Artemis Alpha Trust plc (the 'Company')
LEI: 549300MQXY2QXEIL3756

Annual Report for the year ended 30 April 2024

Financial Highlights

	Year ended 30 April 2024	Year ended 30 April 2023
Total returns		
Net asset value per ordinary share*	**15.1%**	1.3%
Ordinary share price*	**12.3%**	(1.2)%
FTSE All-Share Index	**7.5%**	6.0%
Revenue and dividends		
Revenue earnings per ordinary share	**7.89p**	6.74p
Dividends per ordinary share	**6.80p**	6.20p
Ongoing charges*	**1.06%**	1.08%

	As at 30 April 2024	As at 30 April 2023
Capital		
Net Assets (£'000)	**135,329**	119,817
Net asset value per ordinary share	**413.68p**	366.02p
Ordinary share price	**351.00p**	319.00p
Net gearing*	**13.1%**	13.4%

Total returns to 30 April 2024	**3 years**	**5 years**	**10 years**	**Since 1 June 2003****
Net asset value per ordinary share*	(8.9)%	26.0%	43.3%	652.0%
Ordinary share price*	(16.5)%	32.1%	39.9%	574.6%
FTSE All-Share Index	23.9%	30.1%	75.8%	371.2%

** The date when Artemis was appointed as Investment Adviser
* Alternative Performance Measure
Source: Artemis/Datastream

Chairman's statement

Performance

During the year ended 30 April 2024 your Company's net asset value per share rose by 15.1% and the share price by 12.3% (on a total return basis). In comparison the benchmark FTSE All- Share Index rose by 7.5%.

During the second half of the year your portfolio enjoyed a stronger absolute and relative performance after a difficult first half dominated by uncertainty and volatility. In the six months to the end of April 2024 the net asset value per share rose by 27.3% and the share price by 34.2% versus 14.2% for the benchmark.

Although the FTSE All-Share Index is our formal benchmark, a significant proportion of the companies in the portfolio form part of the FTSE 250 Index which rose by 6.3% over the year and 18.8% for the last 6 months. As we have reminded shareholders in the past, the portfolio bears little relationship to the FTSE All-Share and the stock-selection is not constrained by it. As the last three years have shown, short-term performance is likely to bear very little resemblance to the benchmark; our aim remains to out-perform it over the long term.

Portfolio

The year to 30 April 2024 was good for equities globally as a consequence of lower inflation and improving economic conditions, thereby reducing concerns over the likelihood of stagflation. The fading impact of the shock to energy and commodity markets which followed Russia's 2022 invasion of Ukraine has been an important contributor to the improved macro outlook. Investor confidence has increased as expectations over the future path of interest rates has become clearer, even if its timing remains uncertain. In addition, corporate earnings have been stronger than expected, leading to an increase in equity valuations.

The Manager remains optimistic about the UK and the prospects for consumer spending in particular. Although the portfolio includes some international names (such as Alphabet, Nintendo and Universal Music), about half of your Company's net assets are invested in companies which are primarily exposed to the UK economy. A combination of improving macro conditions and a more positive outlook for UK corporate earnings has drawn attention to the low valuations placed on many UK companies such as banks and housebuilders, as evidenced by the spate of takeovers in the latter sector. While portfolio turnover has been slow, recent additions such as Rolls-Royce and Alphabet have helped to deliver positive returns. Many of our investee companies stand to benefit from the improved prospects for consumer spending reinforced by clear competitive advantages, going some way to vindicating the thesis for selecting them. In addition, the prospect of a more stable political environment after the election may help to improve the rating of UK companies, a process which has already become evident.

Revenue earnings and dividends

We are pleased to be able to deliver growth in dividends at a rate in excess of inflation, in line with our policy.

The Board has declared a final dividend of 4.26p (2023: 3.87p) per share, which will be subject to approval by shareholders at the Company's Annual General Meeting on 17 October 2024. The final dividend, once approved by shareholders, will be paid on 25 October 2024 to those shareholders on the register at 20 September 2024, with an ex-dividend date of 19 September 2024.

Total dividends declared for the year will therefore amount to 6.80p per share (2023: 6.20p), an increase of 9.7% on the previous year and ahead of the increase in the Consumer Prices Index (8.7% as at April 2023), in line with our target.

Investment income from our investee companies increased significantly during the year by 18.5%. The subsidiary company continues to have healthy reserves with which to support the Company's earnings and dividends, if required.

Revenue earnings per share stand at 7.89p for the year to 30 April 2024, an increase of 17.1% on the 6.74p of the prior year.

Share buy backs/discount

We have maintained a pragmatic approach to buying back our shares throughout the year, aiming to do so when we believe this is in the best interests of our shareholders. Adverse market conditions and sentiment have resulted in wider discounts amongst our peer group and in the investment trust sector generally. Despite a widening in the Company's discount, from 12.8% to 15.2%, particularly towards the end of 2023, buyback activity was limited. Our judgement was that the risk of impacting the liquidity in our shares was likely to outweigh the scope to create material accretion in net asset value per share. The Company bought back 21,756 shares at a total cost of £70,075 and an average discount of 13.0%.

The discount to underlying asset value averaged 14.2% over the course of the year, ranging from 8% to 22%, and at the year-end stood at 15.2%. As at 28th June 2024, the share price stood at 366p, representing a discount of 11.6%.

Triennial liquidity events

Under the arrangements approved by shareholders in 2021, a tender offer for up to 25% of the Company's shares is due to take place later this year, subject to the level of the discount prevailing at that time as well as shareholder approval. We will be writing to shareholders nearer the time to outline our plans.

Annual General Meeting

Your Company's Annual General Meeting ("AGM") will take place on Thursday, 17 October 2024 at 10.00 a.m. at the London offices of Artemis Fund Managers, Cassini House, 57 St. James's Street, London, SW1A 1LD. The Directors look forward to welcoming shareholders.

The Investment Manager will make a presentation and answer any questions on the portfolio performance and strategy.

I would encourage you to make use of your proxy votes by completing and returning the form of proxy enclosed with this report.

Outlook

I am pleased that we have been able to deliver stronger returns for shareholders, particularly during the second half of the year. The Manager remains optimistic about the prospects for the stocks which are held in the portfolio; current conditions appear to offer an improved environment in which our investee companies can thrive.

Board succession

During the year the Board will be looking for a successor to take over from me as Chairman as I will have completed the recommended tenure for that role. In the meantime I look forward to being able to report further progress for your Company.

Contact us

Shareholders can keep up to date with Company performance by visiting artemisalphatrust.co.uk where you will find information on the Company, a monthly factsheet and detailed quarterly updates from the Investment Manager.

The Board is always keen to hear from shareholders. Should you wish to, I can be contacted by email on alpha.chairman@artemisfunds.com.

Duncan Budge
Chairman
1 July 2024

Investment Manager's Review

In the 12-month period ending 30th April 2024, the Trust's NAV increased by 15.1% (net of fees) compared to a 7.5% rise in the FTSE-All Share Index.

Returns for the year were driven primarily by strong performance in the second half, a period in which the Trust's NAV rose by 27.3% compared to a 14.2% rise in the FTSE-All Share. A number of holdings contributed over 1% each to NAV performance including Ryanair (+32.7%/+2.1%), Alphabet (+53.0%/+2.0%), Plus500 (+39.9%/+1.8%), Nintendo (+18.7/+1.3%), Redrow (+29.8%/+1.3%), Rolls-Royce (+32.4%/+1.3%), Frasers Group (+6.2%/+1.2%), and NatWest (+26.9%/+1.2%).

