-	19,830	0.07	-
Total		31	-			
Percentage of sub-fund average net assets		0.15%	-			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	23,369	20	-	23,389	0.09	-
Sales						
Equities	18,762	16	-	18,746	0.09	-
Total		36	-			
Percentage of sub-fund average net assets		0.28%	-			

During the year the sub-fund incurred £5,000 (2016: £6,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2016: 0.03%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
Overseas dividends	352	205
Bank interest	4	-
Total revenue	356	205

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	156	97
Expense rebate	(64)	(87)
Other expenses:		
Administration fees	47	38
Registration fees	37	42
Operational fees	10	8
Auditor's remuneration: audit fees *	9	9
Auditor's remuneration: non-audit fees (taxation)	3	11
Depository fees	3	2
Price publication fees	1	2
Safe custody fees	1	-
Printing and postage fees	1	1
Total expenses	204	123

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amount disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the period was £7,500 (2016: £7,500).

7. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	49	30
Total taxation (note 7b)	49	30
b) Factors affecting the tax charge for the year		
Net revenue before taxation	152	82
Corporation tax at 20% (2016: 20%)	30	16
Effects of:		
Irrecoverable overseas tax	49	30
Unutilised management expenses	37	24
Non-taxable overseas dividends	(67)	(40)
Tax charge for the year (note 7a)	49	30
c) Provision for deferred tax		
No provision for deferred tax has been made in the current or prior accounting year.		
d) Factors that may affect future tax charges		
The sub-fund has not recognised a deferred tax asset of £66,000 (2016: £29,000) arising as a result of having unutilised management expenses of £332,000 (2016: £145,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.		

Artemis US Equity Fund – Notes to the financial statements (continued)

8. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	111	62
Add: amounts deducted on cancellation of shares	5	2
Deduct: amounts added on issue of shares	(13)	(12)
Distributions	103	52

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 97.

9. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	24,121	-	15,581	-
Total	24,121	-	15,581	-

10. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Sales awaiting settlement	211	-
Accrued revenue	33	28
Expense rebate receivable	19	10
Amounts receivable for issue of shares	14	73
Prepaid expenses	2	1
Total debtors	279	112

11. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held in JPMorgan Liquidity Funds - US Dollar Liquidity Fund (Institutional dist.)	1,758	621
Cash and bank balances	22	17
Amounts held in JPMorgan Liquidity Funds - Sterling Liquidity Fund (Institutional dist.)	1	3
Total cash and bank balances	1,781	641

12. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Amounts payable for cancellation of shares	205	1
Purchases awaiting settlement	123	-
Accrued other expenses	38	45
Accrued annual management charge	15	9
Total other creditors	381	55

13. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

14. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation EUR	10,000	-	-	10,000
I accumulation GBP	13,755,782	3,771,399	(1,234,681)	16,292,500
I accumulation USD	71,510	-	-	71,510

15. Risk disclosures

The sub-fund's financial instruments comprise equities, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 83. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

Artemis US Equity Fund – Notes to the financial statements (continued)

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2017 or 29 February 2016.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the tables below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2017			
US Dollar	23,929	1,687	25,616
Canadian Dollar	192	-	192
Sterling	-	(8)	(8)
29 February 2016			
US Dollar	15,475	706	16,181
Canadian Dollar	106	-	106
Sterling	-	(8)	(8)

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £1,290,000 (2016: £814,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £1,206,000 (2016: £779,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowings (subject to the restrictions as set out in its Prospectus and COLL) and financial derivatives as sources of leverage. The maximum level of leverage which the ACD may employ on behalf of the sub-fund is 200% under the commitment method. There has been no change to the maximum level of leverage that can be employed, under the commitment method, during the year. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 100% (2016: 108.2%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

There were no significant concentrations of credit risk.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

16. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 89 and notes 6,8, 10 and 12 on pages 92 to 94 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2017 in respect of these transactions was £187,000 (2016: £73,000).

17. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 98. The distribution per share class are given in the distribution table on page 97. All classes have the same rights on winding up.

18. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation EUR	145.45c	146.56c	(0.8)%
I accumulation GBP	155.73p	157.84p	(1.3)%
I accumulation USD	124.60c	122.58c	1.6%

Artemis US Equity Fund – Distribution table

Final dividend distribution for the year ended 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR				
Group 1	0.6162c	-	0.6162c	0.4555c
Group 2	0.6162c	0.0000c	0.6162c	0.4555c
I accumulation GBP				
Group 1	0.6813p	-	0.6813p	0.4525p
Group 2	0.3105p	0.3708p	0.6813p	0.4525p
I accumulation USD				
Group 1	0.5298c	-	0.5298c	0.3852c
Group 2	0.5298c	0.0000c	0.5298c	0.3852c

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Equity Fund – Comparative tables

	I accumulation EUR			I accumulation GBP		
	2017	2016	2015**	2017	2016	2015**
Change in net assets per share	(c)	(c)	(c)	(p)	(p)	(p)
Opening net asset value per share	118.74	121.74	100.00	117.89	111.88	100.00
Return before operating charges *	29.11	(0.17)	22.16	41.31	7.90	12.43
Operating charges	(1.29)	(2.83)	(0.42)	(1.36)	(1.89)	(0.55)
Return after operating charges	27.82	(3.00)	21.74	39.95	6.01	11.88
Distributions	(0.62)	(0.46)	(0.28)	(0.68)	(0.45)	(0.30)
Retained distributions on accumulation shares	0.62	0.46	0.28	0.68	0.45	0.30
Closing net asset value per share	146.56	118.74	121.74	157.84	117.89	111.88
* after direct transaction costs of	(0.19)	(0.34)	(0.13)	(0.20)	(0.32)	(0.12)
Performance						
Return after charges	23.43%	(2.46)%	21.74%	33.89%	5.37%	11.88%
Other information						
Closing net asset value (£'000)	13	9	9	25,717	16,217	10,338
Closing number of shares	10,000	10,000	10,000	16,292,500	13,755,782	9,240,420
Operating charges	1.00%	1.00%	0.36%	1.00%	1.00%	0.51%
Direct transaction costs	0.15%	0.28%	0.11%	0.15%	0.28%	0.11%
Prices	(c)	(c)	(c)	(p)	(p)	(p)
Highest price	148.09	133.69	121.76	158.05	119.36	112.54
Lowest price	116.37	106.60	100.00	115.83	103.49	93.15

	I accumulation USD		
	2017	2016	2015**
Change in net assets per share	(c)	(c)	(c)
Opening net asset value per share	101.96	107.79	100.00
Return before operating charges *	21.74	(3.12)	8.16
Operating charges	(1.12)	(2.71)	(0.37)
Return after operating charges	20.62	(5.83)	7.79
Distributions	(0.53)	(0.39)	(0.24)
Retained distributions on accumulation shares	0.53	0.39	0.24
Closing net asset value per share	122.58	101.96	107.79
* after direct transaction costs of	(0.17)	(0.30)	(0.11)
Performance			
Return after charges	20.22%	(5.41)%	7.79%
Other information			
Closing net asset value (£'000)	70	53	7
Closing number of shares	71,510	71,510	10,000
Operating charges	1.00%	1.00%	0.36%
Direct transaction costs	0.15%	0.28%	0.11%
Prices	(c)	(c)	(c)
Highest price	122.67	111.59	108.60
Lowest price	101.86	95.33	100.00

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Equity Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I accumulation EUR	1.00%
I accumulation GBP	1.00%
I accumulation USD	1.00%

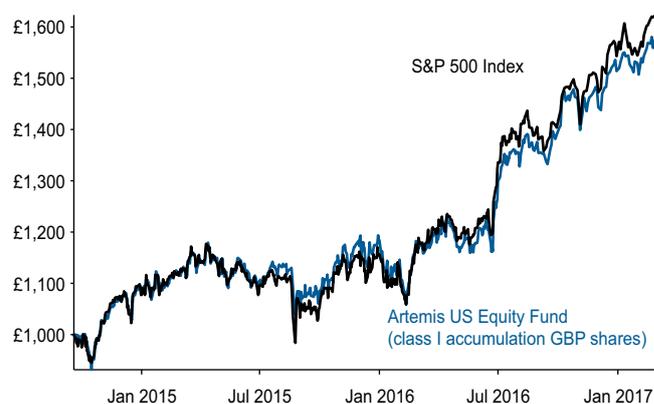
Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis US Equity Fund	57.9	33.9	15.5
S&P 500 Index	62.3	40.0	15.8
Sector average	55.3	37.9	15.9
Position in sector	34/78	70/83	55/88
Quartile	2	4	3

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2017. All performance figures show total return percentage growth. Sector is IA North America.

Value of £1,000 invested at launch to 28 February 2017



Artemis US Extended Alpha Fund

Investment objective and policy

The objective of the Artemis US Extended Alpha Fund (the 'sub-fund') is to achieve long-term capital growth. The emphasis of the sub-fund is investment in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The ACD will not be restricted in respect of choice of investments either by company size or by industry. The sub-fund will use derivatives for investment purposes, including taking long and short positions, and may use leverage from time to time.

The sub-fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.
- Investing in derivatives carries risks. In the case of a 'short' position, for example, where the fund aims to profit from falling prices, if the price of the underlying asset rises in value, the sub-fund will lose money.
- Hedged shares will still be exposed to the market risks that relate to assets of the portfolio and may not be completely protected from all currency fluctuations.

Artemis US Extended Alpha Fund – Investment review

- The fund returns 37.4%* versus the benchmark's 40.0%*.
- Higher interest rates and Trump's policies drive market's returns.
- Cautious on the outlook, given equities' strong run.

Performance – Outpaced by the index ...

The fund rose 37.4% but underperformed the benchmark return of 40.0%. It was a difficult year for equity investors, with many short-term trends and sharp reversals in style. The fund's underperformance was mainly concentrated in the first six months of the period.

Review – Equities adapt to higher interest rates ...

The first half of the year was dominated by the outperformance of so-called 'bond proxies' (stocks with dividends that can be relied upon like the coupon on a bond) as economic growth slowed to near-recessionary levels. Growth started to rebound in the summer. After the presidential election, the prospect of lower tax rates and de-regulation caused a wave of optimism and a sharp bounce in confidence for both consumers and business leaders, further invigorating the economy. The market subsequently reached new highs helped by further liquidity from central banks around the world.

The fund's underperformance in the first half of the year stemmed in part from our negative view on the low growth bubble in the bond market. Throughout the period, we had a negative stance on bond proxies because of their deteriorating fundamentals and very high relative valuations. Our view was reinforced when we started to see signs of higher inflation: this ought to have been the end for yield as a factor and as a mainstay of most portfolios. Interest rates have moved sharply higher since the summer (the 10-year US Treasury yield bottomed out in early July) and

bond proxies have underperformed the market. However, the expected 'crash' in bond proxies is yet to come.

Early in the period our holding in Seagate (hard disk drives) detracted from performance following its announcement of disappointing results. Yet despite this setback, we used the research underpinning that investment to make a more rewarding purchase in the same industry – Western Digital. This was one of the top 10 contributors to the fund's performance in the second half of the year.

More recently, as financials have led the market higher, our underweight stance in the sector has hindered performance. In this area, we tend to favour high quality businesses with strong competitive positions, such as MSCI (a provider of financial data) and credit-rating agency S&P Global. These types of financial stocks have lagged the powerful rallies in regional and investment banks in anticipation of higher interest rates.

The fund's performance was better in the second half of the year. Our exposure to capital spending (such as crane and heavy equipment manufacturer Terex) did well, thanks in part to the economic upturn. Defence stocks (Raytheon and Lockheed Martin) benefited from a bottoming in defence spending globally. And as previously mentioned, the fund was helped by the reversal in bond proxies' performance.

Our exposure to technology also worked well in the latter period of the year: our positive stance towards semi-conductors and the equipment for making them contributed well, as did our video-gaming stocks.

We have maintained our positive stance in technology. We expect video-game producers such as Take-Two Interactive Software – whose growth is likely – to outstrip the rest of the media industry – to see improving margins because of the move to digital distribution and being able to increase revenue through online sales. We have lately added to semiconductor

stocks such as Applied Materials, and believe that strong growth in demand will be supported by a bottleneck in capacity.

Within industrials, we have short positions on selected stocks; but remain positive on the defence sector.

Healthcare is a highly contentious sector. When and if clarity emerges on the repeal and replacement of the Affordable Care Act (Obamacare), we might see some opportunities in a sector that has been under pressure on concerns about the pricing of drugs and now on the uncertainty facing the reforms. However, the healthcare industry will continue to have problems as efforts will be made to cut spending.

Our positioning in the retail sector has worked well. We see a large amount of 'creative destruction' here: online retailers such as Amazon.com are clear winners in what is otherwise a low growth industry with excess capacity. We are pessimistic on the outlook for traditional retailers and have some short positions in this area. However, we expect real wage growth to improve over the balance of the year and reduced our short positions as risk/reward became more balanced. And we continue to have a negative stance on bond proxies in various sectors such as consumer staples and telecommunications.

Outlook – Some caution ahead ...

Despite increasing optimism, economic growth may be vulnerable to various factors, such as rising interest rates. In addition, the US economy has benefited from easy monetary policy from all the major foreign central banks, but that is set to change. Also, the US Treasury has dramatically reduced issuance, choosing instead to spend down the substantial cash balance at the Federal Reserve – ahead of the debt ceiling which will be reached later this year. The net impact has been a sharp increase in liquidity. We expect economic reform to occur

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index.

over the next two years, although in fits and starts. However, most macro-indicators indicate that we are in the late stage of the current economic cycle. We are cautious on the outlook for the US market as a whole as the risk/reward ratios have deteriorated in many sectors.

