

# Artemis Global Income *Fund*

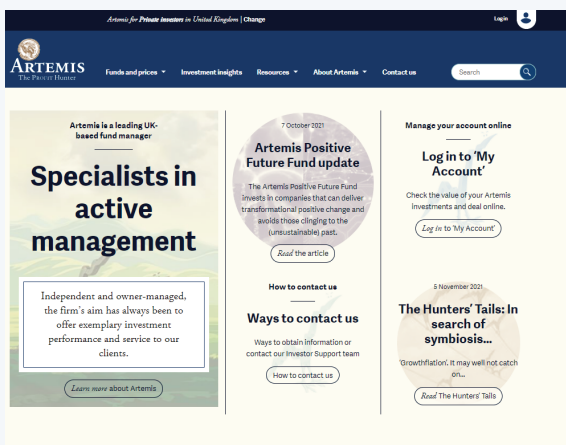
Manager's Report  
and Financial Statements

for the year ended 31 July 2023

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## 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 £23.7 billion\* across a range of funds, two investment trusts 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 August 2023

### Fund status

Artemis Global Income Fund was constituted by a Trust Deed dated 1 June 2010 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 5 or via the website [artemisfunds.com](http://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](http://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

<b>Objective</b>	To grow both income and capital over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> <li>• reduce risk</li> <li>• manage the fund efficiently.</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• Globally</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• The manager favours companies which exhibit strong levels of free cashflow generation (cash that is left over after a company pays for its operating and capital expenditures which can be returned to investors through dividends and share buybacks) relative to other companies in the market, dividend distribution and dividend growth.</li> <li>• Detailed financial review of companies and wider economic analysis is also undertaken.</li> </ul>	
<b>Benchmarks</b>	<ul style="list-style-type: none"> <li>• <b>MSCI AC World NR GBP</b> A widely-used indicator of the performance of global stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.</li> <li>• <b>IA Global Equity Income NR</b> 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.</li> </ul>	

## 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 stockmarkets, 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.
- **Income risk:** The payment of income and its level is not guaranteed.
- **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.
- **Charges from capital risk:** Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

There was no change to the risk indicator in the year to 31 July 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 5.

### 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 Global Income 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](http://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](http://gov.uk/government/publications/exchange-of-information-account-holders).

### Value assessment

Artemis Fund Managers Limited (AFML) has conducted a detailed assessment of 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](http://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](http://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 Global Income Fund for the period ended 3 March 2023.

The Depositary in its capacity as Trustee of the Artemis Global Income 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"), which is the UCITS Management Company, 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 Global Income Fund ("the Fund") for the period from 6 March 2023 to 31 July 2023.

The Depositary in its capacity as Trustee of the Artemis Global Income 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.

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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
- 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.

Northern Trust Investor Services Limited  
London  
29 September 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 Global Income Fund for the year ended 31 July 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  
29 September 2023

L E Cairney  
Director

# AUDITOR'S REPORT

## Independent auditor's report to the unitholders of the Artemis Global Income Fund

### Opinion

We have audited the financial statements of the Artemis Global Income Fund ("the Fund") for the year ended 31 July 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 July 2023 and of the net revenue and the net capital gains 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 7, 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 non-compliance 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. We identified a fraud risk in relation to incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact on amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a revenue or capital return.
- 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 non-compliance 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  
29 September 2023

## INVESTMENT REVIEW

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### Main changes to the fund

**We added to the fund's holdings in banks.** A long period of low interest rates squeezed their lending margins, but that process is now going into reverse as interest rates move higher. As their margins expand and their profits grow, banks will be able to return capital to their shareholders, either by buying back their own shares (which should, in theory, push their share prices higher) or through dividend payments.

**The proportion of the fund invested in Japan is now at its highest ever level.** Many Japanese companies are financially strong and their shares are often less expensive (relative to their earnings) than those of companies in other developed markets. Japan has finally broken out of its long deflationary slump, a destructive process in which falling prices deterred spending and investment. At the same time, however, it does not face the uncomfortably high rates of inflation seen in many other parts of the world.

**We added to the fund's holdings in emerging markets.** Inflation in these economies is nothing new, so the recent spike in prices has not, generally speaking, been as much of a shock to them as has been to developed markets. Demographic trends also tend to be more positive in emerging markets (they often have younger populations) and economic growth is often stronger than it is in the West.

**We sold some of our holdings in energy companies.** This sector performed well in 2022 and our holdings here contributed meaningfully to the fund's strong performance last year. This year, however, China's surprisingly weak economic growth has weighed on demand for oil. Russia, meanwhile, has proven surprisingly adept at evading sanctions by finding export markets for its oil and gas. This combination of weaker-than-expected demand (from China) and higher-than-expected supply (from Russia) pushed energy prices lower and weighed on share prices of our holdings across the energy sector.

