

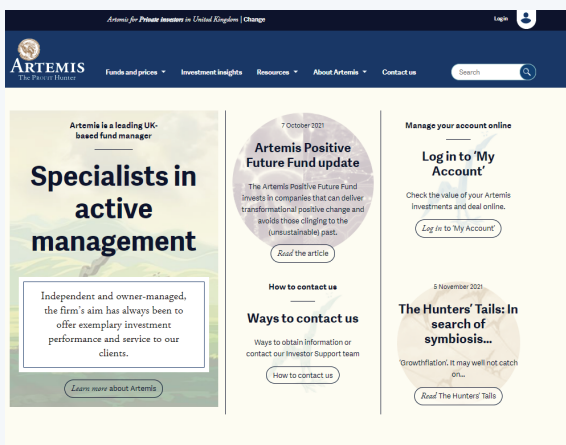
Artemis Strategic Bond *Fund*

Manager's Report
and Financial Statements

for the year ended 31 March 2023

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- Daily fund prices
- Fund literature

[artemisfunds.com](https://www.artemisfunds.com)

GENERAL INFORMATION

Company profile

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

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

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

The firm now manages some £23.9 billion* across a range of funds, two investment trusts, a venture capital trust and both pooled and segregated institutional portfolios.

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

* Source: Artemis as at 31 May 2023

Fund status

Artemis Strategic Bond Fund was constituted by a Trust Deed dated 26 May 2005 and is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The fund belongs to the category of UCITS schemes as defined in the Collective Investment Schemes Sourcebook ('COLL') of the Financial Conduct Authority ('FCA').

Buying and selling

Units may be bought and sold by contacting the manager by telephone, at the address on page 6 or via the website artemisfunds.com. Valuation of the fund takes place each Dealing Day at 12 noon on a forward pricing basis. The current list of non-dealing days impacting the fund is published on our website at www.artemisfunds.com/non-dealing-days. Investors are reminded that past performance is not a guarantee of performance in the future and that the price of units and the revenue from them can fall as well as rise.

OBJECTIVE AND INVESTMENT POLICY

Objective	To provide a combination of income and capital growth over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 80% to 100% in debt and debt related securities (of any credit quality). • The fund may also invest in cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	<p>The fund may use derivatives such as futures, forwards, swaps and options:</p> <ul style="list-style-type: none"> • for investment purposes to achieve the fund objective, including taking long and short positions in debt and debt-related securities, credit spreads (via credit default swaps on single issuers or indices), interest rates or inflation expectations • to produce additional income or growth • for efficient portfolio management purposes to reduce risk and manage the sub-fund efficiently.
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • At least 80% of the fund will be invested in assets denominated in sterling or will be hedged back to sterling.
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • Bond returns are driven in four ways: <ul style="list-style-type: none"> - Investing globally in government, Investment Grade and High Yield debt and debt-related securities - Adjusting the portfolio duration - Allocation between different credit ratings and different economic sectors - Security selection including different levels of seniority • When investing in corporate debt and debt-related securities, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. 	
Benchmark	<ul style="list-style-type: none"> • IA £ Strategic Bond NR <p>A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</p>	

RISK AND REWARD PROFILE



- The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund may have risen and fallen in the past due to movements in markets, currencies and interest rates). It may not be a reliable indication of the future risk profile of the fund.
- The risk category has been calculated using historic data and may not be a reliable indicator of the fund's future risk profile.
- A risk indicator of "1" does not mean that the investment is "risk free".

The risk indicator may not fully take into account the following risks and the following may affect fund performance:

- **Market volatility risk:** The value of the fund and any income from it can fall or rise because of movements in stock markets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- **Currency risk:** The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
- **Bond liquidity risk:** The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
- **Credit risk:** Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- **Higher-yielding bonds risk:** The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
- **Derivatives risk:** The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
- **Emerging markets risk:** Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.

- **Counterparty risk:** Investments such as derivatives are made using financial contracts with third parties. Those third parties may fail to meet their obligations to the fund due to events beyond the fund's control. The fund's value could fall because of loss of monies owed by the counterparty and/or the cost of replacement financial contracts.
- **Leverage risk:** The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.

The risk indicator changed from 3 to 4 in the year ended 31 March 2023.

Please refer to the fund's prospectus for full details of these and other risks which are applicable to this fund.

OTHER INFORMATION

Prospectus

Copies of the most recent Prospectus are available free of charge from the manager at the address on page 6.

Remuneration

All UCITS schemes are required to comply with the UCITS Remuneration Code. This includes a requirement to disclose in the annual report of each scheme, details of the total amount of remuneration paid by the manager to its partners and staff for its financial year.

As the Artemis Strategic Bond Fund (the "fund") is a UCITS scheme, Artemis Fund Managers Limited ("AFML") as manager is required to make these disclosures. Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis' website artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all non-executive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Risk and Compliance functions when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm. The payment of some of their variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly. Staff are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 224 Artemis partners and staff in respect of AFML's duties performed for the UCITS schemes based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund for the year ended 31 December 2022 is £887,387 of which £388,396 is fixed remuneration and £498,991 is variable remuneration.

The aggregate amount of remuneration paid to UCITS Remuneration Code and Identified Staff that is attributable to duties for the fund for the year ended 31 December 2022 is £315,886. Code and Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages.

For the purposes of UCITS Remuneration Code, the AFML Code staff are the members of Artemis' Management and Executive Committees, certain fund managers, and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

Tax information reporting

UK tax legislation requires fund managers to provide information to HM Revenue & Customs ('HMRC') on certain investors who purchase units in unit trusts. Accordingly, the fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident outwith the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Co-operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new unitholders that invest in the fund must complete a certification form as part of the application form. Existing unitholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence. Failure to provide this information may result in the account being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: gov.uk/government/publications/exchange-of-information-account-holders.

Value assessment

Artemis Fund Managers Limited (AFML) has conducted a detailed assessment on whether its funds are providing value to unitholders. AFML must publish publicly on an annual basis, a statement setting out a summary of the outcome of the process and whether or not AFML believes the payments out of the scheme property are justified in the context of the overall value delivered to unitholders. Composite reports on Assessment of Value have been published via the website artemisfunds.com.

Change of Appointed Depositary of the fund

With effect from 6 March 2023, Northern Trust Investor Services Limited has replaced J.P. Morgan Europe Limited as the Depositary of the fund.

Manager

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

Dealing information:
Artemis Fund Managers Limited
Sunderland SR43 4BH
Telephone: 0800 092 2051
Website: artemisfunds.com

Investment adviser

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

Trustee and Depositary

J.P. Morgan Europe Limited †
(prior to 6 March 2023)
25 Bank Street
Canary Wharf
London E14 5JP

Northern Trust Investor Services Limited †
(from 6 March 2023)
50 Bank Street
Canary Wharf
London E14 5NT

Registrar

SS&C Financial Services International Limited *
(prior to 2 May 2023)
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Northern Trust UK Global Services SE †
(from 2 May 2023)
50 Bank Street
Canary Wharf
London
E14 5NT

Auditor

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

*Authorised and regulated by the FCA, 12 Endeavour Square, London E20 1JN.

†Authorised by the Prudential Regulation Authority ('PRA'), 20 Moorgate, London EC2R 6DA and regulated by the PRA and the FCA.

STATEMENTS OF RESPONSIBILITIES

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Artemis Strategic Bond Fund for the period ended 3 March 2023.

The Depositary in its capacity as Trustee of the Artemis Strategic Bond Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

- the fund's cash flows are properly monitored and that cash of the fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
- the fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), are carried out (unless they conflict with the Regulations).

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the Regulations and the Scheme documents of the fund.

J.P. Morgan Europe Limited
London
3 March 2023

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the Artemis Strategic Bond Fund ("the Fund") for the period from 6 March 2023 to 31 March 2023.

The Depositary in its capacity as Trustee of the Artemis Strategic Bond Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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- the value of units of the fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
- the fund's income is applied in accordance with the Regulations; and
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Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the fund, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the Regulations and the Scheme documents of the fund.

Northern Trust Investor Services Limited
London
9 June 2023

Statement of the manager's responsibilities

COLL requires the manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the fund and of its revenue and expenditure for the year.

In preparing the financial statements the manager is required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 ('SORP');
- (iii) follow applicable accounting standards;
- (iv) keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- (v) make judgements and estimates that are reasonable and prudent; and
- (vi) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation.

The manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and COLL.

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

Report of the manager

We hereby approve the Manager's Report and Financial Statements of the Artemis Strategic Bond Fund for the year ended 31 March 2023 on behalf of Artemis Fund Managers Limited in accordance with the requirements of COLL as issued and amended by the FCA.