Stephen Moore
Fund manager

Artemis US Extended Alpha Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury Bill 0.00% 11/05/2017	187,284	US Treasury Bill 0.00% 16/02/2017	162,562
US Treasury Bill 0.00% 16/02/2017	162,373	US Treasury Bill 0.00% 17/11/2016	140,834
US Treasury Bill 0.00% 17/11/2016	134,451	US Treasury Bill 0.00% 18/08/2016	132,626
US Treasury Bill 0.00% 18/08/2016	119,341	US Treasury Bill 0.00% 19/05/2016	96,406
Liberty Expedia Holdings A shares	35,722	Liberty Expedia Holdings A shares	25,489

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 59.35% (52.01%)			
Consumer Discretionary 10.41% (5.95%)			
Amazon.com	18,968	12,936	2.07
Aramark	163,557	4,714	0.76
Charter Communications A shares	10,323	2,711	0.43
Churchill Downs	30,449	3,737	0.60
DISH Network A shares	78,981	3,968	0.64
L Brands	51,522	2,169	0.35
Liberty Broadband C shares	93,538	6,490	1.04
Liberty Expedia Holdings A shares	471,092	16,501	2.65
Newell Brands	58,137	2,312	0.37
Red Rock Resorts A shares	31,832	565	0.09
Time Warner	111,290	8,784	1.41
		64,887	10.41
Consumer Staples 0.00% (1.99%)			
Energy 1.16% (1.14%)			
Baker Hughes	149,081	7,219	1.16
		7,219	1.16
Financials 10.48% (8.97%)			
Berkshire Hathaway B shares	119,427	16,374	2.63
Chubb	28,776	3,182	0.51
East West Bancorp	58,662	2,565	0.41
Fifth Third Bancorp	430,260	9,534	1.53
Goldman Sachs Group	20,734	4,154	0.67
Leucadia National	280,791	5,899	0.95
Markel	4,344	3,398	0.54
MSCI	79,225	6,082	0.97
Reinsurance Group of America	27,372	2,852	0.46
S&P Global	34,330	3,587	0.57
Synchrony Financial	259,735	7,709	1.24
		65,336	10.48
Health Care 6.34% (7.94%)			
AbbVie	52,324	2,616	0.42
Amgen	50,003	7,078	1.13
Biogen	12,999	3,042	0.49
Endo International	246,925	2,638	0.42

Investment	Holding or nominal value	Valuation £'000	% of net assets
UnitedHealth Group	82,025	10,901	1.75
Zoetis	306,569	13,264	2.13
		39,539	6.34
Industrials 4.49% (6.80%)			
Air Lease	93,322	2,919	0.47
Cintas	61,660	5,902	0.95
Spirit Airlines	158,794	6,785	1.09
Swift Transportation	329,168	5,849	0.94
Terex	133,796	3,344	0.53
Verisk Analytics	47,165	3,176	0.51
		27,975	4.49
Information Technology 23.00% (15.58%)			
Activision Blizzard	497,353	18,260	2.93
Advanced Energy Industries	38,143	1,932	0.31
Alliance Data Systems	9,969	1,977	0.32
Alphabet C shares	36,734	24,478	3.93
Applied Materials	443,565	12,987	2.08
Booz Allen Hamilton Holding	110,650	3,261	0.52
Electronic Arts	102,469	7,164	1.15
F5 Networks	97,647	11,271	1.81
Facebook A shares	36,057	3,953	0.63
FireEye	171,166	1,581	0.25
Flex	274,648	3,689	0.59
Imperva	115,724	3,902	0.63
KLA-Tencor	197,306	14,305	2.29
Mastercard A shares	55,092	4,896	0.79
Micron Technology	380,853	7,270	1.17
Nuance Communications	177,422	2,456	0.39
Oracle	131,702	4,521	0.72
Qualcomm	39,924	1,820	0.29
Take-Two Interactive Software	296,361	13,687	2.20
		143,410	23.00
Materials 2.29% (2.30%)			
Crown Holdings	188,194	8,066	1.29
Sealed Air	116,503	4,371	0.70
Summit Materials A shares	95,865	1,868	0.30
		14,305	2.29
Real Estate 0.75% (1.34%)			
SL Green Realty, REIT	51,486	4,664	0.75
		4,664	0.75
Utilities 0.43% (0.00%)			
Vistra Energy	206,672	2,686	0.43
		2,686	0.43
Equities total		370,021	59.35
Government bonds 30.01% (31.38%)			
US Treasury Bill 0.00% 11/05/2017	\$233,000,000	187,078	30.01
Government bonds total		187,078	30.01

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Contracts for difference 1.10% (0.45%)				
Consumer Discretionary 0.06% (0.26%)				
Acushnet Holdings	(97,541)	(1,389)	49	0.01
Advance Auto Parts	(9,998)	(1,261)	21	-
Chipotle Mexican Grill	(4,673)	(1,584)	(9)	-
Columbia Sportswear	(32,577)	(1,485)	(33)	(0.01)
Comcast A shares	513,540	15,491	(58)	(0.01)
Darden Restaurants	(33,394)	(2,000)	(19)	-
Discovery Communications A shares	(81,026)	(1,892)	(59)	(0.01)
Expedia	(170,722)	(16,286)	390	0.06
General Motors	50,684	1,518	38	0.01
Hanesbrands	(98,109)	(1,630)	106	0.02
Harvey Norman Holdings	(146,276)	(465)	(16)	-
Home Depot	120,474	14,064	555	0.09
Hyatt Hotels A shares	(22,757)	(950)	42	0.01
International Game Technology	284,226	6,145	170	0.03
Las Vegas Sands	85,433	3,632	14	-
LKQ	(49,218)	(1,250)	10	-
Lululemon Athletica	(24,088)	(1,286)	7	-
Netflix	(13,492)	(1,555)	(24)	-
News Corp A shares	(276,226)	(2,902)	(171)	(0.03)
Panera Bread A shares	(12,265)	(2,276)	(180)	(0.03)
PulteGroup	(72,230)	(1,283)	(50)	(0.01)
Red Rock Resorts A shares	353,595	6,278	(428)	(0.07)
Sears Holdings	(151,182)	(977)	(151)	(0.03)
Six Flags Entertainment	139,735	6,739	26	-
Starbucks	64,674	2,951	45	0.01
Swatch Group	(4,465)	(1,196)	14	-
Target	(42,405)	(2,281)	(96)	(0.02)
Tesla	(9,644)	(1,908)	63	0.01
Under Armour C shares	(42,247)	(655)	113	0.02
Walt Disney	(15,765)	(1,397)	(5)	-
Wayfair A shares	(20,116)	(633)	42	0.01
		8,277	406	0.06
Consumer Staples 0.19% (0.17%)				
Altria Group	116,250	6,967	278	0.04
Campbell Soup	(23,739)	(1,125)	65	0.01
Church & Dwight	(24,861)	(991)	(85)	(0.01)
Energizer Holdings	191,674	8,356	578	0.09
Estee Lauder A shares	38,408	2,561	64	0.01
General Mills	(17,921)	(863)	38	0.01
Hain Celestial Group	(19,024)	(533)	65	0.01
Hershey	(7,098)	(615)	(16)	-
Hormel Foods	(54,466)	(1,517)	71	0.01
Kellogg	(18,372)	(1,091)	(18)	-
Kraft Heinz	(37,971)	(2,766)	(60)	(0.01)
Maple Leaf Foods	501,302	9,478	336	0.05
Monster Beverage	(23,978)	(812)	6	-

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Nestle	(23,987)	(1,421)	(32)	-
Procter & Gamble	(35,008)	(2,557)	(117)	(0.02)
Reynolds American	65,363	3,235	90	0.01
Wal-Mart Stores	(11,363)	(655)	(48)	(0.01)
		15,651	1,215	0.19
Energy (0.08)% (0.01%)				
BP, ADR	106,412	2,905	(170)	(0.03)
Exxon Mobil	(10,261)	(673)	27	0.01
Occidental Petroleum	86,020	4,527	(166)	(0.03)
Schlumberger	122,690	7,993	(204)	(0.03)
		14,752	(513)	(0.08)
Financials 0.00% ((0.14)%)				
Allianz	(3,650)	(511)	(15)	-
Ameriprise Financial	(16,748)	(1,765)	(230)	(0.04)
BankUnited	(31,567)	(1,020)	(38)	(0.01)
BlackRock	(2,881)	(905)	(37)	(0.01)
Blackstone Group	143,969	3,447	(142)	(0.02)
Capital One Financial	(8,379)	(631)	(32)	-
Citigroup	(58,848)	(2,839)	(143)	(0.02)
Commonwealth Bank of Australia	(24,147)	(1,226)	(2)	-
Credit Agricole	(130,917)	(1,268)	14	-
Deutsche Bank	(58,923)	(928)	(15)	-
Discover Financial Services	99,428	5,722	137	0.02
Eaton Vance	(27,452)	(1,038)	(108)	(0.02)
Franklin Resources	(37,287)	(1,299)	(96)	(0.01)
HSBC Holdings, ADR	(26,051)	(845)	45	0.01
JPMorgan Chase	(13,205)	(960)	(41)	(0.01)
Lazard A shares	88,337	3,057	75	0.01
MetLife	150,518	6,371	(210)	(0.03)
Morgan Stanley	164,253	6,052	332	0.05
Oaktree Capital Group	52,953	1,932	148	0.02
Sberbank of Russia, ADR	(100,197)	(886)	53	0.01
US Bancorp	85,480	3,796	160	0.03
Wells Fargo	167,700	7,826	253	0.04
Westpac Banking, ADR	(92,577)	(1,933)	(132)	(0.02)
		20,149	(24)	-
Health Care 0.14% (0.01%)				
Anthem	30,058	3,984	258	0.04
Becton Dickinson	17,125	2,516	109	0.02
BioMarin Pharmaceutical	(8,988)	(662)	(44)	(0.01)
CR Bard	23,079	4,530	137	0.02
Mednax	(33,166)	(1,918)	(94)	(0.02)
Pfizer	253,324	6,980	602	0.10
Thermo Fisher Scientific	(3,929)	(501)	(48)	(0.01)
Zimmer Biomet Holdings	(10,904)	(1,025)	(14)	-
		13,904	906	0.14
Industrials 0.30% ((0.01)%)				
Acuity Brands	(4,442)	(785)	(48)	(0.01)

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding	Global exposure* £'000	Valuation £'000	% of net assets
Caterpillar	(42,539)	(3,331)	(26)	-
Deere	(13,871)	(1,221)	(26)	-
Donaldson	(29,882)	(1,047)	(26)	-
Dover	(7,778)	(502)	(11)	-
GATX	(26,225)	(1,260)	(18)	-
General Dynamics	41,952	6,420	227	0.04
General Electric	(277,676)	(6,682)	(4)	-
Lockheed Martin	48,301	10,457	592	0.09
Northrop Grumman	28,621	5,719	426	0.07
Raytheon	91,731	11,415	618	0.10
Rockwell Collins	(20,725)	(1,603)	(89)	(0.02)
Snap-on	41,410	5,693	(308)	(0.05)
Southwest Airlines	90,396	4,244	439	0.07
Textron	(15,515)	(597)	(5)	-
Triumph Group	(39,709)	(887)	(54)	(0.01)
Wabtec	(27,022)	(1,758)	125	0.02
WW Grainger	(9,904)	(1,993)	32	-
		22,282	1,844	0.30
Information Technology 0.43% (0.08%)				
Amkor Technology	(112,117)	(889)	(18)	-
Apple	162,031	17,834	1,984	0.32
ASML Holding	(30,749)	(3,039)	(31)	-
Baidu, ADR	(1,591)	(221)	2	-
BlackBerry	(95,672)	(546)	(4)	-
Box A shares	(63,012)	(912)	5	-
Broadcom	(4,131)	(708)	(33)	(0.01)
Cisco Systems	71,213	1,961	195	0.03
Corning	142,784	3,172	114	0.02
Ebix	(13,558)	(653)	(47)	(0.01)
Intel	(72,072)	(2,115)	5	-
International Business Machines	(445)	(64)	(1)	-
InvenSense	(168,770)	(1,678)	39	0.01
Lam Research	175,498	16,825	463	0.07
Leidos Holdings	93,787	4,074	408	0.07
Microchip Technology	(27,742)	(1,631)	(90)	(0.01)
Microsoft	522,938	26,992	(345)	(0.06)
Proofpoint	(13,221)	(843)	(21)	-
Qorvo	(11,900)	(647)	(32)	-
salesforce.com	(16,028)	(1,051)	(36)	(0.01)
SAP, ADR	(26,230)	(1,965)	(32)	(0.01)
ServiceNow	(10,110)	(713)	19	-
Skyworks Solutions	(24,810)	(1,907)	(65)	(0.01)
Taiwan Semiconductor Manufacturing, ADR	(61,035)	(1,546)	(20)	-
Texas Instruments	(27,039)	(1,678)	(4)	-
Visa A shares	96,236	6,808	332	0.05
Workday A shares	(19,312)	(1,399)	(115)	(0.02)
Xilinx	197,617	9,365	16	-
		62,826	2,688	0.43

Investment	Holding	Global exposure * £'000	Valuation £'000	% of net assets
Investment Funds 0.00% ((0.04)%)				
iShares JP Morgan USD Emerging Markets Bond Fund	(10,512)	(959)	(9)	-
Scottish Mortgage Investment Trust	(1,531,060)	(5,374)	(4)	-
		(6,333)	(13)	-
Materials 0.07% (0.02%)				
Air Products & Chemicals	(26,432)	(2,961)	34	0.01
Dow Chemical	(16,233)	(821)	(36)	(0.01)
Freeport-McMoRan B shares	(36,173)	(386)	87	0.01
LyondellBasell Industries A shares	(8,511)	(625)	13	-
Southern Copper	(45,565)	(1,349)	56	0.01
Trinseo	80,164	4,498	302	0.05
WR Grace	(16,379)	(935)	(27)	-
		(2,579)	429	0.07
Real Estate (0.02)% (0.06%)				
Seritage Growth Properties A shares, REIT	(25,380)	(965)	(131)	(0.02)
		(965)	(131)	(0.02)
Telecommunication Services 0.01% (0.00%)				
AT&T	(116,809)	(3,925)	1	-
CenturyLink	122,625	2,424	(121)	(0.02)
T-Mobile US	289,643	14,471	206	0.03
Verizon Communications	(90,146)	(3,618)	(40)	-
		9,352	46	0.01
Utilities 0.00% (0.03%)				
Vistra Energy	1,045	13	(1)	-
		13	(1)	-
Contracts for difference total				
		157,329	6,852	1.10
Forward currency contracts 0.00% (0.00%)				
I accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 418,302 dated 31/03/2017			335	0.05
Sell US Dollars 416,768 dated 31/03/2017			(335)	(0.05)
			-	-
I accumulation GBP (NAV hedged) 0.00% (0.00%)				
Buy Sterling 1,123,739 dated 31/03/2017			1,124	0.18
Sell US Dollars 1,405,087 dated 31/03/2017			(1,129)	(0.18)
			(5)	-
R accumulation CHF (NAV hedged) 0.00% (0.00%)				
Buy Swiss Franc 11,497 dated 31/03/2017			9	-
Sell US Dollars 11,455 dated 31/03/2017			(9)	-
			-	-

Artemis US Extended Alpha Fund – Investment information (continued)

Investment	Holding	Global exposure * £'000	Valuation £'000	% of net assets
R accumulation EUR (NAV hedged) 0.00% (0.00%)				
Buy Euro 20,996,810 dated 31/03/2017			17,902	2.87
Sell US Dollars 22,249,481 dated 31/03/2017			(17,868)	(2.87)
			34	-
Forward currency contracts total				
			29	-
Futures 0.06% (0.23%)				
S&P 500 Emini Index 17/03/2017	270	25,692	370	0.06
Futures total				
		25,692	370	0.06
Investment assets (including investment liabilities)			564,350	90.52
Net other assets			59,098	9.48
Net assets			623,448	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract.

Fund exposure *

28 February 2017	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	113.42	(24.73)	138.15	88.69
Government bonds	30.01	-	30.01	30.01
Forward currency contracts	3.10	(3.10)	6.20	-
Net other assets	9.48	-	9.48	9.48

29 February 2016	Long positions % of net assets	Short positions % of net assets	Gross exposure % of net assets	Net exposure % of net assets
Equities **	124.48	(35.49)	159.97	88.99
Government bonds	31.38	-	31.38	31.38
Net other assets	15.93	-	15.93	15.93

* For derivatives the percentage of net assets has been calculated based on the notional exposure each contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding. The gross exposure is the long position plus the notional value of the short position. The net exposure is the long position less the short position.

