

ARTEMIS Alpha Trust *plc*

Annual Financial Report
for the year ended
30 April 2019



ARTEMIS
The PROFIT Hunter

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Group Summary

Investment Objective & Policy

Investment objective

To provide long-term capital and income growth by investing predominantly in listed companies and to achieve a net asset value total return greater than the total return of the FTSE All-Share Index.

Investment policy

The Investment Manager follows an unconstrained and opportunistic approach with the aim of generating sustainable outperformance of the FTSE All-Share Index. The Investment Manager will seek to identify and invest in companies with the following characteristics: attractive valuations, strong business models, favourable long-term industry fundamentals and high quality management teams.

As a result of this approach, stock market capitalisations and sector and geographic weightings are of secondary consideration. Accordingly, there are no pre-defined maximum or minimum exposure levels for each individual sector, country or geographic region, but these exposures are reported to, and monitored by, the Board in order to ensure that the Company's portfolio is invested and managed in a manner consistent with spreading investment risk.

Given the Investment Manager's particular focus on the UK market, the majority of the portfolio is expected to be invested in UK listed companies. However, the overall geographical profile of the portfolio will change from time to time depending on where opportunities are found. The Company's policy is not to invest more than 10 per cent of net assets in any one investment. The total number of holdings in the portfolio will vary over time but the top positions will have a proportionally larger weighting.

There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when the Investment Manager considers it appropriate for the Company to have a significant cash or cash equivalent position instead of being fully invested.

The Company may, but normally does not, invest up to 15 per cent of its total assets in other listed closed-ended investment funds.

Unquoted investments¹

The Company will not invest more than 10 per cent of its total assets in unquoted companies, excluding follow-on investments that may be made in existing unquoted investments in order to preserve the Company's economic interests in such investments. Any new or follow-on investments in unquoted companies require the prior approval of the Board.

Derivatives and hedging

The Company may use derivatives and similar instruments for the purpose of capital preservation, hedging currency risk and gearing.

Gearing

The Company may employ gearing of up to 25 per cent of net assets. The effect of gearing may be achieved without borrowing by investing in a range of different types of instruments, including derivatives.

General

Limits referred to in the investment policy are measured at the time of investment or, in the case of gearing, at the time of draw-down or/and when derivative transactions are entered into.

Dividend policy

The Company will seek to grow dividends paid in respect of each financial year at a rate greater than inflation, as defined by the UK Consumer Prices Index, in respect of the immediately preceding financial year of the Company.

Triennial tender offers/liquidity events

The obligation to propose a continuation resolution at each fifth AGM was removed from the Company's Articles of Association as approved by shareholders on 7 June 2018. In its place, the Company will arrange tender offers every three years, starting in 2021, with each tender offer being for up to 25 per cent of the issued ordinary shares, which will be subject to shareholder approval at the relevant AGM. The Board may, at its sole discretion, decide not to proceed with a 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.

Capital structure

The capital structure of the Company as at 30 April 2019 consisted of 40,980,974 ordinary shares of 1p each.

¹ At a shareholder meeting in June 2018, the Board and the Investment Manager committed to reduce the exposure to unquoted investments to no more than 10 per cent of total assets. No new unquoted investments will be made unless in exceptional circumstances.

Financial Highlights

Returns for the year ended 30 April 2019

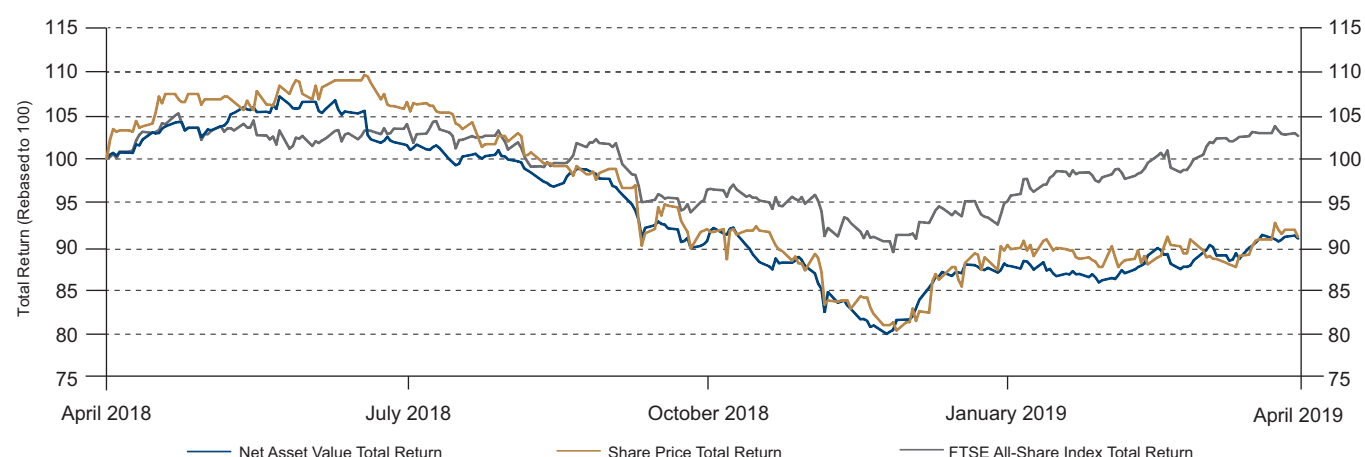
	Year ended 30 April 2019	Year ended 30 April 2018
Total returns		
Net asset value per ordinary share*	(8.6)%	11.0%
Ordinary share price*	(8.9)%	13.2%
FTSE All-Share Index	2.6%	8.2%
Revenue and dividends		
Revenue earnings per ordinary share	6.44p	6.35p
Dividends per share**		
Ordinary	5.00p	4.75p
Special	0.50p	1.60p
Total	5.50p	6.35p
Ongoing charges*	0.9%	0.9%
Capital	As at 30 April 2019	As at 30 April 2018
Net asset value per ordinary share	354.47p	394.62p
Ordinary share price	290.00p	325.00p
Net gearing*	0.0%	7.1%

Source: Artemis/Datastream

* Alternative Performance Measure (see page 63)

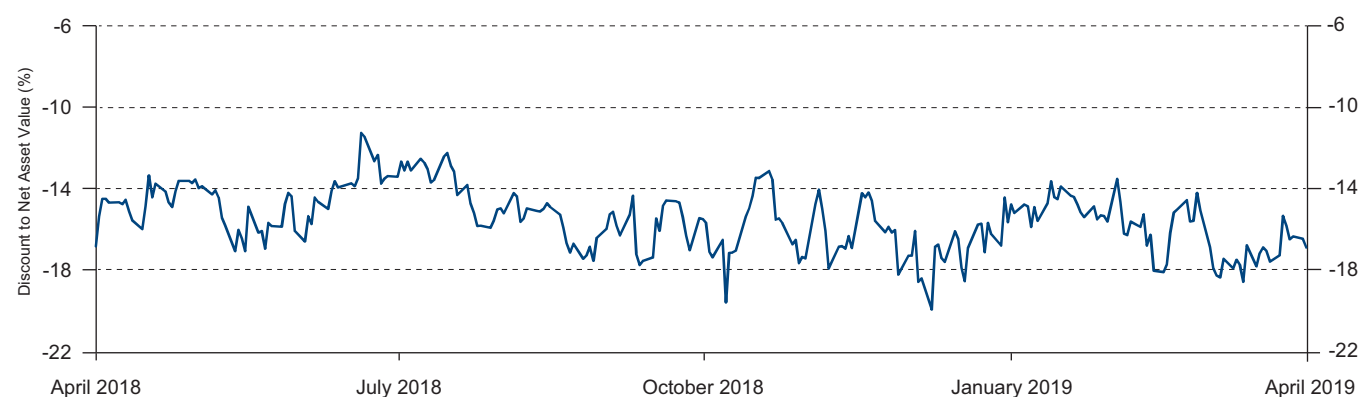
** The final dividend for the year to 30 April 2019 will, if approved by shareholders, be paid on 13 September 2019. A special dividend of 0.50p per share for the year to 30 April 2019 will also be paid to shareholders on 13 September 2019.

Performance for the year ended 30 April 2019



Source: Artemis/Datastream

Discount during the year ended 30 April 2019



Source: Artemis/Datastream

Financial Highlights

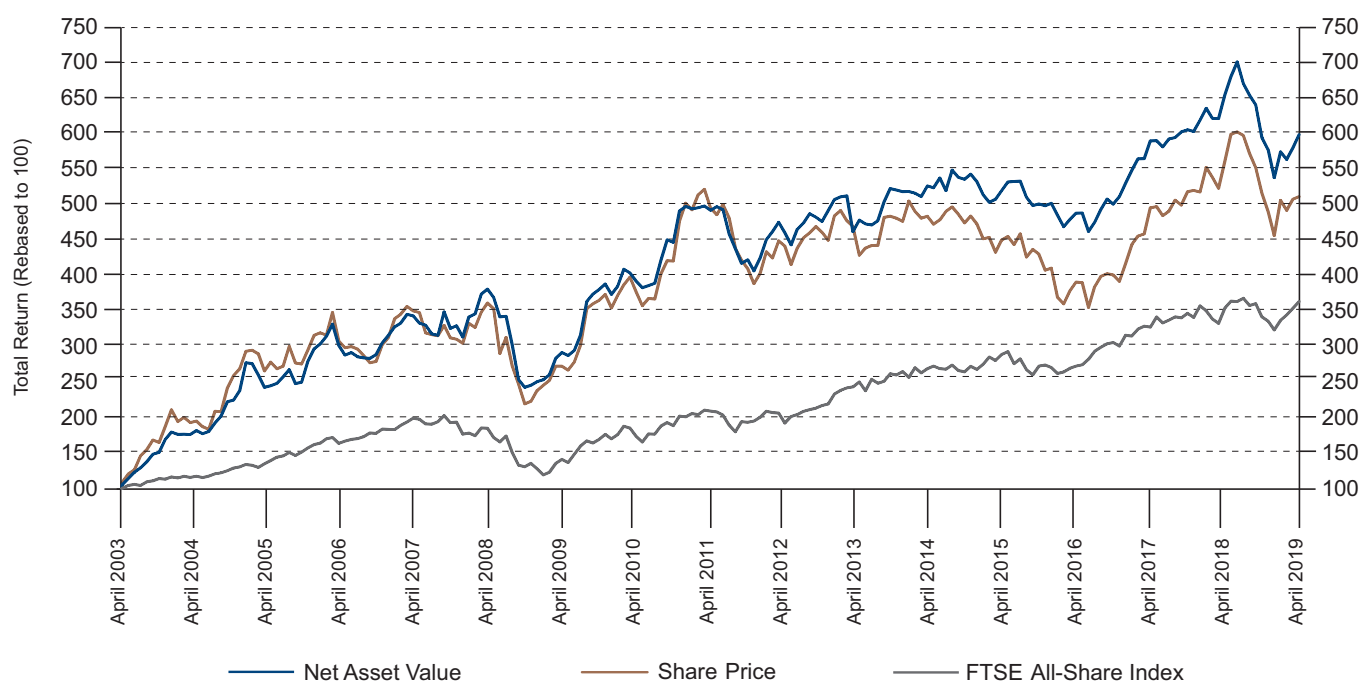
Total returns to 30 April 2019	3 years	5 years	10 years	Since 1 June 2003**
Net asset value per ordinary share*	22.7%	13.7%	111.1%	496.9%
Ordinary share price*	31.0%	5.9%	87.9%	410.6%
FTSE All-Share Index	33.3%	35.2%	167.9%	232.3%

** The date when Artemis was appointed as Investment Manager

* Alternative Performance Measure (see page 63)

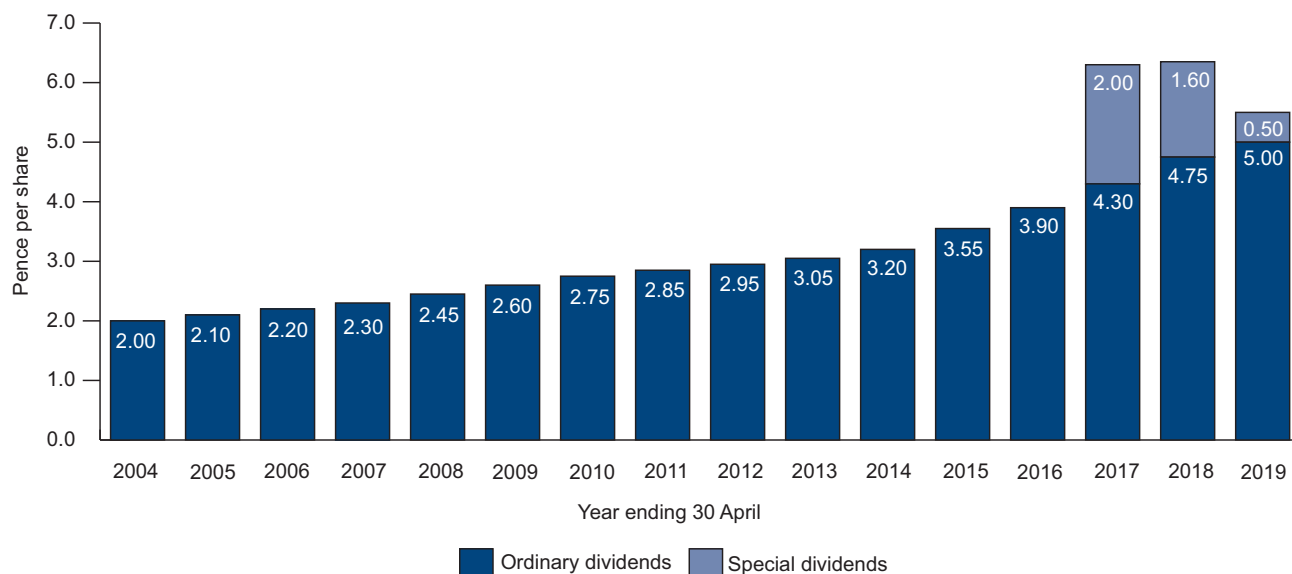
Source: Artemis/Datastream

Performance from 1 June 2003 to 30 April 2019



Source: Artemis/Datastream

Dividends paid/payable to shareholders



This chart shows the Company's dividend history since Artemis was appointed as Investment Manager.

Chairman's Statement

Performance

Over the year to 30 April 2019 the Company's net asset value and share price declined by 8.6% and 8.9% respectively on a total return basis. The FTSE All-Share Index increased by 2.6% over the same period.

The disappointing performance of some of our unquoted investments played a large part in our results, detracting 5.5% from our performance. I commented on these investments in my Statement in the latest interim report. The decline in value of our holdings in listed companies which are sensitive to the UK economy detracted an additional 2.7%.

Investments

Significant progress has been made in implementing the revised policy approved by shareholders in June 2018. Unquoted investments have been reduced to 8.7%, down from 21.6% at the previous year end (albeit involving some write-downs), and there is a clear plan to reduce this further. The portfolio has been rationalised to reflect the revised strategy and this has seen a reduction in holdings from 91 to 49. The overall exposure to mid and large cap stocks has been increased materially and the modest gearing has been removed. These changes have improved significantly the liquidity of the underlying portfolio and have increased the Investment Manager's flexibility to react both to opportunity and to risk.

More details can be found in the Investment Manager's Review on pages 7 to 10.

Earnings and dividends

The Company's revenue earnings for the year ended 30 April 2019 were 6.44p per share, slightly ahead of the previous year's earnings (6.35p). Our dividend policy is to increase dividends each financial year at a rate greater than inflation, as defined by the UK Consumer Prices Index (CPI). In line with this, dividends declared for the year total 5.00p per share (2018: 4.75p), including a proposed final dividend of 3.00p (2018: 3.00p) per share, an increase of 5.3%. The CPI increased by 2.0% over the year.

As the Company's revenue earnings are higher than the level of dividends paid and declared, the Board has approved the payment of a special dividend of 0.50p per share. Total dividends declared for the year to 30 April 2019 will therefore be 5.50p per share.

The final dividend, if approved by shareholders, will be paid on Friday, 13 September 2019 to those shareholders on the register as at Friday, 16 August 2019, with an ex-dividend date of Thursday, 15 August 2019. A special dividend of 0.50p per share will also be paid on 13 September 2019.

Share buy backs / discount

Within guidelines set and regularly reviewed by the Board, the Company will consider buying back shares to address imbalances between supply and demand or when we believe this the best use of available capital to increase NAV per share. This is most likely to occur when the Investment Manager considers that the underlying portfolio holdings have been unfairly marked down and when the Company's share price is at a significant discount to NAV.

Shortly after the year end, the prices of many UK assets had weakened again and the discount had widened to 20%, prompting a share repurchase of 218,500 shares at an average price of 278.94p. Given the repositioning of the Company's portfolio that has been completed and the liquidity available, acquiring our own equity at a substantial discount represented an attractive opportunity to add value for shareholders.

Board changes

Following the retirement of Tom Cross Brown as a director of the Company after the Annual General Meeting ("AGM") in October 2018, the Board is pleased to welcome Victoria Stewart to the Board. She brings extensive and valuable experience within the fund management area. Victoria will be proposed for election at the AGM in September.

Annual General Meeting

The Company's AGM will take place on Thursday, 5 September 2019 at 12.30 p.m. at the offices of Artemis Fund Managers Limited, Cassini House, 57-59 St James's Street, London, SW1A 1LD. The fund managers will make a short presentation at the meeting.

The Board welcomes your attendance at the AGM, as it provides shareholders with an opportunity to learn more about the Company and to ask questions of both the Board and the fund managers. For those shareholders who are unable to attend, I would encourage you to make use of your proxy votes by completing and returning the form enclosed with this report.

