

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT A PROFESSIONAL ADVISER.**

Artemis Fund Managers Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that it is the case) the information contained in this document does not contain any untrue or misleading statement nor omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Artemis Fund Managers Limited accepts responsibility accordingly.

**PROSPECTUS**  
**OF**  
**ARTEMIS INVESTMENT FUNDS ICVC**  
**(An open-ended investment company**  
**incorporated with limited liability and**  
**registered in England and Wales**  
**under registered number IC001014)**  
**(A UCITS scheme)**

This document constitutes the Prospectus for Artemis Investment Funds ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 4 February 2019.

Copies of this Prospectus have been sent to the FCA and the Depositary.

# CONTENTS

Section, Appendix or Paragraph	Page
<b>1. DEFINITIONS .....</b>	<b>3</b>
<b>2. DETAILS OF THE COMPANY .....</b>	<b>6</b>
2.1. General .....	6
2.2. The Structure of the Company .....	8
<b>3. BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES.....</b>	<b>12</b>
3.1. Buying Shares .....	12
3.2. Regular Savings Plan .....	13
3.3. Redeeming Shares .....	13
3.4. In specie redemptions and subscriptions .....	13
3.5. Suspension of dealings in Shares .....	14
3.6. Converting between Shares within a Sub-Fund .....	15
3.7. Switching between Sub-Funds .....	16
3.8. Dealing Charges .....	17
3.9. Identity Verification and Fraud Prevention .....	20
3.10. Transfers .....	20
3.11. Compulsory transfer and redemption of Shares .....	20
3.12. Governing law .....	22
<b>4. VALUATION OF THE SUB-FUNDS .....</b>	<b>22</b>
4.1. General .....	22
4.2. Price per Share in each Sub-Fund and each Class .....	25
4.3. Fair Value Pricing .....	25
4.4. Pricing basis .....	26
4.5. Publication of Prices .....	26
<b>5. RISK WARNINGS.....</b>	<b>27</b>
5.1. General Risks .....	27
5.2. Specific Risks .....	29
<b>6. MANAGEMENT AND ADMINISTRATION.....</b>	<b>43</b>
6.1. Regulatory Status .....	43
6.2. Authorised Corporate Director .....	44
6.3. The Depositary .....	46
6.4. The Transfer Agent .....	48
6.5. The Registrar .....	48
6.6. Fund Administrator .....	49
6.7. The Investment Adviser .....	49
6.8. The Auditors .....	50
6.9. Legal Advisers .....	50
6.10. Conflicts of Interest .....	50
<b>7. FEES AND EXPENSES .....</b>	<b>51</b>
7.1. General .....	51
7.2. Charges payable to the ACD .....	51
7.3. Fees and expenses of the Depositary .....	52

7.4.	Other charges .....	53
7.5.	Investment Adviser's fee .....	55
7.6.	Allocation of fees and expenses between Sub-Funds .....	56
<b>8.</b>	<b>SHAREHOLDER MEETINGS AND VOTING RIGHTS .....</b>	<b>57</b>
8.1.	Class and Sub-Fund Meetings .....	57
8.2.	Requisitions of Meetings .....	57
8.3.	Notice and Quorum .....	57
8.4.	Voting Rights .....	57
<b>9.</b>	<b>TAXATION .....</b>	<b>58</b>
9.1.	General .....	58
9.2.	The Sub-Funds .....	58
9.3.	Shareholders.....	59
<b>10.</b>	<b>WINDING UP OF THE COMPANY OR TERMINATION OF A SUB-FUND .....</b>	<b>62</b>
<b>11.</b>	<b>GENERAL INFORMATION.....</b>	<b>64</b>
11.1.	Accounting Periods .....	64
11.2.	Interest.....	65
11.3.	Income Allocations .....	65
11.4.	Unclaimed cash or assets.....	65
11.5.	Annual Reports .....	66
11.6.	Documents of the Company .....	66
11.7.	Strategy for the exercise of voting rights.....	66
11.8.	Execution Policy.....	67
11.9.	Inducements.....	67
11.10.	Provision of Investment Advice .....	67
11.11.	Telephone Recordings.....	67
11.12.	Complaints.....	67
11.13.	Risk Management.....	67
11.14.	Indemnity .....	68
11.15.	Notices .....	68
11.16.	Genuine diversity of ownership.....	68
<b>APPENDIX I</b>	<b>SUB-FUND DETAILS .....</b>	<b>69</b>
<b>APPENDIX II</b>	<b>ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS.....</b>	<b>78</b>
<b>APPENDIX III</b>	<b>INVESTMENT AND BORROWING POWERS OF THE COMPANY.....</b>	<b>80</b>
<b>APPENDIX IV</b>	<b>LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD .....</b>	<b>109</b>
<b>APPENDIX V</b>	<b>PAST PERFORMANCE TABLES FOR EACH SUB-FUND AND INVESTOR PROFILE.....</b>	<b>110</b>
<b>APPENDIX VI</b>	<b>PERFORMANCE FEE .....</b>	<b>111</b>
<b>DIRECTORY</b>	<b>.....</b>	<b>120</b>
	<b>ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY.....</b>	<b>121</b>

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares will not, under any circumstances, create any implication that the affairs of the Company have not changed since the date of this Prospectus.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version prevails.

The Shares have not been and will not be registered under the US Securities Act of 1933 (as amended). They may not be offered or sold in the US, its territories and possessions, or any state of the United States of America or the District of Columbia. The Shares also may not be

offered, sold or transferred to US persons (who fall within the definition of "US Person" as defined in rule 902 in regulation S of the United States Securities Act 1933).

The Company has not been and will not be registered under the US Investment Company Act of 1940 (as amended). The ACD has not been registered under the US Investment Advisors Act of 1940.

#### *Automatic exchange of information for international tax compliance*

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Union directives and the United States provisions commonly known as FATCA), the Company (or its agent) may collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. When requested to do so by the Company or its agent, Shareholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

By signing the application form to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the ACD or its agent. If a Shareholder does not provide the necessary information, the ACD will be required to report it to HM Revenue & Customs.

Potential investors should not treat the contents of this Prospectus as advice

relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial

Services and Markets Act 2000 by Artemis Fund Managers Limited.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Artemis Fund Managers Limited that this is the most recently published prospectus.

## 1. DEFINITIONS

<b>"ACD"</b>	Artemis Fund Managers Limited, the authorised corporate director of the Company;
<b>"ACD Agreement"</b>	an agreement dated 8 July 2014 between the Company and the ACD;
<b>"Approved Bank"</b>	as defined, from time to time, in the FCA Handbook;
<b>"Auditor"</b>	Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>"Business Day"</b>	means (i) in relation to anything done or to be done in the UK, any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the UK; and (ii) in relation to anything done or to be done by reference to a market outside the UK, any day on which that market is normally open for business;
<b>"Class" or "Classes"</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Sub-Fund or a particular class or classes of Share related to a single Sub-Fund;
<b>"COLL Sourcebook" or "COLL"</b>	the Collective Investment Schemes Sourcebook (or, as appropriate, a chapter or rule thereof) which forms part of the FCA Handbook, as amended, restated or replaced from time to time;
<b>"Company"</b>	Artemis Investment Funds ICVC;
<b>"Conversion"</b>	the conversion of Shares in one Class in a Sub-Fund to Shares of another Class in the same Sub-Fund and "Convert" shall be construed accordingly;
<b>"Custodian"</b>	J.P. Morgan Chase Bank N.A. London Branch or such other entity as is appointed to act as

	custodian of the Company;
<b>"Cut Off Point"</b>	the point prior to which orders to buy, redeem or Switch Shares must be received by the Transfer Agent in order for them to be actioned at the next Valuation Point and details of which are set out for each Sub-Fund in <b>Appendix I</b> ;
<b>"Dealing Day"</b>	Monday to Friday except for (unless the ACD otherwise decides) a bank or public holiday in England and Wales;
<b>"Depositary"</b>	J.P. Morgan Europe Limited, or such other entity as is appointed to act as depositary of the Company;
<b>"Director" or "Directors"</b>	the director or directors of the Company from time to time (including the ACD);
<b>"EEA State"</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>"Efficient Portfolio Management" or "EPM"</b>	as defined in paragraph <b>11</b> of <b>Appendix III</b> ;
<b>"Eligible Institution"</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
<b>"FCA"</b>	the UK Financial Conduct Authority or any other regulatory body or bodies which may assume its regulatory responsibilities from time to time;
<b>"FCA Handbook"</b>	the FCA Handbook of Rules and Guidance, as amended or replaced from time to time;
<b>"Fund Administrator"</b>	J.P. Morgan Chase Bank N.A. London Branch or such other entity as is appointed to act as fund administrator of the Company;
<b>"Instrument of Incorporation"</b>	the instrument of incorporation of the Company as amended from time to time;

<b>"Investment Adviser"</b>	Artemis Investment Management LLP or such other entity as is appointed to act as investment adviser of the Company;
<b>"ISA"</b>	an individual savings account under The Individual Savings Account Regulations 1998 (as amended). Accordingly, a Sub-Fund's "ISA Status" refers to its eligibility to be held within an ISA;
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company or of any Sub-Fund (as the context may require) less the liabilities of the Company (or of the Sub-Fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
<b>"Register"</b>	the register of Shareholders of the Company;
<b>"Registrar"</b>	DST Financial Services International Limited, or such other entity as is appointed to act as registrar to the Company from time to time;
<b>"Regulated Activities Order"</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time;
<b>"Scheme Property"</b>	the scheme property of the Company required under the COLL Sourcebook to be given for safe-keeping to the Depositary;
<b>"Share" or "Shares"</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one ten-thousandth of a larger denomination share);
<b>"Shareholder"</b>	a holder of registered Shares in the Company;
<b>"Sub-Fund" or "Sub-Funds"</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets



and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to that sub-fund of the Company;

**"Switching"**

the exchange (where permissible) of Shares in one Sub-Fund for Shares of another Sub-Fund and "Switch" shall be construed accordingly;

**"Transfer Agent"**

DST Financial Services Europe Limited, or such other entity as is appointed to act as transfer agent to the Company from time to time;

**"UCITS Directive"**

Directive 2009/65/EC as amended by Directive 2014/91/EU and as further amended from time to time;

**"Valuation Point"**

the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Sub-Fund please see [Appendix I](#); and

**"VAT"**

value added tax.

## **2. DETAILS OF THE COMPANY**

### **2.1. General**

- 2.1.1. Artemis Investment Funds ICVC is an investment company with variable capital incorporated in England and Wales under registered number IC001014 and authorised and regulated by the Financial Conduct Authority 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's product reference number is 622895. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

The ACD is also the authorised fund manager of certain authorised unit trusts, details of which are set out in [Appendix IV](#).

**2.1.2. Head Office**

The head office of the Company is at Artemis Investment Funds ICVC, Cassini House, 57 St. James's Street, London SW1A 1LD.

**2.1.3. Address for Service**

Notices or other documents required or authorised to be served on the Company should be sent to the head office.

**2.1.4. Base Currency**

The base currency of the Company is Pounds Sterling.

**2.1.5. Share Capital**

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-Funds.

If the ACD so decides, Shares in the Company may be marketed in Member States other than the UK and in countries outside the European Union and European Economic Area, subject to the COLL Sourcebook and any regulatory constraints in those countries.

Each of the Sub-Funds of the Company is designed and managed to support longer-term investment. Short-term or excessive trading into and out of a Sub-Fund may harm performance by disrupting portfolio management strategies and by increasing costs. The ACD may at its discretion refuse to accept applications for, or Conversion or Switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Sub-Funds. For these purposes, the ACD may consider an investor's trading history in the Sub-Funds or other funds managed by ACD and accounts under common ownership or control.

## **2.2. The Structure of the Company**

### **2.2.1. The Sub-Funds**

The Company is structured as an umbrella company, in that different Sub-Funds may be established from time to time by the ACD with the approval of the FCA. On the establishment of any new Sub-Fund, a revised prospectus will be prepared setting out the relevant details of each Sub-Fund.

The Company is a UCITS scheme.

The assets of each Sub-Fund will be treated as separate from those of every other Sub-Fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-Fund. Investment of the assets of each of the Sub-Funds must comply with the FCA Handbook and the investment objective and policy of the relevant Sub-Fund. Details of the Sub-Funds, including their investment objectives and policies, are set out in [Appendix I](#).

The eligible securities markets and eligible derivatives markets on which the Sub-Funds may invest are set out in [Appendix II](#). A detailed statement of the general investment and borrowing restrictions in respect of a Sub-Fund is set out in [Appendix III](#).

Each Sub-Fund has a specific portfolio to which that Sub-Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Sub-Fund is treated as a separate entity.

The Sub-Funds are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and will not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Sub-Fund.

Subject to the above, each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund, and within each Sub-Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated between Sub-Funds by the ACD in a manner which it believes is fair to the Shareholders generally.

Please also see paragraph 5.1.8 "Liabilities of the Company and the Sub-Funds' contagion risk".

### 2.2.2. **Shares in the Company**

Shares will be issued in larger and smaller denominations. There are 10,000 smaller denomination Shares to each larger Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class in each Sub-Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of the relevant Sub-Fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

### 2.2.3. **Classes of Shares within the Sub-Funds**

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

The currency for each new Class of Shares will be determined at the date of its creation and set out in the revised or supplemental prospectus issued in respect of the new Class of Shares.

The net proceeds from subscriptions to a Sub-Fund will be invested in the specific pool of assets constituting that Sub-Fund. The Company will maintain for each current Sub-Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-Fund.

To the extent that any Scheme Property of the Company, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between the Sub-Funds in a manner which it believes is fair to the Shareholders generally.

Shares in the Company are not currently listed on any investment exchange.

The Share Classes that may be issued in respect of each Sub-Fund and their criteria for subscription are set out in **Appendix I**. Details of which of the Share Classes are currently available in each Sub-Fund are set out in **Appendix I**.

Holders of income Shares, if available, will be entitled to be paid the distributable income attributed to such Shares on any relevant interim and/or annual allocation dates, as set out in [Appendix I](#).

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case (in accordance with relevant tax law) net of any tax deducted or accounted for by the Company. Details of whether net and/or gross Shares are available in any Sub-Fund are set out in [Appendix I](#). All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-Fund has different Classes, each Class may attract different charges (as set out in [Appendix I](#)) and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares of another Class within the same Sub-Fund or to Switch all or part of their Shares for Shares of another Class within a different Sub-Fund of the Company. Details of this Conversion and Switching facility (and the restrictions) are set out in paragraphs 3.6 and 3.7 below.

The Instrument of Incorporation allows for the issue of bearer shares, but no such shares are currently issued.

#### **2.2.4. Hedged Share Classes**

The Sub-Funds may issue hedged Share Classes. These allow the ACD to use currency hedging transactions to reduce the effect of fluctuations in exchange rates on the performance of the hedged Share Classes.

There are two types of hedged Share Classes that may be issued: portfolio hedged Share Classes "(Hedged)"; and net asset value hedged

Share Classes "(NAV Hedged)". Details of Share Classes issued by the Sub-Funds are set out in Appendix 1.

For Hedged Share Classes, the hedging transactions hedge the currency exposures of the underlying assets of the relevant Sub-Fund against the currency of the relevant Hedged Share Class. Any gains and losses resulting from the hedging transactions will be allocated to capital.

For NAV Hedged Share Classes, the hedging transactions hedge the net asset value of the relevant NAV Hedged Share Class against the reference currency of the Sub-Fund (as set out in Appendix I).

In respect of the Hedged Share Classes, and subject to certain minimum thresholds, the ACD intends to operate a target hedge ratio of 100% with a tolerance limit of +/- 5%.

In respect of the NAV Hedged Share Classes, the ACD intends to operate a target hedge ratio of 100% with a tolerance limit of +/- 5%.

Adjustments to any currency hedging transactions to keep within these parameters will be made on a periodic basis as necessary.

The ACD may utilise currency forwards, currency futures, currency option transactions, currency swaps, currency hedging with interest rate or equity swap transactions (or such other instruments as are permitted by the relevant Sub-Fund's investment policy and Appendix III "Investment and borrowing powers of the Company") for these purposes.

The costs and benefits of currency hedging transactions will accrue solely to the Shareholders in the relevant Hedged or NAV Hedged Share Class. This includes the costs of hedging and the allocation of any gains and losses resulting from the hedging transactions. Currency hedging transactions will not cause the Hedged or NAV Hedged Share Classes to be leveraged.

Hedged Share Classes and NAV Hedged Share Classes may not provide complete protection from all currency fluctuations and paragraph 5.2.2 ("Currency Risk") will still apply. In particular, it should be noted that (i) (for Hedged Share Classes) currency hedging transactions may be entered into whether or not the rate of exchange of a Hedged Share Class currency is declining or increasing in value relative to the currency or currencies in which the assets of the portfolio are denominated; (ii) (for NAV Hedged Share Classes) currency hedging transactions may be entered into whether or not the rate of exchange of a NAV Hedged Share Class currency is declining or increasing in value relative to the

reference currency; and (iii) there can be no guarantee that the currency hedging transactions entered into in respect of a Hedged or NAV Hedged Share Class will eliminate any adverse effect of fluctuations in the rate of exchange between the currency or currencies in which the assets of the portfolio are denominated or the reference currency and the relevant Share Class currency.

Shareholders should be aware that all Share Classes which are hedged will still be exposed to the market risks that relate to the underlying investments in the Sub-Fund and to other risks as set out in section 5.

Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, currency hedging transactions in relation to Hedged and/or NAV Hedged Share Classes could result in liabilities which might affect the net asset value of the other Share Classes of the same Sub-Fund.

### **3. BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES**

The ACD will be available to receive requests for the purchase and redemption of Shares during normal business hours, 8.00am to 6.00pm UK time, excluding weekends, public and bank holidays.

#### **3.1. Buying Shares**

Shares will be sold by the ACD upon receipt of orders by telephone (for existing Shareholders), letter, facsimile, application form or other form of communication which the ACD deems acceptable, at a price as determined as set out in section 4. Shares may be purchased directly from the ACD or through a financial adviser or other intermediary. Certificates are not issued to Shareholders. Instead, Shareholders will be sent six-monthly statements as at April and October each year detailing holdings and transactions executed during the period.

The minimum holding of Shares in each Sub-Fund is set out in Appendix I. The ACD may, at its sole discretion, decide to waive any of the investment minimums.

The ACD reserves the right to refuse any application to purchase Shares without giving a reason for doing so.

The ACD makes use of the "delivery versus payment" (DvP) exemption as permitted by the FCA Handbook, which provides for a one Business Day window during which money given to the ACD to buy Shares is not treated as client money. If the ACD has not passed subscription money to the Depositary at the

end of the one Business Day window, it will place the subscription money in a client money bank account until it can make the transfer.

