

ARTEMIS Alpha Trust *plc*

Half-Yearly Financial Report
for the six months ended
31 October 2017



ARTEMIS
The PROFIT Hunter

Contents

Group summary	1
Financial highlights	2
Chairman's Statement	3
Investment Manager's Review	5
Twenty-Five Largest Investments	9
Portfolio of investments	10
Portfolio analysis	13
Condensed income statement	14
Condensed statement of financial position	15
Condensed statement of changes in equity	16
Condensed statement of cash flows	17
Notes to the Half-Yearly Financial Report	18
Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report	23
Information for shareholders	24
General information	26

Group summary

Corporate objective & policy

The objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream. In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock-specific approach in managing the portfolio and, therefore, sector weightings are of secondary consideration. As a result of this approach the portfolio will not track any stock market index. There is no restriction on the number of investments that can be held in the portfolio.

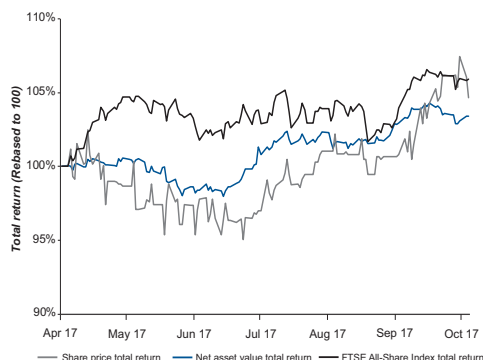
The Company also invests in unquoted companies. The Investment Management Agreement provides that at the time of investment these investments shall represent no more than 30 per cent of net assets. For the purpose of measuring this, unquoted investments will be measured by the lower of their cost or current valuation.

In addition, the Company can invest up to 30 per cent of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company will not invest more than 15 per cent of its gross assets in other investment companies listed on the main market of the London Stock Exchange.

Capital structure

The capital structure of the Company as at 31 October 2017 consisted of 40,978,267 ordinary shares of 1p each and 6,856,346 subscription shares of 1p each. The Company held 260,706 ordinary shares in treasury as at 31 October 2017.

Performance for the six months ended 31 October 2017



Discount during the six months ended 31 October 2017



Total returns	Six months ended 31 October 2017
Net asset value per ordinary share	2.7%
Ordinary share price	4.6%
FTSE All-Share Index	5.9%

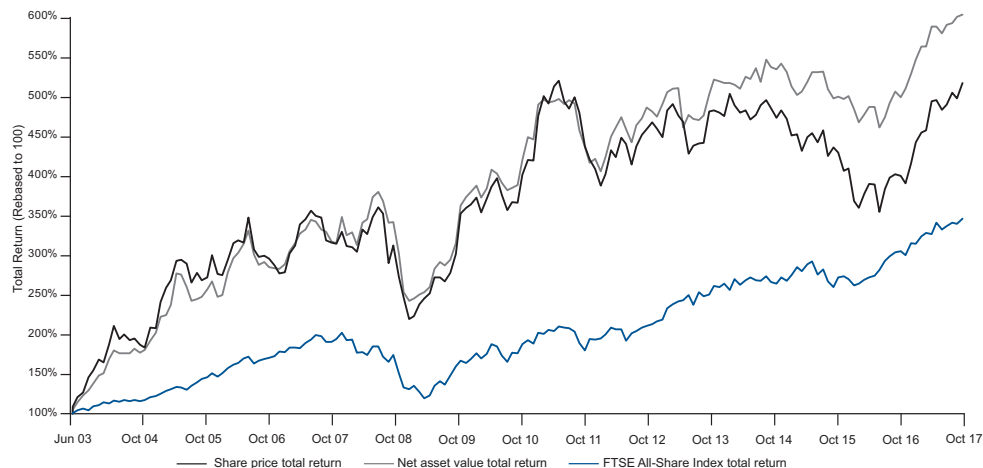
Source: Artemis/Datastream.

Financial highlights

Capital	As at 31 October 2017	As at 30 April 2017	As at 31 October 2016
Net assets	£151.7m	£150.0m	£127.0m
Net asset value per ordinary share (diluted)	366.67p	361.90p	308.76p
Ordinary share price	302.00p	293.50p	239.00p
Gearing	5.7%	6.0%	6.1%

Returns for the period	As at 31 October 2017	As at 30 April 2017	As at 31 October 2016
Revenue earnings per ordinary share	2.66p	6.31p	2.56p
Capital earnings per ordinary share	7.39p	56.70p	3.33p
Ongoing charges	0.9%	0.9%	0.9%

Performance from 1 June 2003 to 31 October 2017



Total returns	1 year	3 years	5 years	10 year	Since launch*
Net asset value per ordinary share	20.9%	12.9%	25.5%	73.5%	503.7%
Ordinary share price	29.2%	9.3%	10.5%	57.1%	416.5%
FTSE All-Share Index	13.4%	31.0%	62.5%	71.0%	245.7%

* 1 June 2003 - the date when Artemis was appointed as Investment Manager.

Source of data: Artemis/Datastream

Chairman's Statement

Performance

In the six months to 31 October 2017 the Company's net asset value per share rose by 2.7% and its share price by 4.6%, compared with an increase in the FTSE All-Share Index of 5.9% (on a total return basis).

The UK market performed less strongly than some other major world markets over the period largely due to the continuing political uncertainty surrounding Brexit and the result of the General Election in June.

Our investments in financial services, and in particular fund management companies, performed well over the half year. Overall, the performance was held back by some individual stocks, most notably Hurricane Energy, an oil exploration company. I am pleased to report that some of our overseas holdings have performed well and that we have added to this part of the portfolio. More detailed information on performance is set out in the Investment Manager's Review which follows.

