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This announcement contains inside information for the purposes of Article 7 of Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended ("**MAR**"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for arranging for the release of this announcement on behalf of Artemis Alpha Trust plc is Artemis Fund Managers Limited as Company Secretary.

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ARTEMIS ALPHA TRUST PLC
("Artemis Alpha" or the "Company")
Proposed combination with Aurora Investment Trust plc
LEI: 549300MQXY2QXEIL3756

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2 September 2024

Introduction

The Board of Artemis Alpha Trust plc is pleased to announce that heads of terms have been agreed for a proposed combination of the assets of the Company with the assets of Aurora Investment Trust plc ("**Aurora**") (the "**Proposals**").

Highlights of the Proposals include:

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- Artemis Alpha's assets to be rolled into Aurora in exchange for the issue of new ordinary shares in Aurora ("**New Aurora Shares**") to shareholders in Artemis Alpha ("**Shareholders**" or "**Artemis Alpha Shareholders**") by way of a scheme of reconstruction under section 110 of the Insolvency Act 1986 (the "**Scheme**").
- A cash exit option will be made available for up to 25 per cent. of Artemis Alpha's issued share capital, allowing Artemis Alpha Shareholders the ability to exit part of their investment. The cash exit will be offered at a 2 per cent. discount to Artemis Alpha's Residual NAV, less a liquidity adjustment of 20 per cent. of the relevant proportion of Artemis Alpha's unquoted holdings that will transfer to Aurora pursuant to the Scheme (as detailed below).
- Strong commonality in high-conviction investment philosophies between Artemis Alpha and Aurora allows for continued exposure to a similar investment strategy to Artemis Alpha.
- Following the implementation of the Proposals, Artemis Alpha Shareholders who roll over are expected to benefit from holding a larger investment trust with a reduced ongoing charges ratio and enhanced secondary market liquidity.
- Artemis Alpha Shareholders who roll over will benefit from Aurora's fee structure, whereby Aurora does not charge a base management fee and remunerates its manager, Phoenix Asset Management Partners Limited ("**Phoenix**"), only by way of a performance fee that is paid in shares.
- A number of major Artemis Alpha Shareholders, representing 31.5 per cent. of the Company's issued share capital, have expressed support for the Proposals. Likewise, Aurora shareholders, representing 31.6 per cent. of Aurora's issued share capital, have expressed support for the Proposals.
- The Scheme is expected to become effective during Q4 2024 subject to, amongst other things, obtaining the relevant shareholder approvals and regulatory and tax clearances.
- Conditional on the Scheme becoming effective, Aurora Investment Trust plc intends to change its name to Aurora UK Alpha plc.

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Duncan Budge, Chairman of the Company, commented:

"After consulting our major shareholders, the Board is pleased to propose the combination of Artemis Alpha and Aurora, which will bring together two investment companies that have long shared a high-conviction investment approach to create a larger, more attractive proposition for investors with enhanced secondary market liquidity and a lower cost ratio."

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Summary of the Proposals

Pursuant to the Proposals, Artemis Alpha Shareholders will have the opportunity to receive in respect of their ordinary shares in Artemis Alpha ("**Artemis Alpha Shares**"):

(a) New Aurora Shares (the "**Rollover Option**"); and/or

(b) Cash, subject to Cash Option Adjustments (as described below) and an overall limit of 25 per cent. of Artemis Alpha Shares in issue on an aggregate basis (the "**Cash Option**").

The default option under the Scheme is for Shareholders to receive New Aurora Shares pursuant to the Rollover Option. The number of New Aurora Shares issued to Artemis Alpha Shareholders under the Rollover Option will be calculated on a Formula Asset Value ("**FAV**") to FAV basis, as described in the section titled "Calculation of Formula Asset Value and Scheme entitlements" below.

Cash entitlements under the Cash Option will be calculated on the basis of the Cash Pool NAV. The Cash Pool NAV will be calculated as the Residual NAV multiplied by the percentage of Artemis Alpha Shares accepted under the Cash Option (limited to 25 per cent. of Artemis Alpha Shares in issue) (the "**Cash Exit Percentage**"), less:

Â Â Â Â discount of 2 per cent. of such amount (the "**Cash Option Discount**"); and

Â Â Â Â discount of 20 per cent. of the value of the Company's unquoted holdings that form part of the Rollover Pool multiplied by the Cash Exit Percentage (the "**Liquidity Adjustment**"),

(altogether, the "Cash Option Adjustments").