A positive aspect of the year's performance, which is evident from the names above, was that it came from a wide variety of industries driven by different factors. Another is the validation of our activity, as NatWest (September 2022), Alphabet (November 2022), and Rolls Royce (January 2024) are all large holdings that were purchased recently.

The year witnessed a rise in stock prices even as bond yields increased. Several factors contributed to this outcome. Inflation indicators moderated as pressures diminished, resulting in less uncertainty about the future path of interest rates. This happened without a significant deceleration in economic activity, which meant corporate earnings were stronger than expected. Also, continued hope for the benefits of artificial intelligence lifted stock performance, especially in the US market.

We are optimistic about the portfolio's potential returns, based on a combination of bottom-up and top-down factors that can be summarised as follows:

- Macro headwinds to UK corporate earnings and confidence are set to ease.
- Low valuations in UK domestic assets (e.g. Housebuilding/ Banking) should lead to high future returns.
- "Wide moat" businesses (e.g. Technology/Media) continue to offer up attractive opportunities.
- Capital intensive industries (e.g. Retail/Aerospace) are benefitting from a capital cycle.

In the following sections, we review the reasoning behind these views, major events in the year, and any adjustments to positioning. Compared to the prior year, our views are broadly unchanged and if anything, conviction has been strengthened by recent developments. For this reason, portfolio turnover has been low.

UK macro headwinds are set to ease

For all that has been written about the inexpensiveness of UK stocks (including by us), it is a fair challenge to highlight that corporate earnings growth has been challenged. We think that some of the headwinds faced are easing, and this increases the possibility of more robust earnings growth.

One main reason for this view is improved prospects for consumer spending. UK consumers spent 2% less than they did in 2019, while US consumers spent 14% more (as of Q4 2023). People have saved more after facing higher energy prices, inflation and interest rates.

The energy shock hit the UK and Europe harder than the US. According to the Bank of England, UK utility bills went up to more than twice 2019 levels, while the US bills increased by only 30%. In Europe, unlike the United States, gas prices set electricity prices, and in August 2022, gas prices soared to $600 per barrel of oil equivalent because of problems and fear from Russia/Ukraine. This was almost 10 times higher than in the US.

Gas prices have fallen to more normal levels owing to lower demand in Europe, better use of gas storage facilities, and improved LNG supply. UK utility prices are still high because of the price cap system that the UK uses. This is forecast to fall by about £500 in 2024. This, along with rising wages and the cut to national insurance, means that spending is likely to rebound, which should provide a tailwind to corporate profits.

Another reason is the prospect of a more stable political environment. Betfair odds suggest that Labour is more than 90% likely to win the next election, probably with a large majority. Both the Conservative and Labour parties have moved to the centre lately. This makes the set-up for the upcoming election very different from 2019, where voters were divided and policies were wildly divergent.

The rise in mergers and acquisitions activity shows growing confidence in UK assets returns. Our holdings in Redrow, Hargreaves Lansdown and Currys have recently received offers. For the last two, we think this shows value in our portfolio and the wider market, as the potential buyer was a financial sponsor willing to pay a significant premium even without synergies.

UK discounted assets to benefit from reduced risk premium

Approximately 50% of NAV is invested in companies primarily exposed to the UK in Housebuilding (Redrow/Bellway/ Berkeley/Springfield), Retail (Frasers/Currys), Banking (NatWest/Lloyds) and Financial Services (Hargreaves Lansdown/Singer). These are all sectors that are geared to an improving economy.

We also have a stake in the end-of-life industry through Castelnau, which is a unique opportunity with excellent potential returns as it changes its business to leverage its strong position in a resilient and growing industry.

The Labour party is placing housebuilding at the centre of its policy with an aim of increasing build rates. As the CMA's lengthy investigation recently noted, the complex and difficult planning system is the key factor that drives high returns for incumbent housebuilders. An improvement in planning processing should be a positive for all industry participants through improving returns on capital. A relaxation to the point that would encourage new entrants or create excess supply seems unlikely.

The recent depressed market has only served to compound the undersupply of housing in the UK. This accumulated deficit of over 1 million homes underpins long-term demand for new homes. Housebuilders trade at book value, scarcely above the liquidation value of their physical assets, and yet their franchises are likely to offer double digit cash returns for years to come.

UK bank stock prices have trailed behind those of other European banks as their earnings have not felt the full positive effect of higher interest rates yet owing to their practice of hedging against interest rate changes. We think that it is improbable that interest rates will go back to zero, and so our opinion is that UK banks have experienced a lasting boost in their returns, which is only temporarily obscured.

The low valuation of UK banks (earnings yields in excess of 15%) is also anomalous given that asset quality and capital ratios have been steadily improving. This is something that Andrew Bailey, Governor of the Bank of England acknowledged in a speech in February when he said, "(compensation for) the cost of risk – the return equity investors demand – does not seem to have fallen in line with what appears to be greater stability and lower risk per unit of equity."

UK banks are trading at discounts of greater than 20% to tangible equity and are targeting returns on that equity of about 15%. With limited reinvestment opportunities, earnings are distributed to shareholders through share buybacks and dividends. As we believe targeted returns to be achievable, we expect returns of close to 20% (15%/0.8x) with greater upside in the short-term if valuation multiples were to rise. For these reasons, we increased our position in NatWest during the year.

Wide moat businesses offer attractive returns

Approximately 30% of the Trust's assets are invested in businesses that are characterised by their visible competitive advantage. This includes holdings in Technology and Media (Alphabet/UMG/Autotrader), Video Games & Hobbies (Nintendo), Pharmaceuticals & Staples (GSK/Haleon) and Infrastructure (Vinci/AENA).

A holding was purchased in Alphabet in 2022 and increased significantly in early 2023 as concerns over the potential impact of OpenAI on Google's market position led to share price weakness.

Alphabet's share price has recovered as product releases such as Gemini have demonstrated its advantages in AI as a first mover and with vertical integration (semiconductors, products, and distribution). Earnings have also been supported by a greater focus on cost efficiency. Despite its share price performance, we continue to see attractive returns in Alphabet, supported by a reasonable starting valuation (20x PE) and strong earnings growth prospects.

In a similar vein, Universal Music Group (UMG) suffered price weakness as concerns grew that generative AI would impact industry revenue adversely as the shift to online streaming did in the early 2000s. We purchased a holding in May 2023 as we felt this risk was overstated. AI may increase the supply of music, but it is unlikely to change how it is distributed, with distribution dominated by a handful of digital service platforms who can ensure copyright is enforced.

Music preferences are slow to change because of the human phenomenon of "ear worm" (the experience of a song or melody becoming stuck in the brain). This means that UMG in effect owns a royalty on the music industry, which is growing as streaming penetration continues to grow and we were able to purchase it an attractive price due to the opportunity created by AI uncertainty.

The trust has been invested in Nintendo since 2016 and it has been a major holding since 2021. We have always believed that the fluctuations in earnings from the video gaming cycle have caused the market to undervalue its intellectual property, as it hides both the potential and the longevity of its earnings.

The most important development for Nintendo in the year was the successful launch of its Mario movie, which earned over $1.3bn in the box office (as the second biggest animated film ever) and was watched by over 169m people. This showed more evidence of the company's ability to make money from its IP beyond video games. Nintendo has a market value of $64bn and net cash of $15bn, so its enterprise value is less than $50bn, which is significantly lower than the price Microsoft paid for Activision even though Nintendo makes almost 2x the operating profit of Activision at the time of acquisition.

Capital cycles leading to improved profitability

Approximately 30% of the Trust's capital is invested in sectors benefitting from a capital cycle that should lead to improved profitability. This includes Airlines (Easyjet/Ryanair), Aerospace (Rolls Royce) and Food Delivery (Delivery Hero/ Just Eat).