### **3.2. Regular Savings Plan**

The ACD may make available certain Classes through a regular savings plan. Please contact the ACD for further information.

### **3.3. Redeeming Shares**

Shares will be redeemed by the ACD upon receipt of an instruction either by telephone, letter, facsimile or other form of communication which the ACD deems acceptable, at a price determined as set out in section 4. Where orders have been placed either by telephone or facsimile, the redemption proceeds may not be released until the ACD, at its discretion, is in receipt of a written redemption instruction duly signed by the Shareholder(s) in question. Shares may be sold back to the ACD directly or through a financial adviser or other intermediary. Payment will be made within four Business Days following receipt of all necessary documentation. The minimum redemption amount is set out in Appendix I. Shareholders should note that should their holding fall below the minimum holding values detailed in Appendix I, the ACD has the power (in its discretion) to automatically redeem their entire holding.

The ACD will accept electronic renunciation instructions from regulated institutions who hold Shares in a nominee name provided that the ACD has a coverall or an electronic renunciation agreement in place with the regulated institution. The ACD may at its discretion accept electronic instructions from private investors but may at its discretion also still require hard copy, wet signatures to effect renunciation. The ACD does not generally accept electronic instructions to transfer Shares to a third party, whether from private investors or regulated institutions.

The ACD also makes use of the delivery versus payment (DvP) exemption as referred to in paragraph 3.1 above when it redeems Shares. Money due to be paid to Shareholders following a redemption need not be treated as client money provided the redemption proceeds are paid to the Shareholder within a one Business Day window of receipt of the redemption proceeds from the Depositary. If the ACD is not able for any reason to pay a Shareholder in that timeframe it will place the redemption money in a client money bank account until it can make the payment.

### **3.4. In specie redemptions and subscriptions**

Where a Shareholder requests a redemption of Shares representing not less than 5% of the value of a Sub-Fund, the ACD may, at its discretion, give written notice to the Shareholder before the proceeds of the redemption or cancellation would



otherwise become payable that, in lieu of paying such proceeds in cash, the ACD will transfer to that Shareholder property attributable to a Sub-Fund having the appropriate value. The ACD will select the property to be transferred in consultation with the Depositary. The ACD and the Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

The ACD may arrange for Shares to be issued in exchange for assets other than cash, but will only do so where the ACD and Depositary are satisfied that a Sub-Fund's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders. The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the relevant Sub-Fund.

### **3.5. Suspension of dealings in Shares**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares where due to exceptional circumstances it is in the interests of all the relevant Shareholders. The ACD will immediately inform the FCA of the suspension and the reason for it, and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Sub-Fund is offered for sale.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders. The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension. Where such suspension takes place, the ACD will publish on its website or by other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension. Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders. The ACD will inform the FCA of the proposed restart of dealings and immediately after the restart the ACD will

confirm this by giving notice to the FCA and the regulator in each EEA State where the affected Sub-Funds are offered for sale. The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

### **3.6. Converting between Shares within a Sub-Fund**

A Shareholder in a Sub-Fund may at any time Convert all or some of their Shares of one Class or type (the "Original Shares") for Shares of another Class or type (the "New Shares") in that Sub-Fund, subject to certain restrictions including meeting the subscription criteria for the relevant Class (please see section 3.1 and Appendix I for more information). The ACD will not normally make a charge on Converting between Classes. A Conversion between different types of Shares e.g. between Accumulation Shares and Distribution Shares or between Class R Shares and Class I Shares, will not incur any charges.

Shareholders may only Convert between Classes of Shares denominated in the same currency.

Shareholders may be required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before a Conversion is effected. A request for a Conversion on any business day must be received by the earlier of the relevant dealing Cut Off Points for both the redemption of the Original Shares and for the acquisition of the New Shares.

The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are sold and the New Shares are issued.

Conversion of the Original Shares specified in a Conversion notice shall take place at the first Valuation Point after the Conversion notice is received or deemed to have been received by the ACD or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant Conversion notice may determine. For the purposes of this paragraph and for the avoidance of doubt, the ACD shall be construed as the Shareholder of all Shares in the relevant Sub-Fund which are in issue and in respect of which no other person's name is entered on the register of Shareholders.

The ACD may adjust the number of New Shares to be issued or sold to reflect the imposition of any Conversion charges together with any other charges or levies in respect of the issue or sale of the New Shares or cancellation or redemption of the Original Shares as may be made without infringement of the COLL Sourcebook.

If the Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the

Class concerned, the ACD may, if it thinks fit, Convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on such Conversion) or refuse to effect any Conversion of the Original Shares. No Conversion will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. A Conversion between Shares within a Sub-Fund may be subject to income equalisation as referred to in paragraph 9.3.2. A Conversion of Shares within the same Sub-Fund is not generally treated as a disposal for the purposes of taxation of capital gains except for certain conversions into or out of hedged share classes where there may be a disposal for capital gains tax, depending on the circumstances. Shareholders should seek professional advice in relation to their tax status.

A Shareholder who Converts between Classes of Shares will have no right to withdraw from or cancel the transaction.

The ACD may carry out a compulsory Conversion of some or all of the Shares of one Class into another Class where it reasonably believes it is in the interests of Shareholders to do so (for example, to merge two existing Classes). The ACD will give Shareholders 60 days' written notice before any such compulsory Conversion is carried out.

### **3.7. Switching between Sub-Funds**

Switches between a Sub-Fund and any other Sub-Fund or Sub-Funds managed by the ACD are permitted at the discretion of the ACD where the investment criteria of the Share Class into which the Shareholder wishes to Switch are met. The ACD may, at its discretion, make a charge on the Switching of Shares between Sub-Funds.

Shareholders may not Switch between any Class of Shares denominated in Sterling and any Class of Shares denominated in any other currency, and vice versa.

Shareholders may be required to provide written instructions to the ACD (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before Switching is effected. Any request for Switching must be received by the earlier of the relevant dealing Cut Off Points for both the redemption of the Original Shares and for the acquisition of the New Shares.

No Switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch.

Written instructions must be received by the ACD before the dealing Cut Off Point in the Sub-Fund concerned to be dealt with at the prices at the relevant Valuation

Point on that Dealing Day, or on the next Dealing Day following a suspension of Shares in the Sub-Fund. Switching requests received after a dealing Cut Off Point will be held over until the next day which is a Dealing Day in each of the relevant Sub-Funds.

Where a request is to Switch between Sub-Funds with a choice of Share Classes, then the Switch will be made to Shares of the same Class (if such Class is available) in the new Sub-Fund, and where both such Classes have a redemption charge, the redemption charge will not be applied. When Switching from a Sub-Fund with a redemption charge to one without, the redemption charge will be applied. When Switching into a Sub-Fund with an initial charge, the initial charge less 4% will be applied (where the initial charge is less than 4%, or where the initial charge is waived by the ACD, then there will be no charge on the Switch).

Please note that a Switch of Shares in one Sub-Fund for Shares in any other Sub-Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of taxation of capital gains. Shareholders should seek professional advice in relation to their tax status.

A Shareholder who Switches between Sub-Funds will have no right to withdraw from or cancel the transaction.

### **3.8. Dealing Charges**

The price per Share at which Shares are bought, sold, Converted or Switched is the Net Asset Value per Share. Any initial charge, or redemption charge, is deducted from the gross subscription or the proceeds of the redemption monies, as appropriate.

#### **3.8.1. Initial Charge**

The Instrument of Incorporation permits the ACD to make an initial charge. The initial charge is calculated as a percentage of the amount invested by a potential Shareholder. If an initial charge is made for any Share Class, the applicable percentage is set out in **Appendix I**.

The ACD may waive or discount the initial charge at its discretion.

From the initial charge received, or out of other of its own resources, the ACD may pay a commission to relevant intermediaries where such payment is permitted by the FCA Handbook.

### 3.8.2. **Redemption Charge**

The ACD is entitled to make a charge on the redemption of Shares. At present, the ACD does not make such a charge.

### 3.8.3. **Dilution Adjustment**

The actual cost of purchasing or selling assets and investments in the Sub-Funds may deviate from the mid-market value used in calculating the Share prices, due to dealing charges, taxes, and any spread between the buying and selling prices of a Sub-Fund's underlying investments. These costs could have an adverse effect on the value of the Sub-Funds, known as "dilution". In order to mitigate the effect of dilution, the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Sub-Funds to take into account the possible effects of dilution. This is known as making a dilution adjustment or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Sub-Funds.

The price of the Shares in each Class of each Sub-Fund will always be calculated separately. Should any dilution adjustment be applied to a Sub-Fund, it will, in percentage terms, affect the price of the Shares in each Class of such Sub-Fund identically.

The ACD reserves the right to make a dilution adjustment on a daily basis. The dilution adjustment is calculated using the estimated dealing costs of a Sub-Fund's underlying investments, taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being sold as a proportion of the total value of that Sub-Fund. The measurement period will typically be a single day but, where a trend develops so that for a number of days in a row there is a surplus of acquisitions or redemptions on each and every day, the aggregate effect of such acquisitions or redemptions as a proportion of the total relevant Sub-Fund value will be considered.

Where a Sub-Fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of its Shares above their mid-market value. Where a Sub-Fund is experiencing net redemptions the dilution adjustment would decrease the price of its Shares to below their mid-market value.

It is the ACD's policy to reserve the right to impose a dilution adjustment on purchases, sales and Switches of Shares of whatever size

and whenever made. In the event that a dilution adjustment is made, it will be applied to all transactions in a Sub-Fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

The ACD's decision on whether or not to make a dilution adjustment, and at what level a dilution adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied, if a Sub-Fund is experiencing net acquisitions of Shares or net redemptions, there may be an adverse impact on the assets of that Sub-Fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share. As dilution is directly related to the inflows and outflows of monies from a Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment.

In the year to 31 December 2018, dilution adjustments were applied as follows:

<b>Sub-Fund</b>	<b>Dilution Adjustments</b>
Artemis Pan-European Absolute Return Fund	7
Artemis US Absolute Return Fund	1
Artemis US Equity Fund	2
Artemis US Extended Alpha Fund	0
Artemis US Select Fund	1
Artemis US Smaller Companies Fund	3
Artemis Global Emerging Markets Fund	9
Artemis Global Equity Income Fund	5

The dilution adjustment for any one Sub-Fund may vary over time because the dilution adjustment for each Sub-Fund will be calculated by reference to the costs of dealing in the underlying investments of that Sub-Fund, including any dealing spreads, and these can vary with market conditions.

### **3.9. Identity Verification and Fraud Prevention**

As a result of legislation in force in the United Kingdom to prevent financial crime, the ACD, as a company conducting investment business, is responsible for compliance with anti-money laundering regulations. This includes, but is not limited to, verifying the identity and address of Shareholders and of any third party making payments on behalf of Shareholders. Such verification may include electronic searches of the electoral roll and the use of credit reference agencies. In accordance with the Data Protection Act 1998, an instruction to purchase Shares, whether by completion of the application form, by telephone or other medium, represents permission for the ACD to access this information. The ACD reserves the right to delay processing an investment and/or withhold any payment due until satisfactory evidence is received. In such circumstances, no interest will be paid on any such amount.

#### *Automatic exchange of information for international tax compliance*

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Union directives and the United States provisions commonly known as FATCA), the Company (or its agent) may collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. When requested to do so by the Company or its agent, Shareholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

### **3.10. Transfers**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

### **3.11. Compulsory transfer and redemption of Shares**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of a law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. For example, the ACD may, *inter alia*, reject in its discretion any application for the purchase, redemption, transfer or Switching of Shares.

If it comes to the notice of the ACD that any Shares ("Affected Shares"):

- 3.11.1. are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- 3.11.2. would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) or to provide information about the ACD's taxation affairs or that of the Company or any of its Shareholders;
- 3.11.3. are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- 3.11.4. are owned by a Shareholder who is resident or domiciled in a jurisdiction (where the Sub-Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Sub-Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach),

the ACD may give notice to the Shareholder(s) of the Affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer the Affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the Affected Shares, the Shareholder will be deemed upon the expiry of that 30 period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the Affected Shares.

A Shareholder who becomes aware that they are holding or own Affected Shares will immediately, unless they have already received a notice as set out above, either transfer all their Affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all the Affected Shares.

Where a request in writing is given or deemed to be given for the redemption of Affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.



### 3.12. **Governing law**

All deals in Shares are governed by English law.

## 4. **VALUATION OF THE SUB-FUNDS**

### 4.1. **General**

- 4.1.1. There is only a single price for each Class of Share in each Sub-Fund. The price of a Share is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates and will be stated in the currency of the relevant Class. The Net Asset Value per Share of a Sub-Fund is calculated on each Dealing Day at the Valuation Point of the Sub-Fund. For details of the Valuation Point of a Sub-Fund please see [Appendix I](#).
- 4.1.2. The ACD may at any time during a business day carry out an additional valuation if it considers it desirable to do so and may use the price obtained at such additional valuation point as the price for the day. The ACD will inform the Depositary of any decision to carry out any additional valuation that is necessary. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction, which do not create a Valuation Point for the purposes of dealing.
- 4.1.3. The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares of each Class of each Sub-Fund and the amount of any dilution adjustment made in respect of any purchase or redemption of Shares.
- 4.1.4. A request for dealing in Shares must be received by the Cut Off Point in order to be processed at the next Valuation Point. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.
- 4.1.5. The value of the property of a Sub-Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:
  - 4.1.5.1 All the property (including receivables) is to be included, subject to the provisions in paragraphs 4.1.5.2 to 4.1.5.3 below;
  - 4.1.5.2 Property which is not cash (or other assets dealt with in paragraph (c) below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject

as follows) be the most recent prices which it is practicable to obtain:

- (a) units or shares in a collective investment scheme:
  - (i) if a single price for buying and redeeming units or shares is quoted, at that price; or
  - (ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
- (b) any other transferable security:
  - (i) if a single price for buying and redeeming the security is quoted, at that price; or
  - (ii) if separate buying and redemption prices are quoted, at the average of the two prices; or
  - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the ACD, is fair and reasonable;
- (c) property other than that described in paragraphs 4.1.5.2 and (a)(iii) above at a value which, in the opinion of the ACD, represents a fair and reasonable mid market price;
- (d) cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values;
- (e) Property which is a contingent liability transaction shall be treated as follows:
  - (i) if it is a written option (and the premium for writing the option has become part of the property), deduct the amount of the net valuation of premium

receivable. If the property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

(ii) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

(iii) if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary;

4.1.5.3 In determining the value of the property, all instructions given to buy or sell Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case;

4.1.5.4 Subject to paragraphs 4.1.5.5 and 4.1.5.6 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount;

4.1.5.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.1.5.4;

4.1.5.6 All agreements are to be included under paragraph 4.1.5.4 which are, or ought reasonably to have been, known to the person valuing the property;

4.1.5.7 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any foreign taxes or duties;

- 4.1.5.8 Deduct an estimated amount for any liabilities payable out of the property and any tax thereon treating periodic items as accruing from day to day;
- 4.1.5.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings;
- 4.1.5.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;
- 4.1.5.11 Add any other credits or amounts due to be paid into the property;
- 4.1.5.12 Currencies or values in currencies other than Sterling shall be Converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders; and
- 4.1.5.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

#### **4.2. Price per Share in each Sub-Fund and each Class**

The price per Share at which Shares are bought or are sold is the Net Asset Value per Share. There will be a single price per Share per Class calculated in the currency of the relevant Class (as set out in Appendix I) to two decimal places. Any initial charge, or redemption charge, is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-Fund at a time when more than one Class is in issue in respect of that Sub-Fund will be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-Fund in question calculated in accordance with the Instrument of Incorporation.

#### **4.3. Fair Value Pricing**

4.3.1. Where the ACD has reasonable grounds to believe that:

- 4.3.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
- 4.3.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a

unit/share in a collective investment scheme) at the Valuation Point;

4.3.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

4.3.2. The circumstances which may give rise to a fair value price being used include:

4.3.2.1 no recent trade in the security concerned; or

4.3.2.2 suspension of dealings in an underlying collective investment scheme; or

4.3.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

4.3.3. In determining whether to use a fair value price, the ACD will include (but need to be limited to) in its consideration:

4.3.3.1 the type of authorised fund concerned;

4.3.3.2 the securities involved;

4.3.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;

4.3.3.4 the basis and reliability of the alternative price used; and

4.3.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.4. **Pricing basis**

Shares are dealt on a forward pricing basis by reference to the next valuation point immediately following receipt of valid instructions by the ACD. The ACD has elected to purchase and redeem Shares on a forward pricing basis only.

#### 4.5. **Publication of Prices**

The most recent prices are published on the ACD's website [www.artemisfunds.com](http://www.artemisfunds.com), which is the primary method of price publication. In addition, the ACD will publish prices at [www.fundinfo.com](http://www.fundinfo.com) or in such newspapers or other media as the ACD may from time to time decide to use. For further details where to find such prices please contact the ACD. Shares are not quoted on any recognised investment exchange.

## 5. **RISK WARNINGS**

Potential investors should consider the risk warnings below before investing in the Company (or, in the case of specific risks applying to specific Sub-Funds, in those Sub-Funds) and these should be read in conjunction with the Sub-Fund specific data contained in Appendix I.

This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance.

The risk warnings listed will also apply to different Sub-Funds to different degrees, and for a given Sub-Fund this degree could increase or reduce through time. The risk profile of each Sub-Fund can be found in Appendix I.

### 5.1. **General Risks**

- 5.1.1. Shareholders should appreciate that there are risks in securities investment. For example, stock market prices, currencies and interest rates can move irrationally and can be affected unpredictably by diverse factors, including political and economic events.
- 5.1.2. As explained in paragraphs 3.1 and 3.3 above, there may be periods of up to one day during which money given to the ACD is not treated as client money. Money which is not held as client money will not be protected on the insolvency of the ACD.
- 5.1.3. Investment in each Sub-Fund should be regarded as a long-term investment. There can be no guarantee that the objective of each of the Sub-Funds will be achieved.
- 5.1.4. The capital value of, and the income attributable to, Shares in the Sub-Funds can fluctuate and the price of Shares and the income attributable to Shares can go down as well as up and is not guaranteed. In particular, there can be no assurance that capital appreciation will occur in the early stages as initial charges are levied on investments in the Sub-Funds and charges are not made uniformly throughout the life of the investment. On redemption/sale, particularly in the short term, Shareholders may receive less than the original amount invested.
- 5.1.5. Past performance is not necessarily a guide to future growth or rates of return.