Throughout the year, shareholders can keep themselves informed by visiting the Company's website, artemisalphatrust.co.uk.

Strategic Report (continued)

Chairman's Statement (continued)

Outlook

The continuing uncertainty within the UK political scene and the tension between USA and China over trade will continue to create a challenging investment environment.

However, we remain focused on ensuring that the rationalisation of the portfolio and the implementation of the new investment policy bears fruit. We remain resolute in achieving our goal of delivering consistent and improving returns to shareholders.

Duncan Budge

Chairman

18 July 2019

Investment Manager's Review

Overview

Last year, we outlined a revised investment strategy that would focus on investing in companies with an emphasis on the following characteristics: observable competitive advantages and attractive industry characteristics (quality); compelling valuations (value); and outstanding management.

We indicated that the resulting strategy would carry a long-term focus – on companies' performance over years, not quarters, with a relatively low turnover of investments. The resulting portfolio structure would be more liquid – to allow us to be responsive to changes in business fundamentals and overall investment conditions; concentrated – to allow us to focus more efficiently on threats and opportunities in existing investments; and internationally exposed – to allow us to take advantage of a wider opportunity set and provide diversification.

One year on, we have made substantial progress. We have reduced our exposure to unquoted equities from 21.6% to 8.7% and increased the portfolio's exposure to mid and large cap equities from 35.1% to 60.3%. 75.5% of the portfolio was turned over in the year as we sold £64.3m worth of equities. We reduced the number of holdings in the portfolio from 91 to 49 by investing further capital in conviction positions and initiated new holdings only after extensive diligence. Our top 10 holdings now account for 44.1% of the portfolio compared to 36.6% a year ago. Overall, we reduced our gearing from 7.1% to a net cash position of 3.1%.

Our revised strategy has had an impact on both the structure and the composition of the portfolio. *Where* we have made new investments, it has been in stronger businesses – for example, our new holdings in Facebook, Just Eat and Domino's Pizza are companies with world-class intangible assets and with resilient and growing end-demand. *When* we have made new investments, we have been unemotional and patient to invest in tough times. We sat on our hands for much of the year, being a net seller of assets before making significant investments in the fourth quarter of 2018 when volatility was high and sentiment low. Our more measured approach means that we have so far made only one new investment in the calendar year to date, compared to a historic run-rate of close to 20.

A significant proportion of the costs of our transformation were borne in this period, whilst the benefits will accrue over time to come. Our NAV declined by 8.6% against a 2.6% rise in the FTSE All-Share Index. Our unquoted portfolio detracted 5.5%, partly due to write-downs in valuation and partly our decision not to invest in companies requiring funding when we believed our capital to be better invested elsewhere. Our decision to invest further in companies sensitive to the UK economy detracted 2.7% as share prices continued to weaken. We continue to believe that the

uncertainty created by Brexit has excessively suppressed valuations.

We have further work to do to complete the repositioning of the portfolio. However, we are confident the changes made this year will be reflected in time with improved returns for shareholders. The changes in liquidity and structure of the portfolio are easy to see.

What is more difficult to observe is the impact of our revised process where we are concentrating our capital on businesses where we think share prices are most detached from underlying value. In the short run discrepancies can exist, but in the long run share prices tend to catch up.

Our current optimism stems from what we perceive to be a particularly large discrepancy due to heightened investor uncertainty. Given this view and the transition occurring, the remainder of this report focuses on developments in the Company's holdings, activity, our current positioning and outlook.

Selected Portfolio Developments

Tesco (5.9% of NAV), our largest holding, had a strong year, growing its sales by 11.5% and profits by 34.5%. The company has regained its investment grade status and made further investments in price and range. This has resulted in a sustained recovery in volumes and led to a restoration in the brand's health. Together with Booker, the company has a uniquely low cost distribution platform in the UK due to its scale both on and offline, with resilient end-demand. The next leg of management's strategy is to exploit "untapped value opportunities" in areas such as loyalty and own-label products. Such opportunities, with minimal additional capital required, should enhance both returns on capital and consequent returns to shareholders.

Sports Direct (5.5% of NAV), the UK apparel retailer, detracted 0.8% as its share price declined 26.1% over the year due to concerns over the UK retail environment. On an underlying basis, we think the company is performing well – for example, cash flow in the first half of 2019 increased by 15% as the UK sports franchise remains resilient and profitability was improved in the international businesses. In the past year the company acquired House of Fraser, Evans Cycles and Sofa.com at heavily distressed prices. Sports Direct has a low cost distribution platform and so in our view, such acquisitions are a good use of capital. House of Fraser's footprint also represents a substantial opportunity to expand the group's growing luxury retail presence. Sports Direct is a good example in our view of a share price falling when we estimate business value to be improving. We increased our position significantly in the year.

Rocket Internet (5.4% of NAV), the conglomerate of internet businesses, was a seller of assets through the year. It listed three of its assets successfully and realised investments in existing public companies. The company's

Strategic Report (continued)

Investment Manager's Review (continued)

net cash increased from 50% to over 90% of its market cap at €3.4bn – meaning that on a 'look-through basis', this holding in the portfolio is substantially backed by cash assets. We estimate that the company is trading on a large discount to its net assets as it has over 200 stakes in private companies. This 'hidden value' and the considerable optionality in management being able to deploy its cash counter-cyclically make for attractive prospects.

IWG (4.7% of NAV), an operator of serviced offices globally under the Regus and Spaces brands, has continued to expand its footprint. It has made significant progress in its strategy to shift to a capital-light, franchised model, akin to that of the large hotel groups such as IHG or Marriott. In April 2019, the company announced the sale of its Japanese operations. Although this accounted for only 4% of group sales, the price received (c. £320m) represented over 13% of its market cap. This has served to reduce the company's debt by over 60%. The company's share price has responded well, rising by over 37% over the year, contributing 1.5% to our NAV. We think investors are still underestimating the value that would emerge as a result of a successful refranchising in other parts of the business: the company is trading at just over 1x sales compared to the multiple achieved in Japan of 3.4x sales, and franchising is likely to accelerate growth and improve returns on capital.

Dignity (4.3% of NAV), the UK funeral services operator, was a large detractor (1.5%) as its share price fell 33.4% in response to the announcement of a full investigation by the Competition Markets Authority (CMA) into the sector. We increased our position materially as we believe the company is well placed to prosper sustainably under a number of possible outcomes from the regulatory process. The business commands a unique position in the industry, with a national network of funeral directors and crematoria. For example, this means that it is able to provide simple, low-cost funerals entirely through its own network, likely at the lowest marginal cost in the industry. In the growing low-cost offering, the company's market share is more than double its share in the traditional area, which we view as an indicator of further gains to come and the company's ability to adapt to change.

Polar Capital (4.1% of NAV) and **Liontrust** (2.6% of NAV) have continued to grow their assets under management due to positive market tailwinds and growth in market share. Collectively these holdings contributed 1% to performance with their share prices rising by 15% and 21% respectively. Polar hired a new Emerging Markets team from Nordea demonstrating the potential for these boutique managers to expand into new verticals.

Hurricane Energy (4.0% of NAV), the oil exploration company, achieved several milestones towards commercialising and monetising its prospective resource

base in the West of Shetland basin. Following the completion of the offshore installation phase and a successful vessel hook-up, the company is due to produce first oil in the Greater Lancaster Area (GLA) imminently. This will provide cash flow but more importantly, long-term production data to establish the commercial viability of a full field development. Given the company's current market capitalisation of £1.1bn against resources in the GLA alone of over 1bn barrels, the potential is significant.

Reaction Engines, our largest unquoted holding (3.5% of NAV), announced a positive test result for its pre-cooler technology which was able to cool airflow from an engine replicating thermal conditions corresponding to Mach 3.3 flight in less than 1/20th of a second. The technology will now be tested at higher speeds. Further progress should enable the company to accelerate commercialisation of the technology.

Nintendo (3.2% of NAV) announced its intention to enter the Chinese market, which has for some time been a region where Nintendo's franchises are popular but provide limited commercial benefits. The opportunity to partner with Tencent and introduce mobile games may change this. Google and Microsoft announced plans to introduce cloud gaming – allowing consumers to play games without the upfront costs of consoles. This would be similar to what Netflix did to set top boxes – democratising and increasing usage of content, thereby increasing its value. Nintendo seems well placed in this environment given the universal appeal and popularity of its franchises and hence we have been increasing our holding.

Hornby (3.1% of NAV) made solid progress in its turnaround under new Chief Executive Lyndon Davies. The company has streamlined its cost base and is working through legacy issues that led to a suppression in gross margins. The renewed energy in the business is being focused on revenue initiatives such as the signing of an agreement with Warner Brothers to bring its franchises to Hornby products. The holding contributed 0.8% to NAV in the period as its share price rose by 50%.

Delivery Hero (3.0% of NAV) announced a transaction in December to sell its German business to Takeaway.com for a multiple representing close to 10x sales. This has allowed the business to invest further in growing its positions in markets where it is a clear leader. This seems to be working as in the first quarter of 2019 revenue growth accelerated to 93%. We had increased our position in December as the company's multiple contracted sharply in the wider sell-off of technology shares in the absence of any change to company fundamentals.

The year was characterised by abnormal activity as we sought to implement our revised investment policy. In aggregate we sold £64.3m worth of equities, reinvesting £27.1m into existing holdings and £22.7m into new holdings. In total we sold out of 49 holdings and started 7 new holdings.

We invested the majority of our realised capital in existing holdings. The most significant additions were to our retail holdings – in **Sports Direct** and **Dixons Carphone**. In our view, investors are failing to distinguish between a traditional capital cycle and industries in structural decline, resulting in depressed valuations for market leaders. Arguably this is similar to what took place in the grocery industry in 2015/2016, allowing us to invest in Tesco at attractive prices. However, we have been too early in some of our investments where current market prices are below our entry levels. We are constantly reappraising our valuations and continue to believe in the prospects for these companies.

We increased our holding in **Plus500**, the online trading platform. Our first investment in this company was in December 2016 amidst regulatory uncertainty and we have followed it since its flotation in 2013. We had reduced our holding following a large appreciation in its shares in 2018 but we misjudged the extent that new regulation would impact near-term trading. Following a negative trading statement in January and a sharp fall in its share price we increased our holding. We believe that the company continues to possess strong competitive advantages over its peers with a lower cost to serving customers and strong balance sheet. As the industry consolidates following the impact of new regulation, we expect Plus500 to benefit.

Our new investments in the year broadly fell into two categories: companies with strong intangible assets such as **Just Eat**, **Domino's Pizza** and **Facebook**, and cyclically exposed companies such as **Barclays**, **easyJet** and **Ryanair**.

We made investments in Just Eat and Facebook in the second half of the financial year. Both companies have strong network effects in their businesses which we expect to endure. Given heightened investor demand for such assets, it required some sort of negative public issue to create a compelling investment opportunity – in the case of Facebook, the Cambridge Analytica scandal, and in Just Eat, its corporate governance issues and fears over competition in the UK market.

As for our other investments, we do not mind cyclicity so long as its impact can be understood, quantified and reflected in the price paid; and as long as there is a fundamental aspect of the company that is competitively-advantaged.

We have invested in European budget carriers as the airline industry has been pressured by high oil prices and weak consumer confidence. In easyJet and Ryanair we have two

industry leaders with market values that are underpinned by their asset bases. Each has their own unique attractions: Ryanair has leading scale and low-cost operations, and easyJet has a strong brand and capacity constrained network positions.

Legacy carriers (e.g. Air France/Alitalia) still command a 60% market share of intra-European flights which represents an attractive opportunity for low-cost carriers, given their relative cost base advantages and efficient operations. In the US market, the top four airlines have an 80% market share vs. 43% in Europe and so, in tough times, we expect consolidation to accelerate.

Our new investment in Barclays is the first bank investment in the Company's portfolio for over 10 years. We think the core UK deposit/mortgage, payments and credit card franchises are strong, consistent cash-generative businesses. The value of these businesses has historically been suppressed by regulation, complexity and the bank's investment banking operations. We believe the pressure on management from activist Ed Bramson will result in introspection that will release value.

In terms of sales, we reduced a number of holdings that did not fit our revised investment criteria. Our sales were largely in small caps and unquoted equities. We sold five unquoted holdings realising 8.2% of NAV – most notably, **Metapack** and **Gundaline**. Metapack was sold at a 25% premium to carrying value, representing an attractive 5.4x return on investment. Our investment in **URICA** was impaired following a one-off event that restricted the company's prospects for raising funds. For further details see our most recent Half-Yearly Report.

We have further rationalisation to do and expect our number of holdings and unquoted exposure to continue to decline, albeit at a slower pace and, as already stated, new unquoted investments will only be made in exceptional circumstances. Commensurately, the underlying portfolio liquidity will continue to improve, giving us more flexibility.

Sector exposure

The table on page 11 depicts our current positioning based on our sector classification. We have increased advantageously diversification across geographies and sectors, despite now having a more concentrated portfolio. This has reduced the portfolio's sensitivity to any one given risk. For example, historically we had large exposures to oil and asset prices, with positions in oil exploration companies and asset managers. These two sectors now account for 14.4% of our assets vs. 22.0% last year. We have reduced our exposure to asset managers, in particular to reduce sensitivity to global asset prices. As a result, we can now expect returns to come from a broader set of industries with the aim of generating more consistent returns.

Strategic Report (continued)

Investment Manager's Review (continued)

We have a bias towards the UK as, on a bottom-up basis, we are finding good evidence to suggest that concerns over the outcome of Brexit has created myopic pricing of UK assets. On our estimates, 46% of the portfolio has revenues derived from the UK and 54% from overseas. Looking at the UK exposure, we estimate that 40% of this is sensitive to the economic cycle – such as our exposure to commercial property (Helical/Capital & Counties), travel (easyJet/Ryanair), and discretionary retail (Dixons Carphone).

However, this means that we judge the majority (60%) of our UK assets to be relatively resilient in tough times. For example, 9% of the portfolio is centred on the provision of food (Tesco/Just Eat/Domino's Pizza). This balance should mean that the portfolio can prosper under a variety of economic outcomes, and we retain scope to alter the balance of our exposures, based on changes in the environment.

Outlook

In the UK market, the recent period has continued to be characterised by uncertainty because of Brexit, which has resulted in elevated volatility and certain sectors underperforming materially. We think that the premium being placed on good, predictable businesses that are seemingly insensitive to political outcomes is, on the whole, 'sky high'.

By contrast, the aversion to uncertainty means that businesses which are economically sensitive or perceived to be challenged are very lowly valued. In this environment we are aiming to adopt an approach that is both patient and rational. We are using the opportunity to invest as bargains are unlikely to remain once obscurities clear. Our liquidity is strong and we have an unutilised gearing facility – meaning we are well-placed to capitalise on further opportunities as they arise.

John Dodd and Kartik Kumar

Fund managers

Artemis Fund Managers Limited

18 July 2019

Top 15 holdings

Name	Sector	Shares	Price	Valuation (£'000)	% of NAV
Tesco	UK grocery retail	3,450,000	£2.50	8,618,100	5.9
Sports Direct International	UK apparel retail	2,696,014	£2.98	8,028,730	5.5
Rocket Internet	Global consumer technology	385,000	€23.48	7,771,184	5.4
IWG	Global serviced offices	2,000,000	£3.40	6,798,000	4.7
Dignity	UK funerals	870,000	£7.12	6,190,050	4.3
Polar Capital Holdings	UK asset management	1,005,000	£5.86	5,889,300	4.1
Hurricane Energy	Oil exploration & production	12,475,917	£0.47	5,863,681	4.0
Reaction Engines	Intellectual property	160,833	£32.00	5,146,656	3.5
Gleeson (M.J.)	UK housebuilding	620,000	£8.30	5,146,000	3.5
Nintendo	Consumer intellectual property	139,262	\$43.08	4,602,008	3.2
Hornby	Consumer intellectual property	11,640,584	£0.38	4,446,703	3.1
Delivery Hero	Global online food delivery	125,000	€41.13	4,419,744	3.0
Dixons Carphone	UK general retailers	2,650,000	£1.45	3,845,150	2.6
Liontrust Asset Management	UK asset management	550,000	£6.78	3,729,000	2.6
Barclays	UK banking	2,250,000	£1.64	3,696,300	2.6

Activity

Purchases	% of NAV
Sports Direct International	3.9
Dixons Carphone	2.8
Plus500	2.5
Dignity	2.4
Barclays	2.4
easyJet	1.8
Nintendo	1.8
Facebook	1.5
Just Eat	1.5
Capital & Counties Properties	1.5

Sales	% of NAV
Metapack	4.5
Avation	2.7
Ramsdens	2.2
Gundaline	1.9
Liontrust Asset Management	1.9
Augean	1.9
BP	1.8
Samarang Asian Prosperity Fund	1.7
Criteo	1.6
Oxford Sciences Innovation	1.5

Sector exposure

Sector	2019	2018	Current positions
UK asset management	8.8%	14.1%	Polar, Liontrust, Miton
Global consumer technology	7.1%	5.7%	Rocket Internet, Fitbit
Consumer intellectual property	6.3%	3.0%	Hornby, Nintendo
UK grocery retail	5.9%	4.6%	Tesco
Oil exploration & production	5.6%	8.0%	Hurricane, IGas, Trinity
UK apparel retail	5.5%	2.4%	Sports Direct International
UK housebuilding	5.1%	3.9%	MJ Gleeson, Springfield
Global online food delivery	4.8%	1.4%	Delivery Hero, Just Eat
Global serviced offices	4.7%	2.2%	IWG (Regus)
UK property	4.3%	5.3%	Capital & Counties, Helical
UK funerals	4.3%	3.0%	Dignity
Financial technology	3.8%	8.9%	Plus500, Gresham Technologies
UK banking	3.7%	2.2%	Barclays, N1 Singer
Intellectual property	3.7%	5.0%	Reaction Engines, Physioblab
European airlines	3.6%	0.0%	easyJet, Ryanair
UK general retail	3.1%	4.8%	Dixons Carphone, Houseology
Global healthcare	2.9%	3.5%	Glaxosmithkline, Vectura
	83.2%	78.0%	