** Equities include equities, contracts for difference and futures.

Artemis US Extended Alpha Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		144,059		22,064
Revenue	5	9,453		2,939	
Expenses	6	(3,747)		(3,340)	
Interest payable and similar charges	7	(5,882)		(1,438)	
Net expense before taxation		(176)		(1,839)	
Taxation	8	(276)		(78)	
Net expense after taxation			(452)		(1,917)
Total return before distributions			143,607		20,147
Distributions	9		113		(52)
Change in shareholders' funds from investment activities			143,720		20,095

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		267,877		71,699
Amounts receivable on issue of shares	366,737		212,771	
Amounts payable on cancellation of shares	(155,039)		(36,896)	
		211,698		175,875
Dilution adjustment		153		126
Change in shareholders' funds from investment activities		143,720		20,095
Retained distribution on accumulation shares		-		82
Closing net assets attributable to shareholders		623,448		267,877

Balance sheet as at 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Assets					
Fixed assets					
Investments	10		569,889		228,363
Current assets					
Debtors	11		4,647		5,292
Cash and bank balances	12		63,432		42,828
Total current assets			68,079		48,120
Total assets			637,968		276,483
Liabilities					
Investment liabilities	10		5,539		3,150
Creditors					
Bank overdraft			178		-
Other creditors	13		8,803		5,456
Total creditors			8,981		5,456
Total liabilities			14,520		8,606
Net assets attributable to shareholders			623,448		267,877

Artemis US Extended Alpha Fund – Notes to the financial statements

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for Difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-

dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend. For long contracts a compensatory payment is credited to revenue whereas for short contracts a compensatory payment is debited from revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than performance fees and those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised.

Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	108,519	14,243
Derivative contracts	33,467	3,171
Currency gains	3,382	4,044
Capital transaction charges	(17)	(16)
Forward currency contracts	(1,292)	622
Net capital gains	144,059	22,064

4. Direct transaction costs

For purchases and sales of equities and derivatives, broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below. Bonds have no separately identifiable transaction costs; these costs form part of the dealing price.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage principal %	Taxes as a percentage of principal %
Purchases						
Equities	612,091	292	-	612,383	0.05	-
Bonds	637,126	-	-	637,126	-	-
Sales						
Equities	473,927	299	10	473,618	0.06	-
Bonds	550,462	-	-	550,462	-	-
Derivative purchases and sales		299	10			
Total		828	3			
Percentage of sub-fund average net assets		1,419	13			
		0.32%	0.00%			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	245,717	92	-	245,809	0.04	-
Bonds	160,750	-	-	160,750	-	-
Sales						
Equities	147,667	80	3	147,584	0.05	-
Bonds	83,344	-	-	83,344	-	-
Derivative purchases and sales		437	12			
Total		609	15			
Percentage of sub-fund average net assets		0.40%	0.01%			

During the year the sub-fund incurred £17,000 (2016: £16,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2016: 0.02%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
Derivative revenue	6,867	2,356
Overseas dividends	1,786	504
Interest on debt securities	523	28
Bank interest	277	51
Total revenue	9,453	2,939

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,308	1,149
Performance fees	20	1,949
Other expenses:		
Administration fees	161	92
Registration fees	89	69
Operational fees	84	36
Depositary fees	52	18
Safe custody fees	13	3
Auditor's remuneration: audit fees*	11	10
Auditor's remuneration: non-audit fees (taxation)	6	11
Price publication fees	2	1
Printing and postage fees	1	2
Total expenses	3,747	3,340

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year was £9,000 (2016: £9,000).

7. Interest payable and similar charges

	28 February 2017 £'000	29 February 2016 £'000
Interest payable on positions with brokers and counterparties	2,944	694
Dividends payable on short positions	2,927	738
Interest payable	11	6
Total Interest payable and similar charges	5,882	1,438

8. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	276	78
Total taxation (note 8b)	276	78
b) Factors affecting the tax charge for the year		
Net expense before taxation	(176)	(1,839)
Corporation tax at 20% (2016: 20%)	(35)	(368)
Effects of:		
Unutilised management expenses	369	469
Irrecoverable overseas tax	276	78
Overseas withholding tax expensed	(4)	-
Non-taxable overseas dividends	(330)	(101)
Tax charge for the year (note 8a)	276	78
c) Provision for deferred tax		
No provision for deferred tax has been made in the current or prior accounting year.		
d) Factors that may affect future tax charges		
The sub-fund has not recognised a deferred tax asset of £872,000 (2016: £503,000) arising as a result of having unutilised management expenses of £4,358,000 (2016: £2,513,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.		

9. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	-	82
Add: amounts deducted on cancellation of shares	72	2
Deduct: amounts added on issue of shares	(185)	(32)
Distributions	(113)	52
Movement between net expense and distribution		
Net expense after taxation	(452)	(1,917)
Expenses paid from capital	339	1,969
	(113)	52

The distribution takes account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 119.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	569,855	(5,534)	144,297	(3,150)
Level 2	34	(5)	84,066	-
Total	569,889	(5,539)	228,363	(3,150)

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Sales awaiting settlement	2,667	3,163
Amounts receivable for issue of shares	1,031	1,567
Amounts receivable on derivative contracts	649	439
Accrued revenue	297	120
Prepaid expenses	3	3
Total debtors	4,647	5,292

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held at futures clearing houses and brokers	23,518	17,950
Amounts held on deposit	23,321	-
Amounts held in JPMorgan Liquidity Funds - US Dollar Liquidity Fund (Institutional dist.)	15,820	18,766
Cash and bank balances	773	6,098
Amounts held in JPMorgan Liquidity Funds - Sterling Liquidity Fund (Institutional dist.)	-	14
Total cash and bank balances	63,432	42,828

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Purchases awaiting settlement	7,194	1,444
Amounts payable for cancellation of shares	690	1,488
Accrued annual management charge	348	134
Accrued other expenses	353	194
Amounts payable on derivative contracts	175	247
Accrued performance fee	43	1,949
Total other creditors	8,803	5,456

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation CHF (NAV hedged) *	-	462,921	(101,271)	361,650
I accumulation EUR	21,168,130	47,303,930	(42,694,348)	25,777,712
I accumulation GBP	117,596,771	58,395,738	(35,381,379)	140,611,130
I accumulation GBP (NAV hedged) *	-	1,076,620	(60,872)	1,015,748
I accumulation USD	122,053,885	225,847,425	(53,152,665)	294,748,645
R accumulation CHF *	-	10,000	-	10,000
R accumulation CHF (NAV hedged) *	-	10,000	-	10,000
R accumulation EUR *	-	12,323	-	12,323
R accumulation EUR (NAV hedged) **	-	19,655,846	(451,890)	19,203,956
R accumulation USD *	-	778,599	-	778,599

*Launched 1 April 2016

** Launched 15 August 2016

16. Risk disclosures

The sub-fund's financial instruments comprise equities, contracts for difference, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 100. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a

particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet. The ACD uses a value-at-risk approach to measure the sub-funds exposure to market risk.

(i) Value at Risk ('VaR')

The ACD is currently empowered to enter into derivative transactions on behalf of the sub-fund. The use of these strategies is subject to a risk management process and the ACD analyses the overall risk position of the sub-fund on a daily basis, which is then used by the ACD to evaluate the exposures and risks in the portfolio.

As part of the process, the VaR is produced on a daily basis to calculate the market price on the sub-fund relative to its benchmark, the S&P 500 Index. The maximum level of VaR is limited by the ACD to 200% of the VaR of the benchmark. VaR expresses the maximum expected loss by the sub-fund in a defined period within a defined confidence level. The model used for the sub-fund has a confidence level of 99%, uses one year risk factor data over a 20 business day period (i.e. it predicts the maximum loss that could arise over a 20 business day period) and is based on the portfolio at the point of the calculation. From 1 January 2016 the VaR methodology was changed from using two years risk factor data to one.

It should be noted that VaR assumes that risk in the future can be predicted from the historic distribution of returns and so this methodology can be vulnerable to extreme, unforeseen events and therefore the VaR analysis is complemented with additional scenario and stress testing.

	For the period from 12 January 2017 to 28 February 2017 Absolute VaR %	For the period from 12 January 2017 to 28 February 2017 Relative VaR %	For the period from 1 March 2016 to 11 January 2017 Absolute VaR %	For the period from 1 March 2016 to 11 January 2017 Relative VaR %	29 February 2016 Absolute VaR %	29 February 2016 Relative VaR %
As at the balance sheet date	11.70	106.90	-	-	12.03	92.73
Average during the year	11.60	105.76	12.10	102.89	12.01	92.56
Highest during the year	11.92	108.86	13.43	113.77	13.09	100.89
Lowest during the year	11.29	100.02	10.86	88.89	11.08	85.43

(ii) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowings (subject to the restrictions as set out in its Prospectus and COLL) and financial derivatives as sources of leverage. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 189.0% (2016: 206.4%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess

Artemis US Extended Alpha Fund – Notes to the financial statements (continued)

the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Cash accounts are maintained at several counterparties. The derivatives are disclosed in the portfolio statement and Goldman Sachs International ('Goldman Sachs'), JPMorgan Chase Bank N.A. ('JPMorgan') and Morgan Stanley are the counterparties for the CFD's and JPMorgan is the counterparty for the futures contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

In order to diversify counterparty risk the sub fund holds cash with a number of other counterparties. The other counterparties were Goldman Sachs International ('Goldman Sachs'), Morgan Stanley ('Morgan Stanley'), J.P. Morgan Asset Management ('JPMorgan Liquidity Funds') and HSBC Holdings ('HSBC').

Counterparty exposure

The types of derivatives held at the balance sheet date were contracts for difference, forward currency contracts and futures. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

	Contracts for difference £'000	Forward currency contracts £'000	Futures £'000	Total net exposure £'000	Net collateral held/ (pledged) £'000
28 February 2017					
Goldman Sachs	113,100	-	-	113,100	(5,401)
JPMorgan	41,457	29	25,692	67,178	457
Morgan Stanley	2,772	-	-	2,772	28,291
29 February 2016					
Goldman Sachs	49,111	-	-	49,111	1,703
JPMorgan	27,568	-	22,396	49,964	1,694

Only cash collateral is held or pledged by the sub-fund.

(c) Liquidity risk

Some of the sub-sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the sub-sub-fund may be unable to meet investor redemptions. Market liquidity considers a sub-sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 110 and notes 6, 9, 11 and 13 on pages 113 to 115 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2017 in respect of these transactions was £50,000 (2016: £2,004,000).

18. Share classes

The annual management charge on each share class is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR	0.75%
I accumulation GBP	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF	1.50%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation CHF (NAV hedged)	118.14c	116.22c	1.7%
I accumulation EUR	162.07c	162.15c	0.0%
I accumulation GBP	173.51p	174.88p	(0.8)%
I accumulation GBP (NAV hedged)	119.29p	117.16p	1.8%
I accumulation USD	138.68c	135.78c	2.1%
R accumulation CHF	124.15c	122.94c	1.0%
R accumulation CHF (NAV hedged)	117.30c	115.50c	1.6%
R accumulation EUR	126.03c	126.26c	(0.2)%
R accumulation EUR (NAV hedged)	111.54c	109.88c	1.5%
R accumulation USD	119.47c	117.17c	2.0%

Artemis US Extended Alpha Fund – Distribution table

Final dividend distribution for the year ended 28 February 2017 (payable 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR				
Group 1	-	-	-	0.0836c
Group 2	-	-	-	0.0836c
I accumulation GBP				
Group 1	-	-	-	0.0222p
Group 2	-	-	-	0.0222p
I accumulation USD				
Group 1	-	-	-	0.0477c
Group 2	-	-	-	0.0477c

Final dividend distribution for the period from 1 April 2016 to 28 February 2017 (payable on 28 April 2017) per share.

Group 1 - Shares purchased on 1 April 2016.

Group 2 - Shares purchased from 2 April 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017
I accumulation CHF (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-
I accumulation GBP (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-
R accumulation CHF			
Group 1	-	-	-
Group 2	-	-	-
R accumulation CHF (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-
R accumulation EUR			
Group 1	-	-	-
Group 2	-	-	-
R accumulation USD			
Group 1	-	-	-
Group 2	-	-	-

Final dividend distribution for the period from 15 August 2016 to 28 February 2017 (payable on 28 April 2017) per share.

Group 1 - Shares purchased on 15 August 2016.

Group 2 - Shares purchased from 16 August 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017
R accumulation EUR (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Extended Alpha Fund – Comparative tables

	I accumulation CHF (NAV hedged)	I accumulation EUR		
	2017	2017	2016	2015**
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	100.00	127.99	123.46	100.00
Return before operating charges *	17.08	35.35	6.13	23.87
Operating charges	(0.86)	(1.19)	(1.60)	(0.41)
Return after operating charges	16.22	34.16	4.53	23.46
Distributions	-	-	(0.08)	(0.13)
Retained distributions on accumulation shares	-	-	0.08	0.13
Closing net asset value per share	116.22	162.15	127.99	123.46
* after direct transaction costs of	(0.33)	(0.42)	(0.45)	(0.32)
Performance				
Return after charges	16.22%	26.69%	3.67%	23.46%
Other information				
Closing net asset value (£'000)	336	35,616	21,287	9
Closing number of shares	361,650	25,777,712	21,168,130	10,000
Operating charges	0.78%	0.85%	0.90%	0.35%
Performance fees	0.08%	0.02%	1.01%	-
Direct transaction costs	0.30%	0.30%	0.35%	0.29%
Prices	(c)	(c)	(c)	(c)
Highest price	116.24	163.46	100.92	123.47
Lowest price	97.77	125.15	85.41	100.00

	I accumulation GBP			I accumulation GBP (NAV hedged)
	2017	2016	2015**	2017**
Change in net assets per share	(p)	(p)	(p)	(p)
Opening net asset value per share	127.25	113.88	100.00	100.00
Return before operating charges *	48.89	14.44	14.34	18.02
Operating charges	(1.26)	(1.07)	(0.46)	(0.86)
Return after operating charges	47.63	13.37	13.88	17.16
Distributions	-	(0.02)	(0.16)	-
Retained distributions on accumulation shares	-	0.02	0.16	-
Closing net asset value per share	174.88	127.25	113.88	117.16
* after direct transaction costs of	(0.45)	(0.41)	(0.31)	(0.33)
Performance				
Return after charges	37.43%	11.74%	13.88%	17.16%
Other information				
Closing net asset value (£'000)	245,899	149,647	64,301	1,190
Closing number of shares	140,611,130	117,596,771	56,464,263	1,015,748
Operating charges	0.85%	0.91%	0.90%	0.78%
Performance fees	-	1.55%	1.55%	0.01%
Direct transaction costs	0.30%	0.35%	0.29%	0.30%
Prices	(p)	(p)	(p)	(p)
Highest price	174.91	127.77	114.40	117.18
Lowest price	123.90	108.15	93.76	97.58