### Explaining the fund's performance

The fund returned 4.2% over the year. In so doing, it underperformed the MSCI AC World Index, which returned 6.8%<sup>1</sup>.

**The main reason for the fund's underperformance was its lack of exposure to large US technology companies** such as Nvidia, Microsoft and Apple. Share prices of these companies rose extremely sharply in the first seven months of 2023. In part, this was due to investor exuberance around the transformative potential of artificial intelligence (AI). It would also appear that some of the liquidity that the US central bank supplied to the US banking system in reaction to

the problems at regional banks (such as Silicon Valley Bank) found its way into the shares of large technology companies. The meagre (or non-existent) dividends that these companies offer mean we choose to invest our clients' capital elsewhere.

### The wider context/looking ahead

**The chances of a 'soft landing' in the US economy have increased in recent months.** Under this scenario, higher interest rates will succeed in lowering inflation without provoking a recession. This has helped to foster positive sentiment towards US equities: the US market rose for five consecutive months to the end of July 2023, its longest streak of monthly gains in more than two years.

**We remain of the opinion that valuations in some parts of the US market look stretched.** We are particularly wary of the technology sector. We are also conscious that borrowing costs in the US, as measured by bond yields, have crept higher. Japan is also preparing to let bond yields rise.

**In time, we expect higher bond yields to weigh on equities –** but particularly on share prices in the most expensive areas of the market. Our focus is on companies whose shares are less expensive relative to their earnings. Our holdings also generate what we regard as an attractive dividend yield (4.3% at the end of July<sup>2</sup>). Both characteristics should provide us with some measure of protection if equity markets do come under pressure.

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Past performance is not a guide to the future.

<sup>1</sup> Our benchmark index is the MSCI AC World NR Index. Source: Artemis/Lipper Limited, class I distribution units, in sterling, to 31 July 2023. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Our peer group benchmark is the IA's Global Equity Income sector.

<sup>2</sup> Source: Artemis as at 31 July 2023. The historic yield reflects distributions declared over the past 12 months as a percentage of the price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

## INVESTMENT INFORMATION

### Ten largest purchases and sales for the year ended 31 July 2023

Purchases	Cost £'000	Sales	Proceeds £'000
Infineon Technologies	55,801	AvalonBay Communities, REIT	60,446
Wells Fargo	51,627	AbbVie	49,684
Exxon Mobil	44,239	Molson Coors Beverage 'B'	49,078
AbbVie	42,790	PPL	48,117
HSBC Holdings	41,570	Delta Air Lines	46,940
Archer-Daniels-Midland	41,080	Infineon Technologies	45,952
NN Group	37,273	Glencore	45,916
Pfizer	36,714	Pfizer	38,666
Unilever	36,104	Exxon Mobil	37,495
Swiss Re	35,776	RWE	37,417

### Portfolio statement as at 31 July 2023

	Holding	Valuation £'000	% of net assets
<b>Equities 100.14% (99.61%)</b>			
<b>Australia 0.98% (2.22%)</b>			
Glencore	2,315,639	10,960	0.98
		<b>10,960</b>	<b>0.98</b>
<b>Austria 0.0% (1.76%)</b>			
<b>Brazil 3.93% (3.42%)</b>			
Banco do Brasil	2,595,820	20,128	1.81
Petroleo Brasileiro, ADR	2,179,852	23,585	2.12
		<b>43,713</b>	<b>3.93</b>
<b>Canada 1.08% (4.90%)</b>			
Cameco	454,028	11,985	1.08
		<b>11,985</b>	<b>1.08</b>
<b>Denmark 0.00% (2.69%)</b>			
<b>France 5.33% (7.51%)</b>			
BNP Paribas	431,244	22,280	2.01
Vinci	402,085	36,954	3.32
		<b>59,234</b>	<b>5.33</b>
<b>Germany 7.32% (6.73%)</b>			
Daimler Truck	633,442	18,589	1.67
Infineon Technologies	506,333	17,121	1.54
Rheinmetall	142,718	31,671	2.85
Siemens	105,567	14,076	1.26
		<b>81,457</b>	<b>7.32</b>
<b>Israel 0.00% (0.78%)</b>			
<b>Italy 3.82% (0.54%)</b>			
Intesa Sanpaolo	8,784,854	19,834	1.78
Prysmian	725,461	22,639	2.04
		<b>42,473</b>	<b>3.82</b>
<b>Japan 12.77% (7.17%)</b>			
Canon	895,100	17,962	1.61
Komatsu	1,031,000	22,300	2.01
Mitsubishi Heavy Industries	1,097,200	40,244	3.62
Mitsubishi UFJ Financial Group	6,386,600	39,927	3.59
Sekisui House	880,400	13,935	1.25