Five largest stock contributors

Company	Contribution %
IWG	1.5
Hornby	0.8
Augean	0.8
Inmarsat	0.8
Metapack	0.7

Five largest stock detractors

Company	Contribution %
URICA	(3.5)
Plus500	(2.1)
Starcount	(1.6)
Dignity	(1.5)
Gresham Technologies	(1.2)

Strategic Report (continued)

Portfolio of Investments as at 30 April 2019

Investment	Business activity	Country of incorporation	Market value £'000	% of NAV
Consumer Services				
Claremont Alpha ²	Taiwan casino developments	Isle of Man	1,688	1.2
Delivery Hero	Online food ordering company	Germany	4,420	3.0
Dignity	Funeral services	UK	6,190	4.3
Dixons Carphone	Specialist electrical & telecommunications retailer	UK	3,845	2.6
Domino's Pizza	UK pizza brand	UK	1,549	1.1
easyJet	Low-cost European point-to-point airline	UK	2,909	2.0
Hardlyever ²	Online portal selling pre-owned luxury goods	UK	1,014	0.7
Just Eat	Online and mobile food ordering	UK	2,621	1.8
Maison Seven ⁴	Online fashion retailing	UK	–	–
Revolution Bars	UK operator of premium bars	UK	899	0.6
Rocket Internet	Internet conglomerate	Germany	7,771	5.4
ROK Entertainment ⁴	Global mobile entertainment group	USA	–	–
ROK Global ⁴	Global mobile entertainment group	UK	–	–
Ryanair Holdings	Low fare airline to destinations in Europe	Ireland	2,317	1.6
Sports Direct International	UK sports retailer	UK	8,029	5.5
Starcount Group ²	Data consultancy	UK	–	–
Tesco	UK grocery retailer	UK	8,618	5.9
Zinc Media Group ¹	Media production	UK	328	0.2
Total Consumer Services			52,198	35.9
Financials				
Barclays	Global financial services provider	UK	3,696	2.6
Capital & Counties Properties	London property company	UK	3,656	2.5
GLI Finance ¹	Peer-to-peer lending investments	Guernsey	239	0.2
Hawk Group ⁴	SME finance solutions	Luxembourg	–	–
Helical	Property development	UK	2,666	1.8
Lamp Group ⁴	Healthcare & specialist insurance	UK	–	–
Liontrust Asset Management	Asset management	UK	3,729	2.6
LumX Group	Asset management	Switzerland	484	0.3
Miton Group ¹	Asset management	UK	3,031	2.1
N1 Singer ²	Stockbroking	UK	1,644	1.1
Newriver REIT (warrants)	UK retail property investments	UK	35	–
Och-Ziff Capital	Asset management	USA	422	0.3
Plus500	Online trading platform	Israel	3,696	2.6
Polar Capital Holdings ¹	Asset management	UK	5,889	4.1
Ramsdens Holdings ¹	Financial services provider & retailer	UK	187	0.1
Retail Money Market ²	Peer-to-peer lender	UK	1,421	1.0
URICA ^{3,4}	Payment network for SMEs	UK	–	–
Total Financials			30,795	21.3
Consumer Goods				
Gleeson (M.J.) Group	UK housebuilding	UK	5,146	3.5
Hornby ¹	Hobby and toy brands	UK	4,447	3.1
Houseology Design Group ²	Home interiors & furniture design	UK	676	0.5
Nintendo	Video games	Japan	4,602	3.2
Pittards ¹	High performance leather goods	UK	1,462	1.0
Springfield Properties ¹	Property development	UK	2,367	1.6
Total Consumer Goods			18,700	12.9

¹ AIM quoted investment

² Unquoted investment

³ Includes fixed interest element

⁴ Delisted, suspended or investments in administration or liquidation

Portfolio of Investments (continued)

Investment	Business activity	Country of incorporation	Market value £'000	% of NAV
Industrials				
Fox Marble ¹	Kosovo marble mining	UK	623	0.4
IWG	Business office facilities	Jersey	6,798	4.7
MBA Polymers ⁴	Post-consumer recycled plastics producer	USA	–	–
Rated People ²	Home maintenance services	UK	737	0.5
Reaction Engines ²	Rocket propulsion systems	UK	5,147	3.5
Total Industrials			13,305	9.1
Oil & Gas				
Ceramic Fuel Cells ⁴	Electric fuel cells	Australia	–	–
Energy Equity Resources (Norway) ⁴	African oil & gas exploration	UK	–	–
Homeland Renewable Energy ⁴	US renewable energy production	USA	–	–
Hurricane Energy ¹	Oil & gas exploration	UK	5,864	4.0
IGas Energy ¹	UK onshore gas production	UK	1,414	1.0
Leed Resources ⁴	Natural resources investments	UK	–	–
PetroHunter Energy ⁴	US oil & gas exploration	USA	–	–
Trinity Exploration & Production ¹	Oil & gas exploration	UK	922	0.6
Total Oil & Gas			8,200	5.6
Technology				
Facebook	Social networking website	USA	2,967	2.0
Fitbit	Health & fitness devices	USA	2,486	1.7
Gresham Technologies	Financial software services	UK	1,674	1.2
Total Technology			7,127	4.9
Health Care				
Eden Research ¹	Agricultural chemicals	UK	829	0.6
GlaxoSmithKline	Global healthcare company	UK	2,360	1.6
Physiolab Technologies ^{2,3}	Cryotherapy technology	UK	306	0.2
Vectura Group	Drug delivery specialist	UK	1,815	1.3
Total Health Care			5,310	3.7
Telecommunications				
Inmarsat	Mobile satellite communications	UK	3,544	2.4
Total Telecommunications			3,544	2.4
Total investments			139,179	95.8
Net other assets			6,087	4.2
Net assets			145,266	100.0

¹ AIM quoted investment

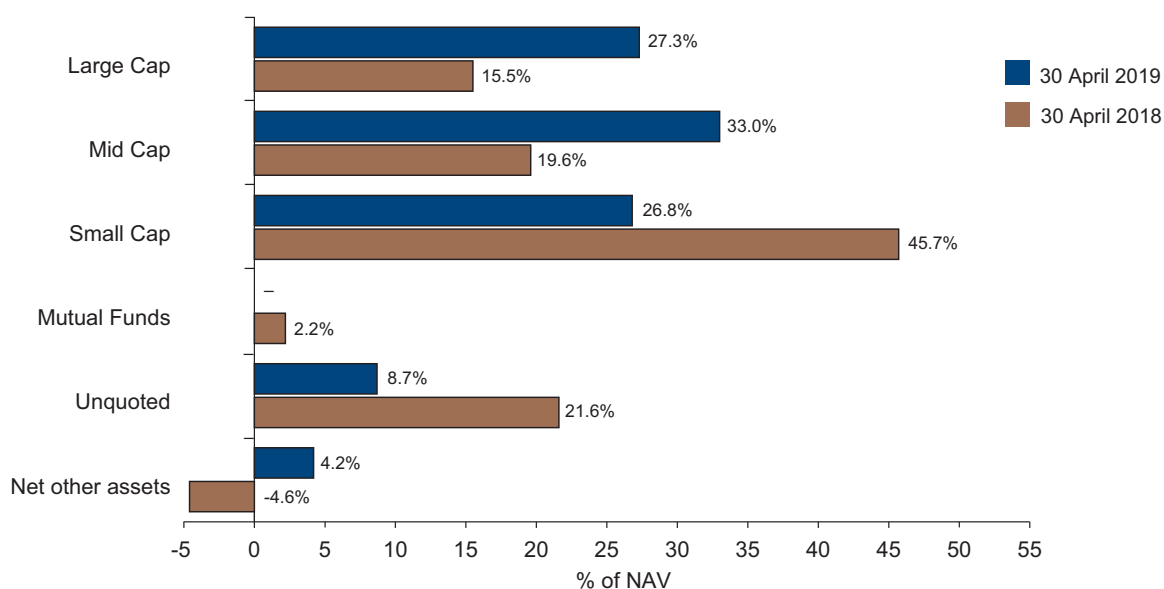
² Unquoted investment

³ Includes fixed interest element

⁴ Delisted, suspended or investments in administration or liquidation

Strategic Report (continued)

Market cap analysis

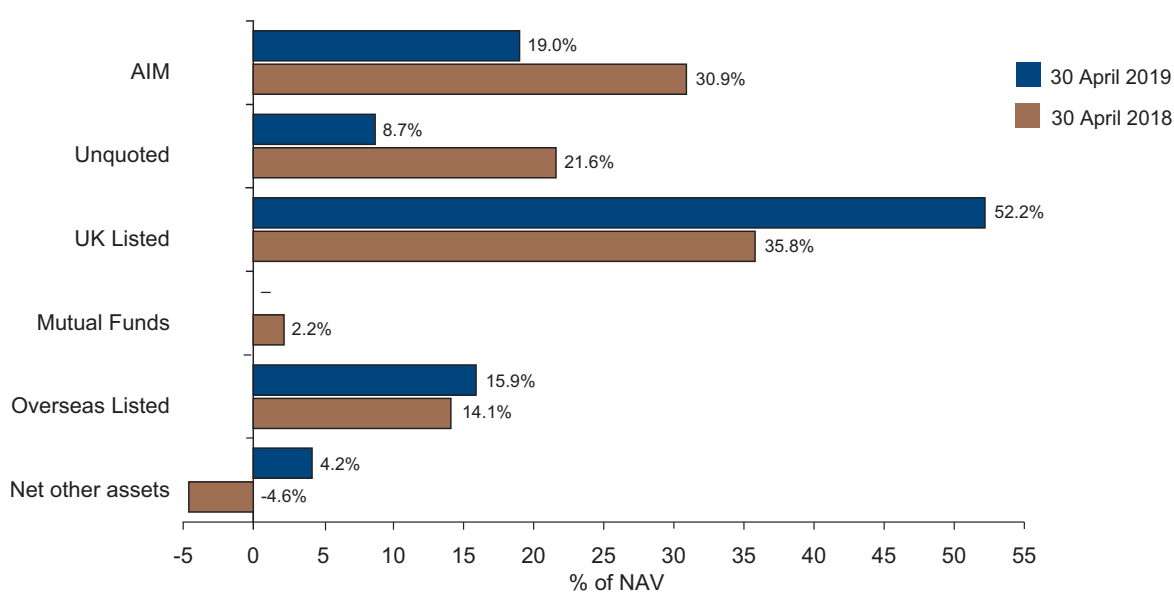


Large cap – market cap equivalent to FTSE 100 companies

Mid cap – market cap equivalent to FTSE 250 companies

Small cap – market cap equivalent to companies below FTSE 250

Market analysis

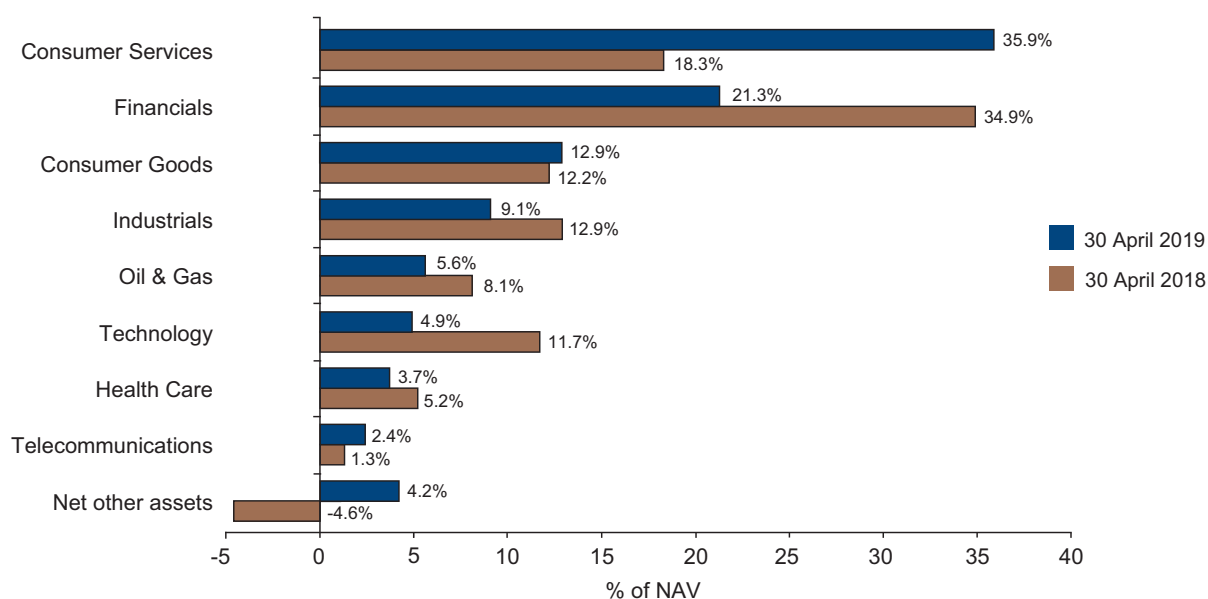


Portfolio of Investments (continued)

Geographical analysis

Country of incorporation	2019 % of NAV	2018 % of NAV
UK	69.6	82.9
Germany	8.4	5.4
Jersey	4.7	2.2
USA	4.0	2.9
Japan	3.2	1.2
Israel	2.6	2.2
Ireland	1.6	–
Isle of Man	1.2	1.1
Switzerland	0.3	0.6
Guernsey	0.2	0.3
Luxembourg	–	2.2
Australia	–	1.6
France	–	1.1
Canada	–	0.4
Finland	–	0.3
Cyprus	–	0.2
Net other assets	4.2	(4.6)
	100.0	100.0

Industry analysis



Portfolio has been analysed using ICB industry classifications.

Strategic Report (continued)

Largest Unquoted Investments as at 30 April 2019

Name	Valuation £'000	% of NAV	% of equity held	Market cap (m)	Date of first investment	Website
Reaction Engines	5,147	3.5	3.1	£230.0	September 2009	reactionengines.co.uk
Reaction Engines develops innovative lightweight heat exchangers for space and hypersonic propulsion systems.						
Claremont Alpha	1,688	1.2	40.5	£3.8	November 2011	—
Claremont Group was set up to identify, develop and monetise early stage opportunities in the gaming sector. The company owns real estate assets in Taiwan.						
N1 Singer	1,644	1.1	6.6	£24.8	March 2010	n1singer.com
N1 Singer is an independent UK stockbroker that specialises in corporate advisory and sales, research and trading services in the small and mid-cap sectors.						
Retail Money Market	1,421	1.0	1.0	£160.2	March 2015	ratesetter.com
Retail Money Market trades as RateSetter, which is one of the largest peer-to-peer (P2P) lenders in the UK.						
Hardlyever	1,014	0.7	19.8	£5.3	January 2013	hardlyeverwornit.com
Hardlyever is an online portal that facilitates the buying and selling of pre-owned luxury and designer items including accessories, clothing, handbags and shoes.						
Rated People	737	0.5	3.1	£30.8	January 2014	ratedpeople.com
Rated People is an online marketplace for homeowners to find tradesmen.						
Houseology Design Group	676	0.5	8.9	£7.0	October 2013	houseology.com
Houseology Design Group is an online retailer of designer furniture and commercial furniture consultancy.						
Physiolab Technologies	306	0.2	4.8	£1.5	December 2012	physiolab.com
Physiolab is an early stage medical device business with proprietary cooling, warming and compression technology to accelerate soft-tissue healing.						

Strategy and Business Review

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 objective and in accordance with the policy set out on page 2.

Gearing & Leverage

The Company uses gearing as part of its investment strategy. Shareholders approved amendments to the Articles of Association on 7 June 2018 which changed the borrowing limit from 25 per cent 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 this being complied with, 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 has a £20.0m (2018: £30.0m) borrowing facility with The Royal Bank of Scotland plc, of which £nil (2018: £11.0m) was drawn down at the year end. 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.

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 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 period. At 30 April 2019, the Company's leverage was 101.24 per cent as determined using the gross method and 96.51 per cent under the commitment method.

The Investment Manager requires prior Board approval to:

- (i) enter into any stocklending agreements;
- (ii) to borrow money against the security of the Company's investments; or
- (iii) 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 2019, together with its prospects for the future, is set out in the Chairman's Statement on pages 5 and 6 and Investment Manager's Review on pages 7 to 10. 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 are:

■ Discrete annual total returns

Year ended 30 April	Net asset value	Share price	FTSE
			All-Share Index
2015	(0.9)%	(6.9)%	7.5%
2016	(6.1)%	(13.2)%	(5.7)%
2017	20.9%	26.7%	20.1%
2018	11.0%	13.2%	8.2%
2019	(8.6)%	(8.9)%	2.6%

Source: Artemis/Datastream

■ Dividends per ordinary share

Year ended 30 April	Total pence per ordinary share		Ordinary increase	Total increase/decrease
	Ordinary	Special		
2015	3.55p	—	3.55p	10.9%
2016	3.90p	—	3.90p	9.9%
2017	4.30p	2.00p	6.30p	10.4%
2018	4.75p	1.60p	6.35p	10.4%
2019	5.00p	0.50p	5.50p	5.3%

Strategic Report (continued)

■ Ongoing charges as a proportion of shareholders' funds

As at 30 April	Ongoing charges
2015	0.9%
2016	0.9%
2017	0.9%
2018	0.9%
2019	0.9%

In addition to the above KPIs, the Board monitors the discount to the underlying net asset value at which the shares trade. No specific discount target has been set, but the Board sets the share buy-back policy and has given the Investment Manager discretion to exercise the Company's authority to buy-back 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 we believe this 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 now also provide tender offers every three years commencing in 2021, for 25 per cent of the ordinary shares then in issue.