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The Liquidity Adjustment reflects, for those shareholders who elect for the Cash Option, the benefit of being able to exit their holdings without immediately triggering a requirement upon the Company to sell assets that may not be readily realisable within the timeframe of the Proposals. Â The Liquidity Adjustment will be calculated on the calculation date of the Scheme (the "Calculation Date") on the value of the unquoted holdings transferring to Aurora pursuant to the Scheme.

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For illustrative purposes only, based on the latest value of the unquoted investments (Â£5,735,524, comprising 4.1 per cent. of Artemis Alpha's portfolio) and assuming maximum take up of the Cash Option of 25 per cent. of Artemis Alpha's Shares in issue, the Liquidity Adjustment would be equal to Â£286,776. On a per share basis, this would be equivalent to a further discount of 0.83% to the estimated Residual NAV per share under the Cash Option. For the avoidance of doubt, the value of the Liquidity Adjustment will depend on the take up under the Cash Option and the value (on the Calculation Date) of the unquoted investments that transfer to Aurora pursuant to the Scheme, and may therefore differ from this figure.

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The Proposals will be conditional upon, amongst other things, the approvals of Artemis Alpha Shareholders and Aurora shareholders at their requisite general meetings in relation to the Proposals.

Further details and definitions of capitalisation terms are set out in the section titled "Calculation of Formula Asset Value and Scheme entitlements" below.

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Benefits of the Proposals

- **Enhanced optionality:** The Board believes that, in offering all Artemis Alpha Shareholders options to rollover Artemis Alpha Shares into Aurora and/or elect for a cash exit in respect of a proportion of their Artemis Alpha Shares, the Proposals represent a superior opportunity compared to the triennial 25 per cent. tender offer that would otherwise be offered at or around the AGM in October 2024.
- **Investment strategy:** Aurora's patient and focused investment approach differentiates it from many of its peers with a portfolio of high conviction investments. This strategy aligns well with Artemis Alpha's own investment approach.
- **Performance track record:** Since the appointment of its Investment Manager, Phoenix, in January 2016, Aurora has returned a share price total return of 91.2 per cent. and a NAV total return of 102.4 per cent., compared to the total return of the FTSE All Share of 91.8 per cent. over the same time period.
- **Enhanced liquidity:** Artemis Alpha Shareholders rolling over into Aurora are expected to benefit from exposure to a larger investment trust with enhanced secondary market liquidity following the implementation of the Proposals.
- **Favourable fee structure and lower ongoing charge ratio ("OCR"):** Aurora has a unique and favourable fee structure, whereby no base management fee is charged by Phoenix, which is remunerated by way of a performance fee payable in shares and only if the benchmark is outperformed. Furthermore, the enlarged Aurora UK Alpha will be able to spread its fixed costs over a larger pool of assets, which is expected to result in a lower OCR.
- **Phoenix cost contribution:** Phoenix, in demonstrating its support for the Proposals, has agreed to make a contribution of Â£750,000 to the costs of the Proposals, of which at least Â£250,000 will be allocated to meeting the fixed direct costs incurred by Artemis Alpha.
- **Improved share rating:** Artemis Alpha Shareholders that roll over are expected to benefit from an uplift in the market valuation of their investment. As at 29 August 2024, Artemis Alpha's share price discount to NAV was 11.5 per cent., whereas Aurora's share price discount to NAV was 7.8 per cent.

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Information on Aurora Investment Trust plc

Aurora Investment Trust plc, a UK investment trust managed by Phoenix since January 2016, targets attractive capital for its shareholders by investing in a relatively concentrated portfolio of mainly UK listed equities. Aurora takes a high conviction approach to its investments. Aurora's net assets were Â£215.7 million as at 29 August 2024.

Since the appointment of its Investment Manager, Phoenix, in January 2016, Aurora has returned a share price total return of 91.2 per cent. and a NAV total return of 102.4 per cent., compared to the total return of the FTSE All Share of 91.8 per cent. over the same time period.

Phoenix receives no management fee and is remunerated only by way of a performance fee equal to one third of the outperformance of the Aurora NAV total return over the FTSE All-Share total return for each financial year (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The performance fee is subject to a cap of: (i) 4 per cent. per annum of the end of year Aurora NAV in the event that the Aurora NAV per share has increased in absolute terms over the period; or (ii) 2 per cent. in the event that the Aurora NAV per share has decreased in absolute terms over the period. When a performance fee is payable, it is paid by way of the issuance of shares, which are subject to a fixed three-year lock-in period, at the end of which a test is performed and if there has been underperformance during the lock-in period, Aurora is entitled to require Phoenix to transfer back to Aurora some or all of the shares it received in satisfaction of the performance fee.

Conditional on the Scheme becoming effective, Aurora intends to change its name to Aurora UK Alpha plc.

Aurora has a triennial continuation vote, with the next vote expected to take place at the AGM in June 2025.