	Holding	Valuation £'000	% of net assets
Sompo Holdings	222,270	7,640	0.69
		<b>142,008</b>	<b>12.77</b>
<b>Macau 1.54% (0.00%)</b>			
Sands China	5,768,400	17,103	1.54
		<b>17,103</b>	<b>1.54</b>
<b>Netherlands 1.51% (1.05%)</b>			
NN Group	560,385	16,767	1.51
		<b>16,767</b>	<b>1.51</b>
<b>Norway 1.93% (2.07%)</b>			
Elopak	4,521,921	7,893	0.71
Var Energi	5,697,361	13,599	1.22
		<b>21,492</b>	<b>1.93</b>
<b>Russia 0.00% (0.00%)</b>			
Sberbank of Russia, ADR ^	2,972,186	-	-
		-	-
<b>Singapore 3.69% (0.00%)</b>			
Oversea-Chinese Banking	2,414,700	18,763	1.69
Singapore Airlines	5,064,200	22,265	2.00
		<b>41,028</b>	<b>3.69</b>
<b>South Africa 0.00% (0.76%)</b>			
<b>South Korea 2.72% (0.00%)</b>			
KB Financial Group	191,208	5,946	0.54
Samsung Electronics	570,617	24,288	2.18
		<b>30,234</b>	<b>2.72</b>
<b>Spain 4.50% (1.94%)</b>			
Banco Bilbao Vizcaya Argentaria	5,410,406	33,573	3.02
Banco Santander	5,193,852	16,449	1.48
		<b>50,022</b>	<b>4.50</b>
<b>United Arab Emirates 1.04% (1.96%)</b>			
Abu Dhabi Commercial Bank	6,265,798	11,589	1.04
		<b>11,589</b>	<b>1.04</b>
<b>United Kingdom 11.19% (4.43%)</b>			
BAE Systems	4,245,862	39,707	3.57
HSBC Holdings	7,057,600	45,861	4.12
Tesco	10,588,460	27,456	2.47
Unilever	265,812	11,221	1.01
Zegona Communications	514,857	185	0.02
		<b>124,430</b>	<b>11.19</b>
<b>United States of America 36.79% (49.68%)</b>			
AbbVie	210,857	24,718	2.22
Archer-Daniels-Midland	435,201	29,220	2.63
Baker Hughes	1,213,252	33,393	3.00
Blackstone	350,459	28,613	2.57
Broadcom	43,650	30,525	2.74
CRH, ADR	451,935	21,101	1.90
CVS Health	251,916	14,627	1.32
Exxon Mobil	416,465	33,705	3.03
Fluor	469,063	11,171	1.00
Hess	100,555	11,646	1.05
Johnson & Johnson	41,436	5,619	0.51
Kraft Heinz	197,765	5,557	0.50
Marsh & McLennan Cos	168,419	24,721	2.22
Motorola Solutions	12,420	2,810	0.25

	Holding	Valuation £'000	% of net assets
Phillips 66	98,353	8,436	0.76
Ryanair, ADR	199,458	15,593	1.40
Swiss Re	361,867	29,561	2.66
Tenaris	3,317,183	43,123	3.88
Wells Fargo	976,568	35,015	3.15
<b>Equities total</b>		<b>409,154</b>	<b>36.79</b>
<b>Forward Currency Contracts (0.04%) (0.18%)</b>			
Buy US Dollar 76,745,800 Sell Euro 70,000,000 dated 16/08/2023		(439)	(0.04)
<b>Forward currency contracts total</b>		<b>(439)</b>	<b>(0.04)</b>
<b>Investment assets (including investment liabilities)</b>		<b>1,113,210</b>	<b>100.10</b>
<b>Net other liabilities</b>		<b>(1,092)</b>	<b>(0.10)</b>
<b>Net assets attributable to unitholders</b>		<b>1,112,118</b>	<b>100.00</b>

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

^ Security is currently suspended. Indirect Russian holdings currently suspended have been valued at nil by the manager, see note 10 for further details.