#### 5.1.6. **Inflation Risk**

The real value of a Shareholder's investment will be reduced by inflation.

#### 5.1.7. **Tax risk**

Tax rules may change and are dependent on a Shareholder's circumstances.

#### 5.1.8. **Liabilities of the Company and the Sub-Funds' contagion risk**

As explained in paragraph 2.2.1 above, under the OEIC Regulations, each Sub-Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Company in every circumstance.

#### 5.1.9. **Efficient Portfolio Management**

Efficient portfolio management is used by all of the Sub-Funds to reduce risk and/or costs in the Sub-Funds and to produce additional capital or income in the Sub-Funds. The Sub-Funds may use derivatives, borrowing, cash holding and stock lending for efficient portfolio management.

It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Sub-Funds. In adverse situations, however, a Sub-Fund's use of derivatives may become ineffective in hedging or EPM and a Sub-Fund may suffer significant loss as a result.

A Sub-Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by efficient portfolio management techniques will be paid to the Funds.

The Investment Adviser may use one or more separate counterparties to undertake transactions on behalf of these Sub-Funds. The Sub-Fund may be required to pledge or transfer collateral paid from within the assets of the relevant Sub-Fund to secure such contracts entered into

for efficient portfolio management including in relation to derivatives and stocklending. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards the return of collateral and any other payments due to the relevant Sub-Fund. The ACD measures the creditworthiness of counterparties as part of the risk management process.

**Please note that some of the Sub-Funds use derivatives for investment purposes as well as for efficient portfolio management. See Appendix I for further information.**

## 5.2. Specific Risks

The following risks do not apply to all of the Sub-Funds and investors should refer to the risk profile information for each Sub-Fund in Appendix I for details of any specific risks which may apply.

### 5.2.1. Smaller Companies

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

### 5.2.2. Currency risk

Where any of the Sub-Funds hold securities denominated in a currency other than Sterling, changes in exchange rates may affect the value of an investment in that Sub-Fund.

A significant portion of a Sub-Fund's assets may be invested in a currency other than the Sub-Funds' base currency. There is a risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which these Sub-Funds are valued and priced. These Sub-Funds are not required to hedge their foreign currency risk, although may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that these Sub-Funds do not hedge their foreign currency risk, or such hedging is incomplete or unsuccessful, the



value of these Sub-Funds' assets and income could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of one of these Sub-Funds in circumstances where no such hedging transactions are undertaken.

#### **5.2.3. Charges from capital**

Where charges are taken wholly or partly out of a Sub-Fund's capital, distributable income may be increased at the expense of capital which may constrain or erode capital growth.

#### **5.2.4. Focus/specialist Sub-Fund risk**

Some Sub-Funds often carry greater risks in return for higher potential rewards. Specialist Sub-Funds, which invest in specialist markets or small sectors of industry, are likely to carry higher risks than more general Sub-Funds. Above average price movements can be expected.

#### **5.2.5. Country risk**

Investments may be exposed to the economic, legal and political circumstances surrounding their country of issue or custody:

- some countries may be less stable and harder to assess for risks than others (e.g. because of different accounting/audit standards);
- there may be less availability or demand for investments in certain regions which may make it difficult for the Sub-Funds to buy or sell them;
- it may take longer to receive assets or payment in certain countries and assets on deposit with third parties in some countries may not be protected to the same extent as others;
- the Sub-Funds may be subject to special restrictions when buying or selling as a foreign investor in certain markets, meaning it may take longer to receive assets or payment;
- some countries have lesser standards of anti-bribery, fraud and corruption protection than others; and
- paragraph 5.2.2 ("currency risk") may also apply and for some countries it will not be possible to use hedging techniques to reduce the impact of exchange rate variations.

#### 5.2.6. **Emerging Market risk**

Certain Sub-Funds invest in emerging markets which may carry a greater degree of risk than investments in more developed markets because of factors such as social and political instability, expropriation, significant currency fluctuations and a lack of liquidity. Some emerging markets have less well established settlement and custody practices compared to established markets, and may not recognise a Sub-Fund's title to securities when held on its behalf by a third party (such as the Depositary) in the same way as more developed markets. Many emerging markets do not have well developed legal and/or regulatory systems, and such systems may also be subject to change at short, or no, notice or be susceptible to fraud. In some cases, a Sub-Fund may be subject to special restrictions when buying or selling as a foreign investor in emerging markets which may result in delayed settlement or access to the Sub-Fund's assets. Auditing, financial reporting and disclosure standards may be less stringent than those of developed markets making it potentially more difficult to assess investment opportunities compared to developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

**Fraudulent securities** – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

**Lack of liquidity** – The acquisition and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

**Currency fluctuations** – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Sub-Fund may occur following the investment of the Company in these currencies. These changes may impact the total return of the Sub-Fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

**Settlement and custody risks** – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that

settlement may be delayed and that cash or securities could be disadvantaged.

**Investment and remittance restrictions** – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Sub-Fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The ACD will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

**Accounting** – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

#### 5.2.7. **Exposure to sovereign debt**

The Sub-Funds may invest in instruments issued by governments. There is a risk that governments may not honour their obligations to repay the capital invested in, or income due from, these investments and the Sub-Funds could suffer potentially significant losses should the likelihood of such a default occurring increase or if a default actually occurs.

#### 5.2.8. **Country risk**

Sub-Funds investing in fixed interest securities, such as gilts and bonds, are sensitive to changes in interest rates, which are in turn determined by a number of economic factors, in particular market expectations of future inflation.

#### 5.2.9. **Concentration Risk**

As part of its investment strategy a Sub-Fund may invest in a concentrated portfolio of investments (meaning that it holds a limited number of investments). The more concentrated a Sub-Fund becomes, the more it is affected by fluctuations in the performance of individual underlying investments. A concentrated portfolio amplifies the impact of gains from individual holdings but may lead to more risk and lower resilience to market events than a more diversified portfolio. The effect of concentration may be exaggerated if the Sub-Fund's holdings are

similar (e.g. formed of a focussed group of investments in the same geographical region, market or industry etc).

#### 5.2.10. **Absolute Return funds**

A Sub-Fund may indicate, in its name or investment objective, an intention to deliver a positive return in all market conditions. There is no guarantee that such a Sub-Fund will actually deliver a return over its specified investment horizon (or any other period) and Shareholders' capital will be at risk.

#### 5.2.11. **Derivatives for investment purposes risks**

The Sub-Funds may employ derivatives for investment purposes in addition to efficient portfolio management. The use of derivatives and forward transactions, in both exchange traded and over the counter ("OTC") markets, in the pursuit of the Sub-Funds' objectives will mean that the net asset value of the Sub-Fund may at times be highly volatile (in the absence of compensating investment techniques). The instruments which may be used include: futures; contracts for differences; options; swaps; forward foreign exchange contracts; and repurchase and reverse repurchase agreements. There are some derivatives whose value falls even though the market is rising.

The use of derivatives will include creating synthetic short positions. The use of these strategies will be subject to a risk management process which will involve reducing counterparty exposure, in respect of OTC derivative transactions, by holding collateral; and/or by netting positions with the same counterparty which are on equivalent terms.

It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of a Sub-Fund's objective will increase its risk profile. However, the use of derivatives and forward transactions for investment purposes will involve particular risks which may:

- increase the volatility of the Sub-Funds when taking additional market or securities exposures;
- be reliant on the ability of the ACD to assess movements in the values of securities, currencies or interest rates;
- place reliance on the imperfect correlation between derivative instruments and the underlying securities; and
- involve trading in non-standardised instruments off exchange, which may in turn involve negotiations on transactions on an individual basis.

When using derivative instruments the Sub-Funds will predominantly use the following types of derivative instruments:

### **Contracts for Differences**

The Sub-Funds will make wide use of contracts for differences ("CFDs"). A CFD is a contract whereby the seller of the contract undertakes to pay to the buyer the difference between the current value of an asset and its future value if that value has increased. If the value falls then the buyer of the contract will pay the seller the difference between the current value and the future value. CFDs allow investors to take long or short positions synthetically and may have no fixed expiry date or contract size.

CFDs do not have a maturity date and can be traded at any time on the OTC market. The underlying instrument covers shares or indices. If dividends are paid on the underlying shares, buyers of long contracts receive a compensatory payment. These amounts are paid by the seller of the long contract. If dividends are paid on the underlying shares, buyers of short contracts pay a compensatory payment. The benefit of CFDs is that the Sub-Funds can obtain exposure to price movements in underlying instruments without the need to make large movements of capital as the Sub-Funds only need to deposit assets in order to create the required initial margin. The purpose of this margin is to hedge the position against potential losses which may result from the transaction. Margin requirements may need to be increased during the life of the CFD to meet changes in the value of the contract. The contract may be closed automatically if the losses exceed the guaranteed amounts.

CFDs carry significant leverage effects. The force of the leverage effect can move against the holder of the CFDs easily and as quickly as it can in their favour.

### **Options**

The Sub-Funds may purchase and sell options on securities. The seller of a put option which is covered (i.e. the seller has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the

underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is 'fully hedged' if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The seller of a call option which is covered (e.g. the writer holds the underlying security) assumes the risk of decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of the call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity. In entering into a closing purchase transaction, the fund may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

### **Exchange traded futures contracts**

The Sub-Funds may make use of futures contracts which will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally. In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products. Prior to

expiration, a futures contract can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. While the Sub-Funds will enter into futures and option positions only if, in the judgment of the ACD, there appears to be a liquid secondary market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The Sub-Funds' ability to utilise futures to hedge their exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged, or to which exposure is sought and the value of the futures contract. Because the instrument underlying a futures contract traded by the Sub-Funds will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in losses to the Sub-Funds. The use of futures involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

### **Forward trading**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and 'cash' trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Sub-

Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the ACD would otherwise recommend, to the possible detriment of the Sub-Funds. In respect of such trading, the Sub-Funds are subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Sub-Funds.

### **Hedging transactions**

The Sub-Funds may utilise financial instruments such as forward contracts for investment purposes and to seek to hedge against fluctuations in the value of the Sub-Fund's portfolio positions. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions nor prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Sub-Funds to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated if it is not able to enter into a hedging transaction at a price sufficient to protect the Sub-Funds from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

While the Sub-Funds may enter into such transactions to seek to reduce exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the Sub-Funds. For a variety of reasons, the ACD may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Sub-Funds from achieving the intended hedge or expose the Sub-Funds to risk of loss.



## **OTC Derivatives**

The Sub-Funds may invest a portion of their assets in investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as OTC transactions and may include forward contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the Sub-Funds are subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Sub-Funds.

The instruments, indices and rates of underlying derivative transactions that may be entered into by the Sub-Funds may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies national and international political and economic events and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Sub-Funds, could result in losses.

The use of derivatives and forward transactions may give rise to the following generic risk types impacting the Sub-Funds.

### **General risks of derivatives for investment purposes**

#### *Position Risk*

There is a risk that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the

control of the ACD, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice, it is the ACD's policy to net exposures against its counterparties.

#### *Liquidity Risk*

Derivatives traded OTC may not be standardised and thus may involve negotiations on each contract on an individual basis. This may result in OTC contracts being less liquid than exchange traded derivatives. The swap market, which is largely OTC, has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

#### *Correlation Risk*

Derivatives do not always perfectly or even closely correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the a Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the Sub-Fund's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin that might, if there is insufficient cash available in the portfolio, in turn require the sale of the Sub-Fund's investments under disadvantageous conditions.

#### *Legal Risk*

There are legal risks involved in using derivatives and forward transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

### *Leverage*

As many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the Sub-Fund being less than if the transaction had not been entered.

The ACD is free to use one or more separate counterparties for derivative transactions. As a result, the Sub-Funds may enter into transactions in OTC markets that expose them to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where a 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 a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of a Sub-Fund and may be required to pledge a proportion of the Sub-Fund's assets as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards 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.

Short selling involves the sale of a security that a Sub-Fund does not own in the expectation of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Sub-Fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security with a corresponding loss to the Sub-Fund. The Sub-Funds are prohibited under the COLL Sourcebook from taking direct short positions in securities, however, they may employ certain derivative

techniques such as using CFDs which may establish both "long" and "short" positions in securities. These positions may seek to take advantage of both rising and falling market values.

The ACD will provide on the request of a Shareholder further information relating to the quantitative limits applying to the risk management of a Sub-Fund, the methods used in relation to the risk management of a Sub-Fund and any recent developments in the risk and yields of the main categories of investment.

A Sub-Fund may be exposed to the creditworthiness of the parties with whom it trades and may also be subject to the risk of settlement default. Where it is deemed appropriate, the ACD may instruct the custodian to settle transactions on a delivery versus payment basis, which may result in a loss to a Sub-Fund if a transaction fails to settle. Neither the ACD nor the custodian will be liable to a Sub-Fund or its Shareholders should such a loss occur.

### **Calculation of Global Exposure**

The Sub-Funds in respect of which global exposure is calculated using the value at risk (VaR) approach are set out in the table below.

Where the ACD has determined an appropriate reference portfolio for a Sub-Fund (as indicated in the table below), the relevant Sub-Fund will apply a Relative VaR risk management approach, measuring the risk profile of the Sub-Fund against the reference portfolio ("Reference Portfolio"). If the ACD does not regard it as possible or appropriate to determine a Reference Portfolio for any Sub-Fund, then the ACD will adopt an Absolute VaR risk management approach for that Sub-Fund. The table below lists the Reference Portfolio assigned to each Sub-Fund. The ACD may elect to change the Reference Portfolio of any Sub-Fund from time to time, and the details shall be updated in this Prospectus at the next available opportunity. Further information on the Reference Portfolio applicable to a Sub-Fund is available from the ACD on request.

<b>Sub-Fund</b>	<b>Risk Management Approach</b>	<b>Max (%)</b>	<b>Reference Portfolio</b>	<b>Expected level of VaR (%)</b>	<b>Expected Level of Leverage (%)</b>
Artemis Pan-European Absolute Return Fund	Absolute VaR	20	n/a	6.81	148.84
Artemis US Absolute Return Fund	Absolute VaR	20	n/a	3.67	141.94
Artemis US Extended Alpha Fund	Relative VaR	100	S&P 500	-3.85	220.85

The column entitled "Max" refers to the regulatory risk limits applied to Sub-Funds in accordance with their risk management approach. Under the relative VaR approach, the global exposure of a Sub-Fund is determined calculating the VaR of the Sub-Fund's current portfolio versus the VaR of the Reference Portfolio; the VaR of the Sub-Fund must be lower than twice the VaR of the Reference Portfolio (i.e. 200%). Where an absolute VaR approach is adopted, the maximum absolute VaR that a Sub-Fund can have is 20% of its net asset value. The column entitled "Expected Level of VaR" refers to the expected average level of VaR of each Sub-Fund, based on the average level of VaR of that Sub-Fund over the 12 months prior to 31 December 2018. The column entitled "Expected Level of Leverage" refers to the expected average level of leverage of each Sub-Fund, based on the average level of leverage of that Sub-Fund over the 12 months prior to 31 December 2018. Shareholders should note that actual VaR and leverage at any given time may vary. A Sub-Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and each Sub-Fund's investment objective. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may have the effect of reducing risk overall.

The Sub-Funds in respect of which global exposure is calculated using the commitment approach are set out in the table below.

<b>Sub-Fund</b>	<b>Risk Management Approach</b>	<b>Max (%)</b>	<b>Expected Level of Leverage (%)</b>
Artemis Global Emerging Markets Fund	Commitment	200	99.43%
Artemis Global Equity Income Fund	Commitment	200	111.91%
Artemis US Select Fund	Commitment	200	100.16%

<b>Sub-Fund</b>	<b>Risk Management Approach</b>	<b>Max (%)</b>	<b>Expected Level of Leverage (%)</b>
Artemis US Equity Fund	Commitment	200	99.90%
Artemis US Smaller Companies Fund	Commitment	200	100.13%

The column entitled "Max" refers to the regulatory risk limits applied to Sub-Funds. Under the commitment approach, the global exposure of a Sub-Fund must be lower than twice of its net asset value (i.e. 200%). The column entitled "Expected Level of Leverage" refers to the expected average level of leverage of each Sub-Fund, based on the average level of leverage of that Sub-Fund over the 12 months prior to 31 December 2018. Shareholders should note that actual leverage at any given time may vary. A Sub-Fund's use of financial derivative instruments for investment purposes will be conducted within the limits set out in the UCITS Directive and each Sub-Fund's investment objective. An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the derivative instruments used may have the effect of reducing risk overall.

## 6. **MANAGEMENT AND ADMINISTRATION**

### 6.1. **Regulatory Status**

The ACD, the Investment Adviser and the Transfer Agent are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Prudential Regulation Authority's registered office is at 20 Moorgate, London EC2R 6DA. The address for general public enquiries is Bank of England, Threadneedle Street, London, EC2R 8AH.

## 6.2. Authorised Corporate Director

### 6.2.1. General

The ACD is Artemis Fund Managers Limited which is a private company limited by shares incorporated in England on 11 February 1986.

<b>Registered Office and Head Office:</b>	Artemis Fund Managers Limited Cassini House 57 St. James's Street London England SW1A 1LD
<b>Share Capital:</b>	An issued share capital of £6,212,058 - fully paid
<b>Ultimate Holding Company:</b>	Affiliated Managers Group, Inc. is the ultimate holding company of the ACD

The names of the directors of the ACD, together with details of their other directorships, are set out below.

<b>Name</b>	<b>Other directorships/memberships</b>
<b>J L Berens</b>	Artemis Investment Management LLP
<b>J E Dodd</b>	Artemis Investment Management LLP Artemis Strategic Asset Management Limited Artemis Asset Management Limited
<b>J R Loukes</b>	Artemis Investment Management LLP
<b>L E Cairney</b>	Artemis Investment Management LLP
<b>M J Murray</b>	Artemis Investment Management LLP Artemis Strategic Asset Management Limited Artemis Asset Management Limited
<b>P A E-A Saacke</b>	Artemis Investment Management LLP

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Handbook. The ACD may delegate its management and administration functions, but not responsibility, to

third parties, including associates, subject to the rules in the COLL Sourcebook.

It has therefore delegated the following functions:

- to the Investment Adviser, the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-Funds (as further explained in paragraph 6.7 "the Investment Adviser" below);
- to the Transfer Agent, certain functions relating to administration (as further explained in paragraph 6.4 below);
- to the Registrar, certain functions relating to the Company's Share register (as further explained in paragraph 6.5 below); and
- to the Fund Administrator, various operational and fund accounting functions.