Unquoted investments

The unquoted portfolio was largely unchanged over the reporting period, representing an exposure of 25.0% at 31 October 2017. There were no significant transactions or valuation changes in the period. Our fund managers will continue to look for realisation opportunities and remain committed to reducing the overall exposure to unquoted investments.

Earnings & dividends

Revenue earnings per share for the six months to 31 October 2017 were 2.66p, an increase of 3.9% (2016: 2.56p). On 14 December 2017 we declared a first interim dividend of 1.75p per ordinary share (2016: 1.55p) which will be paid

on 26 January 2018, to shareholders on the register at 29 December 2017. This is an increase of 12.9% over the equivalent dividend last year; the Board continues to target a 10% annual increase in the dividend.

Discount & share buy backs

The discount continued to narrow, albeit only slightly, and stood at 17.6% at the end of the reporting period.

As I have indicated previously, the Company will buy back shares tactically to address imbalances between supply and demand; on this basis 152,500 ordinary shares were bought back during the period.

Continuation Vote

As shareholders are aware, the Company is due to have a continuation vote at its annual general meeting in 2018. This is an important matter for the Company and its shareholders and we will be consulting our larger shareholders over the next few months, as we did in the autumn of 2016.

Subscription shares

The final exercise date for the subscription shares was 29 December 2017. Following this, 2,707 subscription shares were exercised and the same number of ordinary shares were issued. The independent trustee determined that there was no value attributable to the unexercised subscription shares as the exercise price of 345p per share was higher than the prevailing ordinary share price. Therefore the subscription shares lapsed with no value. The London Stock Exchange listing of the unexercised subscription shares was suspended on 2 January 2018 and this listing, together with the subscription shares themselves, will be cancelled in due course.

Chairman's Statement (continued)

Change of independent auditor

Following a competitive tender process, the Board has approved the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the year ending 30 April 2018, replacing KPMG LLP.

Shareholder approval of the appointment of PricewaterhouseCoopers LLP as auditor will be sought at the Company's next annual general meeting.

KPMG LLP's appointment ended on 16 January 2018. As required by the Companies Act 2006, a copy of the auditor's resignation letter, including its statement regarding the reasons for its ceasing to hold office, has been circulated to shareholders with the half-yearly financial report.

Outlook

The uncertainty surrounding Brexit and unsettled political conditions are likely to continue for some time to come. However, as I explained in my statement in July 2017, our fund managers follow a stock-specific investment approach which, while having regard to markets, seeks to deliver returns by identifying promising companies at attractive valuations.

Duncan Budge
Chairman

16 January 2018

Investment Manager's Review

Performance

In the six months under review, the Company's net asset value rose by 2.7% versus a rise of 5.9% in the FTSE All-Share Index.

This performance is disappointing, after improved relative performance in the previous reporting period. It was, to a large extent, the result of particular stocks, together with a drag from the Company's unquoted investments against a rising equity market.

Review

Global stock markets performed strongly over the period, led in particular by the US as investors bet on a large 'reflation trade' following Donald Trump's election. This was seen particularly in financials and technology, with the Nasdaq hitting regular new highs.

In the UK there was continued nervousness around the shape of Brexit and indeed whether Brexit can be delivered at all. Theresa May has now struck a deal with the EU that enables her to move on to the all-important question of our future trading arrangement with Europe once we have formally left the EU.

This undoubtedly created uncertainty for the UK consumer; and certain domestically-focused stocks were notably weak over the period, as they were immediately following the vote for Brexit.

Portfolio

The fund management companies in the portfolio continued to perform strongly, in particular Liontrust following its acquisition and smooth integration of Alliance Trust's unit trust business and Polar Capital, which benefited from strong investment performance across its product range and very strong fund flows.

Elsewhere, and also within the financials sector, strong performances were seen from both Ramsdens and Plus500. Ramsdens, a pawnbroker and foreign currency business,

floated successfully early in 2017 and has substantially exceeded its own expectations, as the sale of foreign currency through its stores has grown substantially. The company currently has 127 stores, predominately in the north-west and Scotland, but there is a strong pipeline of potential new openings.

Plus500, an online trading platform for retail clients, was our top contributor in the period as the shares more than doubled. The company's half-year results significantly exceeded expectations. The company has consistently demonstrated an ability to deploy its marketing spend efficiently to attract new customers across a number of geographic markets; and has benefited from the appetite for trading in crypto-currencies.

Two overseas holdings that performed strongly were Rocket Internet, a conglomerate of internet businesses, and Nintendo, a video games company. Rocket benefited from the successful IPO of one of its largest holdings, Delivery Hero, an online food delivery business. The listing allowed Rocket to realise some of its holding at a significant profit and has also increased the transparency of Rocket's value. Despite a strong year for its portfolio companies, Rocket continues to trade at a material discount to the sum of its parts with more than half of its market value represented by cash.

Nintendo rose by nearly 50% in the period, as demand for its new Switch console surpassed expectations. The company has also continued to demonstrate a renewed vigour for monetising its intellectual property and it announced its first expansion into China and plans for more mobile games.

Sports Direct was also a strong performer in the period as its full year results showed evidence that its strategy to improve its stores was gaining traction with both consumers and suppliers, and generating robust financial returns.

Investment Manager's Review (continued)

Five largest stock contributors

	Market	Contribution %
Plus500	AIM	1.2
Ramsdens Holdings	AIM	0.8
Liontrust Asset Management	LSE	0.8
Rocket Internet	FWB	0.8
Gresham Technologies	LSE	0.7

Five largest stock detractors

	Market	Contribution %
Hurricane Energy	AIM	(2.3)
Vectura Group	LSE	(0.8)
Mporium Group	AIM	(0.5)
Gaming Realms	AIM	(0.5)
LumX Group	SSX	(0.4)

On the negative side Hurricane Energy was the weakest performer following a significant issuance of both equity and convertible debt which should see the company through to first oil production at the beginning of 2019. In spite of its weak share price performance, the prospects for the company are looking positive. For example, there has been the recent publication of an independent "competent person's report" showing a large increase in the company's resource base to well over 2 billion barrels of oil. We have taken advantage of the weak share price to add to our position, having taken profits earlier in the year.