Principal risks and risk management

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company. It is used to monitor these risks and to review the effectiveness of the controls established to mitigate them. This is reviewed and assessed by the Board on a six monthly basis. Further information on the Company's internal controls is set out in the corporate governance section on page 24. 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 is set out below:

- **Strategic:** investment objective and policy are not appropriate in the current market and not favoured by investors.

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.
- **Investment:** 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). The Company invests in small cap (listed), AIM traded and unquoted investments which can be subject to a higher degree of risk than larger quoted investments. The Company may also have significant exposure to particular industry sectors from time to time.

As a result of the new investment objective and policy, the Company's portfolio has become more concentrated due to the Investment Manager's higher conviction approach. A concentrated portfolio carries a higher degree of stock-specific risk than a more diversified portfolio as a material decline in an investment may have a significantly adverse effect on the Company's overall performance, financial condition and prospects.

The Company's exposure to unquoted investments reduced to under 10% of total assets during the year, in line with the new investment objective and policy.

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. Risk will be diversified through having a broad range of investments in the portfolio. The Board discusses the investment portfolio with the Investment Manager at each Board meeting and part of this discussion includes a detailed review of the Company's unquoted investments, their valuations and future prospects.

The Company's functional and reporting currency is Sterling. However, the new investment objective and policy may result in a greater proportion of the Company's portfolio being invested in overseas equities denominated in currencies other than Sterling and in Sterling-denominated securities of companies which may conduct all or much of their business in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these investments and their returns and the Company's overall performance, favourably or unfavourably. Foreign exchange rate risk may also increase the volatility of the NAV per Ordinary Share.

The Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of the losses. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

All borrowing arrangements entered into require the prior approval of the Board and gearing levels are regularly discussed by the Board and Investment Manager.

- **Regulatory:** failure to comply with the requirements of a framework of regulation and legislation, within which the Company operates.

The Company relies on the services of the Company Secretary and Investment Manager to monitor ongoing compliance with relevant regulations and legislation.

- **Operational:** 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.

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.

- **Economic Risk:** in addition to the above risks, at the date of this report the outcome of the UK Government's Brexit negotiations with the European Union remain unclear. The risk for the Company is principally in relation to the potential impact of Brexit on the UK companies within the investment portfolio. Although the majority of the investment portfolio is based in the UK, many companies have overseas operations and may potentially be impacted. The Investment Manager continues to monitor the situation and will respond to any economic fluctuations as required.

Further information on risks and the management of them are set out in the notes to the financial statements on pages 44 to 56.

Other matters

Viability Statement

In accordance with the UK Corporate Governance Code, 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 2024. 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, as stated on page 18, and the impact on the Company's portfolio of a significant fall in markets and changes in regulation. 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. They have concluded, given the realisable nature of the majority of the investments, the level of ongoing expenses and the availability of gearing (currently unutilised), that the Company will continue to be in a position to cover its liabilities.

There will be a tender offer in 2021 of up to 25% of the share capital; this has been taken into account 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 2024.

Life of the Company

At a shareholder general meeting held on 7 June 2018, a resolution was passed which amended the Company's Articles to, amongst other things, remove the requirement to

hold a continuation vote at the 2019 AGM and each fifth AGM thereafter.

This was replaced by a triennial liquidity event commencing in 2021. The tender offers will be made every three years, commencing in 2021, with each tender offer being 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 a tender offer if the Ordinary Shares are trading at a premium to the estimated tender price.

Share capital

Shareholders authorised the Company to buy back up to 14.99 per cent of the shares in issue at the 2018 AGM.

During the year the Company did not buy back any ordinary shares (2018: 152,500). The 152,500 ordinary shares bought back in the prior year were repurchased and cancelled from treasury on 27 June 2018.

Post year end, as at 15 July 2019, the Company repurchased 218,500 ordinary shares to be held in treasury.

A resolution to renew the Company's buy back authority will be put to shareholders at the AGM on 5 September 2019.

No ordinary shares were issued during the year. As a result of the prior year exercise of subscription shares 5,499 ordinary shares were issued during the year to April 2018.

The Company's remaining subscription shares were converted to deferred shares and immediately cancelled on 18 June 2018.

Directors

The Directors of the Company and their biographical details are set out on page 21.

No Director has a contract of service with the Company.

The Board supports the principles of diversity in the boardroom and acknowledges the benefits of having greater diversity, including gender, and considers this in 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, but in so doing, consideration will be given to diversity, including gender. The Board is currently comprised of three male directors and two female directors.

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 Financial Report.

Strategic Report (continued)

Strategy and Business Review (continued)

Social and environmental matters

The Company has no employees and has delegated the management of the Company's investments to Artemis which, in its capacity as Investment Manager, has a Corporate Governance and Shareholder Engagement document which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders. Artemis undertakes extensive evaluation and engagement with company managements 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.

As the Company has delegated the investment management and administration of the Company to third party service providers, and has no fixed premises, there are no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the underlying investment portfolio.

Financial Statements

The financial statements of the Company are included on pages 40 to 56 of this report.

For and on behalf of the Board,

Duncan Budge

Chairman

18 July 2019

Directors and Corporate Governance

Directors

Duncan Budge (Chairman)

Duncan Budge, was an Executive Director and Chief Operating Officer of RIT Capital Partners plc between 1995 and 2011. He is chairman of Dunedin Enterprise Investment Trust plc and a director of Lowland Investment Company plc, Menhaden Capital plc, BioPharma Credit plc and Asset Value Investors Limited.

Appointed as an independent non-executive Director on 19 November 2013 and Chairman on 2 October 2014, Mr Budge was also appointed Chairman of the Nomination and Management Engagement Committees on 2 October 2014.

John Ayton MBE

John Ayton, practised as a corporate lawyer in Hong Kong and the City of London before founding Links of London, a global jewellery brand. After selling the company in 2007, Mr Ayton has been an investor in, and chairman of, a number of emerging luxury brands (including Bremont Watch Company and Orlebar Brown (recently sold to Chanel)), as well as launching the jewellery brand Annoushka. He is director of a number of private companies. He was awarded an MBE for his services to the UK jewellery industry in 2012.

Appointed as an independent non-executive Director on 25 June 2015.

Blathnaid Bergin

Blathnaid Bergin, joined Sainsbury's in 2019 as Director of Group Finance. Prior to that she was Chief Finance Operations Officer for Aviva and Group Chief Financial Controller for RSA Insurance. Before joining RSA, Ms Bergin spent 11 years at General Electric where she held a number of finance roles both in the capital and industrial businesses. She has worked in the UK and across much of Europe, Asia and Australia. Ms Bergin has extensive experience in building strong control environments and financial reporting and driving change and transformation. She is a Fellow of the Institute of Chartered Accountants in Ireland.

Appointed as an independent non-executive Director on 9 July 2015 and Chairman of the Audit Committee on 2 December 2015.

Ms Bergin is the Company's Senior Independent Director.

Tom Cross Brown

Tom Cross Brown, was global chief executive officer of ABN AMRO Asset Management, having previously been chief executive officer of ABN AMRO Asset Management in the UK and global head of business development. Prior to joining ABN AMRO, Mr Cross Brown spent 21 years at Lazard Brothers & Co. and was chief executive of Lazard Brothers Asset Management Limited between 1994 and 1997. He is

currently chairman of XPS Pensions Group plc, and is a non-executive member of the management committee of Artemis Investment Management LLP. He stood down as deputy chairman of Just Group on 17 May 2019.

Appointed as a non-executive Director on 5 April 2006. Retired on 11 October 2018.

Jamie Korner

Jamie Korner, is a recently retired partner of Stanhope Capital LLP. A Cambridge graduate, he joined Inchcape in 1978 and worked both overseas and in the UK, following a period in farming. After working at stockbroker Fielding Newson Smith and as a manager of institutional funds at M&G, he moved to Newton Investment Management in 1995. He led the charity and smaller institutional business of Newton until his retirement in 2011. He is a non-executive director of Henderson Alternative Strategies Trust plc, a trustee of the Foyle Foundation and other charities as well as an adviser to other institutions in the arts and education fields.

Appointed as an independent non-executive Director on 6 April 2017.

Victoria Stewart

Victoria Stewart spent twenty two years as a Fund Manager, joining Chiswell Investment Management in 1994 before moving to Royal London Asset Management in 1998. Mrs Stewart was the sole manager of the Royal London UK Smaller Companies Fund from its inception in 2007, leaving in 2016 and taking up a non-executive director role with Secure Trust Bank plc where Mrs Stewart is also Chairman of the Remuneration Committee. Mrs Stewart has considerable experience of managing and investing in various investment vehicles, specifically mid and small-cap listed companies and has a strong working knowledge of performance analysis and corporate governance.

Appointed as an independent non-executive director on 31 May 2019.

Mr Budge, Mr Ayton, Ms Bergin and Mr Korner were considered independent of the Investment Manager throughout the year ended 30 April 2019. Mrs Stewart was considered independent on appointment to the Board on 31 May 2019. All non-executive directors are independent up to the date of this report. They were members of the Audit, Nomination and Management Engagement Committees throughout the period.

Directors and Corporate Governance (continued)

Directors' Report

The Directors have pleasure in presenting their report, together with the audited financial statements of the Company for the year ended 30 April 2019.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 40. The Board has declared dividends for the year totalling 5.50 pence per ordinary share. This is made up of a first interim dividend of 2.00 pence, a proposed final dividend of 3.00 pence and a special dividend of 0.50 pence. The final dividend, subject to shareholder approval, and a special dividend for the year ended 30 April 2019 will be paid on 13 September 2019 to shareholders who are on the register at the close of business on 16 August 2019 with an ex-dividend date of 15 August 2019.

References to Future Development and Financial Risk Management are included in the Strategic Report on pages 5 to 10 and 18 respectively.

Management and management fees

The Company's investments are managed by Artemis Fund Managers Limited ("Artemis"), subject to an Investment Management Agreement dated 15 July 2014 (the "Agreement") (as amended on 7 June 2018). Pursuant to the Agreement, Artemis is entitled to a management fee of 0.75 per cent per annum on the first £250 million of the average monthly market capitalisation of the Company. The balance above £250 million and up to £500 million would be charged at a reduced rate of 0.70 per cent per annum and the balance above £500 million at a further reduced rate of 0.65 per cent per annum. No performance fees are payable.

The Agreement may be terminated by either party on twelve months' written notice. In the event of the Company terminating the Agreement by giving less than twelve months' notice, Artemis is entitled to an amount in lieu of notice equivalent to 0.75 per cent of the market capitalisation of the Company on the date of termination in accordance with the Agreement.

During the year, the Company was managed by John Dodd, Kartik Kumar and Adrian Paterson. Adrian Paterson retired from fund management at the end of 2018.

Portfolio ideas may also be generated by the other members of the Artemis investment team from time to time, but all investment decisions are the responsibility of the fund managers.

Artemis is also the Alternative Investment Fund Manager ("AIFM") to the Company. The Agreement sets out Artemis' duties to the Company in respect of the AIFMD. No fees are paid to Artemis in respect of its role as the AIFM to the Company. Artemis has delegated responsibility for the day-to-day portfolio management of the Company's portfolio to Artemis Investment Management LLP.

Both Artemis entities are authorised and regulated by the Financial Conduct Authority and at 30 April 2019 had £28.6 billion, in aggregate, of assets under management.

Continuing appointment of the Investment Manager

The Board has reviewed the Investment Manager's engagement, including its management processes, risk controls and the quality of support provided to the Board and believes that its continuing appointment, on the terms agreed in June 2018 terms, remains in the interests of shareholders at this time. Such a review is carried out on an annual basis, supported by the Management Engagement Committee.

Elections of Directors

The Board has adopted a policy that all Directors should stand for re-election on an annual basis at each AGM. The Board recommends the re-election of Mr Budge, Mr Ayton, Ms Bergin and Mr Korner on the basis of their industry knowledge, experience and their contribution to the operation of the Company. The Board also recommends the election of Mrs Stewart at this year's AGM.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in conducting their duties.

The Company's Articles provide the Directors, subject to the provisions of UK law, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no qualifying third party indemnity provisions in force.

Share capital

At 30 April 2019, the Company had 40,980,974 ordinary shares (2018: 40,980,974) in issue.

The Company did not make any market purchases of its own ordinary shares during the year (2018: 152,500 for an aggregate consideration of £444,000, representing 0.4 per cent of issued ordinary share capital with the shares bought at an average discount of 23.9 per cent). Post year end the Company repurchased 35,000 ordinary shares to be held in treasury.

There were no shares held in treasury as at 30 April 2019 (2018: 152,500). The Company has a policy whereby any shares held in treasury for more than twelve months from the date of acquisition will be cancelled. During the year 152,500 treasury shares were cancelled (2018: 1,223,706).

At a general meeting and a subscription shareholder meeting of the Company held on 7 June and 18 June 2018 respectively, shareholders approved the re-designation of the Subscription Shares as Deferred Shares. Immediately following the re-designation and subsequent repurchase, the Deferred Shares were cancelled.

The listing of the Subscription Shares in the standard segment of the Official List of the UK Listing Authority and admission of the Subscription Shares to trading on the London Stock Exchange's Main Market was cancelled on 20 June 2018.

At any general meeting of the Company, every ordinary shareholder attending in person or by proxy (or by corporate representative) is entitled to one vote on a show of hands and, where a poll is called, every ordinary shareholder attending in person or by proxy is entitled to have one vote for every ordinary share of which he is the holder. There are no restrictions concerning the voting rights of the Company's ordinary shares or the holding or transfer of the Company's shares and there are no special rights attached to any of the ordinary shares. The Company's ordinary shareholders may approve dividends provided such dividends are not in excess of any dividends recommended by the Directors by ordinary resolution. The Directors may also pay interim dividends. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or on the voting rights.

As at the date of this Report, the table below sets out those shareholders who have notified the Company that they hold more than 3 per cent of the voting rights attaching to the ordinary shares in issue.

Shareholder	Number of ordinary shares held as at 18 July 2019	18 July 2019 % of voting rights
1607 Capital Partners, LLC	4,084,677	9.97%
John Dodd	2,660,955	6.21%
Mark Tyndall	1,975,950	4.09%
Adrian Paterson	1,750,000	4.17%
Investec Wealth & Investment Management Limited	2,045,393	4.99%
Schroder & Co. Limited	1,734,182	4.20%
Mitton Global Opportunities plc	1,250,000	3.05%

Treasury shares

The Board believes that the use of treasury shares can assist with the liquidity of the Company's ordinary shares to address any imbalances between supply and demand.

Any shares held in treasury for more than twelve months from the date of acquisition will be cancelled.

Additional shareholder information

The requirements relating to the appointment and replacement of Directors are contained in the Articles of the Company, a copy of which can be found on the Company's web site at artemisalphatrust.co.uk. Amendments to the

Articles, and the giving of powers to issue or buy-back the Company's shares, require appropriate resolutions to be passed by shareholders. The current authorities to buyback and issue shares will expire at the AGM and proposals for their renewal are set out on pages 57 and 58. There are no agreements to which the Company is party that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Going concern

The Directors, having considered the likely cash flows and operational costs of the Company for the 18 months from the year end, are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2019 AGM are set out in the Chairman's Statement on page 5 and the Notice of Meeting on pages 57 and 58.

Recommendation

The Board considers that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole and unanimously recommends that shareholders vote in favour of each of these resolutions, as the Directors intend to do in respect of their own holdings.

Independent auditors

After careful consideration of the services provided during the year and a review of their effectiveness, the Audit Committee recommended to the Board that PricewaterhouseCoopers LLP be re-appointed as auditors. Accordingly, resolutions will be proposed at the forthcoming AGM for the auditors' ongoing appointment and to authorise the Directors to agree the auditors' remuneration.

Audited information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The Directors confirm that there have been no post balance sheet events up to 18 July 2019 other than those included in note 20 on page 56.

Directors and Corporate Governance (continued)

Directors' Report (continued)

Corporate Governance

Compliance

The Board is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code. This statement outlines how the principles of the AIC Code, issued in July 2016, were applied throughout the financial year. The AIC issued a new code in February 2019 (the '2019 AIC Code') to align, where applicable, with the Financial Reporting Council ('FRC') UK Code of Corporate Governance issued in July 2018. The 2019 AIC Code and UK Code of Corporate Governance (July 2018) are applicable to financial reporting years commencing 1 January 2019. The 2016 and 2019 AIC Codes are endorsed by the FRC. By reporting against the AIC Code the Company meets its obligations under the FRC UK Code of Corporate Governance insofar as they relate to the Company's business.

The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the 2016 AIC Code. The Board notes the recommendations of the 2019 AIC Code and, where possible, has sought to include further detail in the statement below to outline how the principles of the 2019 AIC Code are being applied.

Board responsibilities

The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company. It meets at least four times a year to review the performance of the Company's investments, the financial position of the Company, its performance in relation to the investment objective and all other important issues to ensure that the Company's affairs are managed within a framework of prudent and effective controls. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Board, the Investment Manager and a number of third party service providers. The performance of the Investment Manager and third party service providers are reviewed by the Board on a regular basis, supported by the Management Engagement Committee.

No one individual has unfettered powers of decision. The Chairman, Mr Budge, was at the time of his appointment, and remains, independent of the Investment Manager. The Chairman leads the Board and ensures its effectiveness on all aspects of its operation ensuring that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board. The Company Secretary liaises with the Chairman prior to each meeting to agree agenda content and papers to be submitted to Board and Committee meetings. In addition, the Chairman is responsible for ensuring there is effective communication with shareholders.