#### 6.2.2. Terms of Appointment:

The appointment of the ACD has been made under an agreement dated 8 July 2014 between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. It also excludes the ACD from liability to the Company or any Shareholder for any error of judgment or loss suffered in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of recklessness, fraud, bad faith, wilful default or negligence in the performance or non-performance of its obligations and functions under the ACD Agreement. Any liability for defaults of a person to whom it has delegated certain functions is also limited to the extent permitted by the COLL Sourcebook.

The Company has agreed to indemnify the ACD to the extent permitted by the COLL Sourcebook (for itself and its delegates) against claims and expenses that arise in respect of their duties, except where there is fault on its or their part of the kind referred to above.

Details of the fees payable to the ACD are set out in the paragraph headed "Charges payable to the ACD" below.



The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has sold. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Sub-Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders 60 days' written notice of the details of these fees.

The ACD Agreement has an unlimited duration and will continue until terminated by resolution of the Company in general meeting on not less than 12 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

The Company has no directors other than the ACD. The ACD is the authorised fund manager of certain other authorised funds, details of which are set out in **Appendix IV**.

The ACD is required to have a remuneration policy relating to the way in which it remunerates its staff. This takes a risk-focussed approach and is designed to be consistent with and promote effective risk management so that the Company is not exposed to excessive risk.

Full details of the remuneration policy are available on the website of the ACD: [www.artemisfunds.com](http://www.artemisfunds.com). This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request from the ACD.

### **6.3. The Depositary**

#### **6.3.1. General**

J.P. Morgan Europe Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 25 Bank Street, Canary Wharf, London E14 5JP. The principal business activity of the Depositary is acting as depositary and trustee of collective investment schemes.

#### **6.3.2. Duties of the Depositary**

The Depositary is responsible for the safekeeping of scheme property, monitoring the cash flows of the Sub-Funds, and must ensure that

certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

#### **6.3.3. Conflicts of interest**

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise as a result of the relationship between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which received remuneration for other related custodial products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws including Article 25 of the UCITS Directive.

Up-to-date information regarding the description of the Depositary's duties and of conflicts of interest that may arise therefrom as well as from the delegation of any safekeeping functions by the Depositary will be made available to investors on request.

#### **6.3.4. Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of the property of each Sub-Fund.

The Depositary has delegated safekeeping of the property of each Sub-Fund to JP Morgan Chase Bank N.A. ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Sub-Funds may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is maintained by the Manager at [www.artemisfunds.com](http://www.artemisfunds.com).

#### **6.3.5. Updated Information**

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to Investors on request.

#### **6.3.6. Terms of Appointment**

The Depositary was appointed as depositary to the Company and the Sub-Funds under a Depositary Agreement dated 8 January 2018 between the ACD, the Company and the Depositary (the "Depositary Agreement"). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the ACD and the Company are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Depositary, the ACD and the Company under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Handbook.

Under the Depositary Agreement the Depositary will be liable to the Company for the loss by the Depositary or its delegates of Financial Instruments or for losses suffered by the Company as a result of the Depositary's negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from liability for certain types of losses.

It also provides that the Depositary will be entitled to an indemnity from the property of the Company for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due skill and care on its part.

The Depositary Agreement may be terminated on 90 days' notice by the Manager or the Depositary, or earlier should certain breaches of the Depositary Agreement occur or one of the parties suffers an insolvency event. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until a new depositary has been appointed.

Details of the fees payable to the Depositary are given in paragraph 7.3.3.

#### **6.4. The Transfer Agent**

On behalf of the Company, the ACD has appointed the Transfer Agent, DST Financial Services Europe Limited, to provide certain investor and administration services. The Transfer Agent's registered office is DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS.

#### **6.5. The Registrar**

##### **6.5.1. General**

On behalf of the Company, the ACD has appointed DST Financial Services International Limited to act as registrar to the Company.

The registered office of the Registrar is DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS.

#### 6.5.2. Register of Shareholders

The Register of Shareholders will be maintained by the Registrar at the address of its registered office as noted above, and is generally available for inspection free of charge at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

### 6.6. Fund Administrator

On behalf of the Company, the ACD has appointed the Fund Administrator, J.P. Morgan Chase Bank N.A., to provide fund administration, fund accounting and other investment services. The Fund Administrator's registered office is 25 Bank Street, Canary Wharf, London E14 5JP.

### 6.7. The Investment Adviser

#### 6.7.1. General

The ACD has appointed the Investment Adviser, Artemis Investment Management LLP, to provide investment management and advisory services to the ACD. The Investment Adviser is authorised and regulated by the FCA.

The Investment Adviser's registered office is at Cassini House, 57 St. James's Street, London, England, SW1A 1LD.

The principal activity of the Investment Adviser is the provision of investment management services.

#### 6.7.2. Terms of Appointment:

The Investment Adviser was appointed by an agreement dated 8 July 2014 between the ACD and the Investment Adviser, as amended from time to time (the "Investment Management Agreement").

In the exercise of the ACD's investment functions, the Investment Adviser will (subject to the overall policy and supervision of the ACD) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the ACD under the Instrument of Incorporation or the COLL Sourcebook to manage the investment of the

Scheme Property of the Company. The Investment Adviser has full power to delegate under the Investment Management Agreement.

The Investment Adviser may also direct the exercise of rights (including voting rights) attaching to the ownership of the Company's Scheme Property.

The Investment Management Agreement may be terminated by not less than three months' written notice, or immediately if it is in the best interests of investors or by written notice given by either party on the happening of certain events involving any material breach or insolvency. It will also terminate automatically if the agreement appointing the ACD is terminated or if the ACD or the Investment Adviser cease to be authorised to act as in their current capacities.

The Investment Adviser will not be paid a fee out of Scheme Property and will instead be paid a fee by the ACD as explained below in paragraph 7.57.6.

The Investment Adviser will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

#### **6.8. The Auditors**

The auditors of the Company are Ernst & Young LLP, whose address is Ten George Street, Edinburgh EH2 2DZ.

#### **6.9. Legal Advisers**

The Company is advised by Eversheds LLP of One Wood Street, London EC2V 7WS.

#### **6.10. Conflicts of Interest**

The ACD and other companies within the Artemis group of companies may, from time to time, act as authorised corporate director or manager to other funds or Sub-Funds which follow similar investment objectives to those of the Sub-Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Sub-Fund or between the Company and other funds managed by the ACD. The ACD will, however, have regard in any event of this kind, to its obligations under the ACD Agreement and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and any other collective investment schemes it manages are

fairly treated. The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that risk of damage to the interests of the Company or its Shareholders will be prevented. Should these situations arise, the ACD will disclose this to Shareholders in an appropriate format.

The Depositary may act as the depositary of other open-ended investment companies and as Depositary or custodian of other collective investment schemes.

## **7. FEES AND EXPENSES**

### **7.1. General**

All fees, costs, charges or expenses payable by a Shareholder or out of the property of the Company or each Sub-Fund (as the case may be) are set out in this section. All fees and expenses (other than those relating to the purchase and sale on investments, the performance fees and, when applicable, the annual management charge (see section 7.3)) are charged against the income of a Sub-Fund.

Any fees or expenses shall, where applicable, be increased to include VAT thereon at the prevailing rate. The ACD's initial and management charges are not currently subject to VAT, but in the event of such tax being imposed this may be levied against the property of the Company.

### **7.2. The ongoing charges figure (OCF) measure**

Each share class in a Sub-Fund has an ongoing charges figure (or OCF) and this is shown in the relevant Key Investor Information Document. The ongoing charges figure is an industry standard measure of the operating costs and is intended to allow Shareholders to compare the level of those charges with the level of charges in other funds.

The OCF excludes the costs the Sub-Fund pays when buying and selling investments such as: dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Sub-Funds on transactions. The annual and half-yearly reports of each Sub-Fund provide further information on these portfolio transaction costs incurred in the relevant reporting period

### **7.3. Charges payable to the ACD**

#### **7.3.1. Annual management charge**

This fee is paid from Scheme Property.

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of each Sub-Fund. The annual management charge is calculated and accrued on a daily basis by reference to the Net Asset Value of the Sub-Fund on the previous Dealing Day and the amount due for each month is payable in respect of each calendar month as soon as practicable after the month end. The current annual management charge for each Sub-Fund (expressed as a percentage per annum of the Net Asset Value of each Sub-Fund) is set out in **Appendix I**. VAT may be payable on these charges.

The ACD is also entitled to all reasonable out of pocket expenses properly incurred in the performance of its duties.

All or part of the ACD's fees may be charged against capital instead of against income, as set out in **Appendix I**. This will only be done with the approval of the Depositary. This treatment of the ACD's fee may increase the amount of income (which may be taxable) available for distribution to Shareholders, but may constrain capital growth.

If the expenses of a Class exceed its income in any period the ACD may take that excess from the capital property attributable to that Class.

#### 7.3.2. **Performance fee**

This fee is paid from Scheme Property.

Where applicable, the ACD will be entitled to a fee related to the performance of a Sub-Fund.

Details of which Sub-Funds may take a performance fee are set out in **Appendix I**.

The performance fee will be calculated and paid as set out in **Appendix VI "Performance Fee"**.

#### 7.3.3. **Administration fee**

This fee is paid from Scheme Property.

- 7.3.4. The ACD will also be entitled to receive out of the assets of each Sub-Fund an annual fee (the **Administration Fee**) from which it will discharge certain fees and expenses.
- 7.3.5. The Administration Fee will be calculated and accrued daily and is deducted monthly in arrears from the relevant Sub-Fund.
- 7.3.6. The Administration Fee for each Sub-Fund is detailed in **Appendix I**. The applicable rate will be discounted dependent on the level of the Sub-Fund's Net Asset Value at the first Business Day of each calendar

month, and the relevant discounted rate will be applied to the calculation of the Administration Fee until the first Business Day of the following calendar month.

- 7.3.7. The thresholds applicable to the Administration Fee in respect of each Sub-Fund are set out below.

Share class	Net Asset Value (NAV) of Sub-Fund	Discount to be applied to the base Administration Fee
All classes	£0 - £250m	Nil
	£250m - £750m	0.01%
	£750m - £1.5bn	0.03%
	£1.5bn - £3bn	0.05%
	Above £3bn	Once a Sub-Fund's NAV reaches this threshold, a minimum Administration Fee will apply rather than a discount. This is detailed in Appendix I.

*For example, if a Sub-Fund's Net Asset Value on 1 February in any year is £2.5bn, then the Administration Fee applicable to that Sub-Fund will be discounted by 0.05% until 1 March of that year. If at 1 March the Sub-Fund's Net Asset Value has increased to £3.1bn, the minimum Administration Fee applicable to that Sub-Fund will apply until 1 April of that year. If at 1 April the Sub-Fund's Net Asset Value has reduced to £2.8bn, the Administration Fee applicable to that Sub-Fund will be discounted by 0.05% until 1 May.*

- 7.3.8. In the event the actual costs incurred by a Sub-Fund exceed the level of the Administration Fee payable by that Sub-Fund, the ACD will bear that excess.
- 7.3.9. In the event that the actual operating costs incurred by a Sub-Fund fall below the Administration Fee, the ACD will be entitled to retain any amount by which the Administration Fee exceeds those actual costs.

#### **7.4. What is included in the Administration Fee?**

The following costs and expenses (plus VAT where applicable) will be met out of the Administration Fee (in each case whether such fees, costs, charges and expenses are incurred in the UK or in a country or territory outside the UK in which Shares are or may be lawfully be marketed):



- 7.4.1. the fees of the Depositary;

*Although it is anticipated that all fees of the Depositary will be included in the Administration Fee, the Depositary retains the right to deduct any amounts owing to it from the Scheme Property.*

- 7.4.2. the fees of the Registrar;

- 7.4.3. the fees of the Fund Administrator;

- 7.4.4. other costs incurred in the administration of a Sub-Fund, including costs incurred in respect of fund accounting and obtaining fund prices, any costs incurred in producing and dispatching payments made by the Sub-Funds and any costs incurred in developing, purchasing or maintaining fund administration and fund accounting systems including software;

- 7.4.5. safe keeping and custody transaction fees;

- 7.4.6. the fees and expenses incurred in respect of: the preparation of financial statements; calculation of the prices of Shares; preparation of tax returns; and any expenses incurred by the Sub-Funds in connection with the maintenance of their accounts and other books and records;

- 7.4.7. any costs incurred in amending the ACD Agreement, Instrument of Incorporation or this Prospectus, including costs incurred in respect of meetings of Shareholders convened for the purpose of approving such modifications;

- 7.4.8. any costs incurred in respect of any other meeting of Shareholders including meetings convened on a requisition by Shareholders not including the Manager or an associate of the Manager;

- 7.4.9. any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Sub-Funds in consideration of the issue of Shares to shareholders in that body corporate or to participants in that other scheme, and any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;

- 7.4.10. any audit fee and any proper expenses of the Auditor and of tax, legal and other professional advisers for the Sub-Funds;

- 7.4.11. the fees of the FCA in accordance with the FCA's Fee Manual and the corresponding fees of any regulatory authority in any country or territory outside the United Kingdom in which Shares in a Sub-Fund are or may be marketed;
- 7.4.12. payments or costs in relation to the preparation of key investor information documents, PRIIPs key information documents (either in respect of the Sub-Funds or a Sub-Fund) or any successor or equivalent document;
- 7.4.13. any costs of printing, translating and distributing any Instrument of Incorporation, Prospectus, annual, half yearly and any other reports and accounts or information provided for Shareholders;
- 7.4.14. any costs of listing the prices of the Sub-Funds in publication and information services selected by the ACD;
- 7.4.15. insurance which the Sub-Funds may purchase and/or maintain for the benefit of and against any liability incurred by the ACD in the performance of its duties;
- 7.4.16. the fees in connection with listing the Shares on any stock exchange; and
- 7.4.17. electronic dealing administration costs.

The levels of the Administration Fee and Sub-Fund size discount levels and thresholds will be reviewed by the ACD on an annual basis, and, if required, more frequently in response to any exceptional circumstances to ensure that they remain fair to Shareholders.

## **7.5. Other payments out of the Sub-Funds**

These fees are paid from Scheme Property.

The fees and charges set out in this section will be payable out of the Scheme Property of the relevant Sub-Fund and do not fall within the Administration Fee.

### **7.5.1. Establishment and authorisation of a Sub-Fund**

Any costs incurred in establishing and authorising a new Sub-Fund will be met out of the Scheme Property of that Sub-Fund.

### **7.5.2. Other ongoing operational costs**

- 7.5.2.1 Taxes, rates, charges, duties, levies, assessments, impositions or other outgoings whatsoever whether of a capital or revenue nature including stamp taxes and any other transfer or transaction tax, withholding tax, transfer pricing and irrecoverable VAT in respect of the Scheme Property or the issue of Shares in the Sub-Funds;
- 7.5.2.2 fees, costs and charges incurred in connection with any foreign exchange (including but not limited to currency hedging) transactions;
- 7.5.2.3 broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Sub-Funds, including expenses incurred in acquiring or disposing of investments (including legal fees and expenses), whether or not the acquisition or disposal is carried out;
- 7.5.2.4 fees, costs and charges levied by any financial institution or organisation in relation to derivative instruments;
- 7.5.2.5 interest on and other charges relating to permitted borrowings including costs incurred in effecting, terminating, negotiating or varying the terms of such borrowings.

### **7.5.3. Exceptional expenses**

Any exceptional out of pocket expenses incurred by the ACD, where the Depositary agrees that the nature of the expense is outside the normal day-to-day operation of a Sub-Fund.

## **7.6. Investment Adviser's fee**

This fee is paid by the ACD out of the fees paid to the ACD.

The Investment Adviser is paid a fee for providing investment management and advisory services to the Company and ACD.

## **7.7. Allocation of fees and expenses between Sub-Funds**

All the fees, duties and charges paid from Scheme Property will be charged to the Sub-Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the Sub-Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

## **8. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1. Class and Sub-Fund Meetings**

The Company has dispensed with the need to hold Annual General Meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Sub-Fund concerned and the Shareholders and value and prices of those Shares.

### **8.2. Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of any requisition.

### **8.3. Notice and Quorum**

Shareholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at a general meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses. Where there are joint Shareholders the notice will be sent to the first-named holder on the register.

### **8.4. Voting Rights**

At a general meeting, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are the proportion of the voting rights, attached to all the Shares in issue, that the price of the Share bears to the aggregate price of all the Shares in issue at the date seven days before the notice of meeting is sent out.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint Shareholders, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose, seniority must be determined by the order in which the names stand in the Register.

Except where the FCA Handbook or the Instrument of Incorporation require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the FCA Handbook will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Handbook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

Where all the Shares in a Sub-Fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it will not be necessary to convene a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution, 75% or more, of the Shares in issue.

"Shareholders" in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## **9. TAXATION**

### **9.1. General**

The information below is a general guide based on current UK law and HM Revenue & Customs' practice, both of which are subject to change. It summarises the tax position of the Sub-Funds and of investors who are UK resident (except where indicated) and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

### **9.2. The Sub-Funds**

Each Sub-Fund is treated as a separate entity for UK tax purposes.

The Sub-Funds are generally exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives, but excluding on non-reporting offshore funds) held within them.

Dividends from UK and non-UK companies are generally exempt from tax when received by a Sub-Fund. The Sub-Funds will each be subject to corporation tax, currently at a rate of 20% on most other types of income but after deducting allowable management expenses. Where a Sub-Fund suffers foreign tax on income received, this will generally be a cost to the Sub-Fund but in some cases may be deducted from the UK tax payable on that income.

### 9.3. **Shareholders**

The Sub-Funds pay dividend distributions (and are referred to below as "Equity Sub-Funds") except where over 60% of a Sub-Fund's investments are invested throughout its accounting period in interest-paying and economically-similar investments (these are referred to below as "Bond Sub-Funds") in which case the Sub-Fund may pay interest distributions. Whether a Sub-Fund is an "Equity Sub-Fund" or a "Bond Sub-Fund" for tax purposes is specified in **Appendix I**.

#### 9.3.1. Dividends

A dividend distribution paid by any of the Sub-Funds for any distribution period will be treated as if it were a dividend paid to the Shareholder in that Sub-Fund.

No tax is deducted from dividend distributions. There is no longer any tax credit attached to dividend distributions.

From 6 April 2016, for individual Shareholders resident in the United Kingdom, the first £5,000 of dividends and dividend distributions received in each tax year are free of income tax (the dividend allowance). Where dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at dividend tax rates which depend upon the Shareholder's highest rate of tax. Dividend tax rates in tax year 2016-17 are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividends received within the allowance will still count towards total taxable dividend income and so may affect the rate of tax due on dividends received in excess of the allowance.