## FINANCIAL STATEMENTS

### Statement of total return for the year ended 31 July 2023

	Note	31 July 2023		31 July 2022	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	3		11,022		14,419
Revenue	5	48,955		60,988	
Expenses	6	(10,767)		(11,635)	
Interest payable and similar charges	7	(43)		(12)	
Net revenue before taxation		38,145		49,341	
Taxation	8	(5,348)		(4,761)	
Net revenue after taxation			32,797		44,580
<b>Total return before distributions</b>			43,819		58,999
Distributions	9		(42,116)		(54,644)
<b>Change in net assets attributable to unitholders from investment activities</b>			1,703		4,355

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

	31 July 2023		31 July 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		1,214,968		1,262,827
Amounts receivable on issue of units	79,485		128,714	
Amounts payable on cancellation of units	(206,418)		(211,627)	
		(126,933)		(82,913)
Dilution adjustment		25		33
Change in net assets attributable to unitholders from investment activities		1,703		4,355
Retained distribution on accumulation units		22,355		30,666
<b>Closing net assets attributable to unitholders</b>		1,112,118		1,214,968

### Balance Sheet as at 31 July 2023

	Note	31 July 2023		31 July 2022	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Fixed assets</b>					
Investments	10	1,113,649		1,213,162	
<b>Current assets</b>					
Debtors	11	50,472		15,317	
Cash and cash equivalents	12	420		16,920	
<b>Total current assets</b>		50,892		32,237	
<b>Total assets</b>		1,164,541		1,245,399	
<b>Liabilities</b>					
Investment liabilities	10	439		701	
<b>Creditors</b>					
Bank overdraft	13	17,764		3,630	
Distribution payable		11,273		16,083	
Other creditors	14	22,947		10,017	
<b>Total creditors</b>		51,984		29,730	
<b>Total liabilities</b>		52,423		30,431	
<b>Net assets attributable to unitholders</b>		1,112,118		1,214,968	

# 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 and the Statement of Recommended Practice ("SORP") issued by the Investment Management Association in May 2014 and amended in June 2017 and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). The financial statements have been prepared on a going concern basis. The manager believes that the fund has adequate resources to continue in operational existence for the foreseeable future. No material events 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.

**(b) Valuation of investments.** All investments, including any derivatives, have been valued at 12 noon on the last working day of the accounting period. The last valuation point in the 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. Where a fund invests in markets that are closed for trading at the fund's valuation point, the manager will allow for the net asset value to be adjusted (based on movements of index futures or other suitable proxies in markets closed at the sub-fund valuation point, since the last market close), to reflect more accurately the fair value of the fund's investments. Listed investments are valued at fair value which is generally deemed to be the bid 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. Exchange traded derivatives, including options and futures, are shown in the portfolio statement, and are priced at fair value, which is deemed to be the quoted bid price for long positions and quoted offer price for short positions. Open forward currency contracts are shown in the portfolio statement at market value and the net gains/(losses) are reflected within forward currency contracts under net capital gains/(losses).

**(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) Revenue.** Dividends receivable from equity and non-equity shares, including Real Estate Investment Trusts ("REITs"), are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. Dividends on unquoted stocks are credited to revenue when the right to receive payment is established. Dividends are recognised gross of any overseas tax. Overseas tax is included as part of the tax charge. A provision is made

for any overseas tax not considered recoverable at the balance sheet date, whether due to uncertainty as to receipt either due to circumstances or recovery experience in specific jurisdictions, or due to the significant time lag since the receipt of the dividend. Special dividends are reviewed on a case by case basis when determining if a dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Income from US REITs is split between revenue and capital depending on the composition of the distribution from the REIT. Interest from debt securities is recognised on an effective interest rate basis inclusive of any expected changes to future cash flows. Interest from debt securities bought or sold is excluded from the capital cost of such securities, and accounted for as part of revenue. Bank interest and interest on margin accounts held with brokers is recognised as revenue on an accruals basis. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Net gains/(losses) are reflected within derivative contracts under net capital gains in the notes to the financial statements.

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

**(f) 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.

**(g) Dilution adjustment.** The fund is priced on a single swinging price basis. The manager has the discretion to charge a dilution adjustment 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 distribution policy of the fund is to distribute all available revenue, after deduction of expenses and taxation properly chargeable against revenue. The fund did not satisfy the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 and where applicable will pay a dividend distribution. The manager and the trustee have agreed that 100% of the annual management charge is to be transferred to capital for the purpose of calculating the distribution, as permitted by COLL. The distribution currently payable reflects this treatment. 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 and derivatives whether realised or unrealised, if taken to capital are not available for distribution. 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 gains

	31 July 2023 £'000	31 July 2022 £'000
Non-derivative securities	14,131	9,816
Capital transaction charges	9	–
Forward currency contracts	(1,319)	5,244
Currency losses	(1,799)	(641)
<b>Net capital gains</b>	<b>11,022</b>	<b>14,419</b>