Artemis US Extended Alpha Fund – Comparative tables (continued)

	I accumulation USD			R accumulation CHF
	2017	2016	2015**	2017
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	110.05	109.34	100.00	100.00
Return before operating charges *	26.79	2.26	9.71	24.56
Operating charges	(1.06)	(1.55)	(0.37)	(1.62)
Return after operating charges	25.73	0.71	9.34	22.94
Distributions	-	(0.05)	(0.13)	-
Retained distributions on accumulation shares	-	0.05	0.13	-
Closing net asset value per share	135.78	110.05	109.34	122.94
* after direct transaction costs of	(0.38)	(0.40)	(0.31)	(0.33)
Performance				
Return after charges	23.38%	0.65%	9.34%	22.94%
Other information				
Closing net asset value (£'000)	321,662	96,943	7,390	10
Closing number of shares	294,748,645	122,053,885	10,430,000	10,000
Operating charges	0.85%	0.90%	0.35%	1.46%
Performance fees	0.01%	0.01%	-	-
Direct transaction costs	0.30%	0.35%	0.29%	0.30%
Prices	(c)	(c)	(c)	(c)
Highest price	135.81	79.70	109.95	123.71
Lowest price	109.90	67.35	100.00	98.46

	R accumulation CHF (NAV hedged)	R accumulation EUR	R accumulation EUR (NAV hedged)	R accumulation USD
	2017**	2017**	2017**	2017**
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	100.00	100.00	100.00	100.00
Return before operating charges *	17.06	27.89	10.81	18.93
Operating charges	(1.56)	(1.63)	(0.93)	(1.76)
Return after operating charges	15.50	26.26	9.88	17.17
Distributions	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-
Closing net asset value per share	115.50	126.26	109.88	117.17
* after direct transaction costs of	(0.31)	(0.33)	(0.32)	(0.35)
Performance				
Return after charges	15.50%	26.26%	9.88%	17.17%
Other information				
Closing net asset value (£'000)	9	13	17,980	733
Closing number of shares	10,000	12,323	19,203,956	778,599
Operating charges	1.46%	1.46%	0.86%	1.46%
Performance fees	0.05%	0.08%	-	-
Direct transaction costs	0.30%	0.30%	0.30%	0.30%
Prices	(c)	(c)	(c)	(c)
Highest price	115.53	127.21	109.90	117.19
Lowest price	97.59	98.14	98.10	97.75

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Ongoing charges

Class	28 February 2017
I accumulation CHF (NAV hedged)	0.85%
I accumulation EUR	0.85%
I accumulation GBP	0.85%
I accumulation GBP (NAV hedged)	0.85%
I accumulation USD	0.85%
R accumulation CHF	1.60%
R accumulation CHF (NAV hedged)	1.60%
R accumulation EUR	1.60%
R accumulation EUR (NAV hedged)	1.60%
R accumulation USD	1.60%

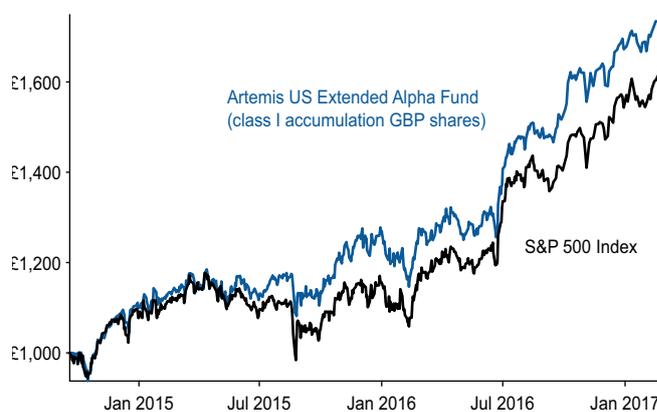
Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis US Extended Alpha Fund	74.9	37.4	17.5
S&P 500 Index	62.3	40.0	15.8
Sector average	55.3	37.9	15.9
Position in sector	2/78	45/83	20/88
Quartile	1	3	1

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2017. All performance figures show total return percentage growth. Sector is IA North America.

Value of £1,000 invested at launch to 28 February 2017



Artemis US Select Fund

Investment objective and policy

The objective of the Artemis US Select Fund (the 'sub-fund') is to achieve long-term capital growth. The sub-fund invests principally in companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. To achieve the objective, the sub-fund will include investments in smaller companies and may seek to include special situations. The ACD will not be restricted in respect of choice of investments either by company size or industry. It is expected that the portfolio of the sub-fund will be invested in the shares of between 35 and 65 companies.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.
- The sub-fund may have a concentrated portfolio of investments, which can give rise to more risk than where investments are spread over a large number of companies. This may increase the potential gains; however, the concentration of exposure and lack of diversification may also substantially increase the risk of loss by this sub-fund.

- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.
- Hedged shares will still be exposed to the market risks that relate to assets of the portfolio and may not be completely protected from all currency fluctuations.

Artemis US Select Fund – Investment review

- The fund returns 32.6%* versus the benchmark's 40.0%*.
- Trump's proposals to stimulate the US economy drive the market's returns.
- Strong growth in earnings is forecast.

Performance – Good returns - but behind the index ...

The fund had a disappointing year: despite returning 32.6%, it trailed the benchmark's 40.0% and the sector average's 38%. Most of the underperformance came early in the year.

Review – Industrials benefit from Trump's plans ...

A number of stocks detracted from performance in the first half of the year. In technology, our holding in Seagate Technology (a manufacturer of hard disk drives) held back returns. Yet despite this disappointment, we used the research underpinning that investment to make a more rewarding purchase in the same industry: Western Digital. While the traditional market for hard disk drives (HDD) in laptops and desktop PCs is in decline, there is increased demand from the storage facilities for cloud computing. In addition, the HDD market is consolidating into the hands of a few players. Because Western Digital needed to raise a significant amount of debt to finance its acquisition of SanDisk, we avoided investing in it in the early part of the year. At that time, there was a lot of uncertainty over whether the company could issue debt at a reasonable price. Once debt markets had settled down, however, Western was able to close the deal and we saw the opportunity to benefit from our analysis of the HDD market in a stock where there was a very attractive balance between risk and

reward (which we describe as the 'up/down'). Western Digital proved to be a good investment. Less happily, our timing in holding Apple over the year held performance back.

The end of the period was dominated by the surprising election of Donald Trump and his plans to increase spending on infrastructure, to cut taxes and to reduce regulation. The market moved higher on the hope that the stimulus from these measures would prolong the economic cycle. Industrial companies outperformed in reaction to the proposals to increase spending on infrastructure. The fund benefited through its exposure to aggregate companies including Summit Materials and to defence companies such as Leidos Holdings, a supplier of IT workers to the defence industry. We continue to be very positive on the dynamics for defence as we believe that the previous administration had under-spent and there is a clear need to invest in military hardware and infrastructure. We have more recently bought Booz Allen Hamilton – another supplier of IT specialists to the government. We are more cautious on the broader plans to invest in the country's infrastructure and have reduced our exposure to aggregate companies in the light of their strong performance.

At the end of the summer we started increasing the fund's exposure to financials as we expected rising interest rates to support the sector. We bought regional banks including First Horizon National, Regions Financial and Wells Fargo. The announcement of potential deregulation in banking boosted the sector further and our holding in Bank of America performed extremely strongly.

Our holdings in the transport sector were mixed over the year. Norfolk Southern Railway reacted positively to the expected increase in economic activity in the midwest. However, low cost airline Spirit faced many problems and also suffered from the disruptions linked to the presidential travel ban. We still believe Spirit can penetrate

the market further and that pricing in the industry will become more rational and volumes will pick up.

The fund's exposure to cable operators such as Liberty Broadband was positive. Our thinking on these companies is that they are positioning themselves as real competitors to the traditional telecoms operators – this has now been recognised by the market. The sector has also been boosted by speculation about consolidation. The cable operators could well start to venture into the area of mobile telephony, either through the upcoming auctions of spectrum or by making acquisitions.

Our positive stance on video game producers Take-Two Interactive and Activision Blizzard also continued to prove rewarding. While the industry has benefited from digitalisation, we believe that there is further scope for both companies to grow earnings faster than the market is expecting and also that releases of new games will continue to support performance.

We continue to have an overweight in the technology sector and while we still hold stocks such as Alphabet and Microsoft, we have increased our exposure to semiconductors and the equipment for making them. The industry's dynamics are now more rational and growth is coming from advances in technology and from areas other than the PC market. We own Lam Research and KLA-Tencor, some of the main suppliers that should benefit from the wider use of semiconductors. This is a 'pick-and-shovel' approach to investing in artificial intelligence, autonomous vehicles, the 'internet of things' and exponential growth in data. While we don't know with any degree of certainty which companies will make the chips that power future generations of devices, we are confident that they will be made with tools from Lam Research, Applied Materials and KLA-Tencor. Lam Research, in particular, is positioned to gain significant share in equipment for making semiconductors, has

* Source: Lipper Limited, class I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the S&P 500 Index. Sector is IA North America.

Artemis US Select Fund – Investment review (continued)

meaningful capacity to increase capital return to shareholders and is undervalued versus the peer group and the overall semiconductor industry.

We have maintained our overweight in industrials through defence and transport holdings as we believe that there are some secular drivers for growth in defence spending and that conditions are improving in road transport.

We remain cautious on the healthcare sector although as we gain clarity on the repeal and replacement of the Affordable Care Act (Obamacare), we might find opportunities as the sector has come under pressure over the past year.

We also remain cautious on consumer-related stocks as consumer spending is failing to recover and traditional retailers are still losing out to online retail. In addition, consumer staple companies are looking expensive.

companies and might force some businesses to repatriate manufacturing back to the US. The market's strong performance has squeezed the risk/reward balance in some sectors. More than ever, stock selection will be crucial.

Cormac Weldon
Fund manager

Outlook – We stick to stockpicking ...

Since the election, the market has performed strongly and while we can expect that Trump's proposals will have a positive impact on the economy and on earnings growth, some of the good news might already be priced in. Double-digit growth in earnings is forecast over the next two years and this could support the market at current valuations. There are nevertheless a number of risks associated with political uncertainty and scope for disappointment in delivery of Trump's ideas. While we were always dubious about the timing and scale of the increase in spending on infrastructure, the focus on healthcare reforms now threatens to delay the implementation of the tax cuts and that could trigger some downwards revisions to earnings. There is also the potentially negative impact of Trump's more protectionist proposals such as the implementation of a border adjustability tax. This would work against importing

Artemis US Select Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
Apple	53,602	Apple	63,393
Alphabet C shares	38,286	Wells Fargo	38,375
Wells Fargo	34,799	Pfizer	29,822
Charles Schwab	29,589	US Bancorp	29,676
Bank of America	27,456	Altria Group	27,785

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 92.53% (97.63%)			
Consumer Discretionary 15.91% (14.24%)			
Amazon.com	16,506	11,257	2.02
Aramark	101,165	2,916	0.52
Comcast A shares	589,338	17,777	3.18
Home Depot	99,374	11,601	2.08
Las Vegas Sands	107,185	4,557	0.82
Liberty Broadband C shares	275,710	19,130	3.42
Newell Brands	121,158	4,819	0.86
Red Rock Resorts A shares	293,783	5,216	0.93
Time Warner	147,122	11,612	2.08
		88,885	15.91
Consumer Staples 2.47% (15.02%)			
Estee Lauder A shares	112,705	7,514	1.35
Maple Leaf Foods	331,696	6,271	1.12
		13,785	2.47
Energy 5.68% (3.65%)			
Baker Hughes	178,496	8,644	1.55
Diamondback Energy	51,099	4,173	0.75
Pioneer Natural Resources	36,034	5,408	0.97
QEP Resources	709,882	7,959	1.42
RPC	349,838	5,548	0.99
		31,732	5.68
Financials 12.61% (5.02%)			
Ally Financial	486,577	9,007	1.61
Bank of America	1,128,648	22,288	3.99
Charles Schwab	342,886	11,500	2.06
Citizens Financial Group	191,847	5,731	1.03
Huntington Bancshares	505,046	5,764	1.03
Morgan Stanley	327,605	12,070	2.16
S&P Global	39,314	4,108	0.73
		70,468	12.61
Health Care 9.15% (11.96%)			
Anthem	69,430	9,201	1.65
CR Bard	29,637	5,818	1.04
UnitedHealth Group	110,629	14,703	2.63
Zoetis	493,847	21,366	3.83
		51,088	9.15
Industrials 11.65% (14.30%)			
Cintas	114,877	10,996	1.97

Artemis US Select Fund – Investment information (continued)

Investment	Holding	Valuation £'000	% of net assets
Lockheed Martin	66,776	14,456	2.59
Norfolk Southern	87,528	8,521	1.52
Raytheon	81,695	10,166	1.82
Snap-on	32,436	4,459	0.80
Spirit Airlines	176,786	7,553	1.35
Swift Transportation	502,025	8,921	1.60
		65,072	11.65
Information Technology 30.61% (21.64%)			
Activision Blizzard	441,947	16,226	2.91
Advanced Energy Industries	67,494	3,418	0.61
Alphabet C shares	34,090	22,716	4.07
Apple	57,847	6,367	1.14
Applied Materials	383,603	11,232	2.01
Booz Allen Hamilton Holding	144,825	4,268	0.77
Corning	334,211	7,425	1.33
Electronic Arts	134,302	9,390	1.68
Imperva	123,043	4,149	0.74
Lam Research	176,732	16,943	3.03
Leidos Holdings	185,683	8,066	1.44
Micron Technology	177,266	3,384	0.61
Microsoft	440,480	22,736	4.07
Nuance Communications	327,825	4,537	0.81
Nutanix A shares	119,551	2,892	0.52
Take-Two Interactive Software	360,872	16,666	2.98
Visa A shares	149,542	10,579	1.89
		170,994	30.61
Materials 2.19% (3.07%)			
Summit Materials A shares	205,054	3,995	0.72
Trinseo	146,788	8,235	1.47
		12,230	2.19
Real Estate 0.00% (1.95%)			
Telecommunication Services 2.26% (0.00%)			
T-Mobile US	253,180	12,649	2.26
		12,649	2.26
Utilities 0.00% (6.78%)			
Equities total		516,903	92.53
Forward currency contracts 0.00% (0.00%)			
I accumulation CHF (NAV hedged) 0.00% (0.00%)			
Buy Swiss Franc 11,079 dated 31/03/2017		9	-
Sell US Dollar 11,039 dated 31/03/2017		(9)	-
		-	-
R accumulation CHF (NAV hedged) 0.00% (0.00%)			
Buy Swiss Franc 11,149 dated 31/03/17		9	-
Sell US Dollar 11,018 dated 31/03/17		(9)	-
		-	-
I accumulation EUR (NAV hedged) 0.00% (0.00%)			
Buy Euro 12,450 dated 31/03/2017		11	-
Sell US Dollar 13,192 dated 31/03/2017		(11)	-
		-	-