UK-resident corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the voucher). Any part representing income which has been subject to corporation tax in the Sub-Fund must be treated by the corporate Shareholder as an annual payment made after deduction of income tax

at the basic rate, and corporate Shareholders may be liable to tax on the grossed up amount, with the benefit of a 20% deemed income tax deduction, or to reclaim part or all of the deemed tax deducted as shown on the voucher. This is subject to limitations on any part of the deemed tax deducted representing foreign tax suffered by the Sub-Fund which cannot be reclaimed. The remainder (including any part representing dividends received by the Sub-Fund from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.

Alternatively, if, at any time during an accounting period of a corporate Shareholder, a Sub-Fund holds more than 60% of its assets by value in interest bearing or economically similar assets then the Shareholder must account for its holding in that Sub-Fund in accordance with the loan relationships tax regime (Chapter 3 of Part 6 of the Corporation Tax Act 2009). This requires the Shareholder's interest in the Sub-Fund (including any distributions received) to be taken into account for corporation tax on a fair value basis.

#### 9.3.2. Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes. Equalisation may be applied on all of the Sub-Funds.

#### 9.3.3. Capital Gains

Shareholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Shareholder, corporation tax on chargeable gains arising from the redemption, transfer or other disposal of Shares (but not usually on Conversion between Classes within a Sub-Fund).

Part of any increase in value of accumulation Shares represents the accumulation of income (including income equalisation but excluding tax credits). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information in HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

#### 9.3.4. Stamp Duty Reserve Tax ("SDRT")

Stamp duty reserve tax (SDRT) is a type of tax payable on transactions in the units of unit trusts and Shares of open-ended investment companies.

Liability to stamp duty reserve tax (SDRT) on the surrender of Shares has been abolished.

SDRT continues to be payable if an investor redeems Shares in specie and receives a non-pro rata share of the underlying assets which include chargeable securities. If a liability to SDRT does arise, the ACD will impose an SDRT provision to be deducted from the proceeds of redemption.

SDRT might also arise on sales of Shares by one investor to another, where the holding remains registered in the same name.

9.3.5. Automatic exchange of information for international tax compliance and other reporting requirements

The Company (or its agent) may be required to collect and report information about Shareholders and their investments, including information to verify their identity and tax residence. When requested to do so by the Company or its agent, Shareholders must provide information that may be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

This is required by legislation that implements the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including European Directives and the United States provisions commonly known as 'FATCA').

The Company is also required by law to report, on request by HMRC, details of payments to UK residents.

9.3.6. German Investment Tax Act

At least 51% of the value of the following UCITS Sub-Funds shall be continuously invested in equities in accordance with the German Investment Tax Act: Artemis Global Equity Income Fund, Artemis Global Emerging Markets Fund, Artemis Pan European Absolute Return Fund, Artemis US Equity Fund, Artemis US Select Fund, Artemis US Smaller Companies Fund and Artemis US Extended Alpha Fund.



At least 25% of the value of Artemis US Absolute Return Fund shall be continuously invested in equities in accordance with the German Investment Tax Act.

**10. WINDING UP OF THE COMPANY OR TERMINATION OF A SUB-FUND**

- 10.1. The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Handbook. A Sub-Fund may only be terminated under the FCA Handbook.
- 10.2. Where the Company is to be wound up or a Sub-Fund is to be terminated under the FCA Handbook, any winding up or termination may only be commenced following approval by the FCA. The FCA may only give an approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Handbook if there is a vacancy in the position of ACD at the relevant time.
- 10.3. The Company must be wound up, or a Sub-Fund must be terminated, under the FCA Handbook:
  - 10.3.1. if an extraordinary resolution to that effect is passed by Shareholders; or
  - 10.3.2. when the period (if any) fixed for the duration of the Company or a particular Sub-Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Sub-Fund terminated; or
  - 10.3.3. on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-Fund; or
  - 10.3.4. on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or
  - 10.3.5. in the case of a Sub-Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Sub-Fund ceasing to hold any Scheme Property; or
  - 10.3.6. on the date when all the Sub-Funds fall within 10.3.4 above or have otherwise ceased to hold any Scheme Property, notwithstanding that

the Company may have assets and liabilities that are not attributable to any particular Sub-Fund.

10.4. The Company may additionally be wound up, or a Sub-Fund may be terminated, under the FCA Handbook:

10.4.1. if the share capital of the Company or (in relation to any Sub-Fund) the Net Asset Value of the Sub-Fund is below £10 million; or

10.4.2. if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-Fund).

10.5. Where the Company is to be wound up or a Sub-Fund is to be terminated pursuant to section 10.3 or 10.4:

10.5.1. COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-Fund;

10.5.2. the Company will cease to issue and cancel Shares in the Company or the relevant Sub-Fund and the ACD will cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-Fund;

10.5.3. no transfer of a Share will be registered and no other change to the Register of Shareholders will be made without the sanction of the ACD;

10.5.4. where the Company is being wound up, the Company will cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and

10.5.5. the corporate status and powers of the Company and subject to 10.6 to 10.6.3 above, the powers of the Depositary will continue until the Company is dissolved.

10.6. The ACD will, as soon as practicable after the Company or the Sub-Fund falls to be wound up or terminated (as appropriate), realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Sub-Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-Fund, the ACD will, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of

the property to be realised and all of the liabilities of the Company or the particular Sub-Fund to be realised, the ACD will arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-Fund.

- 10.7. As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Sub-Fund, the Depositary will notify the FCA that the winding up or termination has been completed.
- 10.8. On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.
- 10.9. Following the completion of a winding up of the Company or termination of a Sub-Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the property was distributed. The auditors of the Company will make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) within two months of the completion of the winding up or termination.
- 10.10. As the Company is an umbrella company with segregated liability, any liabilities attributable or allocated to a particular Sub-Fund under the FCA Handbook will be met only out of the property attributable or allocated to that particular Sub-Fund. Please however note the risk warning "Liabilities of the Company and the Sub-Funds' contagion risk" at paragraph 5.1.8.

## **11. GENERAL INFORMATION**

### **11.1. Accounting Periods**

The annual accounting period of the Company ends each year on the last day of February in each year (the accounting reference date) with an interim accounting period ending 31 August.

Notwithstanding those dates, subject to the relevant provisions of the FCA Handbook, the ACD may notify the Depositary that a particular accounting period shall end on a day which is not more than seven days after or before the day on which the period would otherwise end. References to the above dates and the date of the income allocation periods and of publication of the annual and semi-annual reports of the Sub-Funds and the Company should be read accordingly.

The first annual accounting period of the Company will end on 28 February 2015 and the first interim accounting period will end on 31 August 2015.

#### **11.2. Interest**

The ACD does not pay interest on any client money it may hold.

#### **11.3. Income Allocations**

Some Sub-Funds may have interim and final income allocations, other Sub-Funds may have quarterly or monthly income allocations, and some Sub-Funds may only have final income allocation dates (see [Appendix I](#)). For each of the Sub-Funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Sub-Fund in which income Shares are issued are sent by cheque or paid directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in [Appendix I](#). Income will normally be accumulated/distributed (as appropriate to the Share Class) within 2 months of the accounting date(s) but the ACD reserves the right to accumulate/pay at a later date but not later than 4 months after the accounting date(s) as permitted by the COLL Sourcebook.

For Sub-Funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-Fund and will be reflected in the price of accumulation Shares as at the end of the relevant accounting period.

The amount available for accumulation or distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period, and deducting the charges and expenses of the relevant Sub-Fund paid or payable out of income in respect of that accounting period. The ACD then makes those other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

With the agreement of the Depositary individual amounts of income of £10/€10/\$10, as appropriate, or less may not be paid.

#### **11.4. Unclaimed cash or assets**

Any cash (except unclaimed distributions which will be returned to the relevant Sub-Fund) or assets due to Shareholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) will cease to be client money or client

assets and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders regarding unclaimed cash or assets in accordance with the requirements set out in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

If the client money or client assets (save for unclaimed distributions) are equal to or below a de minimis amount set by the FCA (£25 or less for retail Shareholders and £100 or less for professional Shareholders) the ACD must take fewer steps to trace the relevant Shareholders before paying the money or assets to charity but the ACD will still make efforts to contact you.

#### **11.5. Annual Reports**

The annual report of the Company will normally be published within two months of the end of each annual accounting period although the ACD reserves the right to publish the annual report at a later date but not later than four months from the end of each annual accounting period. The half yearly report will be published within two months of the end of each interim accounting period. A report containing the full accounts is available to any person free of charge on request.

#### **11.6. Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at Cassini House, 57 St. James's Street, London, England SW1A 1LD:

- 11.6.1. the most recent annual and half yearly reports of the Company;
- 11.6.2. the Prospectus;
- 11.6.3. the Instrument of Incorporation (and any amending documents); and
- 11.6.4. the ACD Agreement (referred to in paragraph 6.2)

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the Company and the Prospectus, which are available free of charge).

#### **11.7. Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Sub-Fund. A summary of this strategy is available on request from the ACD, as are the details of the actions taken on the basis of this strategy in relation to each Sub-Fund.

#### **11.8. Execution Policy**

The ACD's execution policy sets out the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Company.

Details of the execution policy are available upon request from the ACD.

#### **11.9. Inducements**

The ACD will make disclosures to the Company in relation to inducements as required by the COLL Sourcebook. Further details of any inducements may be obtained on request from the ACD.

#### **11.10. Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Cassini House, 57 St James's Street, London SW1A 1LD. The ACD is not authorised to give investment advice and persons requiring advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current Prospectus and the KIID of the Company, and investors should ensure that they have the most up to date version.

#### **11.11. Telephone Recordings**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

#### **11.12. Complaints**

Complaints about the operation of any Sub-Fund may be made to the ACD's Client Services Department at Cassini House, 57 St James's Street, London SW1A 1LD or direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR.

#### **11.13. Risk Management**

The ACD will provide upon the request of a Shareholder further information relating to:

11.13.1. the quantitative limits applying in the risk management of any Sub-Fund;

11.13.2. the methods used in relation to **11.13.1**; and

11.13.3. any recent development of the risk and yields of the main categories of investment.

#### **11.14. Indemnity**

The Instrument of Incorporation, ACD Agreement and/or the Depositary Agreement contain provisions indemnifying the Directors, other officers and the Company's Auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

#### **11.15. Notices**

All notices or documents required to be served on the Shareholders will be served by post to the address of the Shareholder as evidenced on the Register. All documents and remittances are sent at the risk of the Shareholder.

#### **11.16. Genuine diversity of ownership**

Shares in the Sub-Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek financial advice before investing in a Sub-Fund) and institutional investors. Different Share Classes of a Sub-Fund are issued to different types of investors.

Shares in the Sub-Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

## Appendix I SUB-FUND DETAILS

### ARTEMIS GLOBAL EQUITY INCOME FUND

#### Investment objective and policy:

The objective of the Sub-Fund is 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.

#### Investor profile:

The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking an income combined with capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	681796	
Launch Date:	3 June 2015	
Initial Offer Period:	N/A	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>2</sup> :	Final	Interim
	30 April	31 October
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.25% / -0.20%	
Administration fee	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency risk (Paragraph 5.2.2)</li> <li>• Charges from Capital (Paragraph 5.2.3)</li> <li>• Derivatives for investment purposes risks (Paragraph 5.2.11)</li> <li>• Emerging Markets Risk (Paragraph 5.2.6)</li> </ul>	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3,4</sup>	Performance Fee
Class R Acc USD	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Inc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Acc EUR	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR (Hedged) *	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR (Hedged) *	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Acc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A

\* (These Share Classes have not yet been launched and are therefore not available for subscription)

<sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.

<sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".

<sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

<sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund for accumulation share classes and from capital for income share classes.



## ARTEMIS GLOBAL EMERGING MARKETS FUND

### Investment objective and policy:

The objective of 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.

### Investor profile:

The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth combined with income over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	681797	
Launch Date:	8 April 2015	
Initial Offer Period:	N/A	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>2</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.35% / -0.40%	
Administration Fee	0.20% (base) / 0.10% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency risk (Paragraph 5.2.2)</li> <li>• Charges from Capital (Paragraph 5.2.3)</li> <li>• Derivatives for investment purposes risks (5.2.11)</li> <li>• Emerging Markets Risk (Paragraph 5.2.6)</li> </ul>	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3 4</sup>	Performance Fee
Class R Acc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Inc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Acc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR (Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR (Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Acc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A

\* (These Share Classes have not yet been launched and are therefore not available for subscription)

<sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.

<sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".

<sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

<sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund for accumulation share classes and from capital for income share classes.

## ARTEMIS GLOBAL CAPITAL FUND\*

### Investment objective and policy:

The objective of the Sub-Fund is to achieve 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.

### Investor profile:

The Sub-Fund is marketable to all retail, institutional and professional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	681795	
Launch Date:	[●] 2015	
Initial Offer Period:	N/A	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>2</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.20% / -0.15%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency risk (Paragraph 5.2.2)</li> <li>• Derivatives for investment purposes risks (5.2.11)</li> <li>• Emerging Markets Risk (Paragraph 5.2.6)</li> </ul>	

\*Sub-Fund not yet launched

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3 4</sup>	Performance Fee
Class R Acc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Inc USD*	USD	\$25,000	\$500	\$25,000	\$500	Nonw	1.5%	N/A
Class R Acc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Inc EUR (Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Inc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR (Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR (Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Acc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Inc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A

\* (These Share Classes have not yet been launched and are therefore not available for subscription)

<sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.

<sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".

<sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

<sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.

## ARTEMIS US EQUITY FUND

### Investment objective and policy:

The objective of 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 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.

### Investor profile:

The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	646565	
Launch Date:	19 September 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.15% / -0.15%	
Administration fee	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>General Risks (Paragraph 5.1)</li> <li>Currency risk (Paragraph 5.2.2)</li> </ul>	
Reference Currency	US Dollar	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3,4</sup>	Performance Fee
Class R Acc GBP*	GBP	£25,000	£500	£25,000	£500	None	1.5%	N/A
Class R Acc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Acc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (NAV Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (NAV Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (NAV Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR* (NAV Hedged)	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Acc CHF (NAV Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

<sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.

<sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".

<sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

<sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.

## ARTEMIS US SELECT FUND

### Investment objective and policy:

The objective of 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 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.

### Investor profile:

The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	646566	
Launch Date:	19 September 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.15% / -0.15%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency Risk (Paragraph 5.2.2)</li> <li>• Concentration Risk (Paragraph 5.2.9)</li> </ul>	
Reference Currency:	US Dollar	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3 4</sup>	Performance Fee
Class R Acc GBP*	GBP	£25,000	£500	£25,000	£500	None	1.5%	N/A
Class R Acc USD	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Acc EUR	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (NAV Hedged)	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (NAV Hedged)	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Inc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (NAV Hedged)	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR (NAV Hedged)	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	£250,000	FR500	None	0.75%	N/A
Class I Acc CHF (NAV Hedged)	CHF	FR250,000	FR500	£250,000	FR500	None	0.75%	N/A

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

- <sup>1</sup> Income will normally be accumulated within two months of the fund accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the accounting date as permitted by the regulations.
- <sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
- <sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
- <sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.

## ARTEMIS US SMALLER COMPANIES FUND

### Investment objective and policy:

The objective of 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 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.

### Investor profile:

The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	646567	
Launch Date:	27 October 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.15% / -0.15%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Smaller Companies Risk (Paragraph 5.2.1)</li> <li>• Currency Risk (Paragraph 5.2.2)</li> <li>• Focus/Specialist Sub-Fund Risk (Paragraph 5.2.4)</li> </ul>	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3,4</sup>	Performance Fee
Class R Acc GBP*	GBP	£25,000	£500	£25,000	£500	None	1.5%	N/A
Class R Acc USD*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	N/A
Class R Acc EUR*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc EUR (NAV Hedged)*	EUR	€25,000	€500	€25,000	€500	None	1.5%	N/A
Class R Acc CHF*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class R Acc CHF (NAV Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	N/A
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc GBP (NAV Hedged)*	GBP	£250,000	£500	£250,000	£500	None	0.75%	N/A
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	N/A
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc EUR (NAV Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	N/A
Class I Acc CHF*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A
Class I Acc CHF (NAV Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	N/A

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

- <sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
- <sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
- <sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
- <sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.

## ARTEMIS US EXTENDED ALPHA FUND

### Investment objective and policy:

The objective of 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 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.

### Investor profile:

The Sub-Fund is marketable to all retail investors and to pension funds and other institutional investors. The Sub-Fund is designed for investors who are seeking capital growth over the longer term and are prepared to accept risk to their capital and higher volatility of the value of their investments. Should you be unsure about the suitability of the Sub-Fund, you should consult a suitably qualified professional adviser.

Product Reference Number:	646568	
Launch Date:	19 September 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.15% / -0.15%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency Risk (Paragraph 5.2.2)</li> <li>• Derivatives for investment purposes risks (5.2.11)</li> </ul>	
Reference Currency:	US Dollar	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3,4</sup>	Performance Fee
Class R Acc GBP*	GBP	£250,000	£500	£250,000	£500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc USD	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc EUR	EUR	€25,000	€500	€25,000	€500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc EUR (NAV Hedged)	EUR	€25,000	€500	€25,000	€500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc CHF	CHF	FR25,000	FR500	£25,000	FR500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc CHF (NAV Hedged)	CHF	FR25,000	FR500	£25,000	FR500	None	1.5%	Yes, 20% <sup>5</sup>
Class I Acc GBP	GBP	£250,000	£500	£250,000	£500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc GBP*	GBP	£250,000	£500	£250,000	£500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc GBP (NAV Hedged)	GBP	£250,000	£500	£250,000	£500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc EUR	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc EUR*	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc EUR (NAV Hedged)	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc CHF*	CHF	FR250,000	FR500	CF250,000	CF500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc CHF (NAV Hedged)	CHF	FR250,000	FR500	CF250,000	CF500	None	0.75%	Yes, 20% <sup>5</sup>

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

<sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.

<sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".

<sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.

<sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.

<sup>5</sup> When the Sub-Fund exceeds a certain level of performance, the ACD will be entitled to a fee equivalent to 20% of the performance above that level, measured over the relevant performance period. The performance fee is taken from the capital of the Sub-Fund. See Appendix VI for more information.

## ARTEMIS US ABSOLUTE RETURN FUND

### Investment objective and policy:

The objective of 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 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 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.

### Investor profile:

The Sub-Fund is designed for investors who are seeking a total positive return over the longer term and are prepared to tolerate moderate volatility of the value of their investments.