### 4. Direct transaction costs

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

	Year ended 31 July 2023					
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	1,638,287	226	1,035	1,639,548	0.01	0.06
<b>Sales</b>						
Equities	1,744,434	264	225	1,743,944	0.02	0.01
<b>Total</b>		<b>490</b>	<b>1,260</b>			
<b>Percentage of fund average net assets</b>		<b>0.04%</b>	<b>0.11%</b>			

	Year ended 31 July 2022					
	Principal £'000	Commissions £'000	Taxes £'000	Total after costs £'000	Commission as a percentage of principal %	Taxes as a percentage of principal %
<b>Purchases</b>						
Equities	2,330,627	607	1,945	2,331,179	0.03	0.08
<b>Corporate action purchase activity</b>						
Equities	5,720	–	–	5,720	–	–
<b>Sales</b>						
Equities	2,387,581	534	119	2,386,928	0.02	–
<b>Total</b>		<b>1,141</b>	<b>2,064</b>			
<b>Percentage of fund average net assets</b>		<b>0.09%</b>	<b>0.16%</b>			

During the year, the fund incurred £9,000 (2022: £nil) in capital transaction charges.

### Dealing spread

As at the balance sheet date the estimated portfolio dealing spread was 0.08% (2022: 0.08%). 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 July 2023 £'000	31 July 2022 £'000
Overseas dividends	44,044	52,221
UK dividends	3,783	8,763
Interest on debt securities	905	–
Bank interest	223	4
<b>Total revenue</b>	<b>48,955</b>	<b>60,988</b>

## 6. Expenses

	31 July 2023 £'000	31 July 2022 £'000
<b>Payable to the manager, associates of the manager and agents of either of them:</b>		
Annual management charge	9,319	10,064
Administration fees	1,448	1,571
<b>Total expenses</b>	<b>10,767</b>	<b>11,635</b>

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

The audit fee (excluding VAT) accrued during the period was £9,000 (2022: £8,300). This fee is paid by the manager.

## 7. Interest payable and similar charges

	31 July 2023 £'000	31 July 2022 £'000
Interest payable	43	12
<b>Total interest payable and similar charges</b>	<b>43</b>	<b>12</b>

## 8. Taxation

	31 July 2023 £'000	31 July 2022 £'000
<b>a) Analysis of the tax charge for the year</b>		
Irrecoverable overseas tax	5,348	4,761
<b>Total taxation (note 8b)</b>	<b>5,348</b>	<b>4,761</b>
<b>b) Factors affecting the tax charge for the year</b>		
Net revenue before taxation	38,145	49,341
Corporation tax of 20% (2022: 20%)	7,629	9,868
<b>Effects of:</b>		
Irrecoverable overseas tax	5,348	4,761
Unutilised management expenses	1,683	1,083
Utilisation of non-trade deficit carried forward	–	2
Overseas withholding tax expensed	(43)	(134)
Revenue taxable in different periods	(67)	15
Non-taxable UK dividends	(756)	(1,753)
Non-taxable overseas dividends	(8,446)	(9,081)
<b>Tax charge for the year (note 8a)</b>	<b>5,348</b>	<b>4,761</b>
<b>c) Provision for deferred tax</b>		

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 of £15,278,000 (2022: £13,595,000) arising as a result of having unutilised management expenses of £75,618,000 (2022: £67,202,000) and non-trade loan relationship deficits of £774,000 (2022: £774,000). It is unlikely that the fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 9. Distributions

	31 July 2023 £'000	31 July 2022 £'000
Interim dividend distribution	14,155	14,656
Final dividend distribution	25,866	38,200
	<u>40,021</u>	<u>52,856</u>
Add: amounts deducted on cancellation of units	3,401	3,926
Deduct: amounts added on issue of units	(1,306)	(2,138)
<b>Distributions</b>	<u>42,116</u>	<u>54,644</u>
<b>Movement between net revenue and distributions</b>		
Net revenue after taxation	32,797	44,580
Expenses paid from capital	9,319	10,064
	<u>42,116</u>	<u>54,644</u>

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 page 23.

## 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 July 2023		31 July 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,113,649	–	1,210,233	–
Level 2	–	439	2,929	701
Level 3*	–	–	–	–
<b>Total</b>	<u>1,113,649</u>	<u>439</u>	<u>1,213,162</u>	<u>701</u>

\* Depository Receipts on Russian shares have been valued at nil by the manager due to the impact on trading of these instruments following the invasion of Ukraine.