M J Murray
Director
Artemis Fund Managers Limited
London
9 June 2023

L E Cairney
Director

AUDITOR'S REPORT

Independent auditor's report to the unitholders of the Artemis Strategic Bond Fund

Opinion

We have audited the financial statements of the Artemis Strategic Bond Fund ("the Fund") for the year ended 31 March 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2023 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not

a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 8, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such

internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify noncompliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh
9 June 2023

INVESTMENT REVIEW

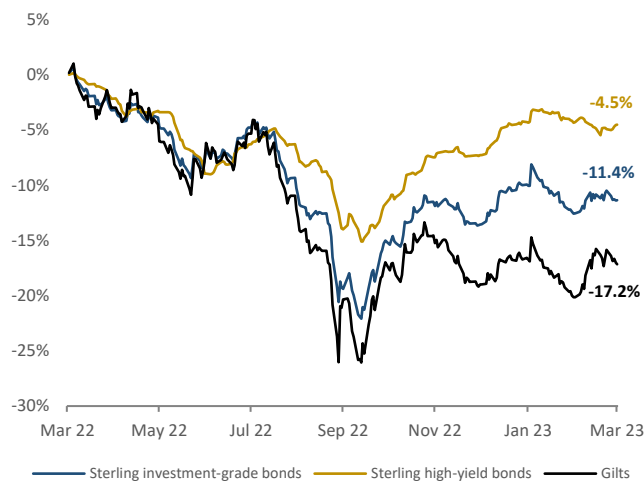
- It was a challenging 12 months for every corner of the bond market.
- The fund continued to perform well relative to its investible universe.
- Some areas of the bond market now offer compelling yields.

The fund produced a negative return over the year but outperformed its peer group

Over the last 12 months, the fund generated a loss of 6.0%¹. That return must, however, be set against a broader context: fixed income markets suffered painful losses in 2022 and our investible universe experienced the worst conditions seen in decades.

By their nature, strategic bond funds such as ours provide investors exposure with a blend of fixed income assets. And while we can dynamically manage this blend, there is inevitably correlation between our returns and those of the investible universe. In relative terms, the fund's performance through these challenging conditions was respectable: it outperformed the peer group average by 0.5%.

Chart: a difficult year for bond markets



Source: Artemis; Bloomberg

It was a challenging year for every corner of the bond market

Central banks worldwide raised interest rates and halted (or began to reverse) quantitative easing ('QE'), the mechanism through which they supplied vast amounts of liquidity to financial markets over the past decade. Moreover, inflationary pressures have been so intense that they committed to raising rates far more aggressively than the market expected 12 months ago. The result was clear: government bond yields

moved higher, pushing their prices sharply lower. At the same time, credit spreads – the additional premium that corporate borrowers must pay to borrow over and above 'risk free' rate on governments bonds – moved wider.

Fragilities are emerging as central banks raise rates

The first quarter of 2023 was one of the more challenging periods for markets since the fund's new management team was appointed in September 2021; the portfolio was not immune to the stresses in the banking sector that appeared in March.

That fragilities are emerging a year into an aggressive rate-hiking cycle is not surprising. But that they appeared in the banking sector, where fundamentals appeared solid, caught many investors off-guard.

Our base case remains that the issues faced by a handful of banks are not a sign of systemic weakness. We do, however, worry about their potential transmission to the 'real economy': the availability of credit will be squeezed (indeed, credit conditions were tightening even before SVB collapsed). More casualties could emerge over time as weaker business models are exposed to higher borrowing costs, particularly given our view that central banks will need to keep rates higher for longer to tame inflation.

As central banks step back, bond markets are becoming more discriminating

As we anticipated – and as the recent problems in the banking sector illustrated – the withdrawal of liquidity once supplied by central banks (under QE) is already having an effect. Rather than moving in lockstep, there is now a greater degree of dispersion in returns between superficially similar bonds; freed from the influence of blanket buying by central banks, the market is becoming increasingly discriminating. We believe that dynamic will provide active managers (such as Artemis) an opportunity to shine.

Past performance is not a guide to the future.

¹ Source: Artemis/ Lipper Limited, reflects class QI accumulation units, in sterling, with interest reinvested to 31 March 2022. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the sector benchmark. Sector is IA £ Strategic Bond NR.

We have shifted our asset allocation towards a more 'balanced' position

Our asset allocation is more balanced than it was a year ago: government bonds are more attractively valued than they were and now represent over a third of our portfolio. We have increased the portfolio's overall duration (made it more sensitive to changes in interest rates), taking it up towards 5.5 years (if a bond fund has a duration of 5.5 years and interest rates fall by 1%, the price of the bonds that it owns should, on average, increase by approximately 5.5%). Yet while we want a higher level of interest-rate sensitivity than we did a year ago, our appetite for duration is measured; we are conscious that inflation is still elevated and core inflation is proving 'sticky'.

On a regional level, our allocation is skewed towards the US and the UK. Our exposure to Europe is low relative to the fund's history. In particular, we maintain a negative view on the longer-dated (30-year) end of the European market.

If there is a recession, government bonds will – broadly speaking - perform well relative to credit. For the following reasons we have been rotating our portfolio towards a more balanced asset allocation:

- we are moving to a later stage of the economic cycle.
- interest-rate hikes have been large and rapid by almost any historical context.
- central banks are draining liquidity from the global financial system and the economic impact of that process is uncertain.

Reflecting this, we have been moving away from high-yield bonds (particularly those rated single-B and below, which could come under pressure as the economy slows) and towards higher-quality investment-grade bonds, where we are seeing more compelling opportunities (on a risk-adjusted basis).

We now find ourselves in a dramatically improved yield environment

Parts of the fixed-income market now offer a compelling proposition on an absolute basis and relative to other asset classes. As we look forward, we are increasingly confident that fixed-income markets are set up to produce compelling returns that should outstrip inflation over the years to come.

We have waited a long time for fixed income as an asset class to begin offering a competitive level of income. Today, we believe we can lock in attractive yields without taking aggressive risks, either in terms of credit risk (we don't need to buy the lowest-rated high-yield bonds to receive an attractive yield) or interest-rate risk (we don't have to buy the longest-dated bonds in order to generate returns).

Juan Valenzuela and Rebecca Young

Fund managers

INVESTMENT INFORMATION

Ten largest purchases and sales for the year ended 31 March 2023

Purchases	Cost £'000	Sales	Proceeds £'000
UK Treasury 0.38% 22/10/2026	215,702	UK Treasury 0.38% 22/10/2026	280,577
UK Treasury 0.13% 31/01/2023	148,781	UK Treasury 0.13% 31/01/2023	203,103
US Treasury 2.38% 15/02/2042	72,710	UK Treasury Inflation-Linked 0.13% 10/08/2028	57,959
UK Treasury Inflation-Linked 0.13% 10/08/2028	56,875	US Treasury 2.38% 15/02/2042	50,872
UK Treasury 0.13% 31/01/2024	47,554	UK Treasury 0.13% 31/01/2024	48,366
UK Treasury 0.13% 31/01/2024	38,610	US Treasury 0.25% 15/07/2029	32,747
US Treasury 0.25% 15/07/2029	33,295	UK Treasury 0.13% 22/03/2051	32,644
UK Treasury Inflation-Linked 0.13% 22/03/2051	30,675	UK Treasury Inflation-Linked 0.13% 22/03/2029	20,197
UK Treasury Inflation-Linked 0.13% 22/03/2029	27,151	Australia Government Bond 1.00% 21/11/2031	18,407
New Zealand Inflation-Linked Bond 2.50% 20/09/2035	18,928	UK Treasury Inflation-Linked 0.13% 22/03/2024	14,480

Portfolio statement as at 31 March 2023

	Holding/ nominal value	Valuation £'000	% of net assets
Equities 0.00% (0.00%)			
Cayman Islands 0.00% (0.00%)			
NVP ^	1,301	-	-
		-	-
Equities total		-	-
Government Bonds 21.48% (20.01%)			
Austria - 0.00% (0.19%)			
Canada 1.92% (1.53%)			
Canadian Government Real Return Bond 2.00% 01/12/2044	\$5,000,000	4,048	0.36
CPPIB Capital 1.25% 07/12/2027	£15,000,000	13,149	1.19
CPPIB Capital 4.38% 02/03/2026	£4,100,000	4,097	0.37
		21,294	1.92
Finland 0.98% (0.00%)			
Finland Government Bond 1.13% 15/04/2034	€15,000,000	10,848	0.98
		10,848	0.98
New Zealand 2.12% (1.37%)			
New Zealand Government Bond 0.50% 15/05/2026	\$10,000,000	4,488	0.40
New Zealand Government Inflation Linked Bond 3.08% 20/09/2035	\$30,000,000	19,057	1.72
		23,545	2.12
United Kingdom 10.10% (16.37%)			
UK Treasury 0.13% 31/01/2024	£50,000,000	48,475	4.37
UK Treasury 0.38% 22/10/2026	£37,000,000	33,017	2.98
UK Treasury 0.50% 22/10/2061	£5,000,000	1,777	0.16
UK Treasury 1.25% 22/10/2041	£17,000,000	11,155	1.01
UK Treasury 3.75% 22/10/2053	£10,000,000	9,754	0.88
UK Treasury Inflation-Linked 0.19% 22/03/2029	£5,000,000	7,759	0.70
		111,937	10.10