The pandemic had a severe effect on the aerospace industry as it caused huge cash losses and supply chain problems. Boeing and Airbus made nearly 2,000 fewer planes during this time, which together with ageing fleets and now resurgent demand, have resulted in plane order books being full until the end of the decade.

Supply chain challenges have been hard to overcome. Pratt and Whitney's troubles with the GTF engine and Boeing's production difficulties mean that no amount of money can resolve the capacity shortage that has emerged in recent years. We think this will likely increase the earnings power of our positions in low-cost carriers Ryanair and Easyjet as it implies that the outlook for yields is robust. Easyjet in particular, is trading at an attractive valuation as its market value is barely more than the total value of its £1bn of net cash and owned Airbus planes.

We began investing in Rolls Royce at the beginning of 2024 because we think it is benefitting from similar dynamics. Engine makers have unmatched ability to increase prices because demand exceeds supply, meaning they do not need to compete for market share.

Aftermarket pricing increased by more than 10% in 2023 and peer Safran has guided for future increases to be 3-4% ahead of inflation. As aftermarket spare parts typically have a gross margin of 60%, price increases have a geared impact on profitability, especially for Rolls Royce where the starting point is an 11% operating margin.

The food delivery industry has seen valuations fall sharply as the cost of capital has risen. This is leading to market rationalisation and consolidation. Since fixed capital investments are low, capacity should adapt to market changes, and increase profitability. We still think that the service is in the beginning stages of adoption and so industry growth rates will improve.

John Dodd and Kartik Kumar
Fund Managers
Artemis Fund Managers Limited
1 July 2024

Current positioning

April 2024 – Key Sector Exposures

2024	2023	Sector	Companies
13.3%	13.2%	Housebuilding	Redrow, Bellway, Berkeley, Springfield
13.2%	14.8%	General Retail	Frasers Group, Currys
12.5%	6.1%	Financial Services	Plus500, Hargreaves Lansdown, Singer Capital Markets
12.0%	12.8%	Airlines	easyJet, Ryanair
10.8%	7.7%	Banking	Lloyds, NatWest
9.5%	5.4%	Aerospace & Defence	Reaction Engines, Rolls Royce, Melrose Industries
8.7%	9.1%	Video Games & Hobbies	Nintendo, Hornby
8.6%	5.9%	Technology & Media	Alphabet, Universal Music, Auto Trader
6.5%	4.1%	Pharmaceuticals & Staples	GSK, Haleon
6.1%	6.8%	Funeral Services	Castelnau
5.5%	6.2%	Food Delivery	Delivery Hero, Just Eat Takeaway
4.6%	2.1%	Infrastructure	Vinci, AENA

Source: Artemis

ESG & Stewardship at Artemis

Introduction

Artemis believes stewardship activities contribute to improvement in company performance and to consequently higher returns for our clients.

At Artemis, ESG analysis and integration is the responsibility of each individual fund management team. Whilst individual strategies are distinctive, views and ideas are shared across investment teams. The Stewardship team provides a dedicated resource to support and challenge our investment teams, on ESG integration, engagement, voting and related activities.

As part of the Net Zero Asset Managers initiative, in November 2022, Artemis initially committed 80% of assets under management to be in-scope. Developed market equities and all equity and fixed income assets within funds designated SFDR Article 8 & 9 and those funds with a sustainability objective are included in our in-scope assets.

Additionally, we have submitted our 2023 Stewardship Report to the Financial Reporting Council (FRC), our fourth submission under the new Stewardship Code. Our 2020, 2021 and 2022 reports received signatory status.

We use a number of data service providers to support our stewardship activities and have developed internal tools to inform and guide our stewardship focus and continue to strengthen our controls and processes.

Approach to stewardship

Our Stewardship team is specifically dedicated to supporting our fund managers by providing insight, research and analysis, discussion, and challenge on ESG and stewardship matters including:

- Identifying and incorporating a wider set of risks and opportunities into investment processes including ESG factors
- Monitoring and escalating issues with companies and exercising shareholder rights at company meetings, and
- Working collaboratively to develop and promote best practice internally and across the industry.

Artemis Alpha stewardship approach

The Company employs a long-term value investing strategy to pick stocks. The framework is based on valuing companies using fundamental analysis and sizing positions according to the attractiveness of share prices relative to our view of their value. The Company's strategy is underpinned by a core principle that the key driver of long-term value is achieving a high and sustainable return on capital employed.

Investee companies that do not adhere to strong governance, look after their employees, or fail to recognise environmental and societal harm risk inhibiting their long-term potential. The investment process requires a focus on the ESG risks and opportunities present in each business and industry.

Risk mitigation

Our view is that ESG factors are most pertinent in their contribution when creating the risk of a permanent loss of capital, usually through obsolescence, excessive leverage, misjudged investment value, misallocations of capital, and regulation.

This is evident in the portfolio where we are significantly underweight controversial sectors (as defined by ESG data providers), and therefore are less exposed to key ESG risks that may affect the prospects of these businesses.

We actively monitor ESG risks and opportunities primarily through our fundamental and bottom-up driven research process for monitoring existing and evaluating prospective investments. We frequently engage with management teams on strategy, capital allocation, incentive alignment and communication.

Engagement and voting

The Fund Manager continues to engage with current and potential holdings, ensuring appropriate monitoring and due diligence for the portfolio. During the year, the Fund Manager conducted 119 (vs 220 last year) company meetings, 42 with existing and 77 with prospective investments.

During the year we engaged with Ryanair and easyJet on actions being taken to meet transition plan targets. Areas of focus are on aircraft fleet renewal and other operational efficiencies, sustainable aviation fuel (SAF) capacity in the short to medium term (next 10 years), and the role of new technology in the longer term. This is a challenging sector to decarbonise which is also reliant on behaviour change and Government policy support to deliver the right incentives. We will continue to engage on both the short and longer-term transition strategies.

Additionally, at the end of 2023, we conducted a thematic review of the largest UK listed banks including Lloyds Banking Group and NatWest Group, which included analysis of disclosure, and then direct engagement on their approaches to sustainability but with a specific focus on climate change risks and opportunities and how this could impact the investment case. The underlying investment thesis in this context is that financing the transition to a low-carbon economy will require large amounts of capital. Our analysis and engagement provided further insight on some of the detailed work banks are doing on climate related risks and opportunities, areas for further development and the challenges to delivering on their plans. We will continue to monitor overall disclosure on target setting, transition plans, and progress on those plans.

Portfolio carbon emissions

The portfolio's carbon emissions relative to its benchmark, the FTSE All-Share Index, have remained elevated since the onset of COVID-19 in early 2020. This is because our airline holdings are still recovering from depressed revenues that penalised their carbon intensity statistics based on emissions per revenue. Furthermore, expectations of a strong recovery in revenue have resulted in increases in their share prices, leading to an increased weighting in the portfolio of their temporarily inflated carbon intensity figures. We expect this measure to normalise somewhat as airline revenues fully recover in 2024. The chart below shows that the Company's carbon intensity excluding its airlines weighting is significantly better than that of the benchmark.

Strategy and Business Review

Culture, Purpose & Values

The Directors drive the culture, purpose and values of Artemis Alpha Trust plc ("the Company") and by doing so seek to ensure that these three elements underpin the delivery of strategy.

Culture

The Company is an externally managed investment trust and as such its culture is created by the Board of Directors and the Investment Manager, Artemis Fund Managers Limited.

Purpose

Our purpose is to provide our shareholders, large or small, with a diversified and cost-effective investment opportunity to achieve long-term growth.