Product Reference Number:	646569	
Launch Date:	27 October 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.10 / -0.10%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund:	<ul style="list-style-type: none"> <li>• General Risks (Paragraph 5.1)</li> <li>• Currency Risk (Paragraph 5.2.2)</li> <li>• Derivatives for investment purposes risks (5.2.11)</li> <li>• Absolute Return funds risk (Paragraph 5.2.10)</li> </ul>	
Reference Currency:	US Dollar	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3 4</sup>	Performance Fee
Class R Acc GBP (NAV Hedged) *	GBP	£250,000	£500	£250,000	£500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc USD	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc EUR (NAV Hedged)	EUR	€25,000	€500	€25,000	€500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc CHF (NAV Hedged)	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	Yes, 20% <sup>5</sup>
Class I Acc GBP (NAV Hedged)	GBP	£250,000	£500	£250,000	£500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc USD	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc USD*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc EUR (NAV Hedged)	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc EUR (NAV Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc CHF (NAV Hedged)	EUR	FR250,000	FR500	FR250,000	FR500	None	0.75%	Yes, 20% <sup>5</sup>

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

- <sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
- <sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
- <sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
- <sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.
- <sup>5</sup> When the Sub-Fund exceeds a certain level of performance, the ACD will be entitled to a fee equivalent to 20% of the performance above that level, measured over the relevant performance period. The performance fee is taken from the capital of the Sub-Fund. See Appendix VI for more information.

## ARTEMIS PAN-EUROPEAN ABSOLUTE RETURN FUND

### Investment objective and policy:

The objective of 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.

### Investor profile:

The Sub-Fund is designed for investors who are seeking a total positive return over the longer term and are prepared to tolerate moderate volatility of the value of their investments.

Product Reference Number:	646570	
Launch Date:	14 July 2014	
Valuation Point:	12 noon (UK time) (also the Cut-Off Point)	
Dealing Frequency:	Daily, on each Dealing Day	
Accounting date(s):	Final	Interim
	Last day of February	31 August
Income allocation date(s) <sup>1</sup> :	Final	Interim
	30 April	N/A
ISA Status:	Qualifies for stocks and shares component	
Tax Status:	Equity Sub-Fund	
Typical dilution range:	+0.40% / -0.20%	
Administration fee:	0.15% (base) / 0.075% (minimum)	
Risks applicable to this Sub-Fund :	<ul style="list-style-type: none"> <li>General Risks (Paragraph 5.1)</li> <li>Currency Risk (Paragraph 5.2.2)</li> <li>Derivatives for investment purposes risks (5.2.11)</li> <li>Absolute Return funds risk (Paragraph 5.2.10)</li> </ul>	

Share Classes		Investment Minima				Charges <sup>1</sup>		
Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Initial Charge <sup>2</sup>	AMC <sup>3 4</sup>	Performance Fee
Class R Acc GBP (Hedged)*	GBP	£250,000	£500	£250,000	£500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc USD (Hedged)*	USD	\$25,000	\$500	\$25,000	\$500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc EUR (Hedged)**	EUR	€25,000	€500	€25,000	€500	None	1.5%	Yes, 20% <sup>5</sup>
Class R Acc CHF (Hedged)*	CHF	FR25,000	FR500	FR25,000	FR500	None	1.5%	Yes, 20% <sup>5</sup>
Class I Acc GBP (Hedged)	GBP	£250,000	£500	£250,000	£500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc USD (Hedged)	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc USD (Hedged)*	USD	\$250,000	\$500	\$250,000	\$500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc EUR (Hedged)	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Inc EUR (Hedged)*	EUR	€250,000	€500	€250,000	€500	None	0.75%	Yes, 20% <sup>5</sup>
Class I Acc CHF (Hedged)*	CHF	FR250,000	FR500	FR250,000	FR500	None	0.75%	Yes, 20% <sup>5</sup>

\* **(These Share Classes have not yet been launched and are therefore not available for subscription)**

- <sup>1</sup> Income will normally be accumulated within two months of the accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the fund accounting date as permitted by the regulations.
- <sup>2</sup> For other fees and expenses applicable in respect of this Sub-Fund, see section 7, "Fees and expenses".
- <sup>3</sup> The initial charge, if any, is a percentage of the amount invested. The ACD may waive or discount any initial charge at its discretion.
- <sup>4</sup> The ACD's annual management charge is taken from the income of the Sub-Fund.
- <sup>5</sup> When the Sub-Fund exceeds a certain level of performance, the ACD will be entitled to a fee equivalent to 20% of the performance above that level, measured over the relevant performance period. The performance fee is taken from the capital of the Sub-Fund. See Appendix VI for more information.



## Appendix II ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Sub-Funds may deal through securities markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public.

Each Sub-Fund may also deal through the securities markets and derivatives markets indicated below:

### FOR APPROVED SECURITIES

Country	Exchange	Country	Exchange
Australia	Australian Securities Exchange	New Zealand	New Zealand Stock Exchange
Brazil	BM&F Bovespa	Oman	Muscat Securities Market (MSM)
Canada	Montreal Stock Exchange	Peru	Lima Stock Exchange
	Toronto Stock Exchange	Philippines	Philippines Stock Exchange
	Vancouver Stock Exchange	Russia	MOEX Stock Exchange
	TSX Venture Exchange	Singapore	Singapore Exchange
Chile	Santiago Stock Exchange	South Africa	JSE
China	Shanghai Stock Exchange	Switzerland	SIX Swiss Exchange
	Shenzhen Stock Exchange	Taiwan	Taiwan Stock Exchange
Columbia	Columbian Stock Exchange BUC	Thailand	Stock Exchange of Thailand
Egypt	Egyptian Exchange (EGX)	Turkey	Istanbul Stock Exchange
Hong Kong	Hong Kong Exchanges	United Arab Emirates	Abu Dhabi Securities Exchange (ADX)
India	National Stock Exchange of India		Dubai Financial Market (DFM)
	Bombay Stock Exchange		NASDAQ Dubai
Indonesia	Indonesia Stock Exchange	United States	Chicago Stock Exchange
Israel	Tel-Aviv Stock Exchange		NASDAQ OMX PHLX
Japan	Nagoya Stock Exchange		NASDAQ (Over-the Counter Market)
	Osaka Securities Exchange		New York Stock Exchange
	Tokyo Stock Exchange		NYSE Amex
Korea	Korea Exchange		NYSE Arca
Malaysia	Bursa Malaysia Bhd	UK	The Alternative Investment Market (AIM)
Mexico	Mexico Stock Exchange		
Morocco	Casablanca Stock Exchange		

## FOR APPROVED DERIVATIVES

Country	Exchange		
Australia	Australian Securities Exchange	Netherlands	
	Sydney Futures Exchange	Norway	Oslo Stock Exchange
Austria	Wiener Boerse	Peru	Lima Stock Exchange
Belgium	Euronext Brussels	Philippines	Philippines Stock Exchange
Brazil	BM&F Bovespa	Poland	Warsaw Stock Exchange
Canada	Montreal Exchange	Portugal	Euronext Portugal
	Toronto Stock Exchange	Russia	MOEX Stock Exchange
Chile	Santiago Stock Exchange	Singapore	ICE Futures Singapore
China	China Financial Futures Exchange		Singapore Exchange Derivatives
	Shanghai Futures Exchange		Singapore Mercantile Exchange
Denmark	NASDAQ OMX Copenhagen	South Africa	JSE SAFEX
Dubai	Dubai Mercantile Exchange (NYMEX)	Spain	MEFF Renta Variable
Egypt	Egyptian Exchange (EGX)	Sweden	NASDAQ OMX Stockholm
Finland	NASDAQ OMX Helsinki	Taiwan	Taiwan Futures Exchange
France	Euronext Paris	Thailand	Thai Futures Exchange
Germany	Eurex	Turkey	Turkish Derivatives Exchange
Greece	Athens Derivatives Exchange	United States	Boston Options Exchange
Hong Kong	Hong Kong Exchanges		Chicago Board of Trade
India	National Stock Exchange of India		Chicago Board Options Exchange
	Bombay Stock Exchange		Chicago Futures Exchange
Italy	Italian Derivatives Market		Chicago Mercantile Exchange
Israel	Tel-Aviv Stock Exchange		ICE Futures US Exchange
Japan	Osaka Securities Exchange		Kansas City Board of Trade
	Tokyo Financial Exchange		NASDAQ OMX PHLX
	Tokyo Stock Exchange		NASDAQ OMX Futures Exchange
Korea	Korea Exchange		New York Mercantile Exchange
Malaysia	Bursa Malaysia Derivatives Bhd		New York Stock Exchange
Mexico	Mexican Derivatives Exchange		NYSE Amex
New Zealand	New Zealand Futures Exchange		
The	Euronext Amsterdam	UK	Euronext Liffe

## **Appendix III    INVESTMENT AND BORROWING POWERS OF THE COMPANY**

### **1.        GENERAL**

The Scheme Property of each Sub-Fund will be invested with the aim of achieving the investment objective of that Sub-Fund but subject to the limits set out in the investment policy, this Prospectus and the limits set out in Chapter 5 of the FCA Handbook (currently COLL 5) that are applicable to UCITS schemes.

Normally, a Sub-Fund will be fully invested save for an amount to enable the pursuit of a Sub-Fund's investment objective, redemption of Shares, efficient management of the Sub-Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Sub-Fund, there may be times when the Investment Adviser considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In these cases or during these periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased.

#### **1.1       Prudent spread of risk**

The ACD must ensure that, taking account of the investment objective and policy of each Sub-Fund, the Scheme Property of each Sub-Fund aims to provide a prudent spread of risk.

#### **1.2       Cover**

- 1.2.1    Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Sub-Fund under any other of those rules has also to be provided for.
- 1.2.2    Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, the Sub-Fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

## 2. **UCITS schemes - general**

2.1 Subject to the investment objective and policy of a Sub-Fund, the Scheme Property of a Sub-Fund must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1 transferable securities;

2.1.2 approved money market instruments;

2.1.3 permitted shares or shares in permitted collective investment schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

2.2 Transferable securities and money market instruments held within a Sub-Fund must (subject to paragraph 2.3 of this Appendix) be:

2.2.1 admitted to or dealt on an eligible market as described below; or

2.2.2 dealt in on a market in an EEA State which is regulated, operates regularly and is open to the public; or

2.2.3 admitted to or dealt in on an eligible market which has been designated an eligible market by the ACD in consultation with the Depositary (as described below); or

2.2.4 a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 10.5 of "Investment in approved money market instruments" below); or

2.2.5 recently issued transferable securities provided that:

2.2.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

2.2.5.2 the admission is secured within a year of issue.

2.3 Not more than 10% in value of the Scheme Property of a Sub-Fund may consist of transferable securities, which do not fall within paragraph 2.2 or of approved money market instruments, which do not fall within COLL 5.2.10 AR(1) (i.e. as

described in sub-paragraph 10.5 of "Investment in approved money market instruments" below).

- 2.4 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

### 3. **Transferable Securities**

- 3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.3 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within article 76 (shares, etc) or article 77 (instruments creating or acknowledging indebtedness) or article 77A (alternative debentures) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 A Sub-Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 3.5.1 the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the COLL Sourcebook;
  - 3.5.3 reliable valuation is available for it as follows:
    - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices

made available by valuation systems independent from issuers;

3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

3.5.4 appropriate information is available for it as follows:

3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

3.5.5 it is negotiable; and

3.5.6 its risks are adequately captured by the risk management process of the ACD.

3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market will be presumed:

3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

3.6.2 to be negotiable.

3.7 No more than 5% of the Scheme Property of a Sub-Fund may be invested in warrants.

3.8 A unit or share in a closed end fund will be taken to be a transferable security for the purposes of investment by a Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 above and either:

3.8.1 where the closed end fund is constituted as an investment company or a unit trust:

- 3.8.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 3.8.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 3.8.2 where the closed end fund is constituted under the law of contract:
    - 3.8.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 3.8.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
- 3.9 A Sub-Fund may invest in any other investment which will be taken to be a transferable security for the purposes of investment by a Sub-Fund provided the investment:
  - 3.9.1 fulfils the criteria for transferable securities set out in 3.5 above; and
  - 3.9.2 is backed by or linked to the performance of other assets, which may differ from those in which a Sub-Fund can invest.
- 3.10 Where an investment in 3.9 above contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.
- 4. **Eligible markets regime: purpose**
  - 4.1 To protect investors the markets on which investments of a Sub-Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
  - 4.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
  - 4.3 A market is eligible for the purposes of the rules if it is:
    - 4.3.1 a regulated market as defined in the FCA Handbook; or
    - 4.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
  - 4.4 A market not falling within paragraph 4.3 of this Appendix is eligible for the purposes of COLL 5 if:

- 4.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Sub-Fund;
- 4.4.2 the market is included in a list in the Prospectus; and
- 4.4.3 the Depositary has taken reasonable care to determine that:
  - 4.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
  - 4.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 4.5 In paragraph 4.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or self regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 5. **Spread: general**
  - 5.1 This rule on spread does not apply to government and public securities.
  - 5.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
  - 5.3 Not more than 20% in the value of the Scheme Property of a Sub-Fund is to consist of deposits with a single body.
  - 5.4 Not more than 5% in value of the Scheme Property of a Sub-Fund is to consist of transferable securities (or certificates representing transferable securities) or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property of a Sub-Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).
  - 5.5 The limit of 5% is raised to 25% in value of the Scheme Property of a Sub-Fund in respect of covered bonds provided that when a Sub-Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
  - 5.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-Fund. This limit is raised to 10% where the counterparty is an Approved Bank.



- 5.7 Not more than 10% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.
- 5.8 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
- 5.9 In applying the limits in paragraphs 5.3, 5.4, 5.6 and subject to paragraph 5.5 not more than 20% in value of the Scheme Property of a Sub-Fund is to consist of any combination of two or more of the following:
- transferable securities (including covered bonds) or approved money market instruments issued by; or
  - deposits made with; or
  - exposures from OTC derivatives transactions made with, a single body.
- 5.10 For the purpose of calculating the limits in paragraphs 5.6 and 5.9 of this paragraph 5, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 5.10.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- 5.10.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- 5.10.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- 5.10.4 can be fully enforced by the UCITS scheme at any time.

## 6. **Counterparty risk and issuer concentration**

- 6.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in 5.6 and 5.8 above.
- 6.2 When calculating the exposure of a Sub-Fund to a counterparty in accordance with the limits in 5.5 above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 6.3 An ACD may net the OTC derivative positions of a Sub-Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-Fund.

- 6.4 The netting agreements in 6.2 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Sub-Fund may have with that same counterparty.
- 6.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 6.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 5.5 above when it passes collateral to an OTC counterparty on behalf of a Sub-Fund.
- 6.7 Collateral passed in accordance with 6.6 above may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Sub-Fund.
- 6.8 The ACD must calculate the issuer concentration limits referred to in paragraph 5.5 above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 6.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 5.10, the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

**7. Spread: government and public securities**

- 7.1 The following section applies to government and public securities ("such securities").
- 7.2 Where no more than 35% in value of the Scheme Property of a Sub-Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 7.3 The Company or any Sub-Fund may invest more than 35% in value of the Scheme Property of a Sub-Fund in such securities issued by any one body provided that:
- 7.3.1 the ACD has before any investment of this kind is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised Sub-Fund;
  - 7.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

7.3.3 the Scheme Property of a Sub-Fund includes such securities issued by that or another issuer, of at least six different issues;

7.3.4 the disclosures in the Prospectus required by the FCA have been made.

## **8. Investment in collective investment schemes**

8.1 Up to 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions.

8.1.1 The Second Scheme must:

8.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

8.1.1.2 be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000; or

8.1.1.3 be authorised as a non-UCITS retail scheme (provided that the requirements of Article 50(1)(e) of the UCITS Directive are met; or

8.1.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or

8.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

8.1.1.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and

8.1.1.5.2 approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met).

8.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units or shares in collective investment schemes.

8.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the investing Sub-Fund clearly states that it may enter into investments of this kind and COLL 5.2.16 R is complied with.

- 8.1.4 Where the Second Scheme is an umbrella, the provisions in paragraphs 8.1.2 to 8.1.3 apply to each Sub-Fund as if it were a separate scheme.
- 8.1.5 The Scheme Property attributable to a Sub-Fund may include Shares in another Sub-Fund of the Company (the "Second Sub-Fund") subject to the requirements of paragraph 8.1.6 below.
- 8.1.6 A Sub-Fund may invest in or dispose of Shares of a Second Sub-Fund provided that:
- 8.1.6.1 the Second Sub-Fund does not hold Shares in any other Sub-Fund;
  - 8.1.6.2 the requirements set out at paragraphs 8.3 and 8.4 below are complied with; and
  - 8.1.6.3 not more than 10 % in value of the Scheme Property of the investing or disposing Sub-Fund is to consist of Shares in the Second Sub-Fund.
- 8.2 The Sub-Funds may, subject to the limit set out in 8.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-Funds or one of its associates.
- 8.3 Investment may only be made in a Second Sub-Fund or other collective investment schemes managed by the ACD of the Sub-Funds or one of its associates if the Prospectus of the Company or prospectus of the scheme (respectively) clearly states that the Sub-Funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 8.4 Where a Sub-Fund of the Company invests in or disposes of Shares in a Second Sub-Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Second Sub-Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale any charge made for the disposal.
9. **Investment in nil and partly paid securities**
- 9.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-Fund, at the time when payment is required, without contravening the rules in COLL 5.

- 9.2 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the Scheme Property unless it is listed on an eligible securities market.

**10. Investment in approved money market instruments**

- 10.1 A Sub-Fund may invest in approved money market instruments which are money market instruments normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.

- 10.2 A money-market instrument will be regarded as normally dealt in on the money market if it:

10.2.1 has a maturity at issuance of up to and including 397 days;

10.2.2 has a residual maturity of up to and including 397 days;

10.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

10.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 10.2.1 or 10.2.2 or is subject to yield adjustments as set out in 10.2.3.

- 10.3 A money-market instrument will be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

- 10.4 A money-market instrument will be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

10.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Sub-Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and

10.4.2 based either on market data or on valuation models including systems based on amortised costs.