	Holding/ nominal value	Valuation £'000	% of net assets
United States of America 6.36% (0.55%)			
US Treasury 2.38% 15/02/2042	\$40,000,000	25,714	2.32
US Treasury 2.88% 30/04/2029	\$45,000,000	34,763	3.14
US Treasury Inflation Indexed 1.77% 15/02/2044	\$10,000,000	9,974	0.90
		70,451	6.36
Government Bonds total		238,075	21.48
Corporate Bonds 72.44% (78.41%)			
Australia 0.81% (0.82%)			
BHP Billiton Finance USA 4.75% 28/02/2028	\$6,000,000	4,875	0.44
BHP Billiton Finance USA 4.90% 28/02/2033	\$2,000,000	1,637	0.15
Mineral Resources 8.00% 01/11/2027	\$3,000,000	2,442	0.22
		8,954	0.81
Austria 0.42% (0.36%)			
ams-OSRAM 7.00% 31/07/2025	\$6,200,000	4,689	0.42
		4,689	0.42
Czech Republic 0.00% (0.41%)			
Denmark 0.93% (0.76%)			
Nassa Topco 2.88% 06/04/2024	€12,000,000	10,265	0.93
		10,265	0.93
France 5.32% (8.53%)			
AXA, FRN 5.13% 17/01/2047	\$11,500,000	8,875	0.80
CAB SELAS 3.38% 01/02/2028	€7,000,000	5,035	0.45
Credit Agricole 4.88% 23/10/2029	€10,000,000	9,839	0.89
Credit Agricole, FRN 7.88% Perpetual	\$7,800,000	6,090	0.55
Electricite de France 4.25% 25/01/2032	€3,500,000	3,033	0.27
Electricite de France, FRN 6.00% Perpetual	€11,100,000	9,879	0.89
SCOR, FRN 5.25% Perpetual	\$11,000,000	6,444	0.58
TotalEnergies, FRN 1.63% Perpetual	€6,500,000	4,710	0.43
Veolia Environnement, FRN 2.25% Perpetual	€6,500,000	5,103	0.46
		59,008	5.32
Germany 1.38% (4.09%)			
Bayer, FRN 2.38% 12/11/2079	€6,000,000	4,883	0.44
Deutsche Bank, FRN 4.00% 24/06/2026	€6,700,000	6,265	0.56
Gruenthal 3.63% 15/11/2026	€2,500,000	2,067	0.19
Gruenthal 4.13% 15/05/2028	€2,700,000	2,146	0.19
		15,361	1.38
Hong Kong 0.68% (0.54%)			
Seaspan 5.50% 01/08/2029	\$12,000,000	7,512	0.68
		7,512	0.68
Ireland 0.00% (0.86%)			
Israel 1.46% (1.06%)			
Energiean Israel Finance 5.38% 30/03/2028	\$12,000,000	8,654	0.78
Teva Pharmaceutical Finance Netherlands II 7.38% 15/09/2029	€6,000,000	5,333	0.48
Teva Pharmaceutical Finance Netherlands III 6.00% 15/04/2024	\$2,668,000	2,154	0.20
		16,141	1.46

	Holding/ nominal value	Valuation £'000	% of net assets
Italy 0.72% (1.79%)			
Intesa Sanpaolo 2.50% 15/01/2030	£10,000,000	8,021	0.72
		8,021	0.72
Japan 0.61% (0.00%)			
Mizuho Financial 5.63% 13/06/2028	£6,700,000	6,727	0.61
		6,727	0.61
Luxembourg 1.36% (0.87%)			
Blackstone Property Partners Europe 2.00% 20/10/2025	£5,200,000	4,480	0.40
Blackstone Property Partners Europe 4.88% 29/04/2032	£10,000,000	7,838	0.71
Logicor Financing 0.88% 14/01/2031	€5,000,000	2,717	0.25
		15,035	1.36
Norway 0.00% (0.81%)			
Netherlands 2.09% (3.75%)			
Cooperatieve Rabobank 4.63% 23/05/2029	£14,000,000	12,761	1.15
ING Groep 6.25% 20/05/2033	£10,700,000	10,427	0.94
		23,188	2.09
Singapore 0.69% (0.00%)			
Temasek Financial I 3.50% 15/02/2033	€8,800,000	7,685	0.69
		7,685	0.69
Spain 3.13% (0.96%)			
Abertis Infraestructuras 3.38% 27/11/2026	£9,000,000	8,358	0.75
Banco Santander 4.75% 30/08/2028	£7,300,000	7,064	0.64
Cellnex Finance 2.00% 15/09/2032	€11,500,000	7,760	0.70
Telefonica Europe, FRN 4.38% Perpetual	€5,000,000	4,278	0.39
Telefonica Europe, FRN 6.14% Perpetual	€8,500,000	7,201	0.65
		34,661	3.13
Sweden 1.65% (2.10%)			
Heimstaden, FRN 6.75% Perpetual	€5,900,000	2,442	0.22
Vattenfall 2.50% 29/06/2083	£11,000,000	8,820	0.79
Verisure 7.13% 01/02/2028	€3,000,000	2,632	0.24
Verisure 9.25% 15/10/2027	€4,700,000	4,422	0.40
		18,316	1.65
Switzerland 3.58% (3.29%)			
Argentum Netherlandsfor Swiss Re 5.75% 15/08/2050	\$14,900,000	11,390	1.03
Credit Suisse Group 7.00% 30/09/2027	£6,000,000	6,003	0.54
Credit Suisse Group 6.25% Perpetual ^	\$20,000,000	–	–
Willow No 2 Ireland for Zurich Insurance 4.25% 01/10/2045	\$15,500,000	11,445	1.03
Zurich Finance Ireland Designated Activity 3.00% 19/04/2051	\$10,400,000	6,366	0.57
Zurich Finance Ireland Designated Activity 5.13% 23/11/2052	£5,000,000	4,507	0.41
		39,711	3.58
United Kingdom 33.46% (31.35%)			
AA Bond 6.27% 31/07/2025	£5,000,000	4,887	0.44
AA Bond 8.45% 31/07/2050	£7,200,000	7,251	0.65
Anglian Water Osprey Financing 2.00% 31/07/2028	£7,000,000	5,619	0.51
Annington Funding 4.75% 09/08/2033	£8,000,000	7,049	0.63
Aviva 4.00% 03/06/2055	£5,000,000	3,876	0.35
Aviva 5.13% 04/06/2050	£7,000,000	6,326	0.57
Aviva 6.88% Perpetual	£2,600,000	2,233	0.20
Barclays 8.41% 14/11/2032	£6,000,000	6,175	0.56
BP Capital Markets 4.25% Perpetual	£12,000,000	10,728	0.97
British Telecommunications 5.75% 13/02/2041	£5,000,000	4,852	0.44