Values

The Company provides access to a portfolio of investments which the Board expects to be managed with integrity, transparency and accountability and with appropriate due diligence to environmental, social and governance matters. The constructive and openly discursive nature of the relationship between the Board and the Investment Manager helps ensure their respective values are aligned and focused on delivering the strategy for our shareholders.

The core values that contribute to the Board culture include:

- Integrity: the Board seeks to comply with all applicable laws and regulations, both to the letter and in spirit.
- Accountability: the Board recognises the need to explain the Company's performance to investors and to highlight the risks in a clear and open manner. The Board has a key role to encourage and challenge the performance of its Investment Manager and its other service providers to help ensure the Company continues to provide shareholder value.
- Respect & Transparency: the Board seeks to communicate clearly and openly with shareholders and service providers respecting individual opinions and expectations. Contact by shareholders via the Chairman's email address is welcomed.

- Environmental, Social and Governance ("ESG") issues: We are stewards of our shareholders' capital; both the Board and Investment Manager recognise that this comes with responsibilities. ESG considerations are integrated within the investment process.

An overview of the Investment Manager's culture, values and stewardship activities can be found on the website at www.artemisfunds.com.

Corporate strategy & policy

The Company is incorporated in England as a public company limited by shares. Its business as an investment trust is to buy and sell investments with the aim of achieving the investment objective and in accordance with the policy set out in the Annual Report.

Gearing

The Company uses gearing (i.e. borrowing) as part of its investment strategy. The Company's Articles of Association limit borrowing to 50 per cent of the Company's net assets. However, the investment policy limits this to 25 per cent of net assets. Subject to compliance with this restriction, the level of borrowing is a matter for the Board, whilst the utilisation of borrowings is delegated to the Investment Manager. This utilisation may be subject to specific guidelines established by the Board from time to time. The current guidelines permit the Investment Manager to employ borrowings of up to 20 per cent of net assets. The Company had no borrowing facility as at 30 April 2024 or the prior year. The use of gearing by the Investment Manager will vary from time to time, reflecting its views on the potential returns from stock markets. The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis. At the year end, net gearing was created through the use of contracts for difference and stood at 13.1 per cent (13.4 per cent as at 30 April 2023).

Leverage

Leverage is defined in the Alternative Investment Fund Manager Directive ("AIFMD") as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions. The Company has an agreement with Northern Trust to utilise contracts for difference as a form of leverage. A result of 100 per cent indicates that no leverage has been used. The Company is permitted by its Articles to borrow up to 50 per cent; however the Company's investment policy restricts this to 25 per cent. The Company is permitted to have additional leverage of up to 100 per cent of its net assets, which results in permitted total leverage of 225 per cent under both ratios. Artemis as the Alternative Investment Fund Manager ("AIFM"), monitors leverage limits on a daily basis and reviews them annually. No changes have been made to these limits during the year. At 30 April 2024, the Company's leverage was 124.8 per cent (134.2 per cent as at 30 April 2023) as determined using the gross method and 115.1 per cent (115.7 per cent as at 30 April 2023) under the commitment method (refer to the Glossary in the Annual Report).

The Investment Manager requires prior Board approval to:

- enter into any stock lending agreements;
- borrow money against the security of the Company's
- investments; or
- create any charges over any of the Company's investments.

Operating environment

The Company operates as an investment trust company and is an investment company within the meaning of section 833 of the Companies Act 2006 (the "Act").

The Company has been approved as an investment trust in accordance with the requirements of section 1158 of the Corporation Taxes Act 2010 which remains subject to the Company continuing to meet the eligibility conditions and ongoing requirements of the regulations. The Board will manage the Company so as to continue to meet these conditions.

The Company has no employees and delegates most of its operational functions to service providers.

Current & future developments

A summary of the Company's developments during the year ended 30 April 2024, together with its prospects for the future, is set out in the Chairman's Statement and the Investment Manager's Review. The Board's principal focus is the delivery of positive long-term returns for shareholders and this will be dependent on the success of the investment strategy. The investment strategy, and factors that may have an influence on it, such as economic and stock market conditions, are discussed regularly by the Board and the Investment Manager. The Board regularly considers the ongoing development and strategic direction of the Company, including its promotion and the effectiveness of communication with shareholders.

Key Performance Indicators ("KPIs")

The performance of the Company is reviewed regularly by the Board and it uses a number of KPIs to assess the Company's success in meeting its objective. The KPIs which have been established for this purpose and remain unchanged from the prior year are

Discrete annual total returns

Year ended 30 April	Net asset value*	Share price*	FTSE All-Share Index
2019	(8.6)%	(8.9)%	2.6%
2020	(11.3)%	(12.5)%	(16.7)%
2021	56.0%	80.8%	26.0%
2022	(21.9)%	(24.8)%	8.7%
2023	1.3%	(1.2)%	6.0%
2024	15.1%	12.3%	7.5%

Source: Artemis/Datastream

*Alternative Performance Measure

Dividends per ordinary share

Year ended 30 April	Ordinary	Special	Total pence per ordinary share	Ordinary increase	Total increase/ (decrease)
2019	5.00p	0.50p	5.50p	5.3%	(13.4)%
2020	5.20p	–	5.20p	4.0%	(5.5)%

2021	5.30p	–	5.30p	1.9%	1.9%
2022	5.60p	–	5.60p	5.7%	5.7%
2023	6.20p	–	6.20p	10.7%	10.7%
2024	6.80p	–	6.80p	9.7%	9.7%

Ongoing charges as a proportion of shareholders' funds

As at 30 April	Ongoing charges*
2019	0.93%
2020	0.95%
2021	0.93%
2022	1.01%
2023	1.08%
2024	1.06%

*Alternative Performance Measure

Discount management

In addition to the above KPIs, the Board monitors the discount to the underlying net asset value at which the shares trade. The discount levels throughout the financial year are shown within the Financial Highlights. No specific discount target has been set, but the Board sets the share buyback policy and has given the Investment Manager discretion to exercise the Company's authority to buyback its own shares from time to time to address any imbalances between the supply and demand in the Company's shares or at times where it is believed this is the best use of available capital to increase NAV per share. This is reviewed regularly by the Board. The Board will also use its authority to issue new ordinary shares from time to time should there be excess demand for the Company's shares. The Company will also provide tender offers every three years. The first tender offer was due in 2021, for 25 per cent of the ordinary shares then in issue. However, following a shareholder vote, this did not take place. The next proposal for a tender offer will be in 2024

Principal risks and risk management

As required by the 2018 UK Code of Corporate Governance, the Board has carried out a robust assessment of the principal and emerging risks facing the Company. Following consideration of the investment, regulatory and operational risks, the Board has concluded that there are no emerging risks facing the Company that require to be added to the principal risks.