The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and in Board minutes. The Board sets the scope of the Investment Manager's responsibilities, including principal operating issues such as unquoted investments, gearing, derivatives, share buybacks and share issuance. The Board regularly reviews the investment restrictions set out in the Investment Management Agreement and any other restrictions set by the Board from time to time to confirm their continuing appropriateness. The Board retains authority to approve any changes to investment policy, including such material changes as may require approval of the shareholders and may review and amend the investment policy guidelines laid down for the investment manager as it deems appropriate.

Representatives of the Investment Manager attend each Board meeting enabling the Directors to seek clarification on its activities in managing the Company.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representatives, who are responsible to the Board for ensuring that proper procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board composition

The Board currently comprises five Directors, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 21 of this Report.

During the year the Board engaged Nurole, an external search consultancy, to assist in identifying potential suitable candidates to join the Board.

As a result of the search, Mrs Stewart joined the Board on 31 May 2019 as a non-executive Director.

The external search consultancy has no connection to the Company or individual Directors.

The Board considers that all the Directors, with the exception of the Chairman (who was deemed independent on appointment), are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code and the 2019 AIC Code. The Nomination Committee meets annually to consider the performance of the Board and consider matters of independence.

Ms Bergin is the Company's Senior Independent Director. This position is reviewed annually.

Appointment of Directors and performance evaluation

Directors are appointed subject to the provisions of the Act and the Company's Articles. Any Directors appointed by the Board are subject to election by shareholders at the first AGM following their appointment and to annual re-election thereafter.

The Board recommends the re-election of Mr Budge, Mr Ayton, Ms Bergin and Mr Korner to shareholders on the basis of their expertise and experience in investment matters and their continuing effectiveness and commitment to the Company. Mrs Stewart, who joined the Board on 31 May 2019, will stand for election at the AGM. Biographical details of the Directors are provided on page 21 of this Report.

The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of their appointments are set out in letters of appointment, which are available for inspection at the registered office of the Company and at the AGM.

The Board, led by the Nomination Committee, conducts an annual review of its performance and that of its Committees, the Chairman and individual Directors. Included in this review is an assessment of whether the Directors have sufficient time to discharge their responsibilities. This review is based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the Senior Independent Director. The Board is satisfied that it has an appropriate balance of skills, experience and has concluded the Directors continue to have sufficient capacity to devote the appropriate amount of time.

Board committees

In order to enable the Directors to discharge their duties, three Board Committees, each with written terms of reference, have been established. Committee membership is set out on page 21 of this Report. Attendance at meetings of the Committees is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary or on the Company's website artemisalphatrust.co.uk. The Chairman of the Board acts as Chairman for the Committees, with the exception of the Audit Committee, which is currently chaired by Ms Bergin.

The Company Secretary acts as the Secretary to each Committee.

Audit Committee

The responsibilities of the Audit Committee are disclosed in the Report of the Audit Committee on pages 31 and 32 of this Report.

Management Engagement Committee

The Management Engagement Committee, which meets at least annually, reviews the terms of appointment and the

performance of each of the Company's third party service providers, including the Investment Manager but excluding the Auditors, which are reviewed by the Audit Committee. The Committee makes recommendations to the Board for improvement or change as appropriate.

The outcome of this review is as below.

Management agreement: the Board is satisfied the Investment Manager has made progress in aligning the portfolio as agreed in the new investment objective and policy. The Investment Manager has given a full report on performance at each Board meeting and discusses investee companies in detail. The Board has closely scrutinised the performance of the portfolio at each Board meeting and has concluded that the continuing appointment of the Investment Manager is in the best interests of the Company.

Third party agreements: the Board reviewed the performance of the material third parties such as the registrar, fund administrator and depositary. It was concluded that each party continued to provide the required level of service and support to the Company.

Nomination Committee

The Nomination Committee meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The Committee is also responsible for reviewing and making recommendations to the Board with respect to succession planning, governance policies including those policies relevant to the tenure of the chair and diversity and inclusion. Following an interview process which considered candidates put forward by Nurole, the Nomination Committee approved the appointment of Mrs Stewart on 31 May 2019.

The Committee undertakes an annual performance evaluation of the Board, led by the Chairman. On those occasions when the Committee is reviewing the Chairman, or considering his successor, the Nomination Committee will normally be chaired by the Senior Independent Director. Following the evaluation, it was concluded that the Board, its committees and the individual directors are performing effectively. The proposal to elect Mrs Stewart at the forthcoming AGM will bring additional knowledge and experience to the Board. The Committee considers the appointment of an external evaluator on a regular basis. An external evaluator was not engaged during the financial period.

As detailed in the Strategic Report on page 19, the Board supports the principles of diversity in the boardroom, and considers this in seeking to ensure that the overall balance of skills and knowledge of the Directors remains appropriate so that it can continue to operate effectively.

Directors and Corporate Governance (continued)

Directors' Report (continued)

Board and Committee Meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year to 30 April 2019.

	Board Meetings	Audit Committee Meetings
Number of meetings held	5	3
Mr Ayton	5/5	3/3
Ms Bergin	5/5	3/3
Mr Budge	5/5	3/3
Mr Cross Brown*	3/3	N/A
Mr Korner	5/5	3/3

* Mr Cross Brown retired on 11 October 2018.

	Management Engagement Committee Meetings	Nomination Committee Meetings
Number of meetings held	1	1
Mr Ayton	1/1	1/1
Ms Bergin	1/1	1/1
Mr Budge	1/1	1/1
Mr Korner	1/1	1/1

Directors' & Chairman tenure

The Board has adopted a policy of annual re-election by shareholders. Directors are subject to a rigorous review after six years of service. The Board does not consider length of service itself to affect independence or the contribution of Directors where experience and continuity can be an advantage to an investment trust Board. The Board welcomes the FRC endorsed AIC Code 2019 and the agreement not to impose a nine year limit on the tenure of an investment trust company chairman. Through the evaluation work of the Nomination Committee, the tenure of individual Directors and the Chairman will be assessed against their continuing contribution to the Board alongside the need to ensure ongoing diversity and a strong line of succession. The Board has agreed a procedure for the appointment of new Directors. Formal consideration of the skills and experience of the Board is undertaken to help identify the capabilities of a new Director when a vacancy arises.

Induction and training

New Directors appointed to the Board are provided with an induction which is tailored to the particular circumstances of the appointee. Regular updates are provided on changes in regulatory requirements that could affect the Company. The Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts and receive other training as necessary.

Relations with shareholders

The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. The Board aims to ensure that shareholders are kept fully informed of developments in the Company's business through the Annual and Half-Yearly Financial Reports, as well as the daily announcement of the net asset values of the Company's ordinary shares to the London Stock Exchange. The Investment Manager produces a monthly factsheet, which can be found on the Company's website at artemisalphatrust.co.uk, along with other information on the Company. The Investment Manager meets with the Company's major shareholders on a periodic basis.

All shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager will be available to discuss issues affecting the Company. Details of shareholder voting are declared at every AGM and are available on the website as soon as practicable following the close of the meeting. Should 20 per cent or more of votes be cast against a board recommendation for a resolution, an explanation of what actions the company intends to take in order to consult shareholders will be provided when announcing voting results. An update on views received from shareholders and actions taken will also be published no later than six months after the AGM together with a final summary in the next Annual Financial Report.

All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 57 and 58 of this Report.

UK Stewardship Code

Artemis has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this can be found on the Investment Manager's website at artemisfunds.com.

Voting policy

The Board has given the Investment Manager discretion to exercise the Company's voting rights and the Investment Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. The Investment Manager's voting for its clients is summarised on its website at artemisfunds.com.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly and policies and procedures have been established to prevent bribery.

Conflicts of interest

The Board has put in place procedures to deal with conflicts and potential conflicts of interest and considers that these have operated effectively throughout the year. The Board

also confirms that its procedures for the approval of conflicts and potential conflicts of interest have been followed by the Directors during the year under review.

Internal controls and management of risk

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed, as well as ensuring that a sound system of internal control is maintained to safeguard shareholders' interests and the Company's assets. As the majority of the Company's systems are maintained on behalf of the Company by third party service providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances on their systems of internal control, which are designed to manage, rather than eliminate, risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board does, however, ensure that these service providers are employed subject to clearly defined contracts.

Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company. In addition, the Investment Manager reports quarterly to the Board on compliance with the terms of its delegated authorities under the Investment Management Agreement and other restrictions determined by the Board.

The Administrator also reports, on a quarterly basis, any operational errors and any breaches of law and regulation. This enables the Board to address any issues with regard to the management of the Company as and when they arise and to identify any known internal control failures. The key procedures which have been established to provide effective internal controls are as follows:

- The Board, through its audit committee, carried out and documented a risk and control assessment, which was reviewed twice during the year and will be kept under ongoing, and at least a six monthly, review.
- Investment management, accounting and custody of assets are segregated. The procedures of the individual parties carrying out these functions are designed to complement each other.
- Investment management and company secretarial services are provided by Artemis. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager. The Board reviews information produced by the Investment Manager in detail on a regular basis.

- Administration services are provided by J.P. Morgan Europe Limited. The Administrator reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives the Administrator's reports on internal controls.
- The Board is aware of the whistleblowing procedures of Artemis and the Administrator, which are considered satisfactory.
- The Audit Committee receives regular updates of any internal audit reviews conducted on behalf of the Investment Manager which may be considered of relevance to the Company.
- Safekeeping of the Company's assets is undertaken by J.P. Morgan Chase Bank N.A..
- Oversight of certain administrative and custodial procedures is undertaken by the Company's Depositary, J.P. Morgan Europe Limited. The Board reviews information provided by the Depositary on a regular basis.
- The Board clearly defines the duties and responsibilities of its agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of their capabilities to deliver the required services; their ongoing performance and contractual arrangements are monitored through the Management Engagement Committee to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are approved by the Board

By the procedures set out above, the Directors have reviewed the effectiveness of the Company's internal controls throughout the year under review and up to the date of this Report. During the year, the Directors made recommendations to recalibrate a number of risk ratings including those relevant to IT controls to ensure that the categorisation of risks identified in the Company's risk map remained appropriate. Further information on the risks and the management of them is set out in the Strategic Report on page 18 and in note 19 of the notes to the financial statements.

The Directors consider that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's position, performance, business model and strategy.

By order of the Board

Artemis Fund Managers Limited

Company Secretary

18 July 2019

Directors and Corporate Governance (continued)

Directors' Remuneration Policy and Report

The remuneration policy of the Company was approved by shareholders at the annual general meeting held on 5 October 2017; with 99.4% votes cast in favour and 0.6% votes against. The policy will apply until the 2020 AGM (being three years from the date of shareholder approval of the policy).

Fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles state the maximum aggregate amount of fees that can be paid to Directors in any year. This is currently set at £200,000 per annum and shareholder approval is required for any changes to this. The Board reviews and sets the level of Directors' fees annually, or at the time of the appointment of a new director, taking into account a range of external information, including peer group comparisons and relevant independent research. The Board did not engage the services of a remuneration consultant during the financial period.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than the other Directors to reflect the additional work required to be carried out in this role. The Chairman of the Audit Committee also receives an additional fee to reflect the additional responsibilities and work associated with the role.

No Director is entitled to any benefits in kind, share options, annual bonuses, long-term incentives, pensions or other retirement benefits or compensation for loss of office.

Directors are appointed with no fixed notice periods and are not entitled to any extra payments on resignation. It is also considered appropriate that no aspect of Directors' remuneration is performance-related in light of the Directors' non-executive status.

Directors are able to claim expenses that are incurred in respect of duties undertaken in connection with the management of the Company.

New Directors will be remunerated in accordance with this policy and will not be entitled to any payments from the Company in respect of remuneration arrangements in place with any other employers which are terminated upon appointment as a Director of the Company.

To date no comments have been received from shareholders in respect of the Remuneration Policy.

Directors' Remuneration Report

The Directors are pleased to present the Company's remuneration report for the year ended 30 April 2019. The Company's Auditors are required to audit certain information contained within this report and, where information set out below has been audited, it is clearly indicated. The Auditors' opinion is included in the Independent Auditors' Report which can be found on pages 33 to 39.

The remuneration report will be submitted to the shareholders for approval at the AGM to be held on Thursday, 5 September 2019. A notice of the AGM accompanies this Annual Financial Report. In accordance with the matters reserved for the Board's decision, the Board is responsible for:

- (i) Determining the remuneration of the Directors, subject to compliance with the Articles and the Remuneration Policy, as approved by shareholders.
- (ii) Approving the remuneration report and policy for inclusion in the Annual Financial Report.
- (iii) Approving the remuneration policy at least every three years and monitoring the policy to ensure compliance.

The Board

During the year ended 30 April 2019, the Board consisted solely of non-executive Directors who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established.

On 27 June 2018, the Board agreed that the fees for each Director, for the year ending 30 April 2019, should be increased to £33,000 for the Chairman (2018: £28,000), £27,000 for the Chairman of the Audit Committee (2018: £22,000) and £24,000 (2018: £20,000) for the other Directors. In reviewing the fees, it was noted that the fees for the chairman had not been changed since 2014 and other directors since 2010. The review also considered the fees paid by trusts in the Company's peer group, its position relative to these peers and the industry as a whole. The increase in fees was also deemed appropriate to ensure that the Company continues to be able to attract potential directors. The Board has agreed fees remain unchanged for the financial year ending 30 April 2020.

The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions, although the Directors carry out reviews from time to time of the fees paid to directors of other investment trusts.

Directors' fees (audited)

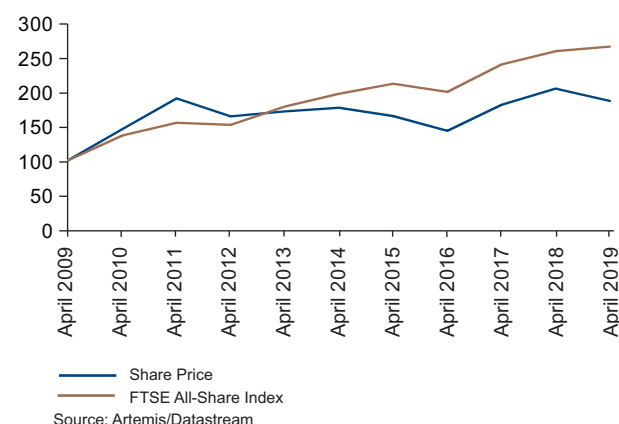
The Directors who served during the years ended 30 April 2019 and 30 April 2018 received the following annual fees. The company does not award any other remuneration or benefits to the directors.

Director ¹	2019	2018
Mr Ayton	£24,000	£20,000
Ms Bergin	£27,000	£22,000
Mr Budge	£33,000	£28,000
Mr Cross Brown ²	£6,720	£20,000
Mr Korner	£24,000	£20,000
	£114,720	£110,000

¹ None of the Directors who are Directors of the Company's wholly owned subsidiary received any remuneration from this company.

² Mr Cross Brown retired on 11 October 2018.

Performance graph



The performance graph above sets out the Company's ordinary share price total return (assuming re-investment of dividends) from 30 April 2009 to 30 April 2019 compared with the total return of a notional investment in the FTSE All-Share Index. As investments are selected on their individual merits, the portfolio will not track any comparative index, and there is likely to be a divergence in performance between the Company and the index.

Expenditure by the Company as remuneration and distributions to Shareholders

The table below compares the remuneration paid to Directors with distributions made to shareholders during the year under review and the prior financial review.

	2019	2018
Directors' fees	£114,720	£110,000
Distributions to Shareholders		
– dividends	£2,705,000	£2,664,000
– share buybacks	£nil	£444,000

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last annual general meeting of shareholders, held on 11 October 2018, in respect of the approval of the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
15,697,888	99.74	41,360	0.26	15,739,248	71,207

Directors' interests

The Directors' interests in the capital of the Company who held office at 30 April 2019 were as follows:

Ordinary shares

	30 April 2019		30 April 2018	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	13,241	–	6,562	–
Ms Bergin	4,970	–	4,970	–
Mr Budge	15,000	–	15,000	–
Mr Korner	23,300	–	10,000	–

Mrs Stewart was appointed a Director of the Company on 31 May 2019 and holds no interest in the capital of the Company.

At no time during the year did any Director hold a material interest in any contract, arrangement or transaction with the Company or its subsidiary undertakings.

On behalf of the Board and in accordance with the Regulations, I confirm that the Directors' Remuneration Report summarises, for the year ended 30 April 2019, the review undertaken and the decisions made regarding the fees paid to the Board.

Duncan Budge

Chairman
18 July 2019

Directors and Corporate Governance (continued)

Statement of Directors' Responsibilities in respect of the Annual Financial 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 (pages 5 to 20). Therefore no separate management report has been included.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial 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 IFRS as adopted by the EU and applicable law.

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 IFRS as adopted by the EU; 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 complies 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.

We confirm that to the best of our knowledge:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 April 2019, and of the profit or loss of the Company for the year then ended; and
- (b) 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.