Investment	Holding	Valuation £'000	% of net assets
R accumulation EUR (NAV hedged) 0.00% (0.00%)			
Buy Euro 647,805 dated 31/03/2017		552	0.10
Sell US Dollar 686,448 dated 31/03/2017		(551)	(0.10)
		1	-
I accumulation GBP (NAV hedged) 0.00% (0.00%)			
Buy Sterling 151,930 dated 31/03/2017		152	0.03
Sell US Dollar 190,021 dated 31/03/2017		(152)	(0.03)
		-	-
Forward currency contracts total		1	-
Investment assets		516,904	92.53
Net other assets		41,748	7.47
Net assets attributable to shareholders		558,652	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

Artemis US Select Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		143,217		20,371
Revenue	5	7,064		3,338	
Expenses	6	(4,195)		(2,247)	
Interest payable and similar charges	7	(16)		(2)	
Net revenue before taxation		2,853		1,089	
Taxation	8	(995)		(482)	
Net revenue after taxation			1,858		607
Total return before distributions			145,075		20,978
Distributions	9		(1,858)		(607)
Change in shareholders' funds from investment activities			143,217		20,371

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		403,889		162,817
Amounts receivable on issue of shares	129,076		248,862	
Amounts payable on cancellation of shares	(119,060)		(29,033)	
		10,016		219,829
Dilution adjustment		1		40
Change in shareholders' funds from investment activities		143,217		20,371
Retained distribution on accumulation shares		1,529		832
Closing net assets attributable to shareholders		558,652		403,889

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	10	516,904	394,315
Current assets			
Debtors	11	21,971	6,085
Cash and bank balances	12	33,173	11,077
Total current assets		55,144	17,162
Total assets		572,048	411,477
Liabilities			
Creditors			
Bank overdraft		2	-
Distribution payable		264	47
Other creditors	13	13,130	7,541
Total creditors		13,396	7,588
Total liabilities		13,396	7,588
Net assets attributable to shareholders		558,652	403,889

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Contracts for Difference ('CFDs') held in the portfolio are valued at bid when held long and offer when short. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the

cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

for six years are credited to the capital property of the sub-fund.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the day that the income or expense is recognised. Distributions which have remained unclaimed by shareholders

Artemis US Select Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	141,400	18,523
Currency gains	1,791	1,614
Forward currency contracts	34	28
Capital transaction charges	(8)	(8)
Derivative contracts	-	214
Net capital gains	143,217	20,371

4. Direct transaction costs

For purchases and sales of equities broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	1,356,615	1,127	-	1,357,742	0.08	-
Sales						
Equities	1,377,586	1,133	30	1,376,423	0.08	-
Total		2,260	30			
Percentage of sub-fund average net assets		0.45%	0.01%			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	893,673	852	-	894,525	0.10	-
Sales						
Equities	681,562	620	13	680,929	0.09	-
Total		1,472	13			
Percentage of sub-fund average net assets		0.55%	0.00%			

During the year the fund incurred £8,000 (2016: £8,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.03% (2016: 0.03%). This spread represents the difference between the bid and offer prices of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
Overseas dividends	6,978	3,330
Bank interest	86	8
Total revenue	7,064	3,338

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	3,733	1,970
Other expenses:		
Administration fees	158	76
Registration fees	136	103
Operational fees	70	32
Depository fees	60	32
Safe custody fees	18	8
Auditor's remuneration: audit fees *	9	10
Auditor's remuneration: non-audit fees (taxation)	7	11
Printing and postage fees	2	1
Price publication fees	2	4
Total expenses	4,195	2,247

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year was £7,500 (2016: £8,000).

7. Interest payable and similar charges

	28 February 2017 £'000	29 February 2016 £'000
Interest payable	16	2
Total interest payable and similar charges	16	2

8. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	995	482
Total taxation (note 8b)	995	482
b) Factors affecting the tax charge for the year		
Net revenue before taxation	2,853	1,089
Corporation tax at 20% (2016: 20%)	571	218
Effects of:		
Irrecoverable overseas tax	995	482
Unutilised management expenses	764	429
Overseas withholding tax expensed	(11)	(3)
Non-taxable overseas dividends	(1,324)	(644)
Tax charge for the year (note 8a)	995	482

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £1,285,000 (2016: £521,000) arising as a result of having unutilised management expenses of £6,427,000 (2016: £2,606,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis US Select Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	1,793	879
Add: amounts deducted on cancellation of shares	302	27
Deduct: amounts added on issue of shares	(237)	(299)
Distributions	1,858	607

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 139.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	516,903	-	394,315	-
Level 2	1	-	-	-
Total	516,904	-	394,315	-

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Sales awaiting settlement	20,673	3,295
Amounts receivable for issue of shares	823	2,133
Accrued revenue	470	655
Prepaid expenses	5	2
Total debtors	21,971	6,085

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Amounts held in JPMorgan Liquidity Funds - US Dollar Liquidity Fund (Institutional dist.)	33,077	11,041
Cash and bank balances	96	23
Amounts held in JPMorgan Liquidity Funds - Sterling Liquidity Fund (Institutional dist.)	-	13
Total cash and bank balances	33,173	11,077

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Purchases awaiting settlement	12,372	7,233
Amounts payable for cancellation of shares	350	12
Accrued annual management charge	308	216
Accrued other expenses	100	80
Total other creditors	13,130	7,541

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares converted	Shares in issue at 28 February 2017
I accumulation CHF (NAV hedged)*	-	10,000	-	-	10,000
I accumulation EUR	12,468,585	192,813	(2,408,210)	-	10,253,188
I accumulation EUR (NAV hedged)*	-	11,133	-	-	11,133
I distribution GBP	24,364,005	35,242,458	(1,257,809)	(257,605)	58,091,049
I accumulation GBP	261,276,283	46,912,344	(44,216,445)	209,727	264,181,909
I accumulation GBP (NAV hedged)*	-	135,591	(27,970)	27,256	134,877
I accumulation USD	73,320,373	34,816,104	(61,741,236)	-	46,395,241
R accumulation CHF (NAV hedged)*	-	10,000	-	-	10,000
R accumulation EUR*	-	8,732	-	-	8,732
R accumulation EUR (NAV hedged)*	-	582,743	-	-	582,743
R accumulation USD*	-	9,093	-	-	9,093

* Launched 1 April 2016.

16. Risk disclosures

The sub-fund's financial instruments comprise equities, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 123. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk, arises mainly from uncertainty about future values of financial instruments in the sub-fund's portfolio statement. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

Artemis US Select Fund – Notes to the financial statements (continued)

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. The gain on forward currency contracts for the year was £34,000 (2016:£28,000).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. For hedged share classes, the hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

The exposure to each currency is shown in the tables below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	510,632	42,741	(732)	552,641
Canadian Dollar	6,271	-	-	6,271
Euro	-	-	563	563
Swiss Franc	-	-	18	18
Sterling	-	(993)	152	(841)
29 February 2016				
US Dollar	390,450	8,751	-	399,201
Canadian Dollar	3,865	252	-	4,117
Sterling	-	571	-	571

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £27,975,000 (2016: £20,166,000). A five per cent decrease would have an equal and opposite effect.

I accumulation CHF (NAV hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	8	1	(9)	-
Swiss Franc	-	-	9	9

I accumulation EUR (NAV hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	10	1	(11)	-
Euro	-	-	11	11

I accumulation GBP (NAV hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
Sterling	-	-	152	152
US Dollar	139	12	(152)	(1)
Canadian Dollar	2	-	-	2

R accumulation CHF (NAV hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	8	1	(9)	-
Swiss Franc	-	-	9	9

R accumulation EUR (NAV hedged)

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
28 February 2017				
US Dollar	506	42	(551)	(3)
Canadian Dollar	6	-	-	6
Euro	-	-	552	552
Sterling	-	(1)	-	(1)

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £25,845,000 (2016: £19,716,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowing (subject to the restrictions as set out in its Prospectus and COLL) and financial derivatives as sources of leverage. The maximum level of leverage which the ACD may employ on behalf of the sub-fund is 200% under the commitment method. There has been no change to the maximum level of leverage that can be employed, under the commitment method, during the year. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 100% (2016: 106.7%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Aside from the custodian, and brokers

Artemis US Select Fund – Notes to the financial statements (continued)

where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

Counterparty and collateral exposure

The types of derivatives held at the balance sheet date were forward currency contracts. Details of the individual contracts are disclosed separately in the portfolio statement and the total position by counterparty and the collateral pledged, at the balance sheet date, were as follows:

	Forward currency contracts £'000
28 February 2017	
JPMorgan	1
29 February 2016	
JPMorgan	-

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 129 and notes 6, 9, 11 and 13 on pages 132 to 134 including all issues and cancellations where the ACD acted as principal.

The balance due from the ACD as at 28 February 2017 in respect of these transactions was £165,000 (2016: £1,905,000).

18. Share classes

The annual management charge on each share class is as follows:

I accumulation CHF (NAV hedged)	0.75%
I accumulation EUR	0.75%
I accumulation EUR (NAV hedged)	0.75%
I distribution GBP	0.75%
I accumulation GBP	0.75%
I accumulation GBP (NAV hedged)	0.75%
I accumulation USD	0.75%
R accumulation CHF (NAV hedged)	1.50%
R accumulation EUR	1.50%
R accumulation EUR (NAV hedged)	1.50%
R accumulation USD	1.50%

The net asset value per share and the number of shares in each class are given in the comparative tables on pages 140 to 141. The distribution per share class are given in the distribution tables on page 139. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation CHF (NAV hedged)	113.00c	111.93c	1.0%
I accumulation EUR	145.53c	147.13c	(1.1)%
I accumulation EUR (NAV hedged)	113.42c	112.26c	1.0%
I distribution GBP	138.10p	140.44p	(1.7)%
I accumulation GBP	155.43p	158.06p	(1.7)%
I accumulation GBP (NAV hedged)	114.39p	113.09p	1.1%
I accumulation USD	124.68c	123.06c	1.3%
R accumulation CHF (NAV hedged)	112.18c	111.22c	0.9%
R accumulation EUR	120.16c	121.62c	(1.2)%
R accumulation EUR (NAV hedged)	114.55c	111.59c	2.7%
R accumulation USD	114.35c	113.00c	1.2%

Artemis US Select Fund – Distribution tables

Final dividend distribution for the year ended 28 February 2017 (payable on 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR				
Group 1	0.4714c	-	0.4714c	0.2591c
Group 2	0.0363c	0.4351c	0.4714c	0.2591c
I distribution GBP				
Group 1	0.4552p	-	0.4552p	0.1939p
Group 2	0.2433p	0.2119p	0.4552p	0.1939p
I accumulation GBP				
Group 1	0.5076p	-	0.5076p	0.2620p
Group 2	0.2432p	0.2644p	0.5076p	0.2620p
I accumulation USD				
Group 1	0.3925c	-	0.3925c	0.2305c
Group 2	0.1276c	0.2649c	0.3925c	0.2305c

Final dividend distribution for the period ended 28 February 2017 (payable on 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 April 2016.

Group 2 - Shares purchased from 1 April 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 29 April 2016
I accumulation CHF (NAV hedged)			
Group 1	0.2186c	-	0.2186c
Group 2	0.2186c	-	0.2186c
I accumulation EUR (NAV hedged)			
Group 1	0.2152c	-	0.2152c
Group 2	0.2152c	-	0.2152c
I accumulation GBP (NAV hedged)			
Group 1	0.2678p	-	0.2678p
Group 2	0.0206p	0.2472p	0.2678p
R accumulation CHF (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-
R accumulation EUR			
Group 1	-	-	-
Group 2	-	-	-
R accumulation EUR (NAV hedged)			
Group 1	-	-	-
Group 2	-	-	-
R accumulation USD			
Group 1	-	-	-
Group 2	-	-	-

Corporate shareholders should note that:

- 100.00% of the revenue distribution is received as franked investment income.
- 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Select Fund – Comparative tables

	I accumulation CHF (NAV hedged)	I accumulation EUR		
	2017	2017	2016	2015
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	100.00	120.35	122.38	100.00
Return before operating charges *	12.73	27.86	(0.55)	22.74
Operating charges	(0.80)	(1.08)	(1.48)	(0.36)
Return after operating charges	11.93	26.78	(2.03)	22.38
Distributions	(0.22)	(0.47)	(0.26)	(0.17)
Retained distributions on accumulation shares	0.22	0.47	0.26	0.17
Closing net asset value per share	111.93	147.13	120.35	122.38
* after direct transaction costs of	(0.48)	(0.59)	(0.67)	(0.27)
Performance				
Return after charges	11.93%	22.25%	(1.66)%	22.38%
Other information				
Closing net asset value (£'000)	9	12,853	11,789	28,018
Closing number of shares	10,000	10,253,188	12,468,585	31,481,879
Operating charges	0.77%	0.84%	0.86%	0.32%
Direct transaction costs	0.46%	0.46%	0.54%	0.24%
Prices	(c)	(c)	(c)	(c)
Highest price	112.68	149.31	137.01	122.39
Lowest price	95.30	116.45	107.95	100.00

	I accumulation EUR (NAV hedged)	I distribution GBP	
	2017	2017	2016
Change in net assets per share	(c)	(p)	(p)
Opening net asset value per share	100.00	106.29	100.00
Return before operating charges *	13.06	35.65	7.21
Operating charges	(0.80)	(1.04)	(0.73)
Return after operating charges	12.26	34.61	6.48
Distributions	(0.22)	(0.46)	(0.19)
Retained distributions on accumulation shares	0.22	-	-
Closing net asset value per share	112.26	140.44	106.29
* after direct transaction costs of	(0.48)	(0.57)	(0.55)
Performance			
Return after charges	12.26%	32.56%	6.48%
Other information			
Closing net asset value (£'000)	11	81,581	25,897
Closing number of shares	11,133	58,091,049	24,364,005
Operating charges	0.77%	0.84%	0.72%
Direct transaction costs	0.46%	0.46%	0.54%
Prices	(c)	(p)	(p)
Highest price	113.01	141.68	108.98
Lowest price	95.17	102.82	94.67

Artemis US Select Fund – Comparative tables (continued)

	I accumulation GBP			I accumulation GBP (NAV hedged)
	2017	2016	2015**	2017**
Change in net assets per share	(p)	(p)	(p)	(p)
Opening net asset value per share	119.22	112.21	100.00	100.00
Return before operating charges *	39.99	7.99	12.62	13.93
Operating charges	(1.15)	(0.98)	(0.41)	(0.84)
Return after operating charges	38.84	7.01	12.21	13.09
Distributions	(0.51)	(0.26)	(0.13)	(0.27)
Retained distributions on accumulation shares	0.51	0.26	0.13	0.27
Closing net asset value per share	158.06	119.22	112.21	113.09
* after direct transaction costs of	(0.63)	(0.62)	(0.25)	(0.50)
Performance				
Return after charges	32.58%	6.25%	12.21%	13.09%
Other information				
Closing net asset value (£'000)	417,575	311,499	128,465	152
Closing number of shares	264,181,909	261,276,283	114,488,100	134,877
Operating charges	0.84%	0.86%	0.39%	0.77%
Direct transaction costs	0.46%	0.54%	0.24%	0.46%
Prices	(p)	(p)	(p)	(p)
Highest price	158.95	122.01	112.98	113.83
Lowest price	115.34	105.99	92.67	94.92