10.4.3 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market will be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

- 10.5 In addition to instruments admitted to or dealt in on an eligible market, a Sub-Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 10.5.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 10.5.2 the instrument is issued or guaranteed in accordance with paragraph 10.7 below.
- 10.6 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, will be regarded as regulated for the purpose of protecting investors and savings if:
- 10.6.1 the instrument is an approved money-market instrument;
  - 10.6.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraphs 10.9, 10.10 and 10.11 below; and
  - 10.6.3 the instrument is freely transferable.
- 10.7 A Sub-Fund may invest in an approved money-market instrument if it is:
- 10.7.1 issued or guaranteed by any one of the following:
    - 10.7.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
    - 10.7.1.2 a regional or local authority of an EEA State;
    - 10.7.1.3 the European Central Bank or a central bank of an EEA State;
    - 10.7.1.4 the European Union or the European Investment Bank;
    - 10.7.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
    - 10.7.1.6 a public international body to which one or more EEA States belong; or
  - 10.7.2 issued by a body, any securities of which are dealt in on an eligible market; or
  - 10.7.3 issued or guaranteed by an establishment which is:

- 10.7.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
  - 10.7.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 10.8 An establishment will be considered to satisfy the requirement in paragraph 10.7.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 10.8.1 it is located in the European Economic Area;
  - 10.8.2 it is located in an OECD country belonging to the Group of Ten;
  - 10.8.3 it has at least investment grade rating;
  - 10.8.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.
- 10.9 In the case of an approved money-market instrument within paragraphs 10.7 and 10.8 above or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within paragraph 10.7.1.2 or a public international body within paragraph 10.7.1.6 but is not guaranteed by a central authority within 10.7.1.1, the following information must be available:
  - 10.9.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 10.9.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 10.9.3 available and reliable statistics on the issue or the issuance programme.
- 10.10 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 10.7.3, the following information must be available:
  - 10.10.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 10.10.2 updates of that information on a regular basis and whenever a significant event occurs; and

10.10.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

10.11 In the case of an approved money-market instrument:

10.11.1 within paragraphs 10.7.1.1, 10.7.1.4 or 10.7.1.5; or

10.11.2 which is issued by an authority within paragraph 10.7.1.2 or a public international body within paragraph 10.7.1.6 and is guaranteed by a central authority within paragraph 10.7.1.1;

10.11.3 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 11. **Efficient Portfolio Management**

11.1 The Sub-Funds may utilise property to enter into transactions for the purposes of Efficient Portfolio Management. There is no limit on the amount or value of the Scheme Property which may be used for EPM but the ACD must ensure that the transaction is economically appropriate in that they are realised in a cost effective way, they are entered into for one or more of the following specific aims: reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules in COLL. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise. **The use of derivatives for EPM should not lead to an increase in risk to the Sub-Fund.**

11.2 Permitted transactions are those that the Sub-Fund reasonably regards as economically appropriate to EPM, that is:

11.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

11.2.2 Transactions for the generation of additional capital growth or income for the Sub-Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:



- 11.2.2.1 pricing imperfections in the market as regards the property which the Sub-Fund holds or may hold; or
- 11.2.2.2 receiving a premium for the writing of a covered call option or a covered put option on property of the Sub-Fund which the Sub-Fund is willing to buy or sell at the exercise price, or
- 11.2.2.3 Stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

- 11.3 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Handbook, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the FCA Handbook. A permitted transaction may at any time be closed out.

## 12. **Derivatives: general**

- 12.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind specified in paragraph 13 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 23 (Cover for investment in derivatives) of this Appendix.
- 12.2 Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 12.3 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 12.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - 12.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be

modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

12.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

12.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

12.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component will be deemed to be a separate instrument.

12.6 Where a Sub-Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.33R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

12.7 In the context of this Prospectus, use of derivatives for "efficient portfolio management" means a use of derivatives (which are reasonably regarded by the ACD as economically appropriate and are fully covered) in order to achieve a reduction in certain relevant risks, a reduction of costs, or to generate additional capital or income for the Sub-Funds with no, or an acceptably low level of risk.

12.8 **The Artemis US Extended Alpha Fund, the Artemis US Absolute Return Fund, the Artemis Pan-European Absolute Return Fund, Artemis Global Equity Income Fund, Artemis Global Emerging Markets Fund and Artemis Global Capital Fund will be able to use derivatives for the purpose of meeting the investment objectives and policies of the Sub-Funds as well as for efficient portfolio management purposes.**

12.9 **Where the ACD invests in derivatives and forward transactions in the pursuit of a Sub-Fund's objectives and policies, the net asset value of that Sub-Fund may at times be volatile (in the absence of compensating investment techniques). A Sub-Fund may have volatility over and above the general market volatility of the markets of the Sub-Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. The use of derivatives and forward transactions in the pursuit of a Sub-Fund's objective may cause its risk profile to change, this may be material.**

**13. Permitted transactions (derivatives and forwards)**

13.1 A transaction in a derivative must be:

13.1.1 in an approved derivative; or

13.1.2 be one which complies with paragraph 18 (OTC transactions in derivatives) of this Appendix.

13.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraph 10 (Investment in approved money market instruments), deposits, permitted derivatives under this paragraph, collective investment scheme units or shares permitted under paragraph 8 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20, interest rates, foreign exchange rates, and currencies.

13.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

13.4 A transaction in a derivative must not cause a Sub-Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

13.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units or shares in collective investment schemes, or derivatives.

13.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

**14. Financial indices underlying derivatives**

14.1 The financial indices referred to in 13.2 are those which satisfy the following criteria:

14.1.1 the index is sufficiently diversified;

14.1.2 the index represents an adequate benchmark for the market to which it refers; and

14.1.3 the index is published in an appropriate manner.

14.2 A financial index is sufficiently diversified if:

- 14.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 14.2.2 where it is composed of assets in which a Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - 14.2.3 where it is composed of assets in which a Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 14.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 14.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 14.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 14.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 14.4 A financial index is published in an appropriate manner if:
- 14.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 14.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 14.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction will where they satisfy the requirements with respect to other underlyings pursuant to paragraph 13.2, be regarded as a combination of those underlyings.

**15. Transactions for the purchase of property**

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

**16. Requirement to cover sales**

No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

**17. Valuation of OTC derivatives**

17.1 For the purposes of paragraph 18.1.3, the ACD must:

17.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-Fund to OTC derivatives; and

17.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

17.2 Where the arrangements and procedures referred to in 17.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

17.3 The arrangements and procedures referred to in 17.1 above must be

17.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

17.3.2 adequately documented.

**18. OTC transactions in derivatives**

18.1 Any transaction in an OTC derivative under paragraph 13.1.2 above must be:

18.1.1 in a future or an option or a contract for differences;

- 18.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 18.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- 18.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 18.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 18.1.4.2 if the value referred to in 18.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 18.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 18.1.6 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 18.1.7 a department within the ACD which is independent from the department in charge of managing the Sub-Fund and which is adequately equipped for such a purpose.

For the purposes of 18.1.3 above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## 19. **Risk management**

- 19.1 The ACD uses a risk management process (including a risk management policy in accordance with COLL 6.12), enabling it to monitor and measure at any time the risk of a Sub-Fund's positions and their contribution to the overall risk profile of the Sub-Fund.
- 19.2 Before using the process, the ACD will notify the FCA of the details of the risk management process. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
- 19.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Sub-Fund together with their underlying risks and any relevant quantitative limits; and
  - 19.2.2 the methods for estimating risks in derivative and forward transactions.
- 19.3 The ACD must notify the FCA in advance of any material alteration to the details above.

## 20. **Investments in deposits**

The Sub-Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## 21. **Stock lending**

- 21.1 The entry into stock lending or repo transactions for the account of the Sub-Fund is permitted for the generation of additional income for the benefit of the Sub-Fund, and hence for its investors.
- 21.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 21.3 The stock lending permitted by this section may be exercised by the Sub-Fund when it reasonably appears to the Sub-Fund to be appropriate to do so with a

view to generating additional income for the Sub-Fund with an acceptable degree of risk.

21.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

21.4.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Sub-Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice;

21.4.2 the counterparty is:

21.4.2.1 an authorised person; or

21.4.2.2 a person authorised by a Home State regulator; or

21.4.2.3 a person registered as a broker-dealer with the US Securities and Exchange Commission; or

21.4.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following US federal banking supervisory authorities:

21.4.2.4.1 the Office of the Comptroller of the Currency;

21.4.2.4.2 the Federal Deposit Insurance Corporation;

21.4.2.4.3 the Board of Governors of the Federal Reserve System;  
and

21.4.2.4.4 the Office of Thrift Supervision, and

21.4.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 21.4.1 and the collateral is:

21.4.3.1 acceptable to the depositary;

21.4.3.2 adequate; and

21.4.3.3 sufficiently immediate.

21.4.4 The counterparty for the purpose of paragraph 21.4 is the person who is obliged under the agreement referred to in paragraph 21.4.1 to transfer to the depositary the securities transferred by the depositary under the stock lending arrangement or securities of the same kind.



21.4.5 21.4.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

21.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

21.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Sub-Fund.

21.7 There is no limit on the value of the Scheme Property of a Sub-Fund which maybe the subject of stock lending transactions.

## **22. Schemes replicating an index**

22.1 A Sub-Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

22.2 The 20% limit can be raised for a particular Sub-Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

22.3 In the case of a Sub-Fund replicating an index the Scheme Property of a Sub-Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.

22.4 The indices referred to above are those which satisfy the following criteria:

22.4.1 the composition is sufficiently diversified;

22.4.2 the index is a representative benchmark for the market to which it refers; and

22.4.3 the index is published in an appropriate manner.

## **23. Cover for investment in derivatives**

A Sub-Fund may invest in derivatives and forward transactions as part of its investment policy provided:

- 23.1 its global exposure relating to derivatives and forward transactions held in the Sub-Fund does not exceed the net value of the scheme property; and
- 23.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 5 above (Spread: general).

Each Sub-Fund is permitted to balance exposure to any counterparty by taking or giving 'collateral'. Collateral is a pledge of an asset as security for one party's risk to the other. The Sub-Funds only accept cash as eligible collateral.

Sometimes a Sub-Fund, or the OTC derivative counterparty, will apply a 'haircut' to non-cash collateral. A haircut is a nominal reduction applied to the market value of collateral to provide a buffer against rises and falls in the value of, or the exposure to, that type of collateral. Further details about the Company's haircut policy can be obtained on request from the ACD.

The value of collateral, taking account of haircuts, is regularly adjusted to maintain the agreed level/range of exposure by the Sub-Fund.

When a Sub-Fund takes collateral, it becomes the (legal) owner of the collateral but places it with the Depositary for safekeeping. The Sub-Fund is entitled to reinvest cash collateral but this is subject to certain liquidity and risk management requirements.

## 24. **Daily calculation of global exposure**

- 24.1 The ACD must calculate the global exposure of a Sub-Fund on at least a daily basis.
- 24.2 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

## 25. **Calculation of global exposure**

- 25.1 The ACD must calculate the global exposure of any Sub-Fund it manages either as:
  - 25.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 12 (Derivatives: general)), which may not exceed 100% of the net value of the Scheme Property; or
  - 25.1.2 the market risk of the Scheme Property.
- 25.2 The ACD must calculate the global exposure of a Sub-Fund by using:

- 25.2.1 the commitment approach; or
  - 25.2.2 the value at risk approach.
- 25.3 The ACD must ensure that the method selected in 25.2 is appropriate, taking into account:
  - 25.3.1 the investment strategy pursued by the Sub-Fund;
  - 25.3.2 the types and complexities of the derivatives and forward transactions used; and
  - 25.3.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 25.4 Where a Sub-Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 21 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- 25.5 For the purposes of 25.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
- 25.6 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
  - 25.6.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 12 (Derivatives: general)), whether used as part of the Sub-Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 21 (Stock lending); and
  - 25.6.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 25.7 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 25.8 The ACD may take account of netting and hedging arrangements when calculating global exposure of a Sub-Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

25.9 Where the use of derivatives or forward transactions does not generate incremental exposure for the Sub-Fund, the underlying exposure need not be included in the commitment calculation.

25.10 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Sub-Fund in accordance with paragraph 30 (Borrowing powers) need not form part of the global exposure calculation.

## 26. **Cover and Borrowing**

26.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 23 of this Appendix as long as the normal limits on borrowing (see below) are observed.

26.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to that borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 30 (Borrowing powers) of this Appendix do not apply to that borrowing.

## 27. **Cash and near cash**

27.1 Cash and near cash must not be retained in the Scheme Property of a Sub-Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:

27.1.1 the pursuit of the Sub-Fund's investment objectives; or

27.1.2 the redemption of Shares; or

27.1.3 efficient management of the Sub-Fund in accordance with its investment objective; or

27.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Sub-Fund.

27.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 28. **General**

28.1 It is envisaged that the Sub-Funds will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of Shares, efficient

management of the Sub-Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Sub-Fund.

- 28.2 No Sub-Fund may invest in the Shares of another Sub-Fund of the Company.
- 28.3 Where a Sub-Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Sub-Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 28.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Sub-Fund but, in the event of a consequent breach, the ACD must then take those steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.
- 28.5 It is not intended that the Company have any interest in any immovable or moveable property for the direct pursuit of its business.

## 29. **Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of the Company.

## 30. **Borrowing powers**

- 30.1 The ACD may, on the instructions of the Sub-Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 30.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without prior consent of the Depositary, which may be given only on those conditions which appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 30.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Sub-Fund.
- 30.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

**31. Restrictions on lending of property other than money**

- 31.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 31.2 Transactions permitted by paragraph 21 (**Stock lending**) are not to be regarded as lending for the purposes of paragraph **31.1**.
- 31.3 The Scheme Property must not be mortgaged.
- 31.4 Where transactions in derivatives or forward transaction are used for the account of a Sub-Fund, nothing in this paragraph prevents the Company or the Depositary from:
- 31.4.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or
  - 31.4.2 Transferring Scheme Property under the terms of an agreement in relation to margin requirements provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**32. Restrictions on lending of money**

- 32.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Sub-Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 32.2 Acquiring a debenture is not lending for the purposes of paragraph **32.1**, nor is the placing of money on deposit or in a current account.

**33. Guarantees and indemnities**

- 33.1 The Depositary, for the account of a Sub-Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.
- 33.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 33.3 Paragraphs **33.1** and **33.2** do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where share assets are becoming part of the Scheme Property by way of unitisation.

**34. Concentration**

A UCITS Scheme:

- 34.1 must not acquire transferable securities other than debt securities which:
  - 34.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 34.1.2 represent more than 10% of these securities issued by that body corporate;
- 34.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 34.3 must not acquire more than 25% of the units or shares in a collective investment scheme;
- 34.4 must not acquire more than 10% of the money market instruments issued by any single body;
- 34.5 need not comply with the limits in paragraphs 34.2, 34.3 and 34.4 and of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

**35. Significant Influence**

- 35.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
  - 35.2 immediately before the acquisition, the aggregate of any such securities held by the Company gives that Company power significantly to influence the conduct of business of that body corporate; or
  - 35.3 the acquisition gives the Company that power.
- 35.4 For the purposes of paragraph 35.1 the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **Appendix IV      LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD**

The ACD is also the authorised fund manager of the following authorised unit trusts:

- Artemis Capital Fund
- Artemis European Growth Fund
- Artemis European Opportunities Fund
- Artemis Global Energy Fund
- Artemis Global Growth Fund
- Artemis Global Income Fund
- Artemis Global Select Fund
- Artemis High Income Fund
- Artemis Income Fund
- Artemis Monthly Distribution Fund
- Artemis Strategic Assets Fund
- Artemis Strategic Bond Fund
- Artemis UK Select Fund
- Artemis UK Smaller Companies Fund
- Artemis UK Special Situations Fund
- Artemis Institutional Equity Income Fund
- Artemis Institutional Global Capital Fund
- Artemis Institutional UK Special Situations Fund



## **Appendix V      PAST PERFORMANCE TABLES FOR EACH SUB-FUND AND INVESTOR PROFILE**

### **Historic performance table:**

<b>Name of Sub-Fund</b>	<b>12 months to 31 December 2018</b>
Artemis Pan European Absolute Return Class I GBP Hedged Acc	-9.0%
Artemis US Absolute Return Class I Acc USD	4.4%
Artemis US Equity Class I Acc USD	-3.1%
Artemis US Extended Alpha Class I Acc USD	-2.2%
Artemis US Select Class I USD Acc	-2.4%
Artemis US Smaller Companies Class I USD Acc	0.1%
Artemis Global Emerging Markets Class I Acc USD	-12.8%
Artemis Global Equity Income Class I Acc USD	-17.5%

Source: Lipper, Mid to mid with net income reinvested

The above performance figures are based on mid to mid prices. These performance figures are presented as a matter of record and should be regarded as such. Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.

Past performance is not necessarily a guide to future growth or rates of return.

Latest performance figures may be obtained from the Manager directly, online at [www.artemisfunds.com](http://www.artemisfunds.com) or at [www.fundinfo.com](http://www.fundinfo.com)

## **Appendix VI      PERFORMANCE FEE**

### **1.      ARTEMIS US EXTENDED ALPHA FUND**

#### **1.1      About the fee**

In addition to the ACD's annual management charge set out at paragraph 7.3 above, the ACD is entitled to a performance fee (the "Performance Fee") on each Share Class of the Artemis US Extended Alpha Fund if certain conditions are met.

The Performance Fee on each Share Class is calculated as 20% of any outperformance of the Share Price of that Class (with income reinvested) against the S&P500 Index (with income reinvested) ("Benchmark").

The period ("Performance Period") over which the Performance Fee is calculated is the same as the Sub-Fund's annual accounting period. The first Performance Period for each Class will start on the launch date of each Class and will end at the last Valuation Point of the accounting period during which the Class was launched.

In a Performance Period where the Share Price has underperformed the Benchmark, no Performance Fee will be payable. This underperformance will be carried forward to the next Performance Period and will need to be recovered before a Performance Fee can be paid.

A Performance Fee accrual is determined at each Valuation Point and is taken into account in the calculation of the Share Price. The accrual is calculated by reference to the movements in the Share Price and Benchmark since the start of the Performance Period. The Share Price used for the accrual calculation includes all other costs incurred by the Sub-Fund, but is adjusted to exclude the effect of any dilution adjustment and any existing Performance Fee accrual. An accrual will only accumulate where, over the Performance Period to date, the Share Price has first recovered any carried forward underperformance and also outperformed the Benchmark.

Where a Performance Fee is due, it will be paid to the ACD within 10 days of the end of the Performance Period.

Where Shares are cancelled during a Performance Period (this could happen when a Shareholder redeems Shares, for example), and at that Valuation Point the Share Price has outperformed the benchmark, any Performance Fee accrued and reflected in the price of those Shares will crystallise and will be payable to the ACD within 10 days of the end of the performance period. Should the share cancellation result in the share class being closed, the crystallised fee will be payable to the ACD within 10 days of this event. Any such Performance Fee paid to the ACD will not be repaid even if at the end of the relevant Performance

Period a Performance Fee would otherwise not be payable in respect of such Shares if they had continued to be held to the end of such Performance Period.

There is no limit on the amount of the Performance Fee which may be payable for a Performance Period. A Performance Fee can be earned even if the Share Price has fallen in a Performance Period, provided that the Share Price has outperformed the Benchmark.