For and on behalf of the Board

Duncan Budge

Chairman

18 July 2019

Audit Information

Report of the Audit Committee

Roles and responsibilities

The main responsibilities of the Audit Committee include:

- monitoring the integrity of the Company's annual and interim financial statements and any formal announcements relating to the company's financial performance, and reviewing significant reporting judgments included therein;
- confirming to the Board whether the annual and interim financial statements, taken as a whole, are fair, balanced and understandable, and provide information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the appropriateness and consistency of its accounting policies,
- reviewing the effectiveness of the Company's financial reporting, risk management systems and internal control policies and procedures for the identification, assessment and reporting of risks,
- reviewing the need for an internal audit function,
- considering and making recommendations to the Board as regards the appointment and re-appointment of the Company's external auditors,
- reviewing the relationship with the external auditors including:
 - the independence and objectivity of the auditors, and the effectiveness of the annual external audit process, taking into consideration UK professional and regulatory requirements;,
 - considering the audit fees payable to the external auditors, and
 - developing and implementing a policy on the engagement of the external auditor to supply non-audit services provided to the Company by its auditors, taking into consideration relevant regulations and ethical guidance.

The Audit Committee provides a forum through which the Company's auditors report to the Board.

Composition and meetings

All members of the Audit Committee are considered to have relevant and recent financial and investment experience as a result of their employment in financial services and other industries. Blathnaid Bergin, the Chairman of the Audit Committee, is a chartered accountant.

The Committee meets at least twice each year and representatives from the Investment Manager and the Administrator may be invited to attend the meetings of the Audit Committee to report on issues as required.

With reference to the 2019 AIC Code, Mr Budge, Chairman of the Board, remains a member of the Audit Committee.

The Board considers this is appropriate given the experience of Mr Budge and the contribution he brings.

The Audit Committee meets with representatives of the Company's Auditors at least once each year to discuss any matters arising from the audit.

Activities during the year

The Audit Committee met three times during the year. At these meetings the Committee considered the Annual Report, the Half-Yearly Financial Report, reviewed the Company's compliance with s1158 of the Corporation Taxes Act 2010 and discussed the valuation of unquoted securities with the Investment Manager. It also met with senior representatives of the Investment Managers' Risk and Compliance departments during the period.

PricewaterhouseCoopers LLP (PwC) attended two of these meetings.

Internal audit and controls

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties. Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report to the Board, on a quarterly basis, any operational errors or breaches of law or regulation.

The Audit Committee considers annually whether there is a need for an internal audit function, and has agreed that it remains appropriate for the Company to rely on the internal controls that exist within its third party service providers.

The Audit Committee receives updates for the Investment Manager regarding any internal audits of relevance to the Company.

As part of the Board's review of internal controls, the Audit Committee carries out and documents a risk and control assessment, which is kept under ongoing, and at least a six monthly, review. The Audit Committee reports its findings and recommendations to the Board.

Appointment and remuneration of Auditors

The fees paid to PwC in respect of audit services are disclosed in note 4 of the notes to the financial statements.

As noted in the Directors' Report on page 23, PwC has expressed its willingness to continue in office as independent Auditors. After careful consideration of the services provided since appointment and a review of its effectiveness, the Audit Committee recommended to the Board that PwC should be re-appointed as Auditor for the Company. Accordingly, resolutions will be proposed at the forthcoming AGM for the Auditors' re-appointment and to authorise the Directors to agree the Auditors' remuneration.

Audit Information (continued)

Report of the Audit Committee (continued)

Audit for the year ended 30 April 2019

As part of the planning for the annual audit, the Audit Committee met with PwC and reviewed their audit strategy document, which highlighted the level of materiality applied by the Auditors, the key perceived audit risks and the scope of the audit.

Following this review, the Audit Committee considered the main risk that arises in relation to the financial statements to be the valuation and ownership of both listed and unquoted investments held by the Company.

The valuation and existence of investments was raised as a key audit risk. The Company's investments are valued in accordance with the accounting policies, and the listed investments are valued by the Company's administrator. These prices are reviewed and overseen by the Company's Investment Manager. The Depositary is responsible for holding the Company's assets in custody and verifying the ownership of these assets. The Company receives regular reports from the Depositary, including at the period end.

The Audit Committee also reviewed the valuation of unquoted investments included in the Annual Financial Report and discussed and challenged these in detail with the Investment Manager.

The Auditors also highlighted, during the planning process, the calculation of the investment management fee and the Company's compliance with section 1158 of the Corporation Taxes Act 2010 as other key areas considered as part of the audit. The Audit Committee receives regular reports from the Investment Manager including as at the year end date.

The Audit Committee met with representatives of the Company's Auditors at the Audit Committee meeting held on 27 June 2019 to discuss any matters arising from the annual audit and to assess the independence and effectiveness of the external audit process. An unqualified audit opinion on the financial statements has been provided, which is set out on pages 33 to 39.

Audited information

The Audit Committee considers that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's performance, business model and strategy.

Non-audit services

The Audit Committee has established a policy for the provision of non-audit services to the Company which prohibits the provision of certain services by the Auditors which the Audit Committee believes would compromise auditor independence. Non-audit services are permitted subject to the Audit Committee being satisfied that the engagement would not compromise independence, where the total fees for non-audit services is less than 70 per cent of the average audit fees for the last three years and where knowledge would be advantageous in carrying out the service.

There were no non-audit services provided by the external auditor during the year ended 30 April 2019.

On behalf of the Board

Blathnaid Bergin

Chairman of the Audit Committee
18 July 2019

Independent auditors' report to the members of Artemis Alpha Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Artemis Alpha Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Report (the "Annual Report"), which comprise: the statement of financial position as at 30 April 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 May 2018 to 30 April 2019.

Our audit approach

Overview



- Overall materiality: £1.45m (2018: £1.62m), based on 1% of Net assets.
- The Company is a standalone Investment Trust Company and engages Artemis Fund Managers Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements with the assistance of J.P. Morgan Europe Limited (the "Administrator") to whom the Investment Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the Administrator and adopted a fully substantive testing approach using reports obtained from the Administrator.
- Valuation and existence of unlisted investments.
- Valuation and existence of listed investments.
- Income from investments.

Audit Information (continued)

Independent auditors' report to the members of Artemis Alpha Trust plc (continued)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the on-going qualification as an Investment Trust under the Corporation Tax Act 2010 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and Chapter 75 of the UK Listing Rules applicable to Closed-Ended Investment Funds, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase income or to overstate the value of investments and increase the net asset value of the Trust. Audit procedures performed by the engagement team included:

- Discussions with management, the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discuss with and challenge the Manager and directors as to the appropriateness of the methodology and key inputs used, and the valuations themselves;
- Reviewing relevant meeting minutes, including those of the audit committee;
- Assessment of the Company's compliance with the requirements of s1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Valuation and existence of unlisted investments</p> <p>Refer to page 32 (Audit Committee Report), pages 44-45 (Accounting Policies) and pages 49-51 (notes).</p> <p>The investment portfolio at 30 April 2019 included unlisted investments of £12.6m (excluding Investment in subsidiary undertakings).</p> <p>We focused on the valuation and existence of the unlisted investments as these investments represented a material balance in the financial statements and the valuation requires significant estimates and judgements to be applied by the Manager. Changes to key inputs to the estimates and/ or the judgments made can result, either on an individual unlisted investment or in aggregate, in material change to the valuation of unlisted investments.</p>	<p>Our main audit procedures over valuation and existence of unlisted investments were as follows:</p> <ul style="list-style-type: none"> • We understood and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by the Manager in determining the fair value of the unlisted investments. • We also read the Audit Committee meeting minutes where the valuations of the unlisted investments were discussed. This, together with the work outlined above and our knowledge of the investee entities, IFRS, IPEV guidelines and the AIC SORP, enabled us to discuss with and challenge the Manager and directors as to the appropriateness of the methodology and key inputs used, and the valuations themselves.

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • We found that the Manager's valuations of unquoted investments were consistent with the relevant guidelines and that the assumptions used to derive the valuations within the financial statements were appropriate based on the investee's circumstances, and actual and expected financial performance. • We tested the existence of the unlisted investment portfolio by agreeing 100% of the holdings to an independent confirmation received from the custodian. No differences were noted.
<p>Valuation and existence of listed investments</p> <p>Refer to page 32 (Audit Committee Report), page 44 (Accounting Policies) and pages 49-51 (notes).</p> <p>The investment portfolio at 30 April 2019 comprised listed equity investments of £126.5 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>Our main audit procedures over the valuation and existence of listed investments were as follows:</p> <ul style="list-style-type: none"> • We tested the valuation of the full population of listed investments by agreeing the prices used in the valuation to independent third party sources. No material misstatements were identified. • We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary. No differences were identified.
<p>Income from investments</p> <p>Refer to page 32 (Audit Committee Report), page 44 (Accounting Policies) and page 46 (notes).</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company.</p> <p>We focused on the valuation of investments with respect to gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').</p>	<p>Our main audit procedures over income from investments were as follows:</p> <ul style="list-style-type: none"> • We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. • We found that the accounting policies implemented wherein accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. • We understood and assessed the design and implementation of key controls surrounding income recognition. • In addition, we tested a sample of dividend receipts by agreeing the dividend rates from investments to independent third party sources. Our testing, which required reporting to those charged with governance, identified no misstatements. • To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. • We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We did not find any special dividends that were not treated in accordance with the AIC SORP.

Audit Information (continued)

Independent auditors' report to the members of Artemis Alpha Trust plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator, who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the Financial Statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.45m (2018: £1.62m).
How we determined it	1% of Net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £73k (2018: £81k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's business and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 18 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 19 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Audit Information (continued)

Independent auditors' report to the members of Artemis Alpha Trust plc (continued)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 27, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 31 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Financial Report set out on page 30, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 1 February 2018 to audit the financial statements for the year ended 30 April 2018 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 30 April 2018 to 30 April 2019.

Christopher Meyrick (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

18 July 2019

Financial Statements

Statement of Comprehensive Income

For the year ended 30 April 2019

	Note	Year ended 30 April 2019			Year ended 30 April 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	2	3,347	–	3,347	3,250	–	3,250
Total revenue		3,347	–	3,347	3,250	–	3,250
(Losses)/gains on investments		–	(15,072)	(15,072)	–	13,454	13,454
Currency losses		–	(41)	(41)	–	(46)	(46)
Total income/(loss)		3,347	(15,113)	(11,766)	3,250	13,408	16,658
Expenses							
Investment management fee	3	(95)	(854)	(949)	(92)	(829)	(921)
Other expenses	4	(451)	(101)	(552)	(433)	(24)	(457)
Profit/(loss) before finance costs and tax		2,801	(16,068)	(13,267)	2,725	12,555	15,280
Finance costs	5	(28)	(253)	(281)	(39)	(352)	(391)
Profit/(loss) before tax		2,773	(16,321)	(13,548)	2,686	12,203	14,889
Tax	6	(132)	–	(132)	(83)	–	(83)
Profit/(loss) and total comprehensive income/ (expense) for the year		2,641	(16,321)	(13,680)	2,603	12,203	14,806
Earnings/(loss) per ordinary share	8	6.44p	(39.83)p	(33.39)p	6.35p	29.77p	36.12p

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.

The notes on pages 44 to 56 form part of these financial statements.

Statement of Financial Position

As at 30 April 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	9	139,179	169,206
Investments in subsidiary undertaking	10	3,193	3,213
		142,372	172,419
Current assets			
Other receivables	12	908	734
Cash and cash equivalents		4,556	1,126
Total assets		147,836	174,279
Current liabilities			
Other payables	13	(2,570)	(1,559)
Bank loan	19	–	(11,000)
Total liabilities		(2,570)	(12,559)
Net assets		145,266	161,720
Equity attributable to equity holders			
Share capital	14	410	480
Share premium		676	676
Special reserve		50,133	50,202
Capital redemption reserve		180	110
Retained earnings – revenue		2,803	2,867
Retained earnings – capital	15	91,064	107,385
Total equity		145,266	161,720
Net asset value per ordinary share	16	354.47p	394.62p

These financial statements on pages 40 to 56 were approved by the Board of Directors and signed on its behalf on 18 July 2019:

Duncan Budge

Chairman

The notes on pages 44 to 56 form part of these financial statements.

Financial Statements (continued)

Statement of Changes in Equity

For the year ended 30 April 2019

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings		Total £'000
					Revenue £'000	Capital £'000	
For the year ended 30 April 2019							
At 1 May 2018	480	676	50,202	110	2,867	107,385	161,720
Total comprehensive income/(expense):							
Profit/(loss) for the year	–	–	–	–	2,641	(16,321)	(13,680)
Transactions with owners recorded directly to equity:							
Cancellation of ordinary shares from treasury	(1)	–	–	1	–	–	–
Conversion of subscription shares to deferred shares	(69)	–	–	69	–	–	–
Repurchase of deferred shares	–	–	(69)	–	–	–	(69)
Dividends paid	–	–	–	–	(2,705)	–	(2,705)
At 30 April 2019	410	676	50,133	180	2,803	91,064	145,266
For the year ended 30 April 2018							
At 1 May 2017	492	657	50,646	98	2,928	95,182	150,003
Total comprehensive income/(expense):							
Profit for the year	–	–	–	–	2,603	12,203	14,806
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(444)	–	–	–	(444)
Cancellation of ordinary shares from treasury	(12)	–	–	12	–	–	–
Conversion of subscription shares	–	19	–	–	–	–	19
Dividends paid	–	–	–	–	(2,664)	–	(2,664)
At 30 April 2018	480	676	50,202	110	2,867	107,385	161,720

The notes on pages 44 to 56 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 April 2019

	2019 £'000	2018 £'000
Operating activities		
(Loss)/profit before tax	(13,548)	14,889
Interest payable	281	391
Losses/(gains) on investments	15,072	(13,454)
Currency losses	41	46
Increase in other receivables	(2)	(179)
(Decrease)/increase in other payables	(13)	252
Net cash inflow from operating activities before interest and tax	1,831	1,945
Interest paid	(281)	(391)
Irrecoverable overseas tax suffered	(132)	(83)
Net cash inflow from operating activities	1,418	1,471
Investing activities		
Purchase of investments	(49,775)	(52,510)
Sales of investments	64,347	53,337
Net cash inflow from investing activities	14,572	827
Financing activities		
Repurchase of ordinary shares into treasury	–	(444)
Conversion of subscription shares	–	19
Repurchase of deferred shares	(69)	–
Dividends paid	(2,705)	(2,664)
Increase/(decrease) in intercompany loan	1,255	(49)
Net cash outflow from financing activities	(1,519)	(3,138)
Net decrease/(increase) in net debt	14,471	(840)
Net debt at the start of the year	(9,874)	(8,988)
Effect of foreign exchange rate changes	(41)	(46)
Net funds/(debt) at the end of the year	4,556	(9,874)
Bank loans	–	(11,000)
Cash and cash equivalents	4,556	1,126
	4,556	(9,874)

The notes on pages 44 to 56 form part of these financial statements.

Financial Statements (continued)

Notes to the Financial Statements

1. Accounting policies

(a) Basis of preparation. The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union including interpretations issued by the IFRS Interpretations Committee and the Companies Act 2006 as applicable to companies reporting under IFRS. 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 November 2014 and updated in February 2018 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 2019 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.

(b) Segmental reporting. The Company has only one material segment of business being that of an investment trust company.

(c) Investments. Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated in the Company's financial statements at fair value, which is deemed to be the net assets of each subsidiary.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid or SETS prices without deduction for the estimated future selling

costs. Unquoted investments are valued at fair value which is determined by the Board, through discussion with the Investment Manager and with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board in December 2018. Valuation techniques employed include: calibrated price of recent investment; earnings multiples; net assets; discounted cash flow techniques; industry valuation benchmarks; and available market prices.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(d) Revenue. Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received. Income from fixed interest securities is recognised on an effective interest rate basis. Interest receivable from cash and short-term deposits is recognised on an accruals basis. Special dividends are treated as repayment of capital or as revenue depending on the facts of each particular case.

(e) Expenses and finance costs. All expenses and interest payable are recognised on an accruals basis. Expenses are charged through the revenue column in the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital; and
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of investments.

Investment management fees, performance fees and finance costs are

allocated on the basis of 10% to revenue and 90% to capital.

The performance fee is accrued in the daily net asset value and is calculated using the prevailing price of the Company's ordinary shares and benchmark performance. The accrued fee is based on the full expected liability of performance fee as at the date of the calculation. Payments will be made to the Investment Manager at the end of each performance period, in line with the Investment Management Agreement. Any amounts accrued but not due for payment may be reversed as a result of future relative performance.

(f) Taxation. Taxation represents the sum of taxation payable, any withholding tax suffered and any deferred tax. Taxation is charged or credited in the Statement of Comprehensive Income. Any taxation payable is based on the Company's profit for the year, calculated using tax rates in force at the balance sheet date. Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under section 1158 of the Corporation Taxes Act 2010 in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Cash and cash equivalents. Cash and cash equivalents comprises deposits and overdrafts with banks and bank loans with maturities of less than three months from inception.

Bank borrowings are used on a periodic basis to meet the Company's cash requirements and are reviewed regularly by the Investment Manager. Loan draw downs are normally of short durations which are subject to an insignificant risk of change in valuation.

(h) Dividends. Dividends are recognised from the date on which they are irrevocably committed to payment.

(i) Foreign currency translation. Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates ruling on the date of the Statement of Financial Position. Foreign exchange differences arising on investment transactions are recognised through capital.

(j) Other receivables and payables.

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are noninterest bearing and are stated at their nominal value.

(k) Reserves.

Retained earnings – capital

Retained earnings – capital is made up of Capital Reserve – realised and Capital Reserve – unrealised.

Capital Reserve – realised

This reserve includes:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash; and
- expenses, together with any related taxation effect, in accordance with the above policies.

Capital Reserve – unrealised

This reserve includes: changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value are accounted for through this reserve.

Special Reserve

This reserve is treated as distributable profits for all purposes, excluding the payment of dividends. The cost of share buy-backs is accounted for through this reserve.

Capital Redemption Reserve

This reserve includes the nominal value of all shares bought back and cancelled by the Company.