	I accumulation USD			R accumulation CHF (NAV hedged)
	2017	2016	2015	2017**
Change in net assets per share	(c)	(c)	(c)	(c)
Opening net asset value per share	103.37	108.36	100.00	100.00
Return before operating charges *	20.62	(3.58)	8.70	12.73
Operating charges	(0.93)	(1.41)	(0.34)	(1.51)
Return after operating charges	19.69	(4.99)	8.36	11.22
Distributions	(0.39)	(0.23)	(0.13)	-
Retained distributions on accumulation shares	0.39	0.23	0.13	-
Closing net asset value per share	123.06	103.37	108.36	111.22
* after direct transaction costs of	(0.51)	(0.59)	(0.26)	(0.48)
Performance				
Return after charges	19.05%	(4.61)%	8.36%	11.22%
Other information				
Closing net asset value (£'000)	45,891	54,704	6,334	9
Closing number of shares	46,395,241	73,320,373	9,020,000	10,000
Operating charges	0.84%	0.86%	0.32%	1.45%
Direct transaction costs	0.46%	0.54%	0.24%	0.46%
Prices	(c)	(c)	(c)	(c)
Highest price	123.89	114.30	109.45	112.00
Lowest price	103.25	96.57	100.00	95.15

	R accumulation EUR	R accumulation EUR (NAV hedged)	R accumulation USD
	2017**	2017**	2017**
Change in net assets per share	(c)	(c)	(c)
Opening net asset value per share	100.00	100.00	100.00
Return before operating charges *	23.19	13.20	14.52
Operating charges	(1.57)	(1.61)	(1.52)
Return after operating charges	21.62	11.59	13.00
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	121.62	111.59	113.00
* after direct transaction costs of	(0.50)	(0.51)	(0.48)
Performance			
Return after charges	21.62%	11.59%	13.00%
Other information			
Closing net asset value (£'000)	9	554	8
Closing number of shares	8,732	582,743	9,093
Operating charges	1.45%	1.45%	1.45%
Direct transaction costs	0.46%	0.46%	0.46%
Prices	(c)	(c)	(c)
Highest price	123.44	112.37	113.78
Lowest price	96.88	95.01	95.30

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

** The operating charges are calculated on an ex-post basis and as such may differ from the ongoing charges figure where the ongoing charge has been annualised for a class that has not been open for a full year.

Artemis US Select Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I accumulation EUR (NAV hedged)	0.84%
I accumulation EUR	0.84%
I distribution GBP	0.84%
I accumulation CHF (NAV hedged)	0.84%
I accumulation GBP (NAV hedged)	0.84%
I accumulation GBP	0.84%
I accumulation USD	0.84%
R accumulation CHF (NAV hedged)	1.59%
R accumulation EUR (NAV hedged)	1.59%
R accumulation EUR	1.59%
R accumulation USD	1.59%

Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months. Fund performance

Fund performance

	Since launch *	1 year	6 months
Artemis US Select Fund	58.1	32.6	16.6
S&P 500 Index	62.3	40.0	15.8
Sector average	55.3	37.9	15.9
Position in sector	32/78	75/83	30/88
Quartile	2	4	2

* Data from 19 September 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2017. All performance figures show total return percentage growth. Sector is IA North America.

Value of £1,000 invested at launch to 28 February 2017



Artemis US Smaller Companies Fund

Investment objective and policy

The objective of the Artemis US Smaller Companies Fund (the 'sub-fund') is to achieve long-term capital growth. The sub-fund invests principally in smaller companies listed, quoted and/or traded in the United States of America ('USA') and in companies which are headquartered or have a significant part of their activities in the USA which are quoted on a regulated market outside the USA.

The ACD actively manages the portfolio in order to achieve the objective. The ACD will not be restricted in respect of choice of investments by industrial sector. As the sub-fund invests in smaller companies, the ACD will mainly invest in shares of companies that have a market value of less than US\$10 billion.

The sub-fund may also invest in other transferable securities, fixed interest securities, units of collective investment schemes, money market instruments, warrants, cash and near cash. The sub-fund may also use derivatives and other techniques for efficient portfolio management.

Risk and reward profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk category shown is not guaranteed and may change over time.
- A risk indicator of "1" does not mean that the investment is "risk free".
- The indicator is not a measure of the possibility of losing your investment.

The risks of investing in the sub-fund include:

- The price of shares, and the income from them, can fall and rise because of stockmarket and currency movements.
- Stockmarket prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- A portion of the sub-fund's assets may be invested in a currency other than the sub-fund's accounting currency (sterling). The value of these assets, and the income from them, may decrease if the currency falls in relation to sterling, in which the fund is valued and priced.
- Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies are often not as easy to sell as shares in larger companies are. This can cause difficulty in buying, valuing and selling those shares. Also, reliable information for deciding their value or the risks may not be available.

Artemis US Smaller Companies Fund – Investment review

- The fund returns 47.5%* against the benchmark's 52.4%*.
- Trump's election boosts domestically-focused small caps.
- We remain positive but selective given the performance of the US market.

Performance – A stronger second half ...

In a very strong period for smaller companies in the US, the fund returned 47.5%, more or less matching the sector average, but trailed the Index which returned 52.4%. The fund struggled to match the index in the first six months but outperformed it in the second half.

Review – Small caps cheer Trump's policies ...

In the first half, the fund's performance was held back by disappointments from a number of holdings. In the technology sector, our purchase of Seagate (manufacturer of hard disk drives) proved badly-timed. While the rationale behind our investment – stronger growth driven by demand stemming from data storage companies – held up, the management's execution of their strategy initially disappointed the market. In a similar manner, Hortonworks (data management) had poor results and was one of the main detractors from performance.

In the transport sector, Spirit Airlines and trucking company Swift Transportation also detracted from performance. Spirit has faced many issues but we still believe the low cost operator can penetrate the market further and that pricing in the industry will become more rational and volumes will pick up. Meanwhile, Swift has failed to convince on the turnaround of pricing and volumes in the trucking industry. We still believe that their larger size means that they will be able to withstand the regulatory changes taking place at the end of the year.

The second half of the year was dominated by the surprising election of Donald Trump, after which the market rose. The proposal to increase spending on infrastructure and reduce corporate and individual tax rates led to higher expectations for economic growth next year. Smaller companies performed particularly well as they have a higher domestic focus and are expected to be beneficiaries of the reduced tax rate and also from increased economic activity in the US.

Industrial companies outperformed in reaction to the proposed spending on infrastructure. The fund benefited through its exposure to aggregate companies including Summit Materials and to defence companies such as Leidos Holdings, a supplier of IT workers to the defence industry. We continue to be very positive on the dynamics for defence as we believe that the previous administration had under-spent and there is a clear need to invest in military hardware and infrastructure. We have more recently bought Booz Allen Hamilton – another supplier of IT specialists to the government. We are more cautious on the broader plans to invest in the country's infrastructure and have reduced our exposure to aggregate companies in the light of their strong performance.

At the end of the summer we started increasing the fund's exposure to financials by buying regional banks including Silicon Valley Bank and First Horizon National. These stocks performed very well after the election as expectations for interest rates went up, boosting banks' net interest margins. There is also scope for consolidation in the banking sector under the potential deregulation announced by the new administration. Having been very underweight in financials previously, we have reduced our underweight by buying a range of companies including consumer lenders and insurance companies. Towards the end of the year, the fund benefited from the takeover of Fortress Investment (alternative asset manager) by Japanese company SoftBank.

Although stockpicking was difficult in technology in the first half of the year, over the full year the fund had many good performers. For example, digital audio specialist Cirrus Logic (one of Apple's suppliers) performed very well on the back of a strong product cycle for the iPhone 7. Our positive stance on Take-Two Interactive Software (video games) also continued to prove rewarding. While the industry has benefited from digitalisation, we believe that Take-Two can grow earnings much faster than the market is expecting and also that the discount on which it is trading relative to peers is too wide.

We maintain an overweight in industrials through holdings in defence and transport as we believe that there are some secular drivers to spending on defence and that conditions are improving in the road transport.

We also have a holding in Cintas, the main supplier of uniforms in the US. They will be able to generate substantial synergies from the acquisition of one of their largest competitors, G&K. They will also benefit from increasing numbers of uniform-wearing government employees if the new administration's spending plans go ahead.

In technology, we believe that demand for semiconductors will grow strongly and so have increased our exposure to semis and the equipment for making them. The industry's dynamics are now more rational and growth is stemming from many technological advances and from areas other than the PC market. We own Advance Energy Industries, a supplier to all of the major semiconductor capital equipment companies with a bias towards Lam Research.

We remain cautious on the healthcare sector although as we gain clarity on the repeal and replacement of the Affordable Care Act (Obamacare), we might find opportunities as the sector has come under pressure over the past year.

We also remain cautious on consumer-related stocks as consumer

* Source: Lipper Limited, I accumulation GBP shares, mid to mid basis, in sterling with dividends reinvested. Benchmark is the Russell 2000 Index.

spending is failing to recover and traditional retailers are still losing out to online retail.

Outlook – Growth in earnings will be boosted by lower taxes ...

The election of Donald Trump and the proposed increase in spending on infrastructure as well as the tax reforms have boosted confidence in the US and led the market higher. Smaller companies will benefit greatly from lower taxes as they tend to have higher tax rates given their higher domestic exposure. They will also be not be affected by a strong dollar – we expect the currency to continue to stay relatively strong. Nevertheless, we remain selective, particularly after the recent outperformance of this part of the market. Valuations are in line with long-term history and future growth in earnings should be boosted by lower taxes. We continue to be positive on the outlook for smaller companies as they should benefit from their higher domestic exposure and rising interest rates should support their performance.

Cormac Weldon
Fund manager

Artemis US Smaller Companies Fund – Investment information

Five largest purchases and sales for the year ended 28 February 2017

Purchases	Cost £'000	Sales	Proceeds £'000
Booz Allen Hamilton Holding	7,876	Cirrus Logic	5,446
Swift Transportation	7,679	E-Trade Financial	5,053
Advanced Energy Industries	7,430	Snap-on	4,551
Versum Materials	5,882	Zions Bancorporation	4,034
Mercury Systems	5,639	SVB Financial Group	4,033

Portfolio statement as at 28 February 2017

Investment	Holding	Valuation £'000	% of net assets
Equities 94.84% (98.11%)			
Consumer Discretionary 4.80% (12.00%)			
Churchill Downs	6,333	777	0.47
International Game Technology	72,637	1,571	0.96
Liberty Broadband C shares	48,026	3,332	2.04
Red Rock Resorts A shares	122,309	2,172	1.33
		7,852	4.80
Consumer Staples 4.19% (5.98%)			
Energizer Holdings	115,927	5,054	3.09
Maple Leaf Foods	94,641	1,789	1.10
		6,843	4.19
Energy 6.72% (2.02%)			
Oasis Petroleum	285,791	3,299	2.02
QEP Resources	239,996	2,691	1.65
Rice Energy	100,158	1,497	0.91
RPC	220,977	3,504	2.14
		10,991	6.72
Financials 19.95% (1.93%)			
Ally Financial	188,625	3,491	2.13
CNO Financial Group	290,542	4,923	3.01
Evercore Partners A shares	41,904	2,684	1.64
First Horizon National	266,488	4,320	2.64
Fortress Investment Group A shares	529,281	3,391	2.07
Heartland Financial USA	42,374	1,711	1.05
Lazard A shares	81,363	2,816	1.72
OneMain Holdings	86,095	1,976	1.21
SVB Financial Group	16,203	2,497	1.53
Synovus Financial	92,572	3,173	1.94
Zions Bancorporation	45,432	1,647	1.01
		32,629	19.95
Health Care 5.87% (7.80%)			
Abiomed	19,084	1,809	1.11
Catalent	45,054	1,054	0.64
Exact Sciences	180,008	3,206	1.96
IDEXX Laboratories	17,791	2,053	1.26

Investment	Holding	Valuation £'000	% of net assets
K2M Group Holdings	89,121	1,471	0.90
		9,593	5.87
Industrials 18.39% (17.10%)			
Allison Transmission Holdings	78,462	2,308	1.41
Cintas	47,656	4,561	2.79
DigitalGlobe	115,876	2,924	1.79
Jacobs Engineering Group	56,814	2,605	1.59
Knight Transportation	55,998	1,481	0.91
Mercury Systems	212,611	6,480	3.96
Ritchie Bros Auctioneers	58,784	1,619	0.99
Spirit Airlines	50,488	2,157	1.32
Swift Transportation	334,457	5,944	3.63
		30,079	18.39
Information Technology 26.19% (24.39%)			
Advanced Energy Industries	162,474	8,228	5.03
Booz Allen Hamilton Holding	285,242	8,407	5.14
Imperva	94,181	3,175	1.94
Leidos Holdings	57,392	2,493	1.53
Nuance Communications	356,800	4,938	3.02
Nutanix A shares	77,531	1,876	1.15
Synaptics	34,676	1,555	0.95
Take-Two Interactive Software	97,818	4,518	2.76
Trimble	98,424	2,490	1.52
Versum Materials	206,763	5,145	3.15
		42,825	26.19
Materials 4.46% (6.66%)			
Summit Materials A shares	128,059	2,495	1.53
Trinseo	85,563	4,800	2.93
		7,295	4.46
Real Estate 2.81% (9.94%)			
American Campus Communities, REIT	54,693	2,255	1.38
Sun Communities, REIT	35,047	2,343	1.43
		4,598	2.81
Utilities 1.46% (10.29%)			
NextEra Energy Partners	96,755	2,391	1.46
		2,391	1.46
Investment assets		155,096	94.84
Net other assets		8,435	5.16
Net assets attributable to shareholders		163,531	100.00

The comparative percentage figures in brackets are as at 29 February 2016.

Artemis US Smaller Companies Fund – Financial statements

Statement of total return for the year ended 28 February 2017

	Note	28 February 2017		29 February 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		32,290		1,822
Revenue	5	892		374	
Expenses	6	(764)		(380)	
Interest payable and similar charges	7	(4)		(1)	
Net revenue/(expense) before taxation		124		(7)	
Taxation	8	(94)		(54)	
Net revenue/(expense) after taxation			30		(61)
Total return before distributions			32,320		1,761
Distributions	9		(30)		-
Change in shareholders' funds from investment activities			32,290		1,761

Statement of change in net assets attributable to shareholders for the year ended 28 February 2017

	28 February 2017		29 February 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		60,550		22,544
Amounts receivable on issue of shares	88,067		39,785	
Amounts payable on cancellation of shares	(17,512)		(3,563)	
		70,555		36,222
Dilution adjustment		55		23
Change in shareholders' funds from investment activities		32,290		1,761
Retained distribution on accumulation shares		81		-
Closing net assets attributable to shareholders		163,531		60,550

Balance sheet as at 28 February 2017

	Note	28 February 2017	29 February 2016
		£'000	£'000
Assets			
Fixed assets			
Investments	10	155,096	59,407
Current assets			
Debtors	11	634	1,906
Cash and bank balances	12	10,837	34
Total current assets		11,471	1,940
Total assets		166,567	61,347
Liabilities			
Creditors			
Bank overdraft		-	188
Other creditors	13	3,036	609
Total creditors		3,036	797
Total liabilities		3,036	797
Net assets attributable to shareholders		163,531	60,550

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with Financial Reporting Standard ('FRS') 102 and the SORP.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period. Listed investments are valued at fair value which is deemed to be the bid or SETS price.