	Holding/ nominal value	Valuation £'000	% of net assets
Canary Wharf Investment 3.38% 23/04/2028	£10,000,000	7,084	0.64
CPUK Finance 4.50% 28/08/2027	£3,550,000	2,988	0.27
CPUK Finance 6.50% 28/08/2026	£7,000,000	6,615	0.60
CPUK Finance 7.24% 28/02/2042	£3,000,000	3,018	0.27
Dignity Finance 4.70% 31/12/2049	£11,000,000	6,860	0.62
Direct Line Insurance Group 4.00% 05/06/2032	£10,000,000	7,665	0.69
Drax Finco 6.63% 01/11/2025	\$9,671,000	7,580	0.68
Energia NI FinanceCo/Energia ROI DAC 4.75% 15/09/2024	£8,600,000	8,297	0.75
Hiscox 6.13% 24/11/2045	£9,000,000	8,683	0.78
HSBC 8.20% 16/11/2034	£6,000,000	6,273	0.57
HSBC, FRN 4.76% 29/03/2033	\$3,000,000	2,169	0.19
InterContinental Hotels Group 3.38% 08/10/2028	£11,000,000	9,827	0.89
Investec 1.88% 16/07/2028	£8,100,000	6,568	0.59
Investec Bank 4.25% 24/07/2028	£775,000	764	0.07
Ithaca Energy North Sea 9.00% 15/07/2026	\$6,300,000	4,864	0.44
Jaguar Land Rover Automotive 5.88% 15/01/2028	\$3,736,000	2,538	0.23
Kane Bidco 5.00% 15/02/2027	€3,300,000	2,674	0.24
Kane Bidco 6.50% 15/02/2027	£3,700,000	3,293	0.30
Legal & General Group 5.50% 27/06/2064	£3,000,000	2,622	0.24
Liverpool Victoria Friendly Society 6.50% 22/05/2043	£7,800,000	7,732	0.70
Lloyds Banking Group 2.71% 03/12/2035	£7,000,000	5,374	0.48
Lloyds Banking Group 6.63% 02/06/2033	£6,000,000	5,978	0.54
Logicor 2019-1 UK 1.88% 17/11/2031	£7,000,000	6,172	0.56
Marston's Issuer 5.18% 15/07/2032	£9,000,000	7,920	0.71
National Express Group 4.25% Perpetual	£11,700,000	10,276	0.93
National Gas Transmission 5.75% 05/04/2035	£2,800,000	2,793	0.25
NatWest Group 3.62% 14/08/2030	£8,000,000	7,389	0.67
NatWest Group 7.42% 06/06/2033	£3,900,000	3,913	0.35
Neptune Energy Bondco 6.63% 15/05/2025	\$9,000,000	7,058	0.64
NGG Finance 5.63% 18/06/2073	£6,000,000	5,805	0.52
NIE Finance 5.88% 01/12/2032	£2,500,000	2,627	0.24
Ocado Group 3.88% 08/10/2026	£11,200,000	8,297	0.75
Pension Insurance 8.00% 23/11/2026	£4,000,000	4,113	0.37
Pension Insurance, FRN 7.38% Perpetual	£8,800,000	7,672	0.69
Phoenix Group 5.87% 13/06/2029	£7,000,000	6,474	0.58
Premier Foods Finance 3.50% 15/10/2026	£5,200,000	4,715	0.42
RAC Bond 4.87% 06/05/2046	£13,700,000	12,635	1.14
Rentokil Initial 5.00% 27/06/2032	£8,000,000	7,772	0.70
Rothsay Life, FRN 6.88% Perpetual	£14,600,000	12,329	1.11
RSA Insurance LTD 5.13% 10/10/2045	£1,947,000	1,873	0.17
Santander UK Group 7.10% 16/11/2027	£9,200,000	9,411	0.85
Scottish Widows 5.50% 16/06/2023	£3,500,000	3,492	0.31
Severn Trent Utilities Finance 5.25% 04/04/2036	£5,000,000	4,953	0.45
SSE 4.00% Perpetual	€4,000,000	3,162	0.28
Tescoorate Treasury Services 1.88% 02/11/2028	£13,500,000	11,351	1.02
United Utilities Water Finance 5.13% 06/10/2038	£6,000,000	5,947	0.54
Victoria 3.63% 24/08/2026	€10,000,000	7,065	0.64
Virgin Money UK 5.13% 11/12/2030	£2,500,000	2,311	0.21
Vmed O2 UK Financing I 4.00% 31/01/2029	£11,000,000	9,075	0.82
Vodafone Group 3.00% 27/08/2080	€14,000,000	9,899	0.89
Yorkshire Building Society 3.51% 11/10/2030	£7,000,000	6,065	0.55
		371,026	33.46

	Holding/ nominal value	Valuation £'000	% of net assets
United States of America 14.15% (16.06%)			
Adient Global 7.00% 15/04/2028	\$5,000,000	4,122	0.37
Centene 4.63% 15/12/2029	\$8,600,000	6,498	0.59
Consensus Cloud Solutions 6.50% 15/10/2028	\$4,500,000	2,995	0.27
Dell International/ EMC 6.02% 15/06/2026	\$8,000,000	6,616	0.60
Digital Stout 4.25% 17/01/2025	£8,500,000	8,283	0.75
Encore Capital 4.88% 15/10/2025	€2,000,000	1,595	0.14
Encore Capital 5.38% 15/02/2026	£7,200,000	6,416	0.58
Ford Motor Credit Co 4.54% 06/03/2025	£8,000,000	7,664	0.69
Ford Motor Credit Co 4.87% 03/08/2027	€4,300,000	3,650	0.33
Ford Motor Credit Co 6.86% 05/06/2026	£6,300,000	6,268	0.57
General Motors Financial 5.15% 15/08/2026	£8,000,000	7,883	0.71
Goldman Sachs Group 3.63% 29/10/2029	£10,100,000	9,079	0.82
Goldman Sachs Group 6.88% 18/01/2038	£5,000,000	5,197	0.47
Graphic Packaging International 2.63% 01/02/2029	€7,800,000	5,928	0.53
International Business Machines 4.88% 06/02/2038	£12,000,000	11,520	1.04
Iron Mountain UK 3.88% 15/11/2025	£4,000,000	3,794	0.34
Mauser Packaging Solutions 7.88% 15/08/2026	\$6,000,000	4,840	0.44
Metropolitan Life Global Funding I 5.00% 10/01/2030	£4,800,000	4,795	0.43
Morgan Stanley 5.79% 18/11/2033	£5,200,000	5,272	0.48
MPT Operating Partnership 3.69% 05/06/2028	£13,000,000	8,547	0.77
Nestle 4.25% 01/10/2029	\$6,000,000	4,800	0.43
Oracle 4.65% 06/05/2030	\$1,000,000	783	0.07
Sotheby's/Bidfair 5.88% 01/06/2029	\$10,000,000	6,687	0.60
Utah Acquisition Sub 3.95% 15/06/2026	\$5,000,000	3,837	0.35
Warnermedia 4.28% 15/03/2032	\$9,500,000	6,817	0.61
Wells Fargo 2.50% 02/05/2029	£5,000,000	4,200	0.38
Wells Fargo 4.88% 29/11/2035	£10,000,000	8,817	0.79
		156,903	14.15
Corporate Bonds total		803,203	72.44
Swaps (0.07%) (0.00%)			
Interest Rate Swap JP Morgan Pay floating EURIBOR 6 month Receive fixed 2.79% 31/01/2033	25,000,000	(118)	(0.01)
Inflation Swap JP Morgan Pay floating CPTFE 1 day Receive fixed 2.43% 15/08/2042	5,000,000	(266)	(0.03)
Inflation Swap JP Morgan Pay floating FPCPX 1 day Receive fixed 2.85% 15/01/2043	5,000,000	(115)	(0.01)
Inflation Swap JP Morgan Pay floating RPI 1 day Receive fixed 3.78% 15/02/2033	10,000,000	(228)	(0.02)
Swaps total		(727)	(0.07)
Forward Currency Contracts 0.75% ((0.27%))			
Buy Sterling 4,045,000 Sell Canadian Dollar 6,796,000 dated 11/04/2023		(8)	-
Buy Sterling 145,042,000 Sell Euro 163,710,000 dated 11/04/2023		1,205	0.11
Buy Euro 17,977,000 Sell Sterling 15,850,000 dated 11/04/2023		(57)	-
Buy Sterling 4,498,000 Sell New Zealand Dollar 8,888,000 dated 11/04/2023		3	-
Buy New Zealand Dollar 464,000 Sell Sterling 237,000 dated 11/04/2023		(3)	-
Buy US Dollar 20,692,000 Sell Sterling 17,027,000 dated 11/04/2023		(309)	(0.03)
Buy Sterling 19,732,000 Sell New Zealand Dollar 38,351,000 dated 11/04/2023		329	0.03
Buy Sterling 252,346,000 Sell US Dollar 303,511,000 dated 11/04/2023		7,131	0.64
Forward Currency Contracts total		8,291	0.75

	Holding/ nominal value	Global exposure* £'000	Valuation £'000	% of net assets
Futures 0.31% (0.28%)				
Canada 10 Year Bond 21/06/2023	(150)	(11,232)	(68)	(0.01)
Euro-Buxl 08/06/2023	(100)	(12,308)	(694)	(0.06)
Euro-Bund 08/06/2023	200	23,762	753	0.07
Euro-BTP 08/06/2023	(200)	(20,196)	(437)	(0.04)
US Year Note 21/06/2023	1,700	157,308	3,853	0.35
Futures total			3,407	0.31
Investment assets (Including investment liabilities)			1,052,249	94.91
Net other assets			56,390	5.09
Net assets attributable to unitholders			1,108,639	100.00

The comparative percentage figures in brackets are as at 31 March 2022.

^ Unlisted, suspended or delisted security.

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

FINANCIAL STATEMENTS

Statement of total return for the year ended 31 March 2023

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	3		(131,792)		(75,255)
Revenue	5	58,002		53,031	
Expenses	6	(8,005)		(10,655)	
Interest payable and similar charges	7	(438)		(1,460)	
Net revenue before taxation		49,559		40,916	
Taxation	8	–		98	
Net revenue after taxation			49,559		41,014
Total return before distributions			(82,233)		(34,241)
Distributions	9		(49,560)		(41,015)
Change in net assets attributable to unitholders from investment activities			(131,793)		(75,256)

Statement of change in net assets attributable to unitholders for the year ended 31 March 2023

	31 March 2023		31 March 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		1,331,129		1,803,533
Amounts receivable on issue of units		86,509		69,232
Amounts payable on cancellation of units		(211,709)		(493,917)
		(125,200)		(424,685)
Dilution adjustment		–		197
Change in net assets attributable to unitholders from investment activities		(131,793)		(75,256)
Retained distribution on accumulation units		34,503		27,340
Closing net assets attributable to unitholders		1,108,639		1,331,129

Balance Sheet as at 31 March 2023

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Assets					
Fixed assets					
Investments	10	1,054,552		1,314,625	
Current assets					
Debtors	11	15,929		19,964	
Cash and cash equivalents	12	71,517		31,884	
Total current assets		87,446		51,848	
Total assets		1,141,998		1,366,473	
Liabilities					
Investment liabilities	10	2,303		4,356	
Creditors					
Bank overdraft	13	7,266		2,352	
Distribution payable		1,302		1,433	
Other creditors	14	22,488		27,203	
Total creditors		31,056		30,988	
Total liabilities		33,359		35,344	
Net assets attributable to unitholders		1,108,639		1,331,129	

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) Basis of accounting. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102, the SORP and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. There are no material events that have been identified that may cast significant doubt about the fund's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

(b) Valuation of investments. All investments have been valued at 12 noon on the last working day of the accounting period, net of any accrued interest in the case of debt securities, which is included in the balance sheet as a revenue related item. Listed investments are valued at fair value which is deemed to be the bid or SETS price. Unquoted investments are valued at fair value which is determined by the manager, with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Guidelines Board. The last valuation point in the accounting period has been used for the purposes of preparing the report and financial statements and in the manager's opinion there have been no material movements in the fund between the last valuation point and close of business on the balance sheet date.