Another weak performer was Vectura Group, the inhaled airways disease business, which suffered from delays among some of its customers – as well as from a delay in its plans to launch a generic copy of GlaxoSmithKline's popular lung drug, Advair, in the US. We expect this approval to be granted in early 2018 and have been increasing our holding accordingly.

Another disappointment over the period was Augean, which was hit by a large tax claim

relating to the classification of the waste it had been disposing of over several years. The company strongly disputes this assessment and we await further developments.

Transactions

The three largest purchases in the period were all oil-related stocks chosen mainly for stock specific reasons, but also because we felt the oil price had fallen too far. The largest of these was BP, where we bought a holding because the company appeared to be at an inflection point above which it would be generating free cash, even at \$50 per barrel.

The second largest purchase (as noted above) was Hurricane Energy, where we participated in the equity fund-raising, and the company should now be funded through to first oil production. The other oil related investment was Igas Energy, the owner of a number of onshore oil and gas projects as well as a number of shale licences whose development is funded by the chemical giant Ineos. We made an investment in this business at the time of its financial restructuring which left the company with considerably reduced debt and a valuation that is underpinned by the onshore oil and gas projects – leaving a free option on its shale assets. Igas Energy is the only listed company operating in the UK shale industry. All of the other companies in this space are privately owned.

Other purchases included Mountview Estates, a family-controlled business that owns a large portfolio of assured tenancies which will unwind over time, crystallising value well in excess of the company's stated net asset value; and Revolution Bars, a bar operator whose share price had fallen sharply following a profit warning and which was subsequently the subject of two rejected bid approaches.

We made two new purchases of overseas companies during the period: Dick's Sporting Goods and Fitbit. Dick's Sporting Goods is the

dominant sporting goods retailer in the US. The shares were weak as the broader industry suffered from excess inventory leading to a number of bankruptcies. Yet the company has a strong balance sheet, a management team with a large shareholding in the company, and operates in a fragmented market. Our view is that supplier relationships provide an unusual barrier to entry in this industry as supply and product innovation is dominated by Nike and Adidas. Dick's seems well positioned to emerge stronger than before and in a position to consolidate its market share.

Fitbit is the leading provider of wearable fitness devices globally. We purchased a holding following persistent share price weakness, which resulted in almost half of the company's market value being represented by cash and trading on 0.5x sales, less than a quarter of the valuation of peer Garmin. Fitbit has a strong brand and installed base of over 50 million devices which, in our view, should command strategic value. The company has been working on applications of its devices in areas such as diabetes and mental health treatment with very encouraging results. This should drive the long term adoption of wearable devices that currently stands at less than 20% in the US and significantly less internationally. If this were to occur, Fitbit would be well placed to succeed and generate significant profits.

On the sell side, we sold St Modwen Properties and Telford Homes in their entirety, following strong performances. Amongst the financials we took profits across the board by executing partial sales in Liontrust, Polar Capital, City of London, Brewin Dolphin and Charles Stanley.

In addition, two companies were taken over in the period: Market Tech, a Camden property company, which was taken private by its majority shareholder, Teddy Sagi; and Quantum Pharma, a personalised medicine business, which was taken over by Clinigen.

Unquoted investments

There was limited activity in the unquoted portfolio in the period. RateSetter had positive news as it was granted FCA authorisation; and Reaction Engines won a significant contract with the US government. Elsewhere, detracting from performance were two smaller holdings, Lamp Group and Houseology Design Group, where funds were raised at lower prices resulting in a write-down. The impact of these changes was -0.5%.

Although it has been a relatively quiet period in terms of reducing our unquoted holdings, we are continuing to pursue our strategy of reducing exposure and will continue to work with investee companies to achieve this at valuations which we consider fair and in shareholders' best interests.

Outlook

We have continued to make progress over the period in reducing the overall number of stocks in the portfolio and increasing the overall level of liquidity in the portfolio. This has been achieved by recycling the cash from selling some of the more illiquid positions into larger companies, including some listed overseas.

At the time of writing, the UK government has now reached agreement to move to phase two of the talks on Brexit. So the risk of a 'no deal' Brexit looks to have diminished substantially. That a number of concessions on previous 'red lines' were made during the negotiations increases our belief that an agreement on a new trade deal can be reached.

Sterling has rallied in response to the talks' progress, taking it to a six-month high versus the euro and a 12-month high versus the dollar. The pound's strength should start to feed through into lower inflation over the next few months, reducing the squeeze on real wages. We will be watching economic data from the UK closely for any signs of an improvement in corporate and

Investment Manager's Review (continued)

consumer confidence. At a stock level, current foreign exchange rates should see the relative earnings momentum between the UK market's overseas and domestic earners reversing at the next reporting season.

The portfolio retains its focus on domestic stocks with a strong franchise, that face a limited threat of disruption and that often pay us a growing yield while we wait for sentiment to improve. Going into 2018, we remain confident about the Company's positioning. In an environment where economic growth globally is strong – and where central banks are starting to withdraw liquidity – we believe that our holdings in financials, and our clear bias towards value, will aid relative performance.