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Background to the Proposals

In concluding the Company's strategic review in 2018, the Board stated its intention to propose to Shareholders a tender offer for up to 25 per cent. of the issued Artemis Alpha Shares at or around the time of the Company's annual general meeting in October 2021, and every three years thereafter, subject to the level of discount prevailing at the time. In 2021, owing to changing circumstances, the Board sought and obtained Shareholder approval not to put forward proposals for a tender offer that year, and instead committed itself to a sustainable share buyback policy with the target of maintaining a narrow discount to NAV. At that time, the Board was clear that it still intended to propose a tender offer every three years, with the next tender offer scheduled to occur in 2024. As a result of adverse market conditions, it became evident that the buyback policy was not effective in maintaining a narrow discount to NAV.

The Company's annual report for the year ended 30 April 2024 (the "2024 Annual Report") stated the Board's intention to carry out a tender offer of up to 25 per cent. of issued Artemis Alpha Share capital in 2024. However, the Board has also been reviewing alternative options for the future of the Company because the tender offer, if fully taken up, would leave the Company reduced in size and therefore potentially less attractive to investors.

The options reviewed included combinations with other listed closed-ended funds and a solvent liquidation with no rollover option. In conducting its review, the Board took account of the Company's distinctive investment approach and the fact that many of the Company's investors are long term supporters of the listed investment fund structure and concluded that a rollover into an investment trust or similar vehicle was the most appropriate outcome.

Furthermore, given the intention to propose a tender offer in 2024, the Board wished to see an appropriate cash exit opportunity being made available to Shareholders as well as an option for ongoing liquidity in the shares of a suitable listed closed ended fund.

Given the commonality in terms of a focused investment strategy and the performance track record, the Board identified Aurora as a suitable vehicle with which to explore a combination and commenced discussions in July 2024. The Board believes that the Proposals provide Artemis Alpha Shareholders with greater choice through access to a focused investment opportunity with enlarged scale as well as the option of a partial cash exit.

For the avoidance of doubt, the tender offer referred to in the 2024 Annual Report will not be proposed to Shareholders in addition to, or alongside, the Proposals.

The Board wishes to place on record its appreciation of the long-standing dedication and service to the Company of its investment manager, Artemis Investment Management LLP ("**Artemis**").

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Shareholder support

The Company has consulted with a number of its major Shareholders who have indicated support via letters of intent for the Proposals. These Shareholders represent approximately 31.5 per cent. of the Company's issued share capital.

Likewise, Aurora Shareholders representing 31.6 per cent. of Aurora's issued share capital have expressed support for the Proposals.

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Cost contribution

Phoenix, the investment manager to Aurora, has demonstrated its conviction in the combined fund and support for the Proposals by agreeing to contribute Â£750,000 towards the fixed direct transaction costs to be incurred by Aurora and Artemis Alpha in connection with the Proposals (the "**Phoenix Contribution**").

The Phoenix Contribution will be allocated first to Aurora's fixed direct costs up to a cap of Â£500,000, with the balance of at least Â£250,000 contributing to Artemis Alpha's fixed direct costs in connection with the Proposals.

The Phoenix Contribution will be reflected in the calculation of the FAVs. It is expected that the Phoenix Contribution will constitute a waiver of Phoenix's future entitlement to a performance fee.

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Investment Manager

Separate to the Proposals, Kartik Kumar, the lead manager on Artemis Alpha, has accepted an offer from Phoenix to join its investment management team later in the year. John Dodd, a named manager on the Company's portfolio since June 2003, has announced his intention to retire from Artemis Investment Management at the end of the year.

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Calculation of Formula Asset Value and Scheme entitlements

The number of New Aurora Shares issued to Artemis Alpha Shareholders will be calculated on the basis of the ratio between Artemis Alpha's Rollover FAV and Aurora's FAV.

At the Calculation Date, Artemis Alpha will calculate a residual NAV (the "**Residual NAV**"). The Residual NAV will be calculated as the gross assets of Artemis Alpha as at the Calculation Date, plus the portion of the Phoenix Contribution attributable to Artemis Alpha, minus: (a) the value of the Liquidation Pool (which shall comprise: (i) a provision sufficient to meet any outstanding known liabilities of Artemis Alpha; (ii) a provision sufficient to meet any contingent or unknown liabilities of Artemis Alpha following its entry into liquidation, not expected to exceed Â£100,000; and (iii) the value of any of Artemis Alpha's unquoted investments that do not form part of the Rollover Pool); and (b) the value of any dividends or other distributions which are declared prior to the Calculation Date but not paid to Artemis Alpha Shareholders nor accounted for in the Artemis Alpha NAV as at the Calculation Date.