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

(d) Derivatives. Where appropriate, certain permitted transactions such as derivatives or forward currency contracts are used for investment purposes and efficient portfolio management. Derivatives are valued at 12 noon on the last working day of the accounting period. Exchange traded derivatives are priced at fair value, which is deemed to be the bid price. Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any positions on such transactions open at the period end are reflected in the balance sheet at their marked to market value. Open forward currency contracts are shown in the Portfolio Statement at market value and the net (losses)/gains are reflected within Forward currency contracts under net capital (losses)/gains in the Notes to the financial statements.

All other (losses)/gains and cash flows from derivatives except for bond futures are included in the capital return. Where

bond futures positions generate total returns the returns are apportioned between capital and income to reflect the nature of the transaction. Any capital (losses)/gains are included within net capital (losses)/gains and any revenue or expense is included within Revenue or Interest payable and similar charges respectively in the Statement of total return. The revenue return element in the respect of futures is calculated by reference to the quoted yield of the index upon which the future is based compared to SONIA (Sterling Overnight Index Average). Cash held at future brokers as margin is reflected separately within cash and bank balances.

(e) Revenue. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows.

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

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

(h) Dilution adjustment. The fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing unitholders interest in the sub-fund. In order to counter this and to protect unitholders' interests, the manager will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. In the usual course of business the application of a dilution adjustment will be applied systematically and on a consistent basis.

2. Distribution policy

The fund shall distribute all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The manager may from time to time, smooth the distribution payments during the accounting period with the balance of revenue (if any) being paid in respect of the final distribution. Gains and losses on investments, derivatives, forward currency contracts and currencies, whether realised or unrealised, if taken to capital are not available for distribution. The fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distributions. With the exception of the manager's annual management charge, which is directly attributable to each unit class,

all income and expenses are apportioned to each unit class pro-rata to the value of the net assets of the relevant unit class on the day that the income or expense is recognised. For accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

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

3. Net capital losses

	31 March 2023 £'000	31 March 2022 £'000
Derivative contracts	6,999	12,782
Currency gains/(losses)	2,304	(9,044)
Forward currency contracts	(26,965)	6,385
Non-derivative securities	(114,130)	(85,378)
Net capital losses	(131,792)	(75,255)

4. Direct transaction costs

There were no commissions or taxes paid in relation to transactions on the portfolio during the current year or previous year.

Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.68% (2022: 0.49%). This spread represents the difference between the bid and offer prices of each underlying investment expressed as a percentage of the value determined by reference to its offer price.

5. Revenue

	31 March 2023 £'000	31 March 2022 £'000
Interest on debt securities	56,227	52,910
Revenue from other derivatives	1,477	109
Bank interest	298	12
Total revenue	58,002	53,031

6. Expenses

	31 March 2023 £'000	31 March 2022 £'000
Payable to the manager, associates of the manager and agents of either of them:		
Annual management charge	6,909	9,436
Administration fees	1,096	1,219
Total expenses	8,005	10,655

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

The audit fee (excluding VAT) accrued during the period was £11,600 (2022: £9,100). This fee is paid by the manager via the administration fee.

7. Interest payable and similar charges

	31 March 2023 £'000	31 March 2022 £'000
Interest payable on short futures	376	1,428
Interest payable	62	32
Total interest payable and similar charges	438	1,460

8. Taxation

	31 March 2023 £'000	31 March 2022 £'000
a) Analysis of the tax charge for the year		
Irrecoverable overseas tax	–	(98)
Total taxation (note 8b)	–	(98)
b) Factors affecting the tax charge for the year		
Net revenue before taxation	49,559	40,916
Corporation tax of 20% (2022: 20%)	9,912	8,183
Effects of:		
Irrecoverable overseas tax	–	(98)
Tax deductible interest distributions	(9,912)	(8,183)
Tax charge for the year (note 8a)	–	(98)
c) Provision for deferred tax		
No provision for deferred tax has been made in the current or prior accounting year.		
d) Factors that may affect future tax charges		
The fund has not recognised a deferred tax asset (2022: £nil).		

9. Distributions

	31 March 2023 £'000	31 March 2022 £'000
Interim gross interest distribution - April 2022	1,399	1,623
Interim gross interest distribution - May 2022	1,703	1,354
Interim gross interest distribution - June 2022	8,443	8,233
Interim gross interest distribution - July 2022	1,631	1,374
Interim gross interest distribution - August 2022	1,857	1,441
Interim gross interest distribution - September 2022	9,390	7,544
Interim gross interest distribution - October 2022	1,803	1,154
Interim gross interest distribution - November 2022	1,810	1,334
Interim gross interest distribution - December 2022	9,509	6,460
Interim gross interest distribution - January 2023	1,834	1,271
Interim gross interest distribution - February 2023	1,954	1,337
Final gross interest distribution - March 2023	7,687	6,822
	49,020	39,947
Add: amounts deducted on cancellation of units	789	1,229
Deduct: amounts added on issue of units	(249)	(161)
Distributions	49,560	41,015
Movement between net revenue and distributions		
Net revenue after taxation	49,559	41,014
Undistributed revenue carried forward	1	–
Undistributed revenue brought forward	–	1
	49,560	41,015

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units. Details of the distributions per unit are set out in the distribution tables on pages 29 to 32.

10. Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition. The following table provides an analysis of these investments based on the fair value hierarchy in accordance with FRS 102 which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

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

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

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

	31 March 2023		31 March 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	242,682	1,199	4,018	305
Level 2	811,870	1,104	1,310,607	4,051
Total	1,054,552	2,303	1,314,625	4,356

11. Debtors

	31 March 2023 £'000	31 March 2022 £'000
Accrued revenue	14,844	14,741
Amounts receivable for issue of units	1,085	124
Sales awaiting settlement	–	5,079
Amounts receivable on derivative contracts	–	20
Total debtors	15,929	19,964

12. Cash and cash equivalents

	31 March 2023 £'000	31 March 2022 £'000
Cash and bank balances	69,312	31,728
Amounts held at brokers	2,205	156
Total cash and cash equivalents	71,517	31,884

13. Bank overdraft

	31 March 2023 £'000	31 March 2022 £'000
Amounts held at futures clearing houses and brokers	7,266	–
Bank overdrafts	–	325
Collateral pledged with brokers	–	2,027
Total bank overdraft	7,266	2,352

14. Other creditors

	31 March 2023 £'000	31 March 2022 £'000
Purchases awaiting settlement	18,225	23,047
Amounts payable for cancellation of units	3,641	3,415
Accrued annual management charge	522	638
Accrued administration fee payable to the manager	100	103
Total other creditors	22,488	27,203

15. Contingent liabilities and commitments

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

16. Reconciliation of unit movements

	Units in Issue at 31 March 2022	Units issued	Units cancelled	Units converted	Units In Issue at 31 March 2023
MC distribution	1,240,607	192,444	(361,089)	–	1,071,962
MC accumulation	246,781	1,052	(87,568)	–	160,265
MI distribution	462,241,924	26,522,607	(50,272,778)	146,625	438,638,378
MI accumulation	292,304,940	20,787,321	(31,111,260)	61,590	282,042,591
MR distribution	95,629,437	1,868,539	(82,168,874)	(30,593)	15,298,509
MR accumulation	42,180,552	2,778,704	(5,372,959)	(86,590)	39,499,707
QC distribution	2,139,143	298,093	(450,755)	158,795	2,145,276
QC accumulation	1,955,909	243,793	(195,965)	80,627	2,084,364
QI distribution	106,743,369	26,653,200	(43,684,368)	189,256	89,901,457
QI accumulation	530,416,456	30,681,718	(71,559,700)	7,982	489,546,456
QR distribution	6,550,154	446,680	(791,737)	(92,981)	6,112,116
QR accumulation	101,849,918	3,220,707	(13,259,668)	(293,636)	91,517,321

17. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, bonds, derivatives, cash balances and liquid resources, which include debtors and creditors that arise directly from the funds' operations. The fund only executes derivative contracts where both the derivative instrument and the counter party have been approved by the manager.