John Dodd & Adrian Paterson
Fund managers
Artemis Fund Managers Limited

16 January 2018

Twenty-Five Largest Investments

As at 31 October 2017

Investment	Business activity	Market Value £'000	% of total investments
URICA ^{2,3}	Global payment network for SMEs	7,146	4.5
Liontrust Asset Management	Asset management	6,305	4.0
Gleeson (M.J.) Group	Urban regeneration & land trading	5,977	3.8
Polar Capital Holdings ¹	Asset management	5,227	3.3
Metapack ²	Delivery optimisation technology	5,074	3.2
Rocket Internet	Online retail & food delivery	4,984	3.1
Avation	Aircraft leasing	4,579	2.9
Claremont Alpha ²	Taiwan casino developments	4,109	2.6
Gresham Technologies	Financial software services	3,940	2.5
Hurricane Energy ¹	West of Shetland oil & gas exploration	3,906	2.4
Tesco	Retailer	3,265	2.1
Reaction Engines ²	Rocket propulsion systems	3,217	2.0
Starcount ²	Social media data analytics	3,119	2.0
Vectura Group	Drug delivery specialist	3,000	1.9
Ramsdens Holdings ¹	Financial services provider & retailer	2,979	1.9
Sports Direct International	UK sports retailer	2,966	1.9
Plus500 ¹	Online trading platform	2,614	1.6
Gundaline ²	Australian agriculture	2,598	1.6
BP	Global integrated oil & gas company	2,551	1.6
Nintendo	Video games	2,473	1.6
Samarang Asian Prosperity Fund	Asian investment fund	2,453	1.5
Oxford Sciences Innovation ²	Oxford University spin-out companies	2,200	1.4
Fitbit	Provider of health & fitness devices	2,196	1.4
IGas Energy ¹	UK onshore gas production	2,183	1.4
Retail Money Market ²	Peer-to-peer lender	2,149	1.4
Top 25 investments		91,210	57.6

¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

Portfolio of investments

As at 31 October 2017

Investment	Business activity	Country of incorporation	Market Value £'000	% of total investments
Financials				
Brewin Dolphin Holdings	Private client & wealth management	UK	971	0.6
Charles Stanley	Stockbroking & investment management	UK	2,042	1.3
City of London Investment Group	Emerging markets asset management	UK	1,957	1.2
GLI Finance ¹	Peer-to-peer lending investments	UK	790	0.5
Hawk Group ²	SME finance solutions	Luxembourg	–	–
Helical	Property development & investment	UK	1,919	1.2
JRP Group	Specialist retirement products & services	UK	1,595	1.0
K3 Capital Group ¹	Corporate finance	UK	713	0.4
Lamp Group ²	Healthcare & specialist insurance	UK	1,104	0.7
Liontrust Asset Management	Asset management	UK	6,305	4.0
LumX Group	Asset management	Switzerland	817	0.5
Menhaden Capital	UK-listed investment company	UK	564	0.4
Miton Group ¹	Asset management	UK	1,600	1.0
Mountview Estates	Property trading company	UK	1,878	1.2
Newriver REIT (warrants)	UK retail property investments	UK	80	0.1
N+1 Singer ²	Stockbroking	UK	1,372	0.9
Orchard Funding Group ¹	Professional fee funding solutions	UK	1,000	0.6
Oxford Sciences Innovation ²	Oxford University spin-out companies	UK	2,200	1.4
Park Group ¹	Retail vouchers & gift cards	UK	806	0.5
Plus500 ¹	Online trading platform	UK	2,614	1.6
Polar Capital Holdings ¹	Asset management	UK	5,227	3.3
Premier Asset Management ¹	Asset management	UK	1,005	0.6
Property Franchise Group ¹	Estate agent services	UK	1,584	1.0
PRS REIT	Residential rental properties	UK	627	0.4
Ramsdens Holdings ¹	Financial services provider & retailer	UK	2,979	1.9
Randall & Quilter ¹	Global non-life insurance activities	UK	291	0.2
Retail Money Market ²	Peer-to-peer lender	UK	2,149	1.4
Samarang Asian Prosperity Fund	Asian investment fund	Luxembourg	2,453	1.5
Samarang Japan Value Fund	Japan investment fund	Luxembourg	1,074	0.7
URICA ^{2,3}	Global payment network for SMEs	UK	7,146	4.5
Waverton Southeast Asian Fund	Asian investment fund	Luxembourg	1,791	1.1
Total Financials			56,653	35.7
Consumer Services				
Be Heard Group ¹	Digital marketing network	UK	443	0.3
Booker Group	Food wholesaler	UK	1,509	0.9
Carpetright	Leading floor coverings & bed retailer	UK	11	–
Claremont Alpha ²	Taiwan casino developments	Isle of Man	4,109	2.6
Flying Brands	Multi brand home shopping group	Jersey	39	–
Foot Locker	Global athletic footwear & apparel retailer	USA	566	0.4
Gaming Realms ¹	Online bingo & gaming	UK	998	0.6
Hardlyever ²	Online portal selling pre-owned luxury goods	UK	971	0.6
Maison Seven ²	Online fashion retailing	UK	–	–

¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

Investment	Business activity	Country of incorporation	Market Value £'000	% of total investments
Consumer Services (continued)				
Majestic Wine ¹	Specialist wine retailer	UK	2,130	1.3
Manchester United ¹	Football club	UK	19	–
Millennium & Copthorne	Hospitality & hotel group	UK	1,513	1.0
Revolution Bars	UK operator of premium bars	UK	1,802	1.1
ROK Entertainment ²	Global mobile entertainment group	USA	–	–
ROK Global ²	Global mobile entertainment group	UK	–	–
Sports Direct International	UK sports retailer	UK	2,966	1.9
Starcount Group ²	Social media data analytics	UK	3,119	2.0
Tesco	Retailer	UK	3,265	2.1
Zinc Media Group ¹	Media production	UK	646	0.4
Total Consumer Services			24,106	15.2
Consumer Goods				
Bovis Homes Group	National housebuilder	UK	1,764	1.1
Chateau Lafite Rothschild 2009 ²	Physical wine holding	France	364	0.2
Chateau Lafite Rothschild 2010 ²	Physical wine holding	France	313	0.2
Chateau Rieussec 2010 ²	Physical wine holding	France	17	–
Dick's Sporting Goods	Sporting goods retailer	USA	1,289	0.8
Dixons Carphone	Specialist electrical & telecommunications retailer	UK	347	0.2
Eve Sleep ¹	Direct to consumer sleep products	UK	1,138	0.7
Gundaline ²	Australian agriculture	Australia	2,598	1.6
Hornby ¹	Hobby and toy products	UK	824	0.5
Houseology Design Group ²	Home interiors & furniture design	UK	532	0.4
Gleeson (M.J.) Group	Urban regeneration & land trading	UK	5,977	3.8
Nintendo	Video games	Japan	2,473	1.6
Pittards ¹	High performance leather goods	UK	2,149	1.4
Springfield Properties ¹	Private & affordable property development	UK	648	0.4
Total Consumer Goods			20,433	12.9
Industrials				
Augean ¹	Specialist waste management	UK	1,160	0.7
Avation	Aircraft leasing	UK	4,579	2.9
Fox Marble ¹	Kosovo marble mining	UK	875	0.6
Gama Aviation ¹	Aviation services	UK	816	0.5
IWG	Business office facilities	UK	1,620	1.0
MBA Polymers ²	Post-consumer recycled plastics producer	USA	–	–
Metapack ²	Delivery optimisation technology	UK	5,074	3.2
Rated People ²	Home maintenance services	UK	802	0.5
Reaction Engines ²	Rocket propulsion systems	UK	3,217	2.0
Utilitywise ¹	Energy management solutions	UK	234	0.1
Total Industrials			18,377	11.5
Technology				
Attract Group ¹	Online visual merchandising	UK	1,914	1.2
Delivery Hero	Online food ordering company	Germany	1,641	1.0
Emis Group ¹	Medical software supplier	UK	1,684	1.1
Fitbit	Provider of health & fitness devices	USA	2,196	1.4
FreeAgent Holdings ¹	Online accounting software provider	UK	740	0.5

¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

Portfolio of investments (continued)

Investment	Business activity	Country of incorporation	Market Value £'000	% of total investments
Technology (continued)				
Gresham Technologies	Financial software services	UK	3,940	2.5
Mporium Group ¹	Mobile retail design	UK	1,029	0.6
Rocket Internet	Online retail & food delivery	Germany	4,984	3.1
Total Technology			18,128	11.4
Oil & Gas				
Africa Oil	East Africa oil & gas exploration	Canada	935	0.6
BP	Global integrated oil & gas company	UK	2,551	1.6
Buried Hill Energy (Cyprus) ²	Turkmenistan oil & gas exploration	Cyprus	627	0.4
Ceramic Fuel Cells ²	Electric fuel cells	Australia	–	–
Energy Equity Resources (Norway) ²	African oil & gas exploration	UK	–	–
Homeland Renewable Energy ²	US renewable energy production	USA	–	–
Hurricane Energy ¹	West of Shetland oil & gas exploration	UK	3,906	2.4
IGas Energy ¹	UK onshore gas production	UK	2,183	1.4
Lansdowne Oil & Gas ¹	Irish gas storage & exploration	UK	190	0.1
Leed Resources ²	Natural resources investments	UK	–	–
PetroHunter Energy ²	US oil & gas exploration	USA	–	–
Trinity Exploration & Production ¹	Oil & gas exploration	UK	1,706	1.1
Total Oil & Gas			12,098	7.6
Health Care				
Eden Research ¹	Agricultural chemicals	UK	1,168	0.7
hVIVO ¹	Vaccine testing	UK	374	0.3
Oxford Nanopore Technologies ²	Nanopore DNA sequencing	UK	822	0.5
Physiolab Technologies ^{2,3}	Cryotherapy technology	UK	1,327	0.8
Summit ¹	Drug development	UK	750	0.5
Vectura Group	Drug delivery specialist	UK	3,000	1.9
Total Health Care			7,441	4.7
Telecommunications				
Inmarsat	Mobile satellite communications	UK	776	0.5
Mobile Streams ¹	Mobile content store	UK	24	–
Total Telecommunications			800	0.5
Basic Materials				
Duke Royalty ¹	Mining royalty payment investments	UK	615	0.3
Eastcoal	Ukrainian coal mining	Canada	–	–
Ironveld ¹	South African iron mining	UK	113	0.1
Total Basic Materials			728	0.4
Total equity investments			158,764	99.9
Forward currency contracts				
Buy Sterling 2,399,467 dated 15/02/2018			2,399	1.5
Sell Australian Dollars 4,000,000 dated 15/02/2018			(2,299)	(1.4)
Total forward currency contracts			100	0.1
Total investments			158,864	100.0

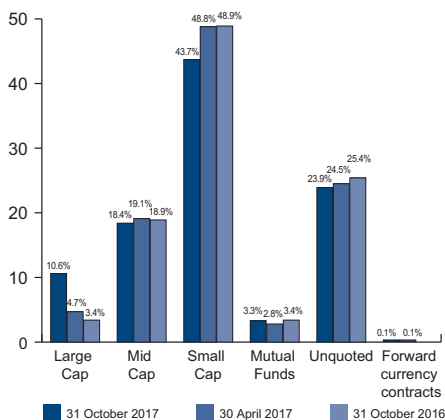
¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