(c) Foreign exchange rates. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair values using valuation models or data sourced from market data providers. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

(e) Revenue. Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts, are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Special dividends are reviewed on a case by case basis when determining if

the dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Bank interest is recognised on an accruals basis.

(f) Expenses. All expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis.

The ACD has agreed to cap the expenses of the sub-fund. Any reimbursement due back to the sub-fund is calculated and accrued on a daily basis and is shown as a deduction from expenses in note 6.

(g) Taxation. Corporation tax is charged at a rate of 20% on the excess taxable revenue of the sub-fund. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is provided for all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

2. Distribution policy

The sub-fund shall distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments, derivatives and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The sub-fund is not more than 60% invested in qualifying investments (as defined in section 468L, Income and Corporation Taxes Act 1988) and where applicable will pay a dividend distribution. With the exception of the ACD's annual management charge, which is directly attributable to each share class, all income and expenses are apportioned to each share class pro-rata to the value of the net assets of the relevant share class on the

day that the income or expense is recognised. Distributions which have remained unclaimed by shareholders for six years are credited to the capital property of the sub-fund.

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

3. Net capital gains

	28 February 2017 £'000	29 February 2016 £'000
Non-derivative securities	31,881	1,534
Forward currency contracts	230	(89)
Currency gains	165	363
Derivative contracts	19	18
Capital transaction charges	(5)	(4)
Net capital gains	32,290	1,822

4. Direct transaction costs

For purchases and sales of equities broker commissions, transfer taxes and stamp duty are paid by the sub-fund on each transaction and are summarised below.

	Year ended 28 February 2017					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	207,613	141	-	207,754	0.07	-
Sales						
Equities	144,047	119	3	143,925	0.08	-
Total		260	3			
Percentage of sub-fund average net assets		0.31%	0.00%			

	Year ended 29 February 2016					
	Principal £'000	Commission £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
Purchases						
Equities	97,779	83	-	97,862	0.08	-
Sales						
Equities	62,480	46	1	62,433	0.07	-
Total		129	1			
Percentage of sub-fund average net assets		0.34%	0.00%			

During the year the sub-fund incurred £5,000 (2016: £4,000) in capital transaction charges.

Dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2016: 0.06%). This spread represents the difference between the bid and offer values of each underlying investment of the sub-fund expressed as a percentage of its offer price.

5. Revenue

	28 February 2017 £'000	29 February 2016 £'000
Overseas dividends	882	373
Bank interest	10	1
Total revenue	892	374

6. Expenses

	28 February 2017 £'000	29 February 2016 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual management charge	623	288
Expense rebate	-	(22)
Other expenses:		
Administration fees	48	35
Operational fees	36	9
Registration fees	30	41
Depository fees	10	5
Auditor's remuneration: audit fees *	9	10
Auditor's remuneration: non-audit fees (taxation)	3	10
Safe custody fees	3	1
Printing and postage fees	1	1
Price publication fees	1	1
Total expenses	764	379

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

* The amounts disclosed above includes VAT at the rate of 20%. The audit fee (excluding VAT) accrued during the year was £7,500 (2016: £8,000).

7. Interest payable and similar charges

	28 February 2017 £'000	29 February 2016 £'000
Interest payable	4	1
Total interest payable and similar charges	4	1

8. Taxation

	28 February 2017 £'000	29 February 2016 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	94	54
Total taxation (note 8b)	94	54
b) Factors affecting the tax charge for the year		
Net revenue/(expense) before taxation	124	(7)
Corporation tax at 20% (2016: 20%)	25	(1)
Effects of:		
Unutilised management expenses	124	68
Irrecoverable overseas tax	94	54
Overseas withholding tax expensed	(5)	-
Non-taxable overseas dividends	(144)	(67)
Tax charge for the year (note 8a)	94	54

c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior accounting year.

d) Factors that may affect future tax charges

The sub-fund has not recognised a deferred tax asset of £206,000 (2016: £82,000) arising as a result of having unutilised management expenses of £1,029,000 (2016: £411,000). It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognised.

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

9. Distributions

	28 February 2017 £'000	29 February 2016 £'000
Final dividend distribution	81	-
Add: amounts deducted on cancellation of shares	6	-
Deduct: amounts added on issue of shares	(57)	-
Distributions	30	-
Movement between net revenue/(expense) and distributions		
Net revenue/(expense) after taxation	30	(61)
Revenue deficit transferred to capital	-	61
	30	-

The distributions take account of amounts added on the issue of shares and amounts deducted on the cancellation of shares. Details of the distributions per share are set out in the distribution table on page 157.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	28 February 2017		29 February 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	155,096	-	59,407	-
Total	155,096	-	59,407	-

11. Debtors

	28 February 2017 £'000	29 February 2016 £'000
Amounts receivable for issue of shares	584	90
Accrued revenue	44	64
Overseas withholding tax recoverable	4	-
Prepaid expenses	2	3
Sales awaiting settlement	-	1,749
Total debtors	634	1,906

12. Cash and bank balances

	28 February 2017 £'000	29 February 2016 £'000
Cash and bank balances	5,864	34
Amounts held in JPMorgan Liquidity Funds - US Dollar Liquidity Fund (Institutional dist.)	4,973	-
Total cash and bank balances	10,837	34

13. Other creditors

	28 February 2017 £'000	29 February 2016 £'000
Purchases awaiting settlement	2,873	504
Accrued annual management charge	87	32
Accrued other expenses	47	46
Amounts payable for cancellation of shares	29	13
Prepaid expense rebate	-	14
Total other creditors	3,036	609

14. Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

15. Reconciliation of share movements

Class	Shares in issue at 29 February 2016	Shares issued	Shares cancelled	Shares in issue at 28 February 2017
I accumulation EUR	3,110,000	3,600,000	(10,000)	6,700,000
I accumulation GBP	21,053,674	25,178,411	(11,344,102)	34,887,983
I accumulation USD	42,256,255	41,989,520	(2,246,873)	81,998,902

16. Risk disclosures

The sub-fund's financial instruments comprise equities, cash balances and liquid resources which include debtors and creditors. The sub-fund holds such financial assets in accordance with its investment objective and policy which is provided on page 144. The sub-fund is exposed to a number of risks that are associated with the financial instruments and markets in which it invests. The most significant risks which the sub-fund is exposed to are market risk, credit and counterparty risk and liquidity risk.

(a) Market risk

Market risk, which includes interest rate risk, currency risk, other price risk and leverage risk arises mainly from uncertainty about future values of financial instruments in the sub-fund's investment portfolio. The sub-fund, in order to meet its investment objective and policy, invests predominantly in equities and maintains an appropriate spread of investments in accordance with COLL and the Prospectus to seek to reduce the risks arising from factors specific to a particular company or sector. The ACD's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet.

Artemis US Smaller Companies Fund – Notes to the financial statements (continued)

(i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the sub-fund's financial assets are non-interest bearing, the sub-fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates.

(ii) Currency risk

A portion of the net assets of the sub-fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the ACD may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the sub-fund's exposure to currency risk is reduced. There were no open forward currency contracts as at 28 February 2017 or 29 February 2016.

Revenue received in foreign currencies is converted into sterling on or near the date of receipt.

The exposure to each currency is shown in the tables below.

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Total £'000
28 February 2017			
US Dollar	151,688	8,595	160,283
Canadian Dollar	3,408	-	3,408
Sterling	-	(160)	(160)
29 February 2016			
US Dollar	58,252	1,037	59,289
Canadian Dollar	1,155	175	1,330
Sterling	-	(69)	(69)

A five per cent increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets by £8,185,000 (2016: £3,031,000). A five per cent decrease would have an equal and opposite effect.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the ACD monitors and reviews these factors. A five per cent increase in the value of the sub-fund's portfolio would have the effect of increasing the return and net assets by £7,755,000 (2016: £2,970,000). A five per cent decrease would have an equal and opposite effect.

(iv) Leverage risk

Leverage is defined as any method by which the sub-fund can increase its exposure by borrowing cash or securities or from leverage that is embedded in derivative positions. The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a percentage of the exposure of the sub-fund and its net asset value under the commitment method.

The sub-fund can use cash borrowing (subject to the restrictions as set out in its Prospectus and COLL) and financial derivatives as sources of leverage. The maximum level of leverage which the ACD may employ on behalf of the sub-fund is 200% under the commitment method. There has been no change to the maximum level of leverage that can be employed, under the commitment method, during the year. A result of 100% indicates that no leverage has been used.

As at 28 February 2017 the commitment ratio for the sub-fund was 100% (2016: 100.6%).

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the sub-fund, resulting in a financial loss. From time to time, the sub-fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The ACD has

a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with JPMorgan Chase Bank N.A. ('JPMorgan'), the sub-fund's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of JPMorgan may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The depositary receives and reviews a semi-annual report on the internal controls in place at JPMorgan. The sub-fund is also exposed to counterparty risk through holding specific financial instruments.

The ACD is permitted to use one or more separate counterparties for derivative transactions. The sub-fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit worthiness of its counterparties and their ability to satisfy the terms of such contracts. Where the sub-fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the sub-fund. To minimise such risk the ACD will assess the creditworthiness of any counterparty that it engages with. On a daily basis the ACD assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirements stipulated in COLL and the Prospectus. Aside from the custodian, and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 28 February 2017 or 29 February 2016.

(c) Liquidity risk

Some of the sub-fund's financial instruments can include securities that are not listed on a recognised stock exchange and which may not always be readily realisable. However, from time to time, liquidity in any market or in a specific security can be affected by economic events. As a result, the sub-fund may not be able to realise these investments quickly at their fair value to respond to any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In order to manage liquidity requirements, the sub-fund seeks to maintain sufficient cash to pay creditors. Liquidity risk limits are set by reference to two key metrics: market liquidity and investor concentration. These measures will, in combination, identify instances where the fund may be unable to meet investor redemptions. Market liquidity considers a sub-fund's liquidity compared against the daily average liquidity over the previous twelve months. Investor concentration considers the proportion of the sub-fund that is realisable within a redemption cycle measured against the largest shareholder.

17. Related party transactions

The ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the statement of total return, statement of change in net assets attributable to shareholders and the balance sheet on page 149 and notes 6, 9, 11 and 13 on pages 152 to 154 including all issues and cancellations where the ACD acted as principal.

The balance due to the ACD as at 28 February 2017 in respect of these transactions was £468,000 (2016: £31,000).

18. Share classes

The annual management charge on each share class is 0.75%.

The net asset value per share and the number of shares in each class are given in the comparative tables on page 158. The distribution per share class are given in the distribution table on page 157. All classes have the same rights on winding up.

19. Post balance sheet event

Since 28 February 2017, the net asset values per share, have changed as follows:

	Net asset value per share		Movement
	24 April 2017	28 February 2017	
I accumulation EUR	161.07c	165.87c	(2.9)%
I accumulation GBP	173.28p	179.50p	(3.5)%
I accumulation USD	137.99c	138.74c	(0.5)%

Artemis US Smaller Companies Fund – Distribution table

Final dividend distribution for the year ended 28 February 2017 (payable on 28 April 2017) per share.

Group 1 - Shares purchased prior to 1 March 2016.

Group 2 - Shares purchased from 1 March 2016 to 28 February 2017.

	Net revenue per share	Equalisation per share	Distribution per share 28 April 2017	Distribution per share 29 April 2016
I accumulation EUR				
Group 1	0.0952c	-	0.0952c	0.0155c
Group 2	0.0089c	0.0863c	0.0952c	0.0155c
I accumulation GBP				
Group 1	0.0911p	-	0.0911p	-
Group 2	0.0208p	0.0703p	0.0911p	-
I accumulation USD				
Group 1	0.0667c	-	0.0667c	-
Group 2	-	0.0667c	0.0667c	-

Corporate shareholders should note that:

1. 100.00% of the revenue distribution is received as franked investment income.
2. 0.00% of the revenue distribution is received as an annual payment received after deduction of income tax at the lower rate and may be liable to corporation tax. It is not franked investment income.

Equalisation applies only to group 2 shares purchased during the distribution period. It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Artemis US Smaller Companies Fund – Comparative tables

	I accumulation EUR			I accumulation GBP		
	2017	2016	2015	2017	2016	2015
Change in net assets per share	(c)	(c)	(c)	(p)	(p)	(p)
Opening net asset value per share	121.96	127.60	100.00	121.70	117.86	100.00
Return before operating charges *	45.22	(3.91)	28.25	59.17	5.01	18.46
Operating charges	(1.31)	(1.73)	(0.65)	(1.37)	(1.17)	(0.60)
Return after operating charges	43.91	(5.64)	27.60	57.80	3.84	17.86
Distributions	(0.10)	(0.02)	-	(0.09)	-	-
Retained distributions on accumulation shares	0.10	0.02	-	0.09	-	-
Closing net asset value per share	165.87	121.96	127.60	179.50	121.70	117.86
* after direct transaction costs of	(0.39)	(0.41)	(0.08)	(0.40)	(0.38)	(0.07)
Performance						
Return after charges	36.00%	(4.42)%	27.60%	47.49%	3.26%	17.86%
Other information						
Closing net asset value (£'000)	9,469	2,980	9	62,623	25,623	1,043
Closing number of shares	6,700,000	3,110,000	10,000	34,887,983	21,053,674	884,701
Operating charges	0.92%	1.00%	0.56%	0.92%	1.00%	0.56%
Direct transaction costs	0.27%	0.32%	0.07%	0.27%	0.32%	0.07%
Prices	(c)	(c)	(c)	(p)	(p)	(p)
Highest price	168.47	139.61	127.63	180.66	127.52	118.13
Lowest price	121.12	106.65	100.00	120.11	106.57	100.00

	I accumulation USD		
	2017	2016	2015
Change in net assets per share	(c)	(c)	(c)
Opening net asset value per share	104.74	112.99	100.00
Return before operating charges *	35.14	(6.56)	13.57
Operating charges	(1.14)	(1.69)	(0.58)
Return after operating charges	34.00	(8.25)	12.99
Distributions	(0.07)	-	-
Retained distributions on accumulation shares	0.07	-	-
Closing net asset value per share	138.74	104.74	112.99
* after direct transaction costs of	(0.34)	(0.36)	(0.07)
Performance			
Return after charges	32.46%	(7.30)%	12.99%
Other information			
Closing net asset value (£'000)	91,439	31,947	21,492
Closing number of shares	81,998,902	42,256,255	29,351,387
Operating charges	0.92%	1.00%	0.56%
Direct transaction costs	0.27%	0.32%	0.07%
Prices	(c)	(c)	(c)
Highest price	139.56	120.73	113.02
Lowest price	105.28	95.40	100.00

* Direct transaction costs are stated after deducting the amounts collected in relation to expected dealing costs added to the issue of shares and subtracted from the cancellation of shares.