The manager has a risk management policy. The processes detailed within are designed to monitor and measure at any time the risk of the fund's positions and their contribution to the overall risk profile of the fund. In addition, our Investment Committee and Risk and Compliance Committee meet monthly and quarterly respectively, and as required to evaluate risk across each of our funds. These policies have been consistent for both the current and prior period to which these financial statements relate.

In the normal course of business, the fund's activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. These financial risks: market risk (comprising value-at-risk, currency risk, interest rate risk, other market price risk and leverage risk), credit and counterparty risk and liquidity risk and the approach to the management of these risks, are set out below and remain unchanged from the previous accounting year. For a detailed explanation of these and further risks involved in investing in the fund, reference should be made to the Prospectus.

(a) Market risk

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

(i) Value-at-Risk ('VaR')

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

As part of the process the VaR is used on a daily basis to calculate the market price risk on the fund in absolute terms. The maximum absolute VaR limit for UCITS funds is 20% of its net asset value, in accordance with the Committee of European Securities Regulators ('CESR') guidance. VaR expresses the maximum expected loss by the fund in a defined period, at a specified confidence level. The parameters used are: a confidence level of 99%, uses one year risk factor data and a 20 business day holding period.

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

	Year ended 31 March 2023 %	4 January 2022* to 31 March 2022 %
At 31 March	4.77	2.68
Average utilization during the period	4.75	2.33
Highest utilization during the period	6.94	3.13
Lowest utilization during the period	2.64	1.73

* Effective from 4 January 2022, the investment policy of the fund changed to allow the manager to use derivatives for investment purposes. As a result, the fund has now adopted an absolute VaR risk management approach.

(ii) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, governments' fiscal positions, short-term interest rates and international market comparisons. As part of the continuing review of the portfolio, the manager monitors and reviews these factors.

Currency	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
31 March 2023				
Sterling	272,219	449,169	3,580	724,968
US Dollar	51,630	172,449	7,039	231,118
Euro	43,426	84,856	735	129,017
New Zealand Dollar	–	23,545	(4,469)	19,076
Canadian Dollar	–	4,048	(56)	3,992
Australian Dollar	468	–	–	468
31 March 2022				
Sterling	39,948	737,030	(3,473)	773,541
US Dollar	24,966	261,764	1,666	288,396
Euro	9,131	240,319	(983)	248,467
New Zealand Dollar	–	18,284	174	18,458
Canadian Dollar	2,341	5,814	(2,299)	5,856
Norwegian Krone	–	–	3	3

The forward currency contracts are not included within this table. These can be found in the portfolio statement on page 17.

As at 31 March 2023 if there is a parallel shift in government bond yields with an increase of 1%, the fund could expect to see a 5.5% fall in the prices of the underlying bonds it holds (2022: 3.8%). A 1% fall in government bond yields would have an equal and opposite impact. This calculation has been prepared on a modified duration basis. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The calculation has been used to serve as an indication of the possible impact to the fund from changes to government bond yields. This concept relies on a large number of assumptions, in particular, that all bonds are equally sensitive to government bond yields. In practice, this is not the case as many bonds with higher credit risk have lower correlation with government bond yields and in some cases even negative correlation. The fund contains a high and varying proportion of bonds with sometimes a high degree of credit risk. Furthermore, this makes the assumption of a parallel shift in yields. In practice, when interest rates change, longer dated government bond yields do not usually move in parallel with short-term interest rates. It is not unusual to see a negative correlation to short-term interest rate movements. The calculation also includes the impact of any futures positions, which are priced according to the yield of 10 year government bonds.

(iii) Currency risk

A portion of the net assets of the fund are denominated in currencies other than sterling, and therefore the balance sheet and total return can be affected by currency movements. Therefore, the manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced. The loss on forward currency contracts for the year was £26,965,000 (2022: £6,385,000 gain).

Revenue received in foreign currencies is converted into sterling on or near the date of receipt. No hedging is undertaken with regard to managing the currency movement risk on accrued revenue.

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

Currency	Investments £'000	Net other assets/ (liabilities) £'000	Forward currency contracts £'000	Total £'000
31 March 2023				
Sterling	661,694	50,481	392,549	1,104,724
US Dollar	229,080	2,038	(228,498)	2,620
Euro	125,659	3,358	(128,043)	974
Australian Dollar	-	468	-	468
Canadian Dollar	3,980	20	(4,053)	(53)
New Zealand Dollar	23,545	25	(23,664)	(94)
31 March 2022				
Sterling	757,594	15,947	547,258	1,320,799
Canadian Dollar	5,814	42	-	5,856
US Dollar	281,954	6,442	(283,814)	4,582
New Zealand Dollar	18,284	174	(17,998)	460
Norwegian Krone	3	-	-	3
Euro	250,212	(1,745)	(249,038)	(571)

A five percent increase in the value of the fund's foreign currency exposure would have the effect of increasing the return and net assets by £196,000 (2022: £517,000). A five percent decrease would have an equal and opposite effect.

(iv) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of market-priced securities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries as detailed in the portfolio statement and will be exposed to market movements in the relevant country arising from changes in the local economy and government decisions. As part of the continuing review of the portfolio, the manager monitors and reviews these factors. A five percent increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £52,612,000 (2022: £65,513,000). A five percent decrease would have an equal and opposite effect.

(v) Leverage risk

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

The fund can use cash borrowing and financial derivatives (subject to restrictions as set out in its Prospectus and COLL) as sources of leverage.

The maximum level of leverage which the manager may employ on behalf of the fund is 200% under the commitment method. A result of 100% indicates that no leverage has been used.

As at 31 March 2023 and 31 March 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	205.63	203.64
Commitment	124.16	112.21

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the fund, resulting in a financial loss. From time to time, the fund may be subject to short-term credit risk with counterparties pending settlement of investment transactions. The manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis. The largest counterparty risk is with Northern Trust. Bankruptcy or insolvency of Northern Trust Investor Services Limited may cause the fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The trustee receives and reviews a semi-annual report on the internal controls in place at Northern Trust Investor Services Limited. The fund is also exposed to counterparty risk through holding specific financial instruments.

The manager is permitted to use one or more separate counterparties for derivative transactions. The fund may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the fund enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the fund could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the fund. To minimise such risk the manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits in accordance with the requirement stipulated in COLL and the Prospectus. In order to diversify counterparty risk, the fund holds cash with other counterparty other than Northern Trust, which is JP Morgan. The derivatives are disclosed in the portfolio statement, and JP Morgan is the counterparty for futures contracts and swaps, while, Northern Trust is the counterparty for forward currency contracts. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 March 2023 or 31 March 2022.

Debt security credit analysis *

At the reporting date, the credit analysis of the fund's debt securities was as follows:

	31 March 2023 £'000	31 March 2022 £'000
Investment grade securities	754,864	756,400
Below investment grade securities	286,414	544,892
Unrated securities	–	8,773
Total of debt securities	1,041,278	1,310,065

*Source of credit ratings: Artemis Investment Management LLP.

Counterparty and collateral exposure

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

	Swaps £'000	Futures £'000	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
31 March 2023					
J.P. Morgan	(727)	3,407	–	2,680	–
Northern Trust	–	–	8,291	8,291	–
31 March 2022					
Goldman Sachs	–	–	(252)	(252)	330
J.P. Morgan	83	3,710	(167)	3,626	(2,027)
UBS	–	–	(3,173)	(3,173)	5,570

Only cash collateral is pledged or held by the fund. The balance includes cash held at brokers.

(c) Liquidity risk

Liquidity risk is the risk that through market liquidity conditions, requests for redemptions from investors cannot be met in an orderly and appropriate manner. Artemis adopts a policy of mitigation and control to manage liquidity risks. Mitigation occurs through maintaining prudent levels of liquidity in each fund and a well-diversified investor base. As a result, redemption requests can be satisfied in all but exceptional circumstances. Artemis has a dedicated liquidity risk management policy which is owned by the independent investment risk team which reports to the Chief Risk Officer. Its purpose is to ensure the portfolio manager acts in the client's best interest with regards to this liquidity risk. Through the use of 3rd party modeling and assumptions, the investment risk team conduct regular monitoring and analyses of the liquidity profile of the funds and investor base. This includes but is not limited to what percentage of the fund can be liquidated within certain redemption horizons, whether the largest investors in the fund can redeem without affecting the fair treatment of remaining investors, liquidity stress testing and other analysis deemed to cover a risk specific to the strategy considered. There was no significant concentration of liquidity risk as at 31 March 2023 or 31 March 2022.

18. Related party transactions

The manager is deemed to be a related party. All transactions and balances associated with the manager are disclosed within the statement of total return, statement of change in net assets attributable to unitholders and the balance sheet on page 19 and notes 6, 9, 11 and 14 on pages 21 to 23 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 31 March 2023 in respect of these transactions was £3,178,000 (2022: £4,032,000).