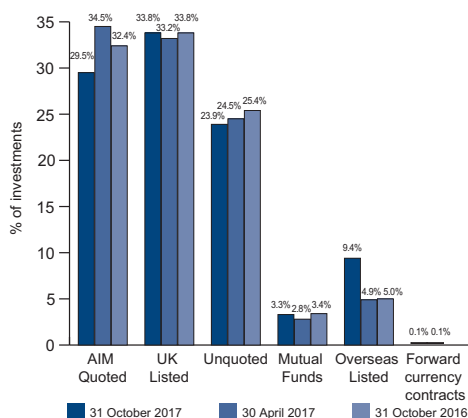
Portfolio analysis

Market cap analysis of the portfolio

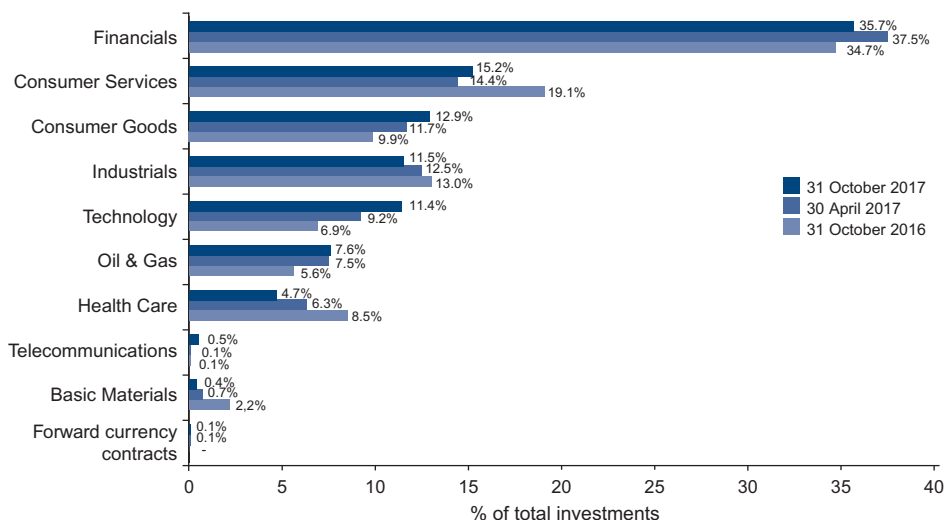


Large cap – market cap equivalent to FTSE 100 companies; Mid cap – market cap equivalent to FTSE 250 companies; Small cap – market cap equivalent to companies below FTSE 250.

Market analysis of the portfolio



Industry analysis of the portfolio



Condensed income statement

For the six months ended 31 October 2017

Note	Six months ended 31 October 2017 (unaudited)			Six months ended 31 October 2016 (unaudited)			Year ended 30 April 2017 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	1,387	—	1,387	1,317	—	1,317	3,184	—	3,184
Other income	1	—	1	4	—	4	—	—	—
Total revenue	1,388	—	1,388	1,321	—	1,321	3,184	—	3,184
Gains on investments	—	3,624	3,624	—	1,887	1,887	—	24,515	24,515
Currency gain	—	11	11	—	—	—	—	7	7
Total income	1,388	3,635	5,023	1,321	1,887	3,208	3,184	24,522	27,706
Expenses									
Investment management fee	(46)	(410)	(456)	(37)	(332)	(369)	(76)	(688)	(764)
Other expenses	(218)	(16)	(234)	(210)	(8)	(218)	(420)	(13)	(433)
Profit before finance costs and tax	1,124	3,209	4,333	1,074	1,547	2,621	2,688	23,821	26,509
Finance costs	(20)	(179)	(199)	(18)	(159)	(177)	(36)	(323)	(359)
Profit before tax	1,104	3,030	4,134	1,056	1,388	2,444	2,652	23,498	26,150
Tax	(13)	—	(13)	14	—	14	(37)	—	(37)
Profit for the period per ordinary share	1,091	3,030	4,121	1,070	1,388	2,458	2,615	23,498	26,113
Earnings for the period	2	2.66p	7.39p	10.05p	2.56p	3.33p	5.89p	6.31p	56.70p

The total column of this statement represents the Statement of Comprehensive Income, 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.

Condensed statement of financial position

As at 31 October 2017

Note	31 October 2017 (unaudited) £'000	31 October 2016 (unaudited) £'000	30 April 2017 (audited) £'000
Non-current assets			
Investments	158,864	134,117	156,756
Investment in subsidiary undertaking	3,094	2,528	2,719
	<u>161,958</u>	<u>136,645</u>	<u>159,475</u>
Current assets			
Other receivables	206	244	645
Cash and cash equivalents	1,401	719	4,012
	<u>1,607</u>	<u>963</u>	<u>4,657</u>
Total assets	163,565	137,608	164,132
Current liabilities			
Other payables	(1,822)	(2,132)	(1,129)
Bank loan	(10,000)	(8,500)	(13,000)
	<u>(11,822)</u>	<u>(10,632)</u>	<u>(14,129)</u>
Net assets	151,743	126,976	150,003
Equity attributable to equity holders			
Share capital	481	498	492
Share premium	667	647	657
Special reserve	50,202	50,647	50,646
Capital redemption reserve	109	92	98
Retained earnings – revenue	2,072	2,020	2,928
Retained earnings – capital	5 98,212	73,072	95,182
Total equity	151,743	126,976	150,003
Net asset value per ordinary share (undiluted)	370.30p	308.76p	364.72p
Net asset value per ordinary share (diluted)	366.67p	–	361.90p

Condensed statement of changes in equity

For the six months ended 31 October 2017

	Six months ended 31 October 2017 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2017	492	657	50,646	98	2,928	95,182	150,003
Total comprehensive income:							
Profit for the period	–	–	–	–	1,091	3,030	4,121
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(444)	–	–	–	(444)
Cancellation of ordinary shares from treasury	(11)	–	–	11	–	–	–
Conversion of subscription shares	–	10	–	–	–	–	10
Dividends paid	–	–	–	–	(1,947)	–	(1,947)
At 31 October 2017	481	667	50,202	109	2,072	98,212	151,743

	Six months ended 31 October 2016 (unaudited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2016	498	645	53,022	92	2,000	71,684	127,941
Total comprehensive income:							
Profit for the period	–	–	–	–	1,070	1,388	2,458
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,375)	–	–	–	(2,375)
Conversion of subscription shares	–	2	–	–	–	–	2
Dividends paid	–	–	–	–	(1,050)	–	(1,050)
At 31 October 2016	498	647	50,647	92	2,020	73,072	126,976