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company and the controls established to mitigate these risks. This is an ongoing process and the risk map, including any emerging risks, is formally reviewed every six months. The Board has given particular attention to those risks that might threaten the long-term viability of the Company. Further information on the Company's internal controls is set out in the corporate governance section. As an investment company the main risks relate to the nature of the individual investments and the investment activities generally; these include market price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

A summary of the key areas of risk, their movement during the year and their mitigation is set out below:

Movement	**Principal risk**	**Mitigation/control**
Increased	**Strategic risk** Investment objective and policy are not appropriate in the current market and not favoured by investors. The share price performance lags net asset value performance resulting in widening discount. The Company's net assets decline to a level where it becomes uneconomic to continue.	The investment objective and policy of the Company is set by the Board and is subject to ongoing review and monitoring in conjunction with the Investment Manager. Views expressed by the Company's shareholders are also taken into account. The Investment Manager reviews the absolute level of discount and relative discount against the sector. The Company is authorised to buy back its own shares and an agreed buy back policy has been established by the Board and communicated to shareholders. The Company operates a triennial liquidity event for shareholders. The tender offers may be made every three years, with the next event due in 2024, subject to the level of the discount prevailing at that time as well as shareholder approval. The Board regularly reviews the Company's overall strategy, its net assets and ongoing running costs. Going concern and viability assessments are considered at each period end.
No change	**Investment risk** The Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider UK market (FTSE All-Share Index). Whilst the focus is on large cap companies the Company also invests in small cap (listed), AIM traded and unquoted investments which can be subject to a higher degree of risk than that of larger quoted investments. From time to time, the Company may also have significant exposure to particular industry sectors. The Investment Manager's high conviction	The Board considers that this risk is justified by the longer-term nature of the investment objective and the Company's closed-ended structure, and that such investments should be a source of positive returns for shareholders. Risks are diversified through having a range of investments in the portfolio covering various sectors. The Board discusses the investment portfolio and performance with the Investment Manager at each Board meeting, and at each month end between Board meetings, and part of this discussion includes a detailed review of the Company's unquoted

	approach leads to a concentrated portfolio, typically containing between 25 and 60 stocks, carrying a higher degree of stock-specific risk than a more diversified portfolio. The Company is dependent upon the Investment Manager's ability to create an investment portfolio capable of generating attractive returns. Failure to do so may mean the Company becomes unattractive to investors. The Company's functional and reporting currency is Sterling. However, the investment objective and policy may result in a proportion of the Company's portfolio being invested in overseas equities denominated in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these investments and their returns. The Company may borrow money for investment purposes or use derivatives to similarly increase exposure. If the investments fall in value, any borrowings/use of derivatives will magnify the extent of the losses.	investments, their valuations and future prospects together with their portfolio weighting. The Board receives management information concerning the geographical sector split of the portfolio. All borrowing arrangements entered into require the prior approval of the Board and gearing levels, provided by the use of contracts for difference, are regularly discussed and reviewed by the Board and Investment Manager.
No change	**Legal and regulatory risk** A breach of s1158 Corporation Tax Act 2010 could lead to a loss of investment trust status and the resultant taxation of realised capital gains. The principal laws and regulations the Company is required to comply with are the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the Market Abuse Regulation, the UK Listing Rules and the Disclosure Guidance and Transparency Rules. A breach of the FCA listing rules could lead to suspension of the Company's shares. A breach of the Companies Act 2006 could lead to criminal proceedings and reputational and financial damage	The Investment Manager provides investment, company secretarial, administration and accounting services through the use of qualified professionals. The Board receives internal control reports from the Investment Manager confirming compliance with regulations. These reports also highlight any matter that the Compliance team feel should be brought to the Board's attention along with any items discussed during internal audit review. The Board meets each year with the Risk and Compliance team to discuss the areas of risk appropriate to the Company and the control environment.
No change	**Operational risk** Disruption to, or failure of, the Investment Manager's and/or any other third-party service providers' systems which could result in an inability to report accurately and monitor the Company's financial position. The Investment Manager loses the portfolio manager or other key staff.	Both the Investment Manager and the Administrator have established business continuity plans to facilitate continued operation in the event of a major service disruption or disaster. All of the Investment Manager's and Administrator's staff can work from home with no impact to operations The Investment Manager has a breadth of expertise across the fund management team with appropriate succession plans in place. Regular engagement is had with the Board to allow consideration of any change and discussion on continued support of the Investment Manager as necessary.
No change	**Cyber risk** Failure or disruption of the Investment Manager's and/ or any other third-party service providers' systems as a result of a cyber-attack, data theft, service disruption, etc. Whilst the risk of a direct financial loss by the Company is low, the risk of reputational damage and the risk of loss of control of sensitive information is more significant	The Company benefits from the cyber security precautions in place at the Investment Manager and also those in place at the third party suppliers such as the registrar and depositary. The Board receives regular updates from the Investment Manager and its service providers which describe the protective measures taken to enhance security
No change	**Climate change** Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers.	The Investment Manager takes such risks into account, along with the downside risk to any company (whether in the form of its business prospects or market valuation or sustainability of dividends) that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses

		with operations spread geographically, which should limit the impact of location- specific weather events
Increased	**Geopolitical risk** There remains a risk to market stability from geo-political conflicts, such as the Middle East, Russia and Ukraine.	The Board discusses such risks as they arise and continues to monitor the impact on the Company and its investments through discussion with the Investment Manager as and when required. The Company does have one holding in an area operating in a conflict, Plus 500 (Israel), however, the Investment Manager is comfortable that there are contingencies and robust systems in place to cope with such a period. The Board is provided with information from the Investment Manager on the measures it takes to assess the potential impact of geopolitical events, both on itself and other service providers, and any action taken.
Increased	**Inflationary risk** Central Bank decisions, the war in Ukraine or any other economic or political factors or global events, may result in increasing levels of inflation directly affecting economic growth and the underlying investment values.	The Board and its Investment Manager have regular discussions to assess the likely impact of inflation rates on the economy, corporate profitability and asset prices.

Further information on risks and the management of them are set out in the notes to the financial statements

Long-term Viability

Viability statement

In accordance with the Association of Investment Companies (the "AIC") Code of Corporate Governance, the Board has considered the longer-term prospects for the Company beyond the twelve months required by the going concern basis of accounting. The period assessed is for five years to 30 April 2029. The Board has concluded that this period is appropriate, carefully taking into account the inherent risk with equities and the long-term investor outlook.

As part of its assessment of the viability of the Company, the Board has discussed and considered each of the principal risks, including matters relating to geopolitical events and inflationary pressures and their impact on the Company. Although the damage to the economy through the total impact of inflation and the geopolitical effect of Russia/Ukraine and ongoing conflict in the Middle East cannot be known with certainty, the Board has considered these risks and does not believe they affect the long-term viability of the Company and its portfolio. The Investment Manager carried out stress testing scenarios in connection with a longer-lasting damage to the economy, of the withdrawal of liquidity by the financial authorities and of a significant and sustained fall in markets. The Board has also considered the liquidity of the Company's portfolio to ensure that it will be able to meet its liabilities, as they fall due. The results demonstrated the impact on the Company's NAV throughout the five year period and on its expenses and liabilities. The Board have concluded, given the realisable nature of the majority of the investments, the level of ongoing expenses and the availability of gearing that the Company will continue to be in a position to cover its liabilities.

The Board also made the below assumptions when considering the viability of the Company:

- Investors will continue to wish to have exposure to UK listed companies
- There will be continued demand for investment trusts
- Regulation will not increase to such an extent as to hinder operational efficiency

The Directors do not expect there to be any significant change in the current principal risks and the associated mitigating controls. The Directors also do not envisage any change in strategy or objectives that would prevent the Company from continuing to operate over the five-year period. The Company's assets are liquid, its commitments limited, and it intends to continue as an investment trust.

The tender offers in 2024 and 2027 of up to 25% of the share capital have been considered by the Board when assessing the continuing viability of the Company.

Taking into account the results of the above review, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2029.

Life of the Company

The Company operates a triennial liquidity event for shareholders. The tender offers may be made every three years, with the next event due in 2024, subject to shareholder approval. Each tender offer will be for up to 25 per cent of the ordinary shares then in issue (excluding Treasury Shares), save that the Board may, at its sole discretion, decide not to proceed with the tender offer if the ordinary shares are trading at a premium to the estimated tender price. The tender price will be the prevailing NAV (cum-income) per ordinary share (or, if the Board elects to use a tender realisation pool, the net proceeds of realising the assets in that pool) less the tender offer costs and less a discount of 3 per cent.