Artemis US Smaller Companies Fund – Comparative tables (continued)

Ongoing charges

Class	28 February 2017
I accumulation EUR	0.92%
I accumulation GBP	0.92%
I accumulation USD	0.92%

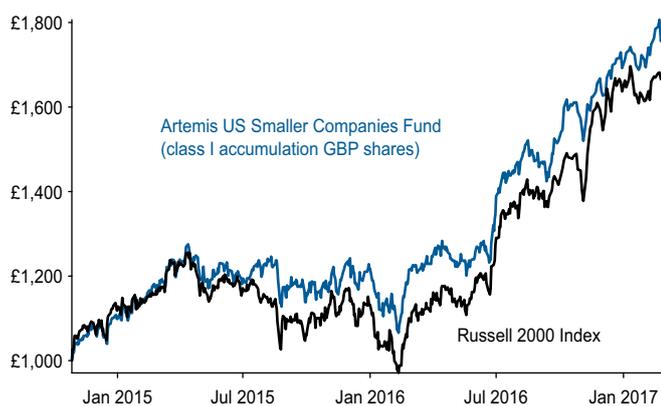
Ongoing charges shows the annual operating expenses of each share class as a percentage of the average net assets of that class for the preceding 12 months.

Fund performance

	Since launch *	1 year	6 months
Artemis US Smaller Companies Fund	79.6	47.5	21.5
Russell 2000 Index	66.3	52.4	18.5
Sector average	61.8	47.2	18.6
Position in sector	1/8	4/8	1/8
Quartile	1	2	1

* Data from 27 October 2014. Source: Lipper Limited, class I accumulation GBP shares, mid to mid in sterling with dividends reinvested to 28 February 2017. All performance figures show total return percentage growth. Sector is IA North American Smaller Companies.

Value of £1,000 invested at launch to 28 February 2017



Information for Swiss Investors (unaudited)

Performance information

The performance returns below have been calculated in accordance with the guidelines issued by the Swiss Funds Association and are provided for each share class within the sub-funds.

	Launch date	For the year ended 28 February 2017	Period from launch to 28 February 2017	For the year ended 29 February 2016
Artemis Global Emerging Markets Fund				
I accumulation EUR	8 April 2015	36.4	1.8	-
MSCI Emerging Markets Index (EUR)		32.4	(2.5)	-
I accumulation GBP	8 April 2015	48.2	19.5	-
I distribution GBP	8 April 2015	48.1	19.4	-
MSCI Emerging Markets Index (GBP)		45.0	15.1	-
I accumulation USD	8 April 2015	32.9	(0.7)	-
MSCI Emerging Markets Index (USD)		29.5	(0.4)	-
Artemis Global Equity Income Fund				
I accumulation EUR	3 June 2015	20.0	2.9	-
I distribution EUR	3 June 2015	19.6	2.5	-
MSCI All Country World Index (EUR)		24.8	11.6	-
I accumulation GBP	3 June 2015	30.1	20.5	-
I distribution GBP	3 June 2015	30.0	20.3	-
MSCI All Country World Index (USD)		36.7	29.7	-
I accumulation USD	3 June 2015	16.8	-2.0	-
I distribution USD	3 June 2015	16.7	-2.1	-
MSCI All Country World Index (USD)		22.1	5.3	-
R accumulation EUR	30 July 2015	19.1	4.1	-
MSCI All Country World Index (EUR)		24.8	10.9	-
R accumulation USD	30 July 2015	16.0	0.7	-
MSCI All Country World Index (USD)		22.1	7.8	-
Artemis Pan-European Absolute Return Fund				
I accumulation EUR (Hedged)	27 October 2014	15.4	17.4	8.2
LIBOR EUR 3 Month		(0.3)	(0.3)	-
I accumulation GBP (Hedged)	14 July 2014	17.2	18.4	9.6
LIBOR GBP 3 Months		0.8	1.1	0.5
I accumulation USD (Hedged)	27 October 2014	17.8	19.8	9.4
LIBOR USD 3 Month		1.0	1.0	0.3
R accumulation EUR (Hedged)	31 October 2016	-	3.8	-
LIBOR EUR 3 month		-	(0.1)	-
Artemis US Absolute Return Fund				
I accumulation CHF (NAV hedged)	1 April 2016	-	0.7	-
LIBOR CHF 3 Month		-	(0.5)	-
I accumulation EUR (NAV hedged)	27 October 2014	0.3	7.3	5.8
LIBOR EUR 3 Month		(0.2)	(0.3)	-
I accumulation GBP (NAV hedged)	27 October 2014	1.2	9.1	6.4
LIBOR GBP 3 Months		0.4	1.0	0.5
I accumulation USD	27 October 2014	1.6	9.3	6.2
LIBOR USD 3 Month		0.7	1.0	0.3
R accumulation CHF (NAV hedged)	1 April 2016	-	0.2	-
LIBOR CHF 3 Month		-	(0.5)	-
R accumulation EUR (NAV hedged)	1 April 2016	-	0.5	-
LIBOR EUR 3 Month		-	(0.2)	-
R accumulation USD	1 April 2016	-	1.6	-
LIBOR USD 3 Month		-	0.6	-
Artemis US Equity Fund				
I accumulation EUR	27 October 2014	23.4	46.6	(2.5)
S&P 500 Index (EUR)		27.8	51.6	(3.2)
I accumulation GBP	19 September 2014	33.9	57.9	(5.4)
S&P 500 Index (GBP)		40.0	62.3	(4.0)
I accumulation USD	27 October 2014	20.2	22.6	(5.4)
S&P 500 Index (USD)		25.0	26.7	(6.2)

Source : Lipper Limited, mid to mid with dividends reinvested. All performance figures show total return percentage growth.

Information for Swiss Investors (unaudited) (continued)

	Launch date	For the year ended 28 February 2017	Period from launch to 28 February 2017	For the year ended 29 February 2016
Artemis US Extended Alpha Fund				
I accumulation CHF (NAV hedged)	1 April 2016	-	16.2	-
S&P 500 CHF Hedged		-	14.3	-
I accumulation GBP (NAV hedged)	27 October 2014	26.8	62.2	3.6
S&P 500 (Hedged to GBP)		27.8	51.6	(3.2)
I accumulation EUR	19 September 2014	37.4	74.9	11.8
S&P 500 Index (EUR)		40.0	62.3	4.0
I accumulation GBP	1 April 2016	10.6	17.2	-
S&P 500 Index (GBP)		7.8	15.6	-
I accumulation USD	27 October 2014	23.4	35.8	0.6
S&P 500 Index (USD)		25.0	26.7	(6.2)
R accumulation CHF (NAV hedged)	1 April 2016	-	23.0	-
S&P 500 CHF Hedged		-	12.1	-
R accumulation CHF	1 April 2016	-	15.5	-
S&P 500 CHF		-	14.3	-
R accumulation EUR (NAV hedged)	1 April 2016	-	26.3	-
S&P 500 (Hedged to EUR)		-	24.2	-
R accumulation EUR	15 August 2016	-	9.9	-
S&P 500 EUR		-	8.4	-
R accumulation USD	1 April 2016	-	17.2	-
S&P 500		-	16.3	-
Artemis US Select Fund				
I accumulation EUR (NAV hedged)	1 April 2016	-	12.3	-
S&P 500 (Hedged to EUR)		-	15.0	-
I accumulation EUR	27 October 2014	22.2	47.2	(1.7)
S&P 500 Index (EUR)		27.8	51.6	(3.2)
I distribution GBP	6 May 2015	32.6	58.1	-
S&P 500 Index (GBP)		40.0	62.3	-
I accumulation CHF (NAV hedged)	1 April 2016	-	11.9	-
S&P 500 CHF Hedged		-	14.3	-
I accumulation GBP (NAV hedged)	1 April 2016	-	13.1	-
S&P 500 (Hedged to GBP)		-	15.6	-
I accumulation GBP	19 September 2014	32.6	41.2	6.3
S&P 500 Index (GBP)		40.0	44.9	4.0
I accumulation USD	27 October 2014	19.1	23.1	(4.6)
S&P 500 Index (USD)		25.0	26.7	(6.2)
R accumulation CHF (NAV hedged)	1 April 2016	-	11.2	-
S&P 500 CHF Hedged		-	14.3	-
R accumulation EUR (NAV hedged)	1 April 2016	-	11.6	-
S&P 500 (Hedged to EUR)		-	15.0	-
R accumulation EUR	1 April 2016	-	21.6	-
S&P 500 EUR		-	24.2	-
R accumulation USD	1 April 2016	-	13.0	-
S&P 500		-	16.3	-
Artemis US Smaller Companies Fund				
I accumulation EUR	27 October 2014	36.0	65.9	(4.4)
Russell 2000 Index (EUR)		39.2	53.5	(12.2)
I accumulation GBP	27 October 2014	47.5	79.6	3.3
Russell 2000 Index (GBP)		52.4	66.3	(5.7)
I accumulation USD	27 October 2014	32.5	38.8	(7.3)
Russell 2000 Index (USD)		36.1	28.3	(15.0)

Total expense ratios

The total expense ratios below have been calculated as at 28 February 2017 in accordance with the guidelines issued by the Swiss Funds Association and are provided for each share class within the sub-funds.

			28 February 2017
Artemis Global Emerging Markets Fund	Operating expenses	Performance fee	Total expense ratio
I accumulation EUR	1.00%	-	1.00%
I distribution GBP	1.00%	-	1.00%
I accumulation GBP	1.00%	-	1.00%
I accumulation USD	1.00%	-	1.00%
Artemis Global Equity Income Fund			
I distribution EUR	0.96%	-	0.96%
I distribution GBP	0.96%	-	0.96%
I distribution USD	0.96%	-	0.96%
I accumulation EUR	0.96%	-	0.96%
I accumulation GBP	0.96%	-	0.96%
I accumulation USD	0.96%	-	0.96%
R accumulation EUR	1.71%	-	1.71%
R accumulation USD	1.71%	-	1.71%
Artemis Pan-European Absolute Return Fund			
I accumulation EUR (Hedged)	1.00%	0.40%	1.40%
I accumulation GBP (Hedged)	1.00%	0.21%	1.21%
I accumulation USD (Hedged)	1.00%	1.66%	2.66%
R accumulation EUR (Hedged)	1.75%	0.91%	2.66%
Artemis US Absolute Return Fund			
I accumulation CHF (NAV hedged)	0.90%	0.18%	0.0098
I accumulation EUR (NAV hedged)	0.90%	0.01%	0.91%
I accumulation GBP (NAV hedged)	0.90%	0.20%	1.10%
I accumulation USD	0.90%	0.20%	1.10%
R accumulation CHF (NAV hedged)	1.65%	0.12%	1.77%
R accumulation EUR (NAV hedged)	1.65%	0.33%	1.98%
R accumulation USD	1.65%	0.32%	1.97%
Artemis US Equity Fund			
I accumulation EUR	1.00%	-	1.00%
I accumulation GBP	1.00%	-	1.00%
I accumulation USD	1.00%	-	1.00%
Artemis US Extended Alpha Fund			
I accumulation CHF (NAV hedged)	0.85%	0.08%	0.93%
I accumulation GBP (NAV hedged)	0.85%	0.02%	0.87%
I accumulation EUR	0.85%	-	0.85%
I accumulation GBP	0.85%	0.01%	0.86%
I accumulation USD	0.85%	0.01%	0.86%
R accumulation CHF (NAV hedged)	1.60%	-	1.60%
R accumulation CHF	1.60%	0.05%	1.65%
R accumulation EUR (NAV hedged)	1.60%	0.08%	1.68%
R accumulation EUR	1.60%	-	1.60%
R accumulation USD	1.60%	-	1.60%

The total expense ratio shows the current operating expenses of each share class as a percentage of the net assets of that class.

Information for Swiss Investors (continued)

			28 February 2017
Artemis US Select Fund			
I accumulation EUR (NAV hedged)	0.84%	-	0.84%
I accumulation EUR	0.84%	-	0.84%
I distribution GBP	0.84%	-	0.84%
I accumulation CHF (NAV hedged)	0.84%	-	0.84%
I accumulation GBP (NAV hedged)	0.84%	-	0.84%
I accumulation GBP	0.84%	-	0.84%
I accumulation USD	0.84%	-	0.84%
R accumulation CHF (NAV hedged)	1.59%	-	1.59%
R accumulation EUR (NAV hedged)	1.59%	-	1.59%
R accumulation EUR	1.59%	-	1.59%
R accumulation USD	1.59%	-	1.59%
Artemis US Smaller Companies Fund			
I accumulation EUR	0.92%	-	0.92%
I accumulation GBP	0.92%	-	0.92%
I accumulation USD	0.92%	-	0.92%

General information

Investment in the company

Investments in Artemis Investment Funds ICVC are intended to be medium to long term investments and should not be considered a short term investment.

Investors are reminded that past performance is not a guarantee of performance in the future and that the price of shares and the revenue from them can fall as well as rise. Please refer to the Key Investor Information Document and Prospectus (which are available from the ACD on request) for a full description of the risks involved when investing in the sub-funds.

Shares may be bought and sold by contacting the ACD by telephone, at the address on this page or via the website artemis.co.uk in the UK. Valuation of the sub-funds takes place each business day at 12 noon UK time on a forward pricing basis.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

Publication of prices

The most recent prices are published on the ACD's website artemis.co.uk, which is the primary method of price publication.

For further details and where to find such prices please contact the ACD. Shares are not quoted on any recognised investment exchange.

European Union Savings Directive

The ACD is required by the European Union Savings Directive to report payments to HM Revenue & Customs that are made by the sub-funds to investors living in other European Union member states.

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† Authorised by the Prudential Regulation Authority ('PRA'), 20 Moorgate, London EC2R 6DA and regulated by the PRA and the FCA.

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Share class launches

Artemis Pan-European Absolute Return Fund	
R accumulation EUR (hedged)	31 August 2016
Artemis US Absolute Return Fund	
I accumulation CHF (NAV hedged)	1 April 2016
R accumulation CHF (NAV hedged)	1 April 2016
R accumulation EUR (NAV hedged)	1 April 2016
R accumulation USD	1 April 2016
Artemis Extended Alpha Fund	
I accumulation CHF (NAV hedged)	1 April 2016
I accumulation GBP (NAV hedged)	1 April 2016
R accumulation CHF (NAV hedged)	1 April 2016
R accumulation CHF	1 April 2016
R accumulation EUR	1 April 2016
R accumulation EUR (NAV hedged)	15 August 2016
R accumulation USD	1 April 2016
Artemis US Select Fund	
I accumulation CHF (NAV hedged)	1 April 2016
I accumulation EUR (NAV hedged)	1 April 2016
I accumulation GBP (NAV hedged)	1 April 2016
R accumulation CHF (NAV hedged)	1 April 2016
R accumulation EUR	1 April 2016
R accumulation EUR (NAV hedged)	1 April 2016
R accumulation USD	1 April 2016

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