	Year ended 30 April 2017 (audited)						
	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
At 1 May 2016	498	645	53,022	92	2,000	71,684	127,941
Total comprehensive income:							
Profit for the year	–	–	–	–	2,615	23,498	26,113
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,376)	–	–	–	(2,376)
Cancellation of ordinary shares from treasury	(6)	–	–	6	–	–	–
Conversion of subscription shares	–	12	–	–	–	–	12
Dividends paid	–	–	–	–	(1,687)	–	(1,687)
At 30 April 2017	492	657	50,646	98	2,928	95,182	150,003

Condensed statement of cash flows

For the six months ended 31 October 2017

	Six months ended 31 October 2017 (unaudited) £'000	Six months ended 31 October 2016 (unaudited) £'000	Year ended 30 April 2017 (audited) £'000
Operating activities			
Profit before tax	4,134	2,444	26,150
Interest paid	199	177	359
Gains on investments	(3,624)	(1,887)	(24,515)
Currency gains	(11)	–	(7)
Decrease/(increase) in other receivables	211	61	(150)
Increase/(decrease) in other payables	211	3	(144)
Net cash inflow from operating activities before interest and tax	1,120	798	1,693
Interest paid	(199)	(177)	(359)
Irrecoverable overseas tax	(13)	14	(37)
Net cash inflow from operating activities	908	635	1,297
Investing activities			
Purchase of investments	(24,051)	(18,917)	(45,795)
Sales of investments	25,904	20,891	46,574
Net cash inflow from investing activities	1,853	1,974	779
Financing activities			
Repurchase of ordinary shares into treasury	(444)	(2,447)	(2,593)
Conversion of subscription shares	10	2	12
Dividends paid	(1,947)	(1,050)	(1,687)
(Decrease)/increase in inter-company loan	(2)	18	110
Net cash outflow from financing activities	(2,383)	(3,477)	(4,158)
Net decrease/(increase) in net debt	378	(868)	(2,082)
Net debt at the start of the period	(8,988)	(6,913)	(6,913)
Effect of foreign exchange rate changes	11	–	7
Net debt at the end of the period	(8,599)	(7,781)	(8,988)
Bank loan	(10,000)	(8,500)	(13,000)
Cash and cash equivalents	1,401	719	4,012
	(8,599)	(7,781)	(8,988)

Notes to the half-yearly financial report

1. Accounting policies

The Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the provisions of the Companies Act 2006 and with the guidance set out in the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies in November 2014.

The Half-Yearly Financial Report has been prepared under the same accounting policies as the Annual Financial Statements for the year ended 30 April 2017.

2. Earnings per ordinary share

	Six months ended 31 October 2017	Six months ended 31 October 2016	Year ended 30 April 2017
Earnings per ordinary share is based on:			
Revenue earnings (£'000)	1,091	1,070	2,615
Capital earnings (£'000)	3,030	1,388	23,498
Total earnings (£'000)	4,121	2,458	26,113
Weighted average number of ordinary shares in issue during the period (basic and diluted)	41,006,257	41,750,646	41,443,082

3. Net asset value per ordinary share

	As at 31 October 2017	As at 31 October 2016 ¹	As at 30 April 2017
Net asset value per ordinary share is based on:			
Net assets (£'000)	<u>151,743</u>	<u>126,976</u>	<u>150,003</u>
Number of shares in issue at the end of the period (basic)	40,978,267	41,125,090	41,127,975
Number of shares in issue at the end of the period (diluted)	47,834,613	41,125,090	47,987,113

¹ There was no dilution to the Net Asset Value for the period ended 31 October 2016 relating to the Company's issued subscription shares.

During the period the Company bought back 152,500 shares into treasury (six months ended 31 October 2016: 1,040,706; year ended 30 April 2017: 1,040,706). 2,792 subscription shares were exercised during the period and the same number of ordinary shares were issued in respect of these (six months ended 31 October 2016: 645; year ended 30 April 2017: 3,539).

4. Dividends

	Six months ended 31 October 2017 £'000	Six months ended 31 October 2016 £'000	Year ended 30 April 2017 £'000
Second interim dividend for the year ended 30 April 2016 – 2.50p	–	1,050	1,050
First interim dividend for the year ended 30 April 2017 – 1.55p	–	–	637
Second interim dividend for the year ended 30 April 2017 – 2.75p	1,127	–	–
Special dividend for the year ended 30 April 2017 – 2.00p	820	–	–
	1,947	1,050	1,687

A first interim dividend for the year ending 30 April 2018 of £717,000 (1.75p per ordinary share) has been declared. This will be paid on 26 January 2018 to those shareholders on the register at close of business on 29 December 2017.

5. Analysis of retained earnings – capital

	As at 31 October 2017 £'000	As at 31 October 2016 £'000	As at 30 April 2017 £'000
Retained earnings – capital (realised)	90,297	85,339	87,314
Retained earnings – capital (unrealised)	7,915	(12,267)	7,868
	98,212	73,072	95,182

6. Comparative information

The financial information for the six months ended 31 October 2017 and 31 October 2016 has not been audited and does not constitute statutory financial statements as defined in Section 234 of the Companies Act 2006.

The information for the year ended 30 April 2017 has been extracted from the Audited Financial Statements for the year ended 30 April 2017. These financial statements contained an unqualified auditor's report and have been lodged with the Registrar of Companies and did not contain a statement required under Section 498 of the Companies Act 2006.

Notes to the half-yearly financial report (continued)

7. Principal risks and uncertainties

Pursuant to DTR 4.2.7R of the Disclosure Guidelines and Transparency Rules, the principal risks faced by the Company include general market price risk, liquidity risk, regulatory, and financial risks.

These risks, which have not materially changed since the Annual Financial Report for the year ended 30 April 2017, and the way in which they are managed, are described in more detail in the Annual Financial Report for the year ended 30 April 2017 which is available on the website artemisalphatrust.co.uk.