Retained earnings – revenue

The revenue profit or loss for the year is taken to or from this reserve, and any dividends declared by the Company are paid from this reserve.

(l) Accounting developments. At the date of authorisation of these financial statements, the following Standards and Interpretations came into issue during the year:

- IFRS 9 – Financial Instruments. The adoption of IFRS 9 did not result in any change to the classification or measurement of financial instruments in either the current or the prior period. The Company's investments remain classified at fair value through profit or loss.
- IFRS 15 – Revenue from Contracts with Customers. The adoption of IFRS 15 did not result in any amendment to the recognition of revenue.

The following Standards and Interpretations are available for adoption but are not mandatory, they have not been adopted early. They are not expected to have any significant impact on the Company:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019).
- IFRS 16 – Leases (effective for annual periods beginning on or after 1 January 2019).

(m) Estimates and judgements. A number of estimates, judgements and assumptions are required in the preparation of the Company's financial statements. The most significant judgement relates to the valuation of the unquoted investments.

The valuations are determined by the Investment manager with reference to the valuation guidelines issued by the International Private Equity and Venture Capital Valuation Board. These valuations are considered, reviewed and approved by the Board. The valuations of the unquoted investments are based on a number of different methodologies,

the most common being calibrated price of recent investment, net assets and earnings multiples.

Where the calibrated price of recent investment has been used, consideration has also been given to the current facts and circumstances to take into account changes in the market or performance of the underlying company.

The methodology selected will be based on the circumstances relevant to each individual investment and the valuation and methodology are regularly reviewed to ensure they remain appropriate.

The key assumption relating to valuing an unquoted investment based on the calibrated price of recent investment is that it is considered as a reasonable approximation of fair value for a limited period following the relevant transaction. It is mainly used on early stage investments where there are no current or short term future earnings or positive cash flows. The valuation is regularly reviewed to ensure that this basis remains appropriate, considering such factors as progress of the investee company against plan and changes in the observable performance of comparable companies.

The key assumption relating to valuing an unquoted investment based on net assets that the value of the business is derived from the underlying value of its assets, for example where an investment has a significant property holding and therefore the assets of the business equates to the fair value of the investment.

The key assumption when an earnings multiples based approach is used is that valuations of a selection of comparable companies should provide a reasonable basis for valuing an unquoted investment, subject to appropriate discounts for liquidity. This is used where a business is more mature, and is considered to have sustainable earnings. Where this valuation approach has been used, an alternative methodology will be utilised to cross-check for reasonableness. In this case, the valuation is based on a selection of comparable companies with either historic or forecast revenues. The selection of companies and any discount applied for liquidity are kept under review to ensure that these remain appropriate.

Financial Statements (continued)

Notes to the Financial Statements (continued)

2. Income

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
Investment income*		
UK dividend income	2,659	2,615
UK fixed interest	24	104
Overseas dividend income	625	529
	3,308	3,248
Other income		
Bank interest	39	2
	39	2
Total income	3,347	3,250
Income from investments		
UK quoted investments	2,844	2,376
UK unquoted investments	333	343
Overseas quoted investments	101	529
Overseas unquoted investments	30	–
	3,308	3,248

* 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.

3. Investment management fees

	Year ended 30 April 2019			Year ended 30 April 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	95	854	949	92	829	921

Details of the terms of the investment management fee are set out in the Directors' Report on page 22. Following the June 2018 update to the investment management agreement, performance fees are no longer applicable. No performance fee was paid in the year ended 30 April 2018. As at 30 April 2019 £289,000 was outstanding in respect of amounts due to the Investment Manager (2018: £308,000).

4. Other expenses

	Year ended 30 April 2019			Year ended 30 April 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Director's remuneration (excluding VAT and NIC)	110	–	110	110	–	110
Auditor's remuneration (excluding VAT):						
– Fee for the audit of the Company's financial report	28	–	28	29	–	29
Other expenses*	313	101	414	294	24	318
	451	101	552	433	24	457

* Other expenses include stock exchange listing fees, directors' insurance, AIC membership fees, administration fees, registrars' fees, corporate broker fee, depositary fees, and printing/postage.

5. Finance costs

	Year ended 30 April 2019			Year ended 30 April 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest*	11	98	109	25	224	249
Loan commitment fee	3	25	28	3	27	30
Loan non-utilisation fee	14	129	143	10	95	105
Overdraft interest*	–	1	1	1	6	7
	28	253	281	39	352	391

* Interest on financial liabilities that are not held at fair value through profit or loss.

6. Tax

(a) Tax charge for the year

	Year ended 30 April 2019			Year ended 30 April 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	132	–	132	83	–	83
	132	–	132	83	–	83

(b) Factors affecting the tax charge for the year

	Year ended 30 April 2019			Year ended 30 April 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before tax	<u>2,773</u>	<u>(16,321)</u>	<u>(13,548)</u>	<u>2,686</u>	<u>12,203</u>	<u>14,889</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 19.00% (2018: 19.00%)	527	(3,101)	(2,574)	510	2,319	2,829
Non-taxable capital losses/(gains)	–	2,871	2,871	–	(2,548)	(2,548)
Non-taxable UK dividends	(505)	–	(505)	(497)	–	(497)
Non-taxable overseas dividends	(25)	–	(25)	(44)	–	(44)
Unutilised management expenses	12	230	242	79	229	308
Irrecoverable overseas tax	132	–	132	83	–	83
Double taxation relief expensed	(15)	–	(15)	(33)	–	(33)
Income taxed in different years	6	–	6	(15)	–	(15)
	132	–	132	83	–	83

(c) Factors that may affect future tax charges

The Company has excess management expenses and surplus loan relationship deficits of £17,030,000 (2018: £15,765,000) that may be available to offset future taxable revenue. No deferred tax asset has been recognised in respect of these amounts as it is unlikely to be utilised in the foreseeable future.

Financial Statements (continued)

Notes to the Financial Statements (continued)

7. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2019.

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
2018 second interim dividend of 3.00p per ordinary share (2017: 2.75p)	1,229	1,127
2019 first interim dividend of 2.00p per ordinary share (2018: 1.75p)	820	717
Special dividend of 1.60p per ordinary share (2017: 2.00p)	656	820
	2,705	2,664

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 2019 reflects the second interim dividend for the year ended 30 April 2018 which was paid on 24 August 2018 together with a special dividend of 1.60p. For the year ended 30 April 2019, a first interim dividend of 2.00p has been paid on 25 January 2019 and a final dividend of 3.00p together with a special dividend of 0.50p has been proposed for payment on 13 September 2019. The final dividend is proposed for approval by shareholders at the forthcoming AGM to be paid on 13 September 2019.

Set out below are the total dividends paid/proposed in respect of the financial year ended 30 April 2019.

	Year ended 30 April 2019 £'000	Year ended 30 April 2018 £'000
First interim dividend of 2.00p per ordinary share (2018: 1.75p)	820	717
Final dividend of 3.00p per ordinary share (2018: 3.00p)	1,229	1,229
Special dividend of 0.50p per ordinary share (2018: 1.60p)	205	656
	2,254	2,602

8. Earnings per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £2,641,000 (2018: £2,603,000) and on 40,980,974 (2018: 40,992,533) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital loss per ordinary share is based on the capital loss for the year of £16,321,000 (2018: £12,203,000 capital return) and on 40,980,974 (2018: 40,992,533) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

9. Non-current assets – Investments

(a) Valuation of investments

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses, recognised in these financial statements are treated as realised. All other fair value gains and losses are treated as unrealised.

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.

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.

	2019 £'000	2018 £'000
UK quoted investments (<i>level 1</i>)		
– UK listed	75,757	61,789
– AIM quoted	27,602	49,472
Overseas quoted investments (<i>level 1</i>)	23,152	19,222
Mutual funds (<i>level 2</i>)	–	3,522
Forward foreign exchange contracts (<i>level 2</i>)	–	73
Warrants (<i>level 2</i>)	35	61
Unquoted investments (<i>level 3</i>)		
– Equities and warrants	11,867	30,563
– Fixed Interest	200	950
– Preference shares	566	3,554
	139,179	169,206

(b) Movements in investments

	2019				2018			
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	Total £'000
Opening book cost	106,100	2,268	37,430	145,798	96,387	3,040	41,065	140,492
Opening fair value adjustment	24,383	1,388	(2,363)	23,408	17,517	1,471	(2,724)	16,264
Opening valuation	130,483	3,656	35,067	169,206	113,904	4,511	38,341	156,756
Movements in year:								
Purchases at cost	49,414	–	130	49,544	50,590	1,001	1,146	52,737
Sales – proceeds	(48,481)	(3,690)	(12,348)	(64,519)	(48,821)	(2,558)	(1,868)	(53,247)
– realised gains/(losses) on sales	5,528	1,422	3,388	10,338	7,944	785	(2,913)	5,816
Increase/(decrease) in fair value adjustment	(10,433)	(1,353)	(13,604)	(25,390)	6,866	(83)	361	7,144
Closing valuation	126,511	35	12,633	139,179	130,483	3,656	35,067	169,206
Closing book cost	112,561	–	28,600	141,161	106,100	2,268	37,430	145,798
Closing fair value adjustment	13,950	35	(15,967)	(1,982)	24,383	1,388	(2,363)	23,408
	126,511	35	12,633	139,179	130,483	3,656	35,067	169,206

(c) Analysis of fair value assets

Market risk sensitivity

For Level 3 investments IFRS 7 requires that if the effect of changing one or more of the inputs to reasonably possible alternative assumptions would be to change the fair value significantly it should be disclosed. The information used in determination of the fair value of Level 3 investments is specific to each investee company and is in accordance with the methodologies set out in the accounting policies in Note 1(e). The key sensitivities of the fair value of level 3 investments is the earnings multiple when using the earnings based approach, the premium/discount adjustment when using the recent price of a transaction approach and the value of the underlying assets when using the net assets approach. The impact of adjusting the earnings multiple, the net assets and the calibrated price of recent investment bases would be as follows:

30 April 2019	Fair value of investments £'000	Average Variable Input Sensitivity (%)	Impact £'000	% of NAV
Earnings multiple	3,172	±33	±1,047	±0.7
Net assets	3,532	+21, -15	+747, -538	+0.5, -0.4
Calibrated price of recent investment	5,929	+25, -15	+1,457, -878	+1.0, -0.6

Financial Statements (continued)

Notes to the Financial Statements (continued)

9. Non-current assets – Investments (continued)

30 April 2018	Fair value of investments £'000	Average Variable Input Sensitivity (%)	Impact £'000	% of NAV
Earnings multiple (x5 sales)	5,210	+25 (x4), -17 (x6)	+1,303, -869	+0.8, -0.5
Net assets	6,516	±10	±652	±0.4
Calibrated price of recent investment	23,341	±10	±2,291	±1.4

During the year, the valuations of the following Level 3 assets were reduced: Claremont Alpha (£46,000), Hardlyever (£21,000), Lamp Group (£624,000), Physioblab Technologies (£532,000), Rated People (£65,000), Retail Money Market (£728,000) and URICA (£6,972,000).

During the year, Buried Hill Energy (Cyprus), which was valued at £387,000 at 30 April 2018, was sold during the year for proceeds of £396,000, Chateau Rieussec 2010, which was valued at £16,000 at 30 April 2018 was sold for £13,000, Gundaline which was valued at £2,631,000 at 30 April 2018 was sold for £2,796,000, Metapack, which was valued at £5,210,000 at 30 April 2018, was sold for £6,501,000 and Oxford Sciences Innovation, which was valued at £2,200,000 at 30 April 2018, was sold during the year for proceeds of £2,200,000. In addition, there was a partial sale of Starcount Group, 59,084 shares with a value of £1,773,000 at 30 April 2018 were sold for £443,000.

d) Transaction costs

Included in purchases at cost and proceeds from sales are the following transaction costs:

	2019 £'000	2018 £'000
Purchases	178	148
Sales	141	33
	319	181

10. Investment in subsidiary undertaking

	% of ordinary share capital held	Principal activity	Registered Office	Country of incorporation and operation
Alpha Securities Trading limited	100	Investment dealing	57-59 St James's Street London, SW1A 1LD	England and Wales

Investment in the subsidiary undertaking is held at fair value, which is deemed to be its net assets. It holds a portfolio of listed investments for short term appreciation which are measured at their quoted bid prices.

	2019 £'000	2018 £'000
Historic book cost of investment in subsidiary undertaking	–	–
Opening fair value adjustment	3,213	2,719
Opening valuation	3,213	2,719
(Decrease)/increase in fair value adjustment	(20)	494
Closing valuation	3,193	3,213

The Company controls another investee company by virtue of its voting rights.

	% of ordinary share capital held	Principal activity	Country of incorporation and operation
Claremont Alpha Limited	100	Holding company	Isle of Man

IFRS 10 provides a consolidation exemption to companies that qualify as an “Investment Entity”, whereby, instead of consolidating subsidiaries, investment entities are permitted to measure the investment in subsidiaries at fair value through profit or loss.

The Company qualifies as an “Investment Entity” as:

- the Company obtains funds from investors for the purpose of providing the investors with investment management services;
- the Company commits to investors that its business purpose is to invest funds solely for returns for capital appreciation, investment income, or both; and
- the Company confirms that it measures and evaluates the performance of substantially all of its investments on a fair value basis.

Other characteristics of the Company supporting this classification is that there are multiple investments and many underlying investors. Additionally investors are not exclusively related parties and the underlying investment positions taken are commonly in the form of equity.

11. Significant interests

At 30 April 2019 the Company held shares amounting to 3% or more of the nominal value of any class of share capital of the following companies, not being participating interests.

	Class Held	% of class held
Ceramic Fuel Cells	Ordinary	3.53%
Claremont Alpha*	Ordinary	100.00%
Eden Research	Ordinary	3.81%
Fox Marble	Ordinary	3.48%
Hardlyever	A Ordinary	65.21%
Hardlyever	Ordinary	10.46%
Hornby	Ordinary	9.29%
Houseology Design	Ordinary	8.69%
Lamp Group	Ordinary	7.61%
LumX Group	Ordinary	5.89%
Maison Seven	Ordinary	19.56%
Miton Group	Ordinary	3.14%
N1 Singer	Ordinary	6.98%
Physiolab Technologies	Ordinary	8.55%
Pittards	Ordinary	17.55%
Reaction Engines	Ordinary	3.97%
Starcount Group	A Ordinary	8.35%
URICA	Ordinary	28.32%
Zinc Media Group	Ordinary	7.98%

These investments are held by the Company at fair value through profit or loss as part of a portfolio of investments rather than as a medium through which the Company carries out its business and therefore are not considered associated undertakings of the Company. The companies are not considered related undertakings.

* See note 10 – entity is not consolidated.

12. Other receivables

	2019 £'000	2018 £'000
Amounts due from brokers	357	185
Prepayments and accrued income	511	511
Taxation recoverable	40	38
	908	734

Financial Statements (continued)

Notes to the Financial Statements (continued)

13. Other payables

	2019 £'000	2018 £'000
Amounts due to brokers	–	231
Accrued expenses	420	433
Amounts due to subsidiary undertakings	2,150	895
	2,570	1,559

The subsidiary undertaking was less active during the year, which has led to an increased intercompany payable at the year end.

14. Share capital

(a) Share capital

	2019 Shares	2019 £'000	2018 Shares	2018 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	40,980,974	410	40,980,974	410
Ordinary shares of 1p each held in treasury	–	–	152,500	1
Subscription shares of 1p each	–	–	6,853,639	69
	40,980,974	410	47,987,113	480

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2018	40,980,974	410
Ordinary shares in issue on 30 April 2019	40,980,974	410

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

	2019 Shares	2019 £'000	2018 Shares	2018 £'000
Balance brought forward	152,500	1	1,223,706	12
Repurchases of ordinary shares	–	–	152,500	1
Cancellation of ordinary shares	(152,500)	(1)	(1,223,706)	(12)
Balance carried forward	–	–	152,500	1

During the year ended 30 April 2019, the Company cancelled 152,500 shares from treasury (2018: 152,500 ordinary shares were repurchased for placement in treasury for £444,000).

(c) Subscription shares

	Shares	£'000
Movements in subscription shares during the year		
Subscription shares in issue on 1 May 2018	6,853,639	69
Conversion of subscription shares to deferred shares	(6,853,639)	(69)
Subscription shares in issue on 30 April 2019	–	–

(d) Deferred shares

	Shares	£'000
Movements in deferred shares during the year		
Deferred shares in issue on 1 May 2018	–	–
Conversion of subscription shares to deferred shares	6,853,639	69
Repurchases of deferred shares	(6,853,639)	(69)
Deferred shares in issue on 30 April 2019	–	–

During the year ended 30 April 2019, 6,853,639 subscription shares were converted into deferred shares, repurchased for par value and immediately cancelled (2018: 5,499 subscription shares were exercised and the same number of ordinary shares were issued in respect of these).

15. Retained earnings – Capital

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
Balance at 1 May 2018	98,942	8,443	107,385
Decrease in fair value adjustment	–	(25,410)	(25,410)
Net gain on realisation of investments	10,338	–	10,338
Currency losses on capital items	(41)	–	(41)
Costs charged to capital (net of tax relief)	(1,208)	–	(1,208)
Transfer between reserves	(9,053)	9,053	–
Balance at 30 April 2019	98,978	(7,914)	91,064
Balance at 1 May 2017	87,314	7,868	95,182
Increase in fair value adjustment	–	7,638	7,638
Net gain on realisation of investments	5,816	–	5,816
Currency losses on capital items	(46)	–	(46)
Costs charged to capital (net of tax relief)	(1,205)	–	(1,205)
Transfer between reserves	7,063	(7,063)	–
Balance at 30 April 2018	98,942	8,443	107,385

16. Net asset value per ordinary share

The net asset value per share is based on the net assets of £145,266,000 (2018: £161,720,000) and on 40,980,974 (2018: 40,980,974) ordinary shares, being the number of ordinary shares in issue at the year end.