Share capital

Shareholders authorised the Company to buyback up to 14.99 per cent of the shares in issue at the 2023 AGM.

During the year, the Company bought back 21,756 ordinary shares. As at 30 April 2024, 4,547,322 ordinary shares are held in treasury.

A resolution to renew the Company's buyback authority will be put to shareholders at the AGM on 17 October 2024. No ordinary shares were issued during the year.

Duty to Promote the Success of the Company

How the Directors discharge their duties under s172 of the Companies Act

Under section 172 of the Companies Act 2006, the Directors have a duty to act in a way they consider, in good faith, would be likely to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so have regard to:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

As an externally managed investment trust, the Company has no employees or physical assets, our stakeholders include our shareholders and service providers, such as the Investment Manager.

The below tables describe the impact of engagement with our stakeholders that has taken place during the year:

Engagement with key stakeholders

Stakeholders	Engagement	Impact
Shareholders and potential investors	The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company for the benefit of the Company's shareholders. Whilst certain responsibilities are delegated, Directors' responsibilities are set out in the schedule of matters reserved for the Board and the terms of reference of its committees, which are reviewed regularly by the Board. To help the Board in its aim to act fairly as between the Company's members, it welcomes communications with all shareholders and encourages attendance at the AGM. The Annual and Half-Yearly reports are issued to shareholders and are available on the Investment Manager's website together with other relevant information including monthly factsheets. The Board receives regular feedback on shareholder meetings from the Company's broker and any shareholder communications are reviewed and discussed by the Board to ensure that shareholder views are taken into consideration as part of any decisions taken by the Board. The Chairman is available to contact via email: alpha.chairman@artemisfunds.com. The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. For further information see 'Relations with shareholders'.	Through the publication of the Annual Report and the Half-Yearly Report, monthly factsheets and Fund Manager updates to the Company's website, shareholders are kept informed of Company performance and portfolio activities. Shareholders are encouraged to raise questions and communicate with the Chairman and the Fund Manager.
Artemis as Investment Manager • Fund management • Company secretarial • Financial reporting • Sales & marketing • Compliance and internal control functions • Internal audit • Investment administration (outsourced to Northern Trust)	The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and agreed by the Board. The Board receives regular updates from the Investment Manager and other service providers and ensures that information pertaining to its stakeholders is provided, as required, as part of the information presented in regular Board meetings. During the year, additional monthly performance updates were held between the Board and Investment Manager to discuss the continuing impact of geopolitical, inflationary and market movements events on the Company and its portfolio. The Board, with the support of its Management Engagement Committee, regularly reviews the performance of the	During the year, the performance of the Company rose significantly versus its benchmark. Buybacks were limited during the year as adverse market conditions and sentiment resulted in wider discounts across the investment trust sector. It was felt that additional buybacks may have limited impact on material NAV accretion with the potential risk of reducing liquidity in the market for the Company's shares, which marginally increased on the prior year. Further detail can be found within the Chairman's Statement and Investment Manager's Review. The Fund Manager worked on a number of initiatives to raise the profile of the Company and generate interest with new investors; taking part in various shareholder in-person events and webinars during the year.

	Investment Manager and other service providers to ensure that services provided to the Company are managed efficiently and effectively for the benefit of the Company's shareholders. The Board has reviewed and discussed plans for the future marketing and development of the Company with the Investment Manager during the year.	
Other third-party service providers • Northern Trust as Depositary and Custodian • Singer Capital Markets as Broker • Link Group as Registrar • Johnston Carmichael LLP as Auditor	As an investment company, all services are outsourced to third-party service providers. The Board considers the Depositary, the Custodian, the Broker, the Registrar and Auditor to be key stakeholders. The Board relies on the Investment Manager to work alongside these key stakeholders to meet the requirements of the Company. The Management Engagement Committee reviews the performance of these service providers, along with their fee levels, and provides recommendations to the Board as required. The Investment Manager has constant interaction with the service providers and provides feedback to and from the Board as required. Annual assurance reports are received to assist the review of the internal control environments of the Depositary and Custodian. Reporting from the Company's broker, auditor and Company Secretary alerts the Board to proposed changes in regulations and market practice. This helps the Board plan and manage risks as well as complying with relevant regulations.	The performance of the third-party service providers is continually monitored throughout the year. Assurance is sought through regular due diligence to ensure high standards of governance are in place. Cost effectiveness is also tracked through regular benchmarking. As and when appropriate, third-party providers present to the Board. Following formal review by the Management Engagement Committee and Board at the year end, it was concluded that the service providers were operating effectively and provided a good level of service.
Investee companies	The Board sets the investment objective and discusses stock selection, asset allocation, and the ESG qualities of investee companies with the Fund Manager at each Board meeting. The Fund Manager often engages with the investee companies, prior to investment and on an on-going basis. The Fund Manager has discretionary powers to exercise the Company's voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Fund Manager has a dedicated Stewardship Team which supports the Fund Manager in the investment process.	The engagement of the Fund Manager with the investee companies aids awareness and understanding of the ESG environment in operation as well as the valuation and prospects of their businesses. During the year, the Fund Manager voted at shareholder meetings
The Association of Investment Companies ("AIC")	The Company is a member of the AIC which is an organisation that represents the interests of investment trusts, VCTs and other closed-end funds.	The Board chooses to report under the AIC Code of Corporate Governance. This Code better reflects the nature of an investment trust in the context of good corporate governance.

Board discussions and decisions

The following are the key discussions and decisions made by the Board during the year ended 30 April 2024:

Topic	Background & discussion	Decision
Share buyback policy	The level of buybacks and their effect on the discount is discussed at each Board meeting.	The Board weighs up the effectiveness of the buyback policy in helping to maintain/reduce the discount to NAV

	The Board discussed the current strategy in relation to buybacks and the proposed tender offer.	against its impact on the Company and the liquidity in its shares. In light of the intended tender offer in 2024, the Board decided to continue its current strategy and continue to monitor the level of discount in line with discount and liquidity requirements.
Triennial Tender Offer	The Board discussed the proposed tender offer for 2024, which was in line with its objective to provide such a mechanism every three years. Discussions were held to plan any steps required to complete this corporate action such as potential costs of third parties, timetable and the movement in the share price discount during the year.	The Company broker was approached to discuss actions required. Discussions on this are on-going.
Gearing	The Board discussed the current policy of providing gearing through Contracts for Difference.	The Board decided that this policy continues to provide gearing at a reduced cost compared to a conventional bank loan.
Internal audit	The Audit Committee regularly discusses the possibility of the Company having its own internal audit function.	The Audit Committee and Board continue to believe that the Company should continue to place reliance on the internal audit function performed by the Investment Manager.
Board structure and Director succession	The Board continued to discuss the structure of the Board and succession of Directors taking into account the number of years served, the mix of skills required to perform the role and the diversity requirements of the new legislation.	The Board acknowledged that it had not been compliant with the gender diversity guidelines during the year, reiterating its commitment to return to a position of compliance as part of its succession plan.
Administrator, Custodian, Depositary, Banker	The Management Engagement Committee and the Board discussed each of the new service providers to the Company to ensure service level agreement KPIs were being met.	The Board concluded that it was satisfied that the services were being provided in accordance with the agreed KPIs.

The Board's primary focus is to promote the long-term success of the Company for the benefit of the Company's shareholders. In doing so, the Board has regard to the impact of its actions on other stakeholders as described above.