8. Related party transactions

There were no related party transactions during the period. 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.

9. Valuation of investments

IFRS 7 'Financial Instruments: Disclosures' requires an entity to provide an analysis of investments held at fair value through profit and loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. The hierarchy used to analyse the fair values of financial assets is set out below.

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices, or are not based on observable market data.

9. Valuation of investments (continued)

The investments held at the balance sheet date fell in to the categories, Level 1, Level 2 and Level 3. The values in these categories are summarised as part of this note. Any investments that are delisted or suspended from a listed stock exchange are transferred from Level 1 to Level 3.

	As at 31 October 2017 £'000	As at 31 October 2016 £'000	As at 30 April 2017 £'000
UK quoted investments (Level 1)			
– UK listed	54,083	46,233	52,370
– AIM quoted	46,580	43,428	53,732
– Preference shares	–	235	–
Overseas quoted investments (Level 1)	14,920	5,766	7,802
Mutual funds (Level 2)	5,318	4,416	4,364
Forward currency contracts (Level 2)	100	–	147
Unquoted investments (Level 3)			
– Equities and warrants	33,609	29,677	34,200
– Fixed interest	700	3,043	587
– Preference shares	3,554	655	3,554
– Other	–	664	–
	158,864	134,117	156,756

The valuation of the Level 3 investments would not be significantly different had reasonably possible alternative valuation bases been applied.

Notes to the half-yearly financial report (continued)

9. Valuation of investments (continued)

Details of the movements in Level 3 assets during the six months ended 31 October 2017 are set out in the table below.

	£'000
Level 3 investments	
Opening book cost	41,065
Opening fair value adjustment	(2,724)
Opening valuation	38,341
Movements in the period:	
Purchases at cost	552
Sales – proceeds	(217)
– realised gains on sales	(857)
Increase in fair value adjustment	44
Closing valuation	37,863
Closing book cost	40,780
Closing fair value adjustment	(2,917)
	37,863

Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

The Directors confirm that to the best of their knowledge, in respect of the Half-Yearly Financial Report for the six months ended 31 October 2017:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board as adopted by the EU;
- having considered the expected cash flows and operational costs of the Company for the 18 months from the period end, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of accounting continues to be used in the preparation of the Half-Yearly Financial Report;
- the interim management report includes a fair review of the information required by:
 - (a) Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months; and a description of the principal risks and uncertainties for the remaining six months of the year); and

- (b) Disclosure Guidance and Transparency Rule 4.2.8R (related party transactions).

The Half-Yearly Financial Report for the six months ended 31 October 2017 was approved by the Board and the above responsibility statement was signed on its behalf by:

Duncan Budge
Chairman

16 January 2018

Information for Shareholders

Buying shares in the Company

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker. The Company is a qualifying investment trust for ISA purposes.

Company numbers:

Ordinary shares

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATSL.L

Bloomberg code: ATSL:LN

Subscription shares

London Stock Exchange (SEDOL) number: B5SLGR8

ISIN number: GB00B5SLGR82

Reuters code: ATSS.L

Bloomberg code: ATSS:LN

The final exercise date for the subscription shares rights was 29 December 2017. The subscription share stock exchange listing has now been suspended and the listing and the shares themselves will be cancelled in due course.

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address or loss of certificate should be addressed to the Company's registrars at: Shareholder Services Department, Link Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

If you would like to receive dividend payments directly into your bank account, please contact the Company's registrar at the address above.

Dividend Reinvestment Plan (the "Plan")

Shareholders are able to re-invest their cash dividends using the Plan operated by Link Registrars (formerly Capita). To find out more about the Plan, including the terms and conditions, please contact Link by calling 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The ordinary share price is listed in the Financial Times and also on the TrustNet website (trustnet.com). Up to date information can be found on the website (artemisalphatrust.co.uk), including a factsheet which is updated monthly. Shareholders can also contact the Chairman to express any views on the Company or to raise any questions they have using the email address alpha.chairman@artemisfunds.com.

Taxation

For capital gains purposes, the cost of the Company's ordinary shares at 31 March 1982 was 13.22p per share.

AIC

The Company is a member of The Association of Investment Companies ("AIC") which publishes monthly statistics on the majority of investment trusts. Further details can be obtained by contacting the AIC on 020 7282 5555 or at its website theaic.co.uk.

Financial Advisers

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and the Company intends to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an Investment Trust.

Tax information reporting

With effect from 1 January 2016 tax legislation requires investment trust companies to provide information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, the Company may have to provide information annually to HMRC on the tax residencies of those certificated shareholders that are tax resident outwith the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Co-operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new shareholders, excluding those whose shares are held in CREST, who enter the share register from 1 January 2016 will be sent a certification form from the Registrar to complete. Existing shareholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence.

Failure to provide this information may result in the account being reported to HMRC.

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

Reporting Calendar

Year End

30 April

Results Announced

Interim: December/January

Annual: July

Dividends Payable

January and August

Annual General Meeting

September/October

General information

Directors

D W A Budge (Chairman)
J A C Ayton
J Korner
B Bergin
T Cross Brown

Registered Office

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

An investment company as defined under Section 833 of the Companies Act 2006.

Registered in England Number: 253644.

Website

artemisalphatrust.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary

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

Telephone: 0800 092 2051

Email: investorsupport@artemisfunds.com

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HA.

Administrator

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

Stockbroker

Cantor Fitzgerald Europe
One America Square
17 Crosswall
London EC3N 2LS

Depository

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

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
(ceased to hold office on 16 January 2018)

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX
(for the year ending 30 April 2018)

Registrars

Link Asset Services
(formerly: Capita Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers and custodian

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

Solicitors

Dickson Minto W.S.
Broadgate Tower
Primrose Street
London EC2A 2EW

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