19. Unit classes

The annual management charges on each unit class is as follows:

MC distribution	0.95%
MC accumulation	0.95%
MI distribution	0.50%
MI accumulation	0.50%
MR distribution	1.00%
MR accumulation	1.00%
QC distribution	0.95%
QC accumulation	0.95%
QI distribution	0.50%
QI accumulation	0.50%
QR distribution	1.00%
QR accumulation	1.00%

The net asset value per unit and the number of units in each class are given in the comparative tables on pages 33 to 35. The distributions per unit class are given in the distribution tables on pages 29 to 32. All classes have the same rights on winding up.

20. Post balance sheet event

There were no significant post balance sheet events subsequent to the period end.

DISTRIBUTION TABLES

This fund pays monthly and quarterly interest distributions. The following table sets out the distribution periods.

Monthly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2022	30 April 2022	3 May 2022	31 May 2022
Second interim	1 May 2022	31 May 2022	1 June 2022	30 June 2022
Third interim	1 June 2022	30 June 2022	1 July 2022	29 July 2022
Fourth interim	1 July 2022	31 July 2022	1 August 2022	31 August 2022
Fifth interim	1 August 2022	31 August 2022	1 September 2022	30 September 2022
Sixth interim	1 September 2022	30 September 2022	3 October 2022	31 October 2022
Seventh interim	1 October 2022	31 October 2022	1 November 2022	30 November 2022
Eighth interim	1 November 2022	30 November 2022	1 December 2022	30 December 2022
Ninth interim	1 December 2022	31 December 2022	3 January 2023	31 January 2023
Tenth interim	1 January 2023	31 January 2023	1 February 2023	28 February 2023
Eleventh interim	1 February 2023	28 February 2023	1 March 2023	31 March 2023
Final	1 March 2023	31 March 2023	3 April 2023	28 April 2023

Quarterly distribution periods	Start	End	Ex-dividend date	Pay date
First interim	1 April 2022	30 June 2022	1 July 2022	29 July 2022
Second interim	1 July 2022	30 September 2022	3 October 2022	31 October 2022
Third interim	1 October 2022	31 December 2022	3 January 2023	31 January 2023
Final	1 January 2023	31 March 2023	3 April 2023	28 April 2023

Group 1 units are those purchased prior to a distribution period and therefore their net revenue rate is the same as the distribution rate.

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of net revenue and equalisation. Equalisation applies only to group 2 units purchased during the period. It is the average amount of revenue included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

MC distribution

Interest distributions for the year ended 31 March 2023	Group 2		Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
	Net revenue per unit (p)	Equalisation per unit (p)		
First interim	0.0403	0.0828	0.1231	0.1091
Second interim	0.1334	0.0190	0.1524	0.0898
Third interim	0.1542	0.0046	0.1588	0.1104
Fourth interim	0.1420	0.0070	0.1490	0.0931
Fifth interim	0.1588	0.0112	0.1700	0.0977
Sixth interim	0.0521	0.1270	0.1791	0.1084
Seventh interim	0.1551	0.0153	0.1704	0.0885
Eighth interim	0.1644	0.0087	0.1731	0.1055
Ninth interim	0.1556	0.0254	0.1810	0.0939
Tenth interim	0.1438	0.0296	0.1734	0.1042
Eleventh interim	0.0856	0.0811	0.1667	0.1140
Final	0.0435	0.0652	0.1087	0.1191

MC accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.2223	0.0052	0.2275	0.1966
Second interim	0.2469	0.0351	0.2820	0.1628
Third interim	0.2863	0.0087	0.2950	0.2002
Fourth interim	0.2650	0.0131	0.2781	0.1692
Fifth interim	0.2967	0.0209	0.3176	0.1778
Sixth interim	0.3208	0.0149	0.3357	0.1978
Seventh interim	0.2915	0.0288	0.3203	0.1617
Eighth interim	0.3101	0.0166	0.3267	0.1930
Ninth interim	0.3368	0.0060	0.3428	0.1724
Tenth interim	0.3294	0.0000	0.3294	0.1913
Eleventh interim	0.3177	0.0000	0.3177	0.2098
Final	0.2076	0.0000	0.2076	0.2189

MI distribution

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.0779	0.0650	0.1429	0.1306
Second interim	0.0560	0.1178	0.1738	0.1102
Third interim	0.0704	0.1082	0.1786	0.1344
Fourth interim	0.0695	0.0985	0.1680	0.1149
Fifth interim	0.0849	0.1070	0.1919	0.1211
Sixth interim	0.1218	0.0763	0.1981	0.1304
Seventh interim	0.1008	0.0883	0.1891	0.1094
Eighth interim	0.1006	0.0911	0.1917	0.1286
Ninth interim	0.1028	0.0972	0.2000	0.1162
Tenth interim	0.0919	0.1020	0.1939	0.1264
Eleventh interim	0.0928	0.0917	0.1845	0.1335
Final	0.0513	0.0768	0.1281	0.1403

MI accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.0974	0.0886	0.1860	0.1656
Second interim	0.1360	0.0907	0.2267	0.1400
Third interim	0.1138	0.1199	0.2337	0.1710
Fourth interim	0.0984	0.1224	0.2208	0.1468
Fifth interim	0.1332	0.1195	0.2527	0.1548
Sixth interim	0.1501	0.1119	0.2620	0.1671
Seventh interim	0.1087	0.1423	0.2510	0.1405
Eighth interim	0.1182	0.1375	0.2557	0.1654
Ninth interim	0.1516	0.1160	0.2676	0.1498
Tenth interim	0.0808	0.1796	0.2604	0.1633
Eleventh interim	0.1232	0.1257	0.2489	0.1729
Final	0.0695	0.1038	0.1733	0.1821

MR distribution

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.0739	0.0471	0.1210	0.1063
Second interim	0.0940	0.0560	0.1500	0.0876
Third interim	0.0870	0.0697	0.1567	0.1077
Fourth interim	0.0484	0.0989	0.1473	0.0907
Fifth interim	0.0818	0.0859	0.1677	0.0951
Sixth interim	0.0947	0.0824	0.1771	0.1061
Seventh interim	0.0807	0.0874	0.1681	0.0855
Eighth interim	0.0780	0.0931	0.1711	0.1030
Ninth interim	0.1029	0.0761	0.1790	0.0915
Tenth interim	0.0624	0.1088	0.1712	0.1017
Eleventh interim	0.0727	0.0872	0.1599	0.1119
Final	0.0426	0.0639	0.1065	0.1166

MR accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.1348	0.0884	0.2232	0.1922
Second interim	0.1793	0.0980	0.2773	0.1586
Third interim	0.1423	0.1483	0.2906	0.1952
Fourth interim	0.1032	0.1708	0.2740	0.1648
Fifth interim	0.1295	0.1833	0.3128	0.1730
Sixth interim	0.1911	0.1404	0.3315	0.1933
Seventh interim	0.1492	0.1669	0.3161	0.1567
Eighth interim	0.1692	0.1533	0.3225	0.1882
Ninth interim	0.1543	0.1841	0.3384	0.1674
Tenth interim	0.1152	0.2096	0.3248	0.1867
Eleventh interim	0.2059	0.1076	0.3135	0.2054
Final	0.0813	0.1221	0.2034	0.2147

QC distribution

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.3986	0.0364	0.4350	0.3098
Second interim	0.2450	0.2542	0.4992	0.2994
Third interim	0.3444	0.1810	0.5254	0.2880
Final	0.0437	0.4056	0.4493	0.3374

QC accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.2630	0.5430	0.8060	0.5609
Second interim	0.5175	0.4159	0.9334	0.5460
Third interim	0.6480	0.3438	0.9918	0.5278
Final	0.0834	0.7734	0.8568	0.6214

QI distribution

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.5062	0.2400	0.7462	0.5644
Second interim	0.4469	0.3940	0.8409	0.5516
Third interim	0.6256	0.2491	0.8747	0.5329
Final	0.0775	0.6852	0.7627	0.6025

QI accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.4664	0.5059	0.9723	0.7169
Second interim	0.5493	0.5569	1.1062	0.7047
Third interim	0.7440	0.4207	1.1647	0.6855
Final	0.1045	0.9221	1.0266	0.7793

QR distribution

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.3014	0.1267	0.4281	0.3014
Second interim	0.3469	0.1460	0.4929	0.2919
Third interim	0.3636	0.1555	0.5191	0.2806
Final	0.0429	0.3999	0.4428	0.3304

QR accumulation

Interest distributions for the year ended 31 March 2023	Net revenue per unit (p)	Group 2 Equalisation per unit (p)	Group 1 & 2 Distribution per unit (p)	2021-2022 Distribution per unit (p)
First interim	0.3189	0.4735	0.7924	0.5468
Second interim	0.4416	0.4783	0.9199	0.5318
Third interim	0.4532	0.5255	0.9787	0.5139
Final	0.0816	0.7616	0.8432	0.6079