## 11. Debtors

	31 July 2023 £'000	31 July 2022 £'000
Sales awaiting settlement	45,709	10,868
Amounts receivable for issue of units	1,689	461
Overseas withholding tax recoverable	1,672	2,743
Accrued revenue	1,402	1,245
<b>Total debtors</b>	<u>50,472</u>	<u>15,317</u>

## 12. Cash and cash equivalents

	31 July 2023 £'000	31 July 2022 £'000
Collateral held with brokers	373	430
Cash and bank balances	47	16,490
<b>Total cash and cash equivalents</b>	<u>420</u>	<u>16,920</u>

### 13. Bank overdraft

	31 July 2023 £'000	31 July 2022 £'000
Bank overdrafts	17,764	–
Collateral pledged with brokers	–	3,630
<b>Total bank overdraft</b>	<b>17,764</b>	<b>3,630</b>

### 14. Other creditors

	31 July 2023 £ '000	31 July 2022 £ '000
Purchases awaiting settlement	18,288	8,205
Amounts payable for cancellation of units	3,822	961
Accrued annual management charge	725	734
Accrued administration fee payable to the manager	112	117
<b>Total other creditors</b>	<b>22,947</b>	<b>10,017</b>

### 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 July 2022	Units issued	Units cancelled	Units converted	Units In Issue at 31 July 2023
C distribution	6,028,235	478,395	(365,142)	164,960	<b>6,306,448</b>
C accumulation	4,195,155	268,136	(382,190)	28,026	<b>4,109,127</b>
I distribution	451,740,320	36,383,670	(48,665,857)	363,264	<b>439,821,397</b>
I accumulation	401,080,885	22,834,008	(81,804,416)	(180,069)	<b>341,930,408</b>
R distribution	13,385,681	482,481	(6,750,613)	(194,713)	<b>6,922,836</b>
R accumulation	17,950,148	648,319	(7,208,868)	(65,813)	<b>11,323,786</b>

### 17. Risk disclosures

In pursuing its investment objective, the fund may hold a number of financial instruments. These financial instruments comprise equities, 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 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 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 equities 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.

### (i) Interest rate risk

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. As the majority of the fund's financial assets are non-interest bearing, the fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore no sensitivity analysis has been presented.

### (ii) 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 £1,319,000 (2022: gain of £5,244,000).

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
<b>31 July 2023</b>				
US Dollar	431,688	(9,181)	–	422,507
Euro	232,988	720	–	233,708
Japanese Yen	142,008	4,584	–	146,592
Sterling	89,530	1,698	–	91,228
Hong Kong Dollar	62,964	–	–	62,964
Singapore Dollar	41,028	–	–	41,028
South Korean Won	30,234	98	–	30,332
Swiss Franc	29,561	–	–	29,561
Norwegian Krone	21,492	86	–	21,578
Brazilian Real	20,128	–	–	20,128
UAE Dirham	11,589	–	–	11,589
Danish Kroner	–	686	–	686
Swedish Krona	–	116	–	116
Israeli New Shekel	–	56	–	56
Taiwan Dollar	–	45	–	45
<b>31 July 2022</b>				
US Dollar	735,577	899	–	736,476
Euro	187,929	1,285	–	189,214
Japanese Yen	87,121	503	–	87,624
Sterling	55,751	(1,685)	–	54,066
Norwegian Krone	42,154	34	–	42,188
Danish Kroner	32,744	723	–	33,467
UAE Dirham	23,797	–	–	23,797
Canadian Dollar	17,408	1	–	17,409
Brazilian Real	11,263	–	–	11,263
Israeli New Shekel	9,483	244	–	9,727
South African Rand	9,234	–	–	9,234
Swedish Krona	–	411	–	411
Taiwan Dollar	–	90	–	90
Indian Rupee	–	2	–	2

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 £51,044,500 (2022: £58,045,100). A five percent decrease would have an equal and opposite effect.

### (iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate risk, currency risk and credit and counterparty risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors, arising from the performance of the company itself and matters arising in the wider market (for example the state of the underlying economy and current government policy). The portfolio is invested in securities domiciled in a number of countries 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 £55,660,500 (2022: £60,623,100). A five percent decrease would have an equal and opposite effect.

#### (iv) 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 July 2023 and 31 July 2022 the leverage ratios of the fund were:

	2023 %	2022 %
Sum of the notionals	119.4	115.7
Commitment	101.7	100.0

#### (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 Investor Services Limited, the fund's custodian and banker, who holds the fund's investments and maintains the bank accounts. 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 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 worthiness 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 requirements stipulated in COLL and the Prospectus.