Directors & Diversity

The Directors of the Company and their biographical details are set out in the Annual Report.

No Director has a contract of service with the Company.

The Board supports the recommendations of the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic representation on Boards.

The Board recognises the principles of diversity in the boardroom and acknowledges the benefits of having greater diversity, including gender, social and ethnic backgrounds, and cognitive and personal strengths. When setting a new appointment brief, the Nomination Committee considers diversity alongside seeking to ensure that the overall balance of skills and knowledge that the Board has remains appropriate, so that it can continue to operate effectively. The Board's Director selection policy will, first and foremost, seek to identify the person best qualified to become a Director of the Company, based on merit and objective criteria.

The Board is currently comprised of four male Directors and one female Director.

The FCA announced a new policy statement on diversity and inclusion on company boards in April 2022. Companies are required to comply with the targets or explain the reasons for non-compliance. Outlined below is an overview of the targets and the Company's compliance as at 30 April 2024 in accordance with Listing Rule 9.8.6R(9):

- **40% of the Board is represented by women:** As at 30 April 2024, and during the year, 20% of the individuals on the Board were women and therefore, the Company does not meet this diversity target and a further explanation is given in the Annual Report.
- **One woman in a senior position:** as at 30 April 2024 one woman was in a senior position. In the absence of Executive roles, the Company considers the role of Senior Independent Director, to qualify as a senior position. Mrs Stewart held the role of Senior Independent Director from 28 June 2023.
- **One individual from a minority ethnic background:** as at 30 April 2024, no individuals on the Board are from a minority ethnic background. The Company does not therefore meet this diversity target.

The following tables set out the data on the diversity of the Directors on the Company's Board in accordance with Listing Rule 9.8.6R(10) as at 30 April 2024. This data has been collected through consultation with the Board. Subsequent to the record date of 30 April 2024, Mrs Stewart became the Senior Independent Director.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[2]	Percentage of executive management[2]
Men	4	80%	1[1]	N/A	N/A
Women	1	20%	1	N/A	N/A
Not specified/prefer not to say	N/A	N/A	N/A	N/A	N/A

1 Mr Duncan Budge is the Chairman of the Board, a senior position as defined by the Listing Rules and Mrs Victoria Stewart is the Senior Independent Director.

2 Not applicable as the Company does not have an executive management team.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[1]	Percentage of executive management[1]
White British or other White	5	100%	2	N/A	N/A
Mixed/Multiple ethnic groups	0	0%	0	N/A	N/A
Asian/Asian British	0	0%	0	N/A	N/A
Black/African/Caribbean/Black British	0	0%	0	N/A	N/A
Other ethnic group, including Arab	0	0%	0	N/A	N/A
Not specified/prefer not to say	N/A	N/A	N/A	N/A	N/A

1 Not applicable as the Company does not have an executive management team.

Modern Slavery Act 2015

The Company does not fall within the scope of the Modern Slavery Act 2015 as its turnover is less than £36m. Therefore, no slavery and human trafficking statement is included in the Annual Report.

Sustainability and Environmental, social and governance

('ESG') matters

The Board recognises that the most material way in which the Company can have an impact on ESG is through responsible ownership of its investments. The Board has appointed Artemis as Investment Manager, who engages actively with investee companies undertaking extensive evaluation and engagement on a variety of matters such as strategy, performance, risk, dividend policy, governance and remuneration. All risks and opportunities are considered as part of the investment process in the context of enhancing the long-term value of shareholders' investments. This will include matters relating to material environmental, human rights and social considerations that will ultimately impact the profitability of a company or its stock market rating and hence these matters are an integral part of Artemis' thinking as investors. The ESG and stewardship engagement of Artemis is detailed in the Annual Report.

Financial Statements

The financial statements of the Company are included in the Annual Report.

For and on behalf of the Board

Duncan Budge
Chairman
1 July 2024

Statement of Directors' Responsibilities in respect of the Annual Report

Management report

Listed companies are required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (the "Rules") to include a management report in their annual financial statements. The information required to be in the management report for the purpose of the Rules is included in the Strategic Report. Therefore no separate management report has been included.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The financial statements are published on a website, artemisalphatrust.co.uk, maintained by the Company's Investment Manager, Artemis. Responsibility for the maintenance and integrity of the corporate and financial information relating to the Company on this website has been delegated to the Investment Manager by the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 April 2024, and of the profit or loss of the Company for the year then ended;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

- in so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

For and on behalf of the Board
Duncan Budge
Chairman
1 July 2024

Financial Statements

Statement of Comprehensive Income
For the year ended 30 April 2024

	Year ended 30 April 2024			Year ended 30 April 2023		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Investment income	3,617	–	3,617	3,052	–	3,052
Total revenue	**3,617**	**–**	**3,617**	**3,052**	**–**	**3,052**
Gains/(losses) on investments	–	13,261	13,261	–	(4,609)	(4,609)
Net gains on derivatives	–	3,511	3,511	–	4,134	4,134
Currency (losses)/gains	–	(65)	(65)	–	140	140
Total income	**3,617**	**16,707**	**20,324**	**3,052**	**(335)**	**2,717**
Expenses						
Investment management fee	(155)	(619)	(774)	(154)	(615)	(769)
Other expenses	(502)	(4)	(506)	(456)	(8)	(464)
Profit/(loss) before finance costs and tax	**2,960**	**16,084**	**19,044**	**2,442**	**(958)**	**1,484**
Finance costs	(247)	(986)	(1,233)	(115)	(461)	(576)
Profit/(loss) before tax	**2,713**	**15,098**	**17,811**	**2,327**	**(1,419)**	**908**
Tax	(131)	–	(131)	(101)	–	(101)
Profit and total comprehensive income/(expense) for the year	2,582	15,098	17,680	2,226	(1,419)	807
Earnings per ordinary share	7.89p	46.15p	54.05p	6.74p	(4.30p)	2.44p

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Artemis Alpha Trust plc. There are no minority interests.

Statement of Financial Position

As at 30 April 2024

	2024 £'000	**2023 £'000**
Non-current assets		
Investments	132,752	109,979
Investments in subsidiary undertaking	4,548	4,264
	137,300	**114,243**
Current assets		
Derivative assets	6	2,187

Other receivables	1,590	2,208
Cash and cash equivalents	1,685	7,653
Total assets	**140,581**	**126,291**
Current liabilities		
Derivative liabilities		(227)
Collateral pledged	(280)	(1,930)
Other payables	(4,745)	(4,438)
Total liabilities	(5,252)	(6,474)
Net assets	**135,329**	**119,817**
Equity attributable to equity holders		
Share capital		373
Share premium	676	676
Special reserve	18,709	18,779
Capital redemption reserve	217	217
Retained earnings – revenue	3,921	3,437
Retained earnings – capital	111,433	96,335
Total equity	**135,329**	**119,817**
Net asset value per ordinary share	**413.68p**	**366.02p**

These financial statements were approved by the Board of Directors and signed on its behalf on 1 July 2024.

Duncan Budge
Chairman

Statement of Changes in Equity

For the year ended 30 April 2024

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2024							
At 1 May 2023	373	676	18,779	217	3,437	96,335	119,817
Total comprehensive income:							
Profit for the year	–	–	–	–	2,582	15,098	17,680
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(70)	–	–	–	(70)
Dividends paid	–	–	–	–	(2,098)	–	(2,098)
At 30 April 2024	**373**	**676**	**18,709**	**217**	**3,921**	**111,433**	**135,329**
For the year ended 30 April 2023							
At 1 May 2022	373	676	21,964	217	3,117	97,754	124,101
Total comprehensive income:							
Profit/(loss) for the year	–	–	–	–	2,226	(1,419)	807
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(3,185)	–	–	–	(3,185)
Dividends paid	–	–	–	–	(1,906)	–	(1,906)
At 30 April 2023	**373**	**676**	**18,779**	**217**	**3,437**	**96,335**	**119,817**
For the year ended 30 April 2024							

The notes in the Annual Report form part of these financial statements.