The Performance Fee is based on net realised and net unrealised gains and losses at the end of each Performance Period and, as a result, a Performance Fee may be charged on gains which are never subsequently realised. However, once a Performance Fee has been paid, no refund will be made.

The ACD will take steps to mitigate any imperfections that may arise in the calculation and accrual of a Performance Fee in the Sub-Fund, following agreement with the Company's Auditors, if required.

The ACD shall verify and the Company's Auditors shall review the calculation of the Performance Fee on an annual basis.

## 1.2 Example Calculations

Please note that the following examples are purely for illustrative purposes. These examples are not a representation of the actual performance of the Sub-Fund, or of future returns to Shareholders, and have been simplified for the purposes of illustrating the effect of the Performance Fee in different scenarios. The ACD considers these simplifications allow the Performance Fee to be illustrated in a straightforward manner, without producing a material deviation from any actual Performance Fee calculation that will be carried out for the Sub-Fund.

Performance Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Share Price at start of period (p)	100.00	109.00	119.90	117.72	110.65	99.58
Benchmark at start of period	100.00	105.00	120.75	105.00	94.50	89.78
Share Price at end of period (before performance fee) (p)	110.00	119.90	119.90	111.83	99.58	110.65
Benchmark at end of period	105.00	120.75	105.00	94.50	89.78	85.29
Share Price performance in year	10.00%	10.00%	0.00%	(5.00)%	(10.00)%	11.12%
Benchmark performance in year	5.00%	15.00%	(13.04)%	(10.00)%	(5.00)%	(5.00)%
Relative performance in year	5.00%	(5.00)%	13.04%	5.00%	(5.00)%	16.12%
Share Price performance since last performance fee paid	10.00%	10.00%	10.00%	(5.00)%	(10.00)%	0.00%

Performance Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Benchmark performance since last performance fee paid	5.00%	15.00%	0.00%	(10.00)%	(5.00)%	(9.75)%
Relative performance since last performance fee paid	5.00%	(5.00)%	10.00%	5.00%	(5.00)%	9.75%
Outperformance/(underperformance) since last performance fee paid	5.00%	(5.00)%	10.00%	5.00%	(5.00)%	9.75%
Performance Fee due	Yes	No	Yes	Yes	No	Yes
Performance fee (p)	1.00	-	2.18	1.18	-	2.16
Share Price at end of period (after performance fee) (p)	109.00	119.90	117.72	110.65	99.58	108.49

**Year 1:** The Share Price increases to 110.00 pence, a 10% increase, compared to the Benchmark increase of 5%. Therefore the Share Price outperforms the Benchmark by 5%. The Performance Fee per Share is calculated as 20% of this outperformance, equivalent to 1.0% of the starting Share Price (i.e. the Share Price at the beginning of the Performance Period), equivalent to 1 pence per share.

**Year 2:** As a performance fee was paid at the end of year 1, the calculation in year 2 will be based on the Benchmark and Share Price at the end of year 1. The Share Price increases by 10% and the Benchmark increases by 15%. Therefore the Share Price has underperformed the Benchmark by 5%. No Performance Fee is earned and the 5% underperformance is carried forward to the next Performance Period (year 3).

**Year 3:** The Benchmark and Share Price performance shall continue to be measured from the beginning of year 2 as no performance fee was paid at the end of year 2. The Share Price does not move over the year and the Benchmark decreases to the level at the start of Year 2. This means that the relative outperformance of the Share Price over the Benchmark is 13.04% in the year. The underperformance from year 2 has been carried forward and the Performance Fee is calculated on the overall outperformance from year 2 which is 10%. The Performance Fee is 20% of this increase, equivalent to 2% of the starting Share Price from Year 2 of 109.00 pence, equivalent to 2.18 pence per Share.

**Year 4:** The Share Price decreases by 5% and the Benchmark falls by 10%. The relative outperformance of the Share Price against the Benchmark is 5% in the year. The Performance Fee is 20% of the outperformance equivalent to 1% of the starting Share Price of 117.72 pence will be earned in this year, 1.18 pence per Share.

**Year 5:** The Share Price decreases by 10% and the Benchmark falls by 5%. The Share Price has underperformed the Benchmark by 5% in the

year. No Performance Fee is paid and the 5% underperformance is carried forward to the next Performance Period (year 6).

**Year 6:** The Share Price increases by 11.12% and the Benchmark falls by 5%. The Share Price has outperformed the Benchmark by 16.12% in the year. The underperformance from year 5, of 5%, is recovered and the Performance Fee is calculated on the overall outperformance from Year 5 which is 9.75%. The Performance Fee is 20% of this increase, equivalent to 1.95% of the starting Share Price in Year 5 of 110.65 pence, equivalent to 2.16 pence per Share.

## **2. ARTEMIS US ABSOLUTE RETURN FUND & ARTEMIS PAN EUROPEAN ABSOLUTE RETURN FUND**

### **2.1 About the fee**

In addition to the ACD's annual management charge set out at paragraph 7.3 above, the ACD is entitled to a performance fee (the "Performance Fee") on each of the Share Classes of the Artemis US Absolute Return Fund and the Artemis Pan European Absolute Return Fund if certain conditions are met.

The Performance Fee on each Share Class is calculated as 20% of any outperformance of the Share Price of that Class (with income reinvested) against its Benchmark Price (as defined below).

The period ("Performance Period") over which the Performance Fee is calculated is the same as the Sub-Fund's annual accounting period. The first Performance Period for each Class will start on the later of the launch date of each Class or 1 March 2016, and will end at the last Valuation Point of the accounting period during which the Class was launched or 28 February 2017, respectively.

The "Benchmark Price" for the first Performance Period of each Class is the Share price at launch or 1 March 2016, as appropriate. For each subsequent period, the Benchmark Price is the Share price at which a Performance Fee was last paid, adjusted by the 3-month LIBOR return for each Performance Period since the Performance Fee was last paid. In the event that the 3-month LIBOR return for a Performance Period is negative, it will be deemed to be zero for the purposes of the Performance Fee calculation.

The Performance Fee structure incorporates a high water mark which means that a Performance Fee is only payable when the Share Price is above the high water mark (i.e. the Benchmark Price); this ensures that a Performance Fee will only be charged once on any performance by the Share Class. Where the Share Price is below the Benchmark Price at the end of a Performance Period, the closing Benchmark Price will be carried forward to the next Performance Period. If the Share Price is above the closing Benchmark Price, then the Share Price (after deducting the Performance Fee) will be carried forward and become the opening Benchmark Price for the next Performance Period.

In a Performance Period where the Share Price has underperformed the Benchmark Price, no Performance Fee will be payable. This underperformance will be carried forward to the next Performance Period and will need to be recovered before a Performance Fee can be paid.

A Performance Fee accrual is determined at each Valuation Point and is taken into account in the calculation of the Share Price. The accrual is calculated by

reference to the movement in the Share Price and Benchmark Price return since the start of the Performance Period. The Share Price used for the accrual calculation includes all other costs incurred by the Sub-Fund, but is adjusted to exclude the effect of any dilution adjustment(s) and any existing Performance Fee accrual. An accrual will only be made where, over the Performance Period to date, the Share Price is above the Benchmark Price (thereby ensuring that any underperformance brought forward from previous Performance Periods is recovered before an accrual is made).

Where a Performance Fee is due, it will be paid to the ACD within 10 days of the end of the Performance Period.

Where Shares are cancelled during a Performance Period (for example, when a Shareholder redeems Shares), and at that Valuation Point the Share Price has outperformed the Benchmark Price, any Performance Fee accrued and reflected in the price of those Shares will crystallise and will be payable to the ACD within 10 days of the end of the performance period. Should the share cancellation result in the share class being closed, the crystallised fee will be payable to the ACD within 10 days of this event. Any such Performance Fee paid to the ACD will not be repaid even if at the end of the relevant Performance Period a Performance Fee would otherwise not be payable in respect of such Shares if they had continued to be held to the end of such Performance Period.

There is no limit on the amount of the Performance Fee which may be payable in a Performance Period.

The Performance Fee is based on net realised and net unrealised gains and losses at the end of each Performance Period and, as a result, a Performance Fee may be charged on gains which are never subsequently realised. However, once a Performance Fee has been paid, no refund will be made.

The ACD will take steps to mitigate any imperfections that may arise in the calculation and accrual of a Performance Fee in the relevant Sub-Fund, following agreement with the Company's Auditors, if required.

The ACD shall verify, and the Company's Auditors shall review, the calculation of the Performance Fee on an annual basis.

## **2.2 Example Calculations**

Please note that the following examples are purely for illustrative purposes. These examples are not a representation of the actual performance of the Sub-Fund or of future returns to shareholders, and have been simplified for the purposes of illustrating the effect of the Performance Fee in different scenarios. The ACD considers these simplifications allow the Performance Fee examples to be illustrated in a straightforward manner, without producing a material

deviation from any actual Performance Fee calculation that will be carried out for the relevant Sub-Fund.

Performance Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Share Price at start of Performance Period (p)	100.00	102.80	100.80	110.10	103.49	109.70
Share Price performance for the Performance Period	3.0%	-1.9%	10.0%	-6.0%	6.0%	8.0%
Share Price at end of Performance Period (before Performance Fee) (p)	103.00	100.80	110.88	103.49	109.70	118.50
Benchmark Price at start of Performance Period (p)	100.00	102.80	104.86	110.10	110.10	112.30
3-month LIBOR movement for the Performance Period	2.0%	2.0%	2.0%	0.0%	2.0%	2.0%
Benchmark Price at end of Performance Period (p)	102.00	104.86	106.96	110.10	112.30	114.55
Share Price above Benchmark Price	Yes	No	Yes	No	No	Yes
Outperformance (p)	1.00	-	3.92	-	-	3.95
Performance fee charge (p)	0.20	-	0.78	-	-	0.79
Share Price at end of period (after performance fee) (p)	102.80	100.80	110.10	103.49	109.70	117.71
Benchmark Price adjustment for the Performance Period (p)	0.80	-	3.14	-	-	3.16
Benchmark Price carried forward to next Performance Period (p)	102.80	104.86	110.10	110.10	112.30	117.71

**Year 1:** The Share Price and Benchmark Price start the Performance Period at 100.00 pence. The 3-month LIBOR return for the Performance Period is 2.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is payable is therefore 102.00 pence. The Share Price increases by 3.0% to 103.00 pence.

The Share Price has outperformed the Benchmark Price by 1.00 pence. The Performance Fee is 20% of this outperformance and will be 0.20 pence per Share. As a Performance Fee is payable, the closing Share Price (after deducting the Performance Fee) of 102.80 pence is carried forward as the Benchmark Price for the next Performance Period.

**Year 2:** The Share Price and Benchmark Price start the Performance Period at 102.80 pence. The 3-month LIBOR return for the Performance Period is 2.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is payable is the opening Benchmark Price adjusted by the 3-month LIBOR return, which is 104.86 pence.



The Share Price falls by 1.9% to 100.80 pence. As the Share Price is below the Benchmark Price for the Performance Period, no Performance Fee is payable. The closing Benchmark Price of 104.86 pence is carried forward for the next Performance Period.

**Year 3:** The Share Price starts the Performance Period at 100.80 pence and the opening Benchmark Price is 104.86 pence. The 3-month LIBOR return for the Performance Period is 2.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is payable is the opening Benchmark Price adjusted by the 3-month LIBOR return, which is 106.96 pence.

The Share Price increases by 10.0% to 110.88 pence. The Share Price has outperformed the Benchmark Price by 3.92 pence. The Performance Fee is 20% of this outperformance and will be 0.78 pence per Share. As a Performance Fee is payable, the closing Share Price (after deducting the Performance Fee) of 110.10 pence is carried forward as the Benchmark Price for the next Performance Period.

**Year 4:** The Share Price and Benchmark Price start the Performance Period at 110.10 pence. The 3-month LIBOR return for the Performance Period is 0.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is payable is 110.10 pence.

The Share Price falls by 6.0% to 103.49 pence. As the Share Price is below the Benchmark Price for the Performance Period, no Performance Fee is payable. The closing Benchmark Price of 110.10 pence is carried forward for the next Performance Period.

**Year 5:** The Share Price starts the Performance Period at 103.49 pence and the opening Benchmark Price is 110.10 pence. The 3-month LIBOR return for the Performance Period is 2.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is payable is the opening Benchmark Price adjusted by the 3-month LIBOR return, which is 112.30 pence.

The Share Price increases by 6.0% to 109.70 pence. As the Share Price is below the Benchmark Price for the Performance Period, no Performance Fee is payable. The closing Benchmark Price of 112.30 pence is carried forward for the next Performance Period.

**Year 6:** The Share Price starts the Performance Period at 109.70 pence and the opening Benchmark Price is 112.30 pence. The 3-month LIBOR return for the Performance Period is 2.0%. The Benchmark Price that the Share Price needs to outperform before any Performance Fee is

payable is the opening Benchmark Price adjusted by the 3-month LIBOR return, which is 114.55 pence.

The Share Price increases by 8.0% to 118.50 pence. The Share Price has outperformed the Benchmark Price by 3.95 pence. The Performance Fee is 20% of this outperformance and will be 0.79 pence per Share. As a Performance Fee is payable, the closing Share Price (after deducting the Performance Fee) of 117.71 pence is carried forward as the Benchmark Price for the next Performance Period.

## DIRECTORY

**The Company:**

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

**Authorised Corporate Director:**

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

**Depositary:**

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

**Investment Adviser:**

Artemis Investment Management LLP  
Cassini House  
57 St. James's Street  
London  
England  
SW1A 1LD

**Fund Administrator and Custodian:**

J.P. Morgan Chase Bank N.A.  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Transfer Agent:**

DST Financial Services Europe Limited  
DST House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

**Registrar:**

DST Financial Services International Limited  
DST House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

**Legal Advisers to the Company:**

Eversheds Sutherland  
One Wood Street  
London EC2V 7WS

**Auditors:**

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

## **ARTEMIS INVESTMENT FUNDS ICVC**

**This supplement forms part of the Prospectus dated 4<sup>th</sup> February 2019 in respect of Artemis Investment Funds ICVC, which should be read as amended by this supplement.**

### **FOR USE IN THE FEDERAL REPUBLIC OF GERMANY ONLY**

The Prospectus shall be amended by the addition of the following Appendix VII:

---

#### **APPENDIX VII OTHER IMPORTANT INFORMATION FOR INVESTORS**

---

##### **ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY**

###### **German Information Agent**

The Company has appointed Zeidler Legal Services to act as information agent for the Company in the Federal Republic of Germany (the "**German Information Agent**"). The German Information Agent has its offices at the following address:

**ZEIDLER LEGAL SERVICES**  
Bettinastrasse 48  
60325 Frankfurt am Main  
Germany.

The Prospectus, the Instrument of Incorporation, the Key Investor Information Documents (KIIDs), the half-yearly and annual reports of the Company can be obtained free of charge in hardcopy at the aforementioned address.

Furthermore, the following document can be inspected free of charge in hard copy at the offices of the German Information Agent at the aforementioned address:

- ACD Agreement between the Company and the ACD dated 8<sup>st</sup> July, 2014, as amended from time to time, under which the ACD was appointed to manage and administer the Company's affairs in compliance with the FCA Handbook.

Further relevant information and documents for Shareholders can, if available, be obtained free of charge from the German Information Agent.

No paying agent has been appointed as no individual Share certificates in respect of the Company are issued in printed format.

Shares will be sold by the ACD upon receipt of orders by telephone (for existing Shareholders), letter, facsimile, application form or other form of communication which the ACD deems acceptable. Shares may be purchased directly from the ACD or through a financial adviser or other intermediary. The ACD will be available to receive requests for the purchase of Shares during normal business hours, 8.00am to 6.00pm UK time, excluding weekends, public and bank holidays in the UK. The price per Share at which the Shares are sold is the Net Asset Value per Share at the Valuation Point in relation to the Dealing Day.

Shares will be redeemed by the ACD upon receipt of an instruction either by telephone, letter, facsimile or other form of communication which the ACD deems acceptable. Where orders have been placed either by telephone or facsimile, the redemption

proceeds may not be released until the ACD, at its discretion, is in receipt of a written redemption instruction duly signed by the Shareholder(s) in question. Shares may be sold back to the ACD directly or through a financial adviser or other intermediary. Payment will be made within four working days following receipt of all necessary documentation. The ACD will accept electronic renunciation instructions from regulated institutions who hold Shares in a nominee name provided that the ACD has a coverall or an electronic renunciation agreement in place with the regulated institution. The ACD may at its discretion accept electronic instructions from private investors but may at its discretion also still require hard copy, wet signatures to effect renunciation. The ACD does not generally accept electronic instructions to transfer Shares to a third party, whether from private investors or regulated institutions. The ACD will be available to receive requests for the redemption of Shares during normal business hours, 8.00am to 6.00pm UK time, excluding weekends, public and bank holidays in the UK. The price per Share at which the Shares are redeemed is the Net Asset Value per Share at the Valuation Point in relation to the Dealing Day.

Switches between a Sub-Fund and any other Sub-Fund or Sub-Funds managed by the ACD are permitted at the discretion of the ACD where the investment criteria of the Share Class into which the Shareholder wishes to Switch are met. Shareholders may be required to provide written instructions to the ACD before Switching is effected. The ACD may, at its discretion, make a charge on the Switching of Shares between Sub-Funds. A Shareholder who Switches between Sub-Funds will have no right to withdraw from or cancel the transaction. The price per Share at which the Shares are Switched is the Net Asset Value per Share as at the Valuation Point in relation to the Dealing Day.

### **Publication of prices and notices to Shareholders**

The most recent issue and redemption prices for the Shares will be published daily on **[www.fundinfo.com](http://www.fundinfo.com)** and are available free of charge at the offices of the German Information Agent on every banking business day in Frankfurt am Main.

Documents, information and notices will be published to the Shareholders in the Federal Gazette (*Bundesanzeiger*).

In the following cases notifications to the Shareholders in Germany will additionally be published via a durable medium:

- Suspension of redemption of the Shares in the Company;
- Termination of the management of or dissolution of the Company;
- Changes to the terms and conditions which are not consistent with the existing investment policy, which affect essential Shareholder rights or which affect the reimbursement of expenses that may be taken from the Company, including the reasons for the changes, Shareholder rights in relation thereto (in an understandable manner) and their means of obtaining further information thereon;
- In the event of a merger of the Company, in the form of merger information to be prepared in accordance with Article 43 of Directive 2009/65/EC;
- In the event of conversion of the Company into a feeder fund or in the event of a change to a master fund, in the form of information to be prepared in accordance with Article 64 of Directive 2009/65/EC.