The derivatives are disclosed in the portfolio statement and Goldman Sachs is the counterparty for forward currency contracts. Aside from the custodian and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 31 July 2023 or 31 July 2022.

#### Counterparty and collateral exposure

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

Currency	Foreign currency contracts £'000	Total gross exposure £'000	Net collateral (pledged)/held £'000
<b>31 July 2023</b>			
Goldman Sachs	(439)	(439)	373
<b>31 July 2022</b>			
UBS	2,929	2,929	(3,630)
Goldman Sachs	(701)	(701)	430

Only cash collateral is pledged or held by the fund.

#### (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 July 2023 or 31 July 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 14 and notes 6, 9, 11 and 14 on pages 17 to 19 including all issues and cancellations where the manager acted as principal. The balance due to the manager as at 31 July 2023 in respect of these transactions was £2,970,000 (2022: £1,352,000).

## 19. Unit classes

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

C distribution	1.20%
C accumulation	1.20%
I distribution	0.75%
I accumulation	0.75%
R distribution	1.50%
R accumulation	1.50%

The net asset value per unit and the number of units in each class are given in the comparative tables on page 24.

The distributions per unit class are given in the distribution tables on page 23. 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 semi-annual dividend distributions. The following table sets out the distribution period.

Semi-annual distribution periods	Start	End	Ex-dividend date	Pay date
Interim	1 August 2022	31 January 2023	1 February 2023	31 March 2023
Final	1 February 2023	31 July 2023	1 August 2023	29 September 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.

### C distribution

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.2204	1.0345	1.2549	100.00%	0.00%	1.1951
Final	1.4689	0.8092	2.2781	100.00%	0.00%	3.1525

### C accumulation

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.6712	1.1704	1.8416	100.00%	0.00%	1.7539
Final	2.4271	1.3219	3.7490	100.00%	0.00%	4.8351

### I distribution

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.2558	1.0968	1.3526	100.00%	0.00%	1.2882
Final	0.4784	2.0174	2.4958	100.00%	0.00%	3.4255

### I accumulation

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.4577	1.5259	1.9836	100.00%	0.00%	1.8891
Final	0.7323	3.3679	4.1002	100.00%	0.00%	5.2489

### R distribution

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.4843	0.7682	1.2525	100.00%	0.00%	1.1929
Final	1.4100	0.7905	2.2005	100.00%	0.00%	3.1282

### R accumulation

Dividend distributions for the year ended 31 July 2023	Group 2		Group 1 & 2 Distribution per unit (p)	Corporate streaming		2022 Distribution per unit (p)
	Net revenue per unit(p)	Equalisation per unit (p)		Franked	Unfranked	
Interim	0.5968	1.2414	1.8382	100.00%	0.00%	1.7507
Final	1.3190	2.3843	3.7033	100.00%	0.00%	4.7987

## COMPARATIVE TABLES

	C distribution			C accumulation		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>98.85</b>	<b>98.46</b>	<b>75.61</b>	<b>155.34</b>	<b>148.29</b>	<b>111.06</b>
Return before operating charges*	4.85	6.10	26.43	7.59	9.11	38.99
Operating charges	(1.32)	(1.36)	(1.19)	(2.09)	(2.06)	(1.76)
<b>Return after operating charges</b>	<b>3.53</b>	<b>4.74</b>	<b>25.24</b>	<b>5.50</b>	<b>7.05</b>	<b>37.23</b>
Distributions	(3.53)	(4.35)	(2.39)	(5.59)	(6.59)	(3.54)
Retained distributions on accumulation units	–	–	–	5.59	6.59	3.54
<b>Closing net asset value per units</b>	<b>98.85</b>	<b>98.85</b>	<b>98.46</b>	<b>160.84</b>	<b>155.34</b>	<b>148.29</b>
*after direct transaction costs of	(0.14)	(0.26)	(0.15)	(0.23)	(0.39)	(0.23)
<b>Performance</b>						
Return after charges	3.57%	4.81%	33.38%	3.54%	4.75%	33.52%
<b>Other information</b>						
Closing net asset value (£'000)	6,234	5,959	5,548	6,609	6,517	5,924
Closing number of units	6,306,448	6,028,235	5,634,389	4,109,127	4,195,155	3,994,548
Operating charges	1.32%	1.32%	1.32%	1.32%	1.32%	1.32%
Direct transaction costs	0.14%	0.25%	0.17%	0.14%	0.25%	0.17%
<b>Prices</b>						
Highest unit price (p)	105.48	110.46	102.20	167.16	166.35	151.62
Lowest unit price (p)	93.56	97.53	75.82	148.80	147.83	111.35