Based on the percentage of Artemis Alpha Shares accepted under the Cash Option (the "**Cash Exit Percentage**"), the Cash Pool NAV will be calculated as the Residual NAV multiplied by the Cash Exit Percentage, minus 2 per cent. of such amount (the "**Cash Option Discount**"), and minus 20 per cent. of the value of the Company's unquoted holdings that form part of the Rollover Pool multiplied by the Cash Exit Percentage (the "**Liquidity Adjustment**"), the combined value of the Cash Option Discount and the Liquidity Adjustment being the "**Cash Option Adjustments**").

The Cash Option Adjustments will be allocated to the Rollover Pool, up to the relevant proportion of Artemis Alpha's Scheme costs, and, thereafter, to the enlarged Aurora UK Alpha; as such it will benefit Artemis Alpha Shareholders who roll over and ongoing shareholders in Aurora UK Alpha.

Artemis Alpha's Rollover FAV will be calculated using the Residual NAV multiplied by the percentage of Artemis Alpha Shares accepted under the Rollover Option, plus the relevant portion of the Cash Option Adjustments.

As a result, Artemis Alpha's portfolio will be split into three notional pools, being (i) the Liquidation Pool; (ii) the Cash Pool (valued at the Cash Pool NAV); and (iii) the Rollover Pool (valued at Residual NAV less the Cash Pool NAV). In addition, certain of the unquoted investments held by Artemis Alpha may be allocated to the Liquidation Pool.

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Dividends

The Company intends to pay the final dividend proposed in respect of the financial year to 30 April 2024 subject to approval by Shareholders at the annual general meeting to be held on 17 October 2024.

The Company also intends to pay a pre-liquidation interim dividend to its Shareholders of at least the minimum size sufficient to ensure it maintains investment trust status.

For the avoidance of doubt, Artemis Alpha Shareholders will not qualify for any Aurora dividend with a record date before the date that the Scheme becomes effective. The New Aurora Shares issued under the Rollover Option will rank fully *pari passu* with the existing ordinary shares of Aurora for all dividends declared by Aurora on or after the date of their issue.

Aurora does not have a fixed dividend policy. However, the board of Aurora expects to distribute substantially all of the net revenue arising from the investment portfolio. Accordingly, Aurora is expected to pay an annual dividend that may vary each year. Aurora does not intend to change this approach as a result of the Proposals.

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Approvals and expected timetable

Implementation of the Proposals is subject to, amongst other things, the approval of the Company's Shareholders as well as regulatory and tax approvals and approval by the shareholders of Aurora.

The Company will publish a circular setting out full details of the Proposals and to convene the necessary general meetings to implement the Scheme. At the same time, Aurora will publish a prospectus in connection with the issue of New Aurora Shares pursuant to the Proposals and a circular to convene a general meeting of Aurora shareholders to approve the issue of New Aurora Shares pursuant to the Proposals. It is anticipated that such shareholder documentation will be published in October 2024.

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All references to the Company's shares in issue or issued share capital exclude treasury shares.

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City Code

In accordance with customary practice for schemes of reconstruction, The Panel on Takeover and Mergers has confirmed that the City Code on Takeovers and Mergers is not expected to apply to the combination of the Company and Aurora.

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Important Information

The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The material contained in this announcement is given as at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment. In particular, any proposals referred to herein are subject to revision and amendment.Â

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of such jurisdictions.

The New Aurora Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an exemption from registration under the Securities Act. Moreover, the New Aurora Shares have not been, nor will they be, registered under the applicable securities laws of Australia, Canada, Japan, New Zealand, the Republic of South Africa, or any member state of the EEA (other than any member state of the EEA where the shares are lawfully marketed). Further, Aurora is not, and will not be, registered under the US Investment Company Act of 1940, as amended.Â

The value of shares and the income from them is not guaranteed and can fall as well as rise due to, *inter alia*, stock market and currency movements. When you sell your investment you may get back less than you originally invested. Figures refer to past performance and past performance should not be considered a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

This announcement contains statements about the Company that are or may be deemed to be forward looking statements. Without limitation, any statements preceded or followed by or that includes the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance of the negative thereof, may be forward looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding financial position, strategy, plans, proposed acquisitions and objectives of Artemis Alpha or the enlarged Aurora, are forward looking statements.

These forward looking statements are not guarantees of future performance. Such forward looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statement. Due to such uncertainties and risks, readers should not rely on such forward looking statements, which speak only as of the date of this announcement, except as required by applicable law. Subject to their respective legal and regulatory obligations, both Artemis Alpha and Artemis expressly disclaim any obligations or undertaking to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR.

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