Statement of Cash Flows
For the year ended 30 April 2024

	2024 £'000	2023 £'000
Operating activities		
Profit before tax	17,811	908
Interest payable	1,233	576
(Gains)/losses on investments	(13,261)	4,609
Net gains on derivatives	(3,511)	(4,134)

Currency losses/(gains)	65	(140)
Increase in other receivables	(255)	(6)
Increase/(decrease) in accrued expenses	51	(12)
Net cash inflow from operating activities before interest and tax	**2,133**	**1,801**
Interest paid	(1,233)	(576)
Irrecoverable overseas tax expense	(138)	(101)
Net cash inflow from operating activities	**762**	**1,124**
Investing activities		
Purchase of investments	(31,032)	(24,601)
Sale of investments	22,272	28,584
Sale of derivatives	5,586	583
Collateral pledged	(1,650)	3,900
Net cash (outlow)/inflow from investing activities	**(4,824)**	**8,466**
Financing activities		
Repurchase of ordinary shares into treasury	(70)	(3,251)
Dividends paid	(2,098)	(1,906)
Increase in intercompany loan	327	691
Net cash outflow from financing activities	**(1,841)**	**(4,466)**
Net (decrease)/increase in net funds	**(5,904)**	**5,124**
Net funds at the start of the year	**7,653**	**2,389**
Effect of foreign exchange rate changes	(65)	140
Net funds at the end of the year	**1,685**	**7,653**
Cash and cash equivalents	**1,685**	**7,653**

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention modified by the revaluation of financial assets and liabilities held at fair value through profit or loss, in accordance with UK-adopted international accounting standards ("IFRSs") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts and venture capital trusts issued by the Association of Investment Companies ("AIC") in July 2022 is consistent with the requirements of IFRS, the financial statements have been prepared in accordance with the SORP.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 April 2024 have been applied consistently, other than where new policies have been adopted. The financial statements are presented in Sterling, which is the currency of the primary environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

2. Income

	Year ended 30 April 2024 £'000	**Year ended 30 April 2023 £'000**
Investment income*		
UK dividend income	1,970	1,812
Overseas dividend income	797	662
	2,767	**2,474**
Other income		
Bank interest	42	62
Derivative income	606	507
Liquidity fund income	202	9
	850	**578**
Total income	**3,617**	**3,052**

* All investments are designated at fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

A number of UK quoted investments are domiciled in other countries for tax purposes.

3. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2024.

Year ended **Year ended**

	30 April 2024 £'000	30 April 2023 £'000
2023 final dividend of 3.87p per ordinary share (2022: 3.46p)	1,267	1,140
2024 interim dividend of 2.54p per ordinary share (2023: 2.33p)	831	766
	2,098	**1,906**

Dividends are recognised in the period in which they are due to be paid and are shown through the Statement of Changes in Equity. Therefore, the Statement of Changes in Equity for the year ended 30 April 2024 reflects the final dividend for the year ended 30 April 2023 which was paid on 29 September 2023. For the year ended 30 April 2024, a first interim dividend of 2.54p has been paid on 31 January 2024 and a final dividend of 4.26p has been proposed for payment on 25 October 2024. The final dividend is proposed for approval by the shareholders at the forthcoming AGM.

Set out below are the total dividends paid/proposed in respect of the financial year ended 30 April 2024.

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
First interim dividend of 2.54p per ordinary share (2023:2.33p)	831	766
Final dividend of 4.26p per ordinary share (2023: 3.87p)	1,394	1,267
	2,225	**2,033**

4. Earnings/(loss) per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £2,582,000 (2023: £2,226,000) and on 32,713,342 (2023: 33,033,940) ordinary shares, being the weighted average number of ordinary shares, excluding Treasury Shares, in issue during the year.

The capital gain per ordinary share is based on the capital gain for the year of £15,187,000 (2023: £1,419,000 capital loss) and on 32,713,342 (2023: 33,033,940) ordinary shares, being the weighted average number of ordinary shares, excluding Treasury Shares, in issue during the year.

5. Share capital

(a) Share capital

	2024 Shares	2024 £'000	2023 Shares	2023 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	32,713,152	327	32,734,908	327
Ordinary shares of 1p each held in treasury	4,547,322	46	4,525,566	46
	37,260,474	**373**	**37,260,474**	**373**

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2023	32,734,908	327
Repurchase of ordinary shares into treasury	(21,756)	–
Ordinary shares in issue on 30 April 2024	**32,713,152**	**327**

The movements in ordinary shares held in treasury during the year are as follows:

	2024 Shares	2024 £'000	2023 Shares	2023 £'000
Balance brought forward	4,525,566	46	3,505,800	35
Repurchases of ordinary shares	21,756	-	1,019,766	11
Balance carried forward	**4,547,322**	**46**	**4,525,566**	**46**

During the year ended 30 April 2024, the Company repurchased 21,756 shares into treasury (2023: 1,019,766).

There were no subscription shares in issue at 30 April 2024 (2023: nil).

6. Net asset value per ordinary share

The net asset value per share is based on the net assets of £135,329,000 (2023: £119,817,000) and on 32,713,152 (2023: 32,734,908) ordinary shares, being the number of ordinary shares in issue at the year end, excluding Treasury Shares.

7. Transactions with the Investment Manager and related parties

The amounts paid to the Investment Manager and amounts outstanding at the year-end are disclosed in this Annual Report.

However, the existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under IAS 24: Related Party Disclosures, the Investment Manager is not considered to be a related party.

Fees payable during the year to the Directors and their interest in shares of the Company are considered to be related party transactions and are disclosed within the Directors Remuneration Report.

All transactions with subsidiary undertakings were on an arm's length basis. During the year, transactions in securities between the Company and its subsidiary undertakings amounted to £nil (2023: £nil). The subsidiary did not pay a dividend to Artemis Alpha Trust plc during the year to 30 April 2024

(2023: £nil). Interest payable by Artemis Alpha Trust to Alpha Securities Trading in respect of the intercompany loan over the period is recognised based on Bank of England official Bank Rate.

8. Events after the reporting period

As a consequence of company activities, the Company's investment in Rated People was written down by 40% from £500,000 at year end to £300,000.

9. Annual Report

This Annual Report announcement does not constitute the Company's statutory accounts for the years ended 30 April 2024 and 30 April 2023 but is derived from those accounts. Statutory accounts for the year ended 30 April 2023 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 April 2024 and the year ended 30 April 2023 both received an audit report which was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not include statements under section 498 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2024 have not yet been delivered to the Registrar of Companies and will be delivered following the Annual General Meeting.

The audited Annual Report for the year ended 30 April 2024 will be available to shareholders shortly. Copies may be obtained from the Company's registered office at Cassini House, 57-59 St James's Street, London SW1A 1LD or at the website at artemisalphatrust.co.uk.

A copy of the Annual Report will also be submitted to the FCA's National Storage Mechanism and will soon be available for inspection at: https://data.fca.org.uk/nsm/nationalstoragemechanism

The Annual General Meeting of the Company will be held on Thursday, 17 October 2024 at 10:00a.m.

For further information, please contact:

Artemis Fund Managers Limited
Company Secretary
Telephone: 0131 225 7300

2 July 2024