	I distribution			I accumulation		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>107.42</b>	<b>106.51</b>	<b>81.43</b>	<b>168.65</b>	<b>160.29</b>	<b>119.50</b>
Return before operating charges*	5.30	6.60	28.50	8.27	9.84	42.03
Operating charges	(0.95)	(0.98)	(0.84)	(1.50)	(1.48)	(1.24)
<b>Return after operating charges</b>	<b>4.35</b>	<b>5.62</b>	<b>27.66</b>	<b>6.77</b>	<b>8.36</b>	<b>40.79</b>
Distributions	(3.85)	(4.71)	(2.58)	(6.08)	(7.14)	(3.81)
Retained distributions on accumulation units	–	–	–	6.08	7.14	3.81
<b>Closing net asset value per units</b>	<b>107.92</b>	<b>107.42</b>	<b>106.51</b>	<b>175.42</b>	<b>168.65</b>	<b>160.29</b>
*after direct transaction costs of	(0.16)	(0.28)	(0.16)	(0.25)	(0.42)	(0.24)
<b>Performance</b>						
Return after charges	4.05%	5.28%	33.97%	4.01%	5.22%	34.13%
<b>Other information</b>						
Closing net asset value (£'000)	474,647	485,244	524,461	599,826	676,434	684,147
Closing number of units	439,821,397	451,740,320	492,390,107	341,930,408	401,080,885	426,831,323
Operating charges	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Direct transaction costs	0.14%	0.25%	0.17%	0.14%	0.25%	0.17%
<b>Prices</b>						
Highest unit price (p)	114.93	119.72	110.49	182.59	180.15	163.78
Lowest unit price (p)	101.98	105.94	81.75	162.02	159.88	119.63

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.



## COMPARATIVE TABLES

	R distribution			R accumulation		
	2023	2022	2021	2023	2022	2021
<b>Change in net assets per unit (p)</b>						
<b>Opening net asset value per unit</b>	<b>98.12</b>	<b>98.04</b>	<b>75.51</b>	<b>154.21</b>	<b>147.66</b>	<b>110.92</b>
Return before operating charges*	4.82	6.07	26.37	7.52	9.07	38.87
Operating charges	(1.61)	(1.67)	(1.45)	(2.54)	(2.52)	(2.13)
<b>Return after operating charges</b>	<b>3.21</b>	<b>4.40</b>	<b>24.92</b>	<b>4.98</b>	<b>6.55</b>	<b>36.74</b>
Distributions	(3.45)	(4.32)	(2.39)	(5.54)	(6.55)	(3.53)
Retained distributions on accumulation units	–	–	–	5.54	6.55	3.53
<b>Closing net asset value per units</b>	<b>97.88</b>	<b>98.12</b>	<b>98.04</b>	<b>159.19</b>	<b>154.21</b>	<b>147.66</b>
*after direct transaction costs of	(0.14)	(0.26)	(0.15)	(0.23)	(0.39)	(0.22)
<b>Performance</b>						
Return after charges	3.27%	4.49%	33.00%	3.23%	4.44%	33.12%
<b>Other information</b>						
Closing net asset value (£'000)	6,776	13,134	13,227	18,026	27,680	29,520
Closing number of units	6,922,836	13,385,681	13,492,111	11,323,786	17,950,148	19,992,291
Operating charges	1.62%	1.62%	1.62%	1.62%	1.62%	1.62%
Direct transaction costs	0.14%	0.25%	0.17%	0.14%	0.25%	0.17%
<b>Prices</b>						
Highest unit price (p)	104.52	109.83	101.81	166.26	165.42	151.04
Lowest unit price (p)	92.68	96.84	75.67	147.43	147.13	111.03

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 July 2023
C distribution	1.32%
C accumulation	1.32%
I distribution	0.87%
I accumulation	0.87%
R distribution	1.62%
R accumulation	1.62%

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 distribution performance

	Since launch*	10 years	5 years	3 years	1 year	6 months
Artemis Global Income Fund **	269.8	125.8	22.0	46.9	4.2	0.0
Artemis Global Income Fund ***	270.2	124.9	21.8	47.6	3.6	(0.8)
MSCI AC World NR GBP	285.3	169.8	51.5	37.3	6.8	5.4
IA Global Equity Income NR	216.8	120.8	41.1	38.8	7.0	3.0
Position in sector	7/12	12/22	29/33	10/38	33/41	38/41
Quartile	3	3	4	2	4	4

Past performance is not a guide to the future.

\* Source: Lipper Limited/Artemis from 19 July 2010 to 31 July 2023, in sterling. All figures show total returns with dividends and/or 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 distribution is disclosed as it is the representative unit class.

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