COMPARATIVE TABLES

	MC distribution			MC accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	54.99	57.99	53.38	101.59	104.85	94.72
Return before operating charges*	(3.04)	(1.18)	6.29	(5.65)	(2.18)	11.18
Operating charges	(0.53)	(0.59)	(0.59)	(1.00)	(1.08)	(1.05)
Return after operating charges	(3.57)	(1.77)	5.70	(6.65)	(3.26)	10.13
Distributions	(1.91)	(1.23)	(1.09)	(3.58)	(2.25)	(1.94)
Retained distributions on accumulation units	–	–	–	3.58	2.25	1.94
Closing net asset value per units	49.51	54.99	57.99	94.94	101.59	104.85
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.49)%	(3.05)%	10.68%	(6.55)%	(3.11)%	10.69%
Other information						
Closing net asset value (£'000)	531	682	650	152	251	261
Closing number of units	1,071,962	1,240,607	1,121,183	160,265	246,781	248,605
Operating charges	1.04%	1.02%	1.02%	1.04%	1.03%	1.02%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	55.20	58.77	58.90	101.97	107.11	105.96
Lowest unit price (p)	47.19	54.67	53.78	88.77	100.77	95.43

	MI distribution			MI accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	55.09	58.09	53.48	71.69	73.66	66.25
Return before operating charges*	(3.05)	(1.17)	6.29	(3.98)	(1.54)	7.82
Operating charges	(0.30)	(0.33)	(0.33)	(0.40)	(0.43)	(0.41)
Return after operating charges	(3.35)	(1.50)	5.96	(4.38)	(1.97)	7.41
Distributions	(2.14)	(1.50)	(1.35)	(2.84)	(1.92)	(1.69)
Retained distributions on accumulation units	–	–	–	2.84	1.92	1.69
Closing net asset value per units	49.60	55.09	58.09	67.31	71.69	73.66
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.08)%	(2.58)%	11.14%	(6.11)%	(2.67)%	11.18%
Other information						
Closing net asset value (£'000)	217,545	254,663	368,958	189,856	209,558	233,130
Closing number of units	438,638,378	462,241,924	635,097,274	282,042,591	292,304,940	316,489,356
Operating charges	0.59%	0.58%	0.57%	0.59%	0.57%	0.57%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	55.30	58.89	59.02	71.97	75.40	74.39
Lowest unit price (p)	47.28	54.78	53.88	62.79	71.10	66.74

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

	MR distribution			MR accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	54.99	57.99	53.38	101.48	104.79	94.71
Return before operating charges*	(3.04)	(1.18)	6.28	(5.62)	(2.18)	11.18
Operating charges	(0.56)	(0.62)	(0.61)	(1.05)	(1.13)	(1.10)
Return after operating charges	(3.60)	(1.80)	5.67	(6.67)	(3.31)	10.08
Distributions	(1.88)	(1.20)	(1.06)	(3.53)	(2.20)	(1.89)
Retained distributions on accumulation units	–	–	–	3.53	2.20	1.89
Closing net asset value per units	49.51	54.99	57.99	94.81	101.48	104.79
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.55)%	(3.10)%	10.62%	(6.57)%	(3.16)%	10.64%
Other information						
Closing net asset value (£'000)	7,574	52,591	80,033	37,449	42,804	57,965
Closing number of units	15,298,509	95,629,437	138,011,865	39,499,707	42,180,552	55,314,889
Operating charges	1.09%	1.08%	1.07%	1.09%	1.08%	1.07%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	55.20	58.77	58.90	101.86	107.02	105.91
Lowest unit price (p)	47.19	54.67	53.78	88.65	100.66	95.42

	QC distribution			QC accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	54.92	57.92	53.31	101.78	105.04	94.89
Return before operating charges*	(3.08)	(1.18)	6.29	(5.65)	(2.18)	11.20
Operating charges	(0.53)	(0.59)	(0.59)	(1.00)	(1.08)	(1.05)
Return after operating charges	(3.61)	(1.77)	5.70	(6.65)	(3.26)	10.15
Distributions	(1.91)	(1.23)	(1.09)	(3.59)	(2.26)	(1.95)
Retained distributions on accumulation units	–	–	–	3.59	2.26	1.95
Closing net asset value per units	49.40	54.92	57.92	95.13	101.78	105.04
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.57)%	(3.06)%	10.69%	(6.53)%	(3.10)%	10.70%
Other information						
Closing net asset value (£'000)	1,060	1,175	1,120	1,983	1,991	2,048
Closing number of units	2,145,276	2,139,143	1,933,299	2,084,364	1,955,909	1,950,015
Operating charges	1.04%	1.02%	1.02%	1.04%	1.02%	1.02%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	55.13	58.85	59.00	102.16	107.30	106.15
Lowest unit price (p)	47.09	54.81	53.71	88.93	100.95	95.60

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

	Q1 distribution			Q1 accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	82.74	87.26	80.32	107.83	110.79	99.64
Return before operating charges*	(4.65)	(1.77)	9.46	(5.98)	(2.32)	11.77
Operating charges	(0.46)	(0.50)	(0.49)	(0.60)	(0.64)	(0.62)
Return after operating charges	(5.11)	(2.27)	8.97	(6.58)	(2.96)	11.15
Distributions	(3.22)	(2.25)	(2.03)	(4.27)	(2.89)	(2.54)
Retained distributions on accumulation units	–	–	–	4.27	2.89	2.54
Closing net asset value per units	74.41	82.74	87.26	101.25	107.83	110.79
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.18)%	(2.60)%	11.17%	(6.10)%	(2.67)%	11.19%
Other information						
Closing net asset value (£'000)	66,897	88,324	150,692	495,651	571,950	782,052
Closing number of units	89,901,457	106,743,369	172,694,801	489,546,456	530,416,456	705,865,732
Operating charges	0.59%	0.58%	0.57%	0.59%	0.58%	0.57%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	83.06	88.75	88.97	108.24	113.41	111.88
Lowest unit price (p)	70.94	82.66	80.92	94.45	106.94	100.39

	QR distribution			QR accumulation		
	2023	2022	2021	2023	2022	2021
Change in net assets per unit (p)						
Opening net asset value per unit	54.92	57.92	53.31	101.66	104.98	94.88
Return before operating charges*	(3.08)	(1.18)	6.28	(5.63)	(2.18)	11.20
Operating charges	(0.56)	(0.62)	(0.61)	(1.05)	(1.14)	(1.10)
Return after operating charges	(3.64)	(1.80)	5.67	(6.68)	(3.32)	10.10
Distributions	(1.88)	(1.20)	(1.06)	(3.53)	(2.20)	(1.89)
Retained distributions on accumulation units	–	–	–	3.53	2.20	1.89
Closing net asset value per units	49.40	54.92	57.92	94.98	101.66	104.98
*after direct transaction costs of	–	–	–	–	–	–
Performance						
Return after charges	(6.63)%	(3.11)%	10.64%	(6.57)%	(3.16)%	10.65%
Other information						
Closing net asset value (£'000)	3,019	3,598	5,152	86,922	103,542	121,472
Closing number of units	6,112,116	6,550,154	8,895,794	91,517,321	101,849,918	115,711,450
Operating charges	1.09%	1.08%	1.07%	1.09%	1.08%	1.07%
Direct transaction costs	–	–	–	–	–	–
Prices						
Highest unit price (p)	55.13	58.85	58.99	102.04	107.21	106.10
Lowest unit price (p)	47.09	54.81	53.71	88.81	100.84	95.59

High and low price disclosures are based on quoted unit prices. Therefore opening and closing NAV prices may fall outside the high/low price threshold.

Ongoing charges

Class	31 March 2023
MC distribution	1.04%
MC accumulation	1.04%
MI distribution	0.59%
MI accumulation	0.59%
MR distribution	1.09%
MR accumulation	1.09%
QC distribution	1.04%
QC accumulation	1.04%
QI distribution	0.59%
QI accumulation	0.59%
QR distribution	1.09%
QR accumulation	1.09%

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

Class I accumulation performance

	Since launch*	10 years	5 years	3 years	1 year	6 months
Artemis Strategic Bond Fund**	101.9	32.4	1.7	1.4	(6.0)	6.2
Artemis Strategic Bond Fund***	106.5	33.0	2.2	1.7	(5.8)	6.8
IA £ Strategic Bond NR	74.7	22.9	3.2	2.9	(6.5)	5.9
Position in sector	5/18	12/45	34/56	37/66	37/72	29/72
Quartile	2	2	3	3	3	2

Past performance is not a guide to the future.

* Source: Artemis/Lipper Limited, data from 30 June 2005 to 7 March 2008 reflects class QR accumulation units and from 7 March 2008 to 31 March 2023 reflects class QI accumulation units, in sterling. All figures show total returns with income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

** Value at 12 noon valuation point.

*** Value at close of business.

Class I accumulation is disclosed as it is the primary unit class.

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