17. Analysis of changes in net debt

	1 May 2018 £'000	Cash flow £'000	Foreign exchange £'000	30 April 2019 £'000
Cash:				
Cash at bank	1,126	3,471	(41)	4,556
Debt:				
Bank loans	(11,000)	11,000	–	–
Total	(9,874)	14,471	(41)	4,556

18. Financial commitments

At 30 April 2019, the Company did not have any financial commitments which had not been accrued (2018 nil).

Financial Statements (continued)

Notes to the Financial Statements (continued)

19. Financial instruments

As detailed on page 2, the principal investment objective of the Company is to achieve above average rates of total return over the longer term and to achieve a growing dividend stream.

The Company's financial instruments comprise equities, fixed interest securities, warrants, cash balances, a revolving credit facility as well as debtors and creditors that arise from its operations. These are held in accordance with its investment policy. The principal risks the Company faces are: (i) market price risk (comprising currency risk, interest rate risk and other price risk); (ii) liquidity risk; and (iii) credit risk.

(i) Market price risk

Market risk, which includes, currency, interest rate and other price risk, arises mainly from uncertainty about future values of financial instruments held in the Company's investment portfolio. It is the Board's policy that the Company should maintain an appropriate spread of investments in the portfolio to seek to reduce the risks arising from factors specific to a particular company or sector.

The day-to-day management of the portfolio is the responsibility of the Investment Manager, in accordance with the Company's investment policy. This includes ongoing detailed analysis of existing and potential investee companies. No derivatives or hedging instruments are used to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments at 30 April 2019 are disclosed in the investment portfolio set out on pages 12 to 16.

Currency risk

The portfolio has a number of investments denominated in currencies other than Sterling and the income and capital value of these can be affected by movements in exchange rates. The Company also operates a number of currency bank accounts and exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction and its settlement. Therefore, a proportion of the net assets that are not priced in Sterling may be covered by forward currency contracts, so that the Company's exposure to currency risk is reduced.

An analysis of the Company's currency exposure is detailed below:

	Investments at 30 April 2019 £'000	Net monetary assets at 30 April 2019 £'000	Total at 30 April 2019 £'000	Investments at 30 April 2018 £'000	Net monetary assets at 30 April 2018 £'000	Total at 30 April 2018 £'000
US Dollar	10,477	233	10,710	8,706	205	8,911
Australian Dollar	—	—	—	2,631	(1,095)	1,536
Euro	14,508	13	14,521	9,208	38	9,246
Swiss Franc	484	—	484	1,027	—	1,027
Canadian Dollar	—	—	—	668	—	668
Total	25,469	246	25,715	22,240	(852)	21,388

Currency sensitivity

A 5 per cent increase in Sterling against the relevant foreign currencies would have the effect of reducing the profit or loss and the net assets by £1,286,000 (2018: £1,069,000). A 5 per cent decrease in Sterling would have an equal and opposite effect.

Interest rate risk

The majority of the Company's financial assets are non-interest bearing and therefore exposure to fair value interest rate fluctuations is limited.

Floating rate

When the Company has cash balances these are maintained in an interest bearing account. The benchmark that determines the interest paid on the cash balances is the UK bank base rate, which was 0.75 per cent at 30 April 2019 (2018: 0.50 per cent).

The Company's multi-currency revolving credit facility of £20,000,000 was committed until 30 November 2019 but was not drawn down at 30 April 2019 (2018: £11,000,000). Interest is chargeable at 0.575% over the London interbank market rate.

Fixed rate

The table below sets out the weighted average effective interest rates for the fixed interest-bearing financial instruments:

	30 April 2019			30 April 2018		
	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years	Fixed rate investments £'000	Weighted average interest rate %	Weighted average period until maturity Years
Interest bearing securities	200	12.00	–	950	2.53	–

Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those relating to interest rate and credit risk), whether caused by factors specific to an investment or wider issues affecting the market generally. The value of equities is dependent on a number of factors arising from the performance of the individual company and also wider macro-economic matters. As part of the ongoing review of the portfolio, the Investment Manager monitors these factors. A 5 per cent increase in the value of the Company's investments would have the effect of increasing net assets by £7,119,000 (2018: £8,621,000). A 5 per cent decrease would have an equal and opposite effect.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial commitments. A proportion of the Company's financial instruments include companies that are trading on AIM or are unquoted and these may not be readily realisable. As a result, the Company may not be able to realise some of its investments quickly at their fair value to meet any further liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The Company's investment strategy is to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements.

The AIFM has a liquidity management policy for the Company which is intended to ensure that the Company's investment portfolio maintains an appropriate level of liquidity in view of the Company's expected outflows, including share buy backs, dividends and operational expenses. This policy involves an assessment of the prices or values at which it expects to be able to realise its assets over varying periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors. This requires the AIFM to identify and monitor investment in asset classes which are considered to be relatively illiquid. Illiquid assets of the Company are likely to include investments in unquoted companies. The majority of the Company's investment portfolio is invested directly in listed equities and is monitored on an ongoing basis to ensure that it is adequately diversified. The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

There were no material changes to the liquidity management policy during the year ended 30 April 2019. In addition, none of the Company's assets are subject to any special arrangements linked to their liquidity.

Financial liabilities

The Company primarily finances its operations through equity, retained profits and bank borrowings. The Company's £20,000,000 multi-currency revolving credit facility with The Royal Bank of Scotland plc was committed until 30 November 2019 and as at 30 April 2019 £nil was drawdown (30 April 2018: £30,000,000 facility; £11,000,000 drawdown). Interest was incurred at a variable rate as agreed at the time of drawdown and is payable at the maturity date of each advance. As there was no drawdown of the loan as at 30 April 2019 there is no applicable interest rate (2018: 2.21 per cent per annum). There was no interest rate risk associated with other short-term creditors at 30 April 2019 or 30 April 2018. There is no difference between the fair value of the financial liabilities and their carrying value.

The amount that can be drawn down under the facility was limited by a covenant measured against a proportion of the Company's portfolio and cash such that the Company's gross borrowings must not exceed 35% of adjusted net assets (net assets adjusted for unquoted holdings and other concentration deductions).

Financial Statements (continued)

Notes to the Financial Statements (continued)

19. Financial instruments (continued)

(iii) Credit and counterparty risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- Where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Company's investments are held on its behalf by J.P. Morgan Chase Bank N.A., the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the custodian's internal control reports and reporting on its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Investment Manager.

20. Post balance sheet events

Following the year end, as at 15 July 2019, 218,500 ordinary shares have been bought back to be held in Treasury.

21. 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 Note 3.

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 on pages 28 to 29.

The Company surrendered excess management expenses without payment to Alpha Securities Trading Limited of £nil (2018: £495,000). All other transactions with subsidiary undertakings were on an arms length basis. During the year transactions in securities between the Company and its subsidiary undertakings amounted to £nil (2018: £nil).

Shareholder Information

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Artemis Alpha Trust plc (the "Company") will be held at the offices of Artemis Fund Managers Limited, Cassini House, 57-59 St James's Street, London SW1A 1LD on Thursday, 5 September 2019 at 12:30 p.m. for the purpose of transacting the following business:

Ordinary Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

- Resolution 1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 April 2019.
- Resolution 2. To approve the Directors' Remuneration Report for the year ended 30 April 2019.
- Resolution 3. To approve a final dividend of 3.00 pence per ordinary share for the year ended 30 April 2019.
- Resolution 4. To re-elect Mr Duncan Budge as a Director of the Company.
- Resolution 5. To re-elect Mr John Ayton as a Director of the Company.
- Resolution 6. To re-elect Ms Blathnaid Bergin as a Director of the Company.
- Resolution 7. To re-elect Mr Jamie Korner as a Director of the Company.
- Resolution 8. To elect Mrs Victoria Stewart as a Director of the Company.
- Resolution 9. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which financial statements are laid.
- Resolution 10. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP.
- Resolution 11. That, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot:
- (i) up to an aggregate nominal value of £20,381 (approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 18 July 2019);
- provided that this authority shall expire at the conclusion of the next annual general

meeting of the Company to be held in 2020, unless previously revoked, varied or

extended by the Company at a general meeting, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this Resolution had not expired.

To consider and, if thought fit, to pass the following as special resolutions:

Resolution 12. That, subject to the passing of Resolution 10 set out above, the Directors be and they are hereby authorised, pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares in the capital of the Company and the sale of any ordinary shares held by the Company in treasury) wholly for cash as if section 561(1) of the Act did not apply to any such allotment, grant or sale provided that this power shall:

- (a) expire at the conclusion of the next annual general meeting of the Company to be held in 2020 unless previously revoked, varied or extended by the Company at a general meeting, save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the Directors may allot such equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired; and
- (b) be limited to the allotment of equity securities and the sale or transfer of treasury shares:
 - (i) in connection with an offer of such securities by way of rights to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion (as nearly as may be practicable) to their respective holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares,

Shareholder Information (continued)

Notice of Annual General Meeting (continued)

fractional entitlements or any legal or practical problems arising under the laws of, or the requirements of, any territory or any regulatory or governmental body or authority or stock exchange; and

- (ii) otherwise than pursuant to paragraph (i) above up to an aggregate nominal value of £20,381 representing approximately 5% of the aggregate nominal amount of the issued ordinary share capital as at 18 July 2019.

Resolution 13. That, the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its issued ordinary shares for cancellation or to be held in treasury, provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall not exceed 6,110,295 or, if less, that number of ordinary shares which is equal to 14.99% of the relevant share class of the Company's issued share capital as at the date of this Resolution;
- (b) the minimum price which may be paid for an ordinary share shall be 1 pence per share, being the nominal value thereof;
- (c) the maximum price which may be paid for both an ordinary share and shall not exceed the higher of:
 - (i) 5% above the average of the middle market quotation (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the purchase is made; and
 - (ii) the higher of the price quoted for (a) the last independent trade of; and (b) the highest current independent bid for any number of shares on the trading venue where the purchase is carried out;
- (d) the authority hereby conferred shall expire at the conclusion of the Company's annual general meeting to be held in 2020 unless previously revoked, varied or extended by the Company at a general meeting; and

- (e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Resolution 14. That, a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

By order of the Board:

Artemis Fund Managers Limited

Company Secretary
18 July 2019

Registered Office:
Artemis Investment Management LLP
Cassini House
57-59 St James's Street
London SW1A 1LD

Notes:

1. Website Giving Information Regarding the AGM

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006, can be found at artemisalphatrust.co.uk.

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

2. Entitlement to Attend and Vote

- 2.1 If you wish to attend the AGM in person, you should arrive at the venue for the meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity prior to being admitted to the AGM. The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board consider appropriate in the circumstances.
- 2.2 To be entitled to attend and vote at the AGM (and for the purpose of determining the votes that may be cast), members must be registered in the Company's register

of members by close of business on Tuesday, 3 September 2019 (or if the meeting is adjourned, 48 hours prior to the adjourned meeting). No member shall, unless the Board otherwise decides, be entitled to vote in respect of any share held by him (either personally or by proxy) at any general meeting of the Company unless all calls or other sums presently payable in respect of those shares have been paid.

3. Forms of proxy

A personalised form of proxy will be sent to each registered member with the Annual Financial Report and instructions on how to vote will be contained therein.

4. Appointment and Revocation of Proxies

- 4.1 Subject to any special terms as to voting upon which any shares may be issued, every member is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy does not need to be a member of the Company but must attend the AGM to represent the member. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.
- 4.2 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member cannot appoint more than one proxy to exercise rights attached to the same shares. If a member wishes to appoint more than one proxy, they should contact the Company's registrar, Link Asset Services (the "**Registrar**"), on 0871 664 0300. Calls cost 12p per minute plus any applicable access charge. Members outside the United Kingdom should call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.
- 4.3 If a member wishes a proxy to speak on their behalf at the AGM, the member will need to appoint their own choice of proxy (not the chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the Form of Proxy or through CREST.
- 4.4 A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.
- 4.5 A member who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with these notes. If a member requires another hard

copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on either of the telephone numbers set out in note 4.2 above.

- 4.6 In order to revoke a proxy instruction, a member must inform the Company by sending a hard copy notice clearly stating their revocation of their proxy instruction to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by hand during normal business hours only at the same address. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorised to sign it. The revocation notice must be received by the Registrar not later than 12:30 p.m. on Tuesday, 3 September 2019.
- 4.7 Appointment of a proxy will not preclude a member from attending, speaking and voting at the AGM in person.
- 4.8 A person who is not a member but has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

5 Appointment of Proxy

- 5.1 You may appoint a proxy via the internet by going to signalshares.com and logging into your share portal account or registering for the share portal if you have not already done so (to register for the share portal, you will need your investor code as set out on your share certificate or alternatively contact the Registrar as set out in note 4.2). Appointment of a proxy via the share portal must be submitted by not later than 12.30 p.m. on Tuesday, 3 September 2019.
- 5.2 If you wish to complete a Form of Proxy by hand, this must be completed and delivered to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received by the Registrar by not later than 12.30 p.m. on Tuesday, 3 September 2019. In the case of a member which is a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorised to sign it. Any authority under which the Form of Proxy is signed (or a copy of such authority certified notarily or in some other way approved by the Board) must be included with the Form of Proxy.
- 5.3 If you have any queries in relation to the Form of Proxy or appointing a proxy via the internet please contact the Registrar.

6. Appointment of Proxy through CREST

- 6.1 CREST members who wish to appoint a proxy or proxies for the AGM by utilising the CREST electronic

Shareholder Information

Notice of Annual General Meeting (continued)

proxy appointment service may do so by using the procedures described in the CREST Manual and Euroclear UK & Ireland Limited's specifications to ensure a valid proxy appointment and/or instructions are submitted through the CREST service.

6.2 In order for a proxy appointment made via CREST to be valid, the proxy message must be:

- (i) properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications;
- (ii) contain the information required for such instruction, as described in the CREST Manual;
- (iii) Be received by the Registrar (ID RA10) by not later than 12.30 p.m. on Tuesday, 3 September 2019 (or if the meeting is adjourned, within 48 hours of the adjourned meeting or such other time as is specified by the Company in a notice of meeting).

For this purpose, the time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST. Members and/or voting service providers using the CREST service should refer to the CREST manual for guidance on the practical limitations of CREST service and timings. The Board may treat as invalid a CREST proxy appointment or instruction in the circumstances set out in Regulations 35 (5) (a) of the Uncertificated Securities Regulations 2001.

7. Appointment of Proxy by Joint Members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. The first-named holder is considered the most senior for this purpose.

8. Corporate Representatives

Any corporation which is a member can, by a resolution of its board of directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at the AGM.

9. Nominated Persons

Any person who receives this Notice as a person nominated under section 146 of the Companies Act to enjoy information rights (a Nominated Person) may, under an agreement with him/her and the registered member by whom they have been nominated, be entitled to be appointed (or have someone else appointed) as proxy to vote at the AGM. If a Nominated Person does not have such a right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the registered member as to the exercise of voting rights. Any queries with

respect to your rights as a Nominated Person should be directed to the registered member.

10. Questions at the AGM

The Board considers the AGM as an opportunity for shareholder engagement. The Board will answer any question relating to the business being dealt with at the AGM unless it would be undesirable in the interests of the Company or the good order of the meeting or if an answer to the question is already provided on the Company's website in the form of an answer to a question.

11. Publication of AGM Results

The results of voting will be made available on the Company's website as soon as possible following the AGM.

Should 20 per cent or more of votes be cast against a board recommendation for a resolution, an explanation of what actions the Company intends to take to consult shareholders will be provided when announcing voting results. An update on views received from shareholders and actions taken will also be published no later than six months after the AGM together with a final summary in the next Annual Financial Report.

12. Issued Shares and Total Voting Rights

At 18 July 2019, the Company's issued share capital comprised 40,980,974 shares, of which 218,500 shares are held in treasury. Therefore, the total number of voting rights in the Company at 18 July 2019 was 40,762,474.

13. Voter Disclosure Obligations

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person as their proxy will need to ensure that both they and their proxy complies with their respective disclosure obligations under the FCA's Disclosure Guidance and Transparency Rules. Should the members grant the chairman or any director voting authority representing 3 per cent or more of the total voting rights of the Company, an appropriate disclosure will be released to the London Stock Exchange in accordance with the FCA's Disclosure Guidance and Transparency Rules.

14. Members' right to require circulation of resolution to be proposed at the meeting

Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Act.

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 also a qualifying investment trust for ISA purposes.

Company numbers:

London Stock Exchange (SEDOL) number: 0435594

ISIN number: GB0004355946

Reuters code: ATS.L

Bloomberg code: ATS:LN

LEI: 549300MQXY2QXEIL3756

GIIN: PIK2NS.00002.SF.826

Shareholder enquiries

All administrative enquiries relating to shareholder queries concerning holdings, dividend payments, notification of change of address, loss of certificate or to be placed on a mailing list should be addressed to the Company's registrars at: Link Asset Services, Shareholder Enquiries, 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. We are open between 9.00 a.m. – 5.30 p.m., 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 Asset Services. To find out more about the Plan, please contact Link Asset Services at: Link Asset Services, Shareholder Enquiries, 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. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Financial advisors

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisors to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA's") rules in relation to non-mainstream investment products and 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.

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The share prices are 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 13.22 pence 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.

AIFMD disclosures

A number of disclosures are required to be made under the AIFMD as follows:

- Information in relation to the leverage of the Company is provided in the Strategic Report on page 17.
- Details of the Company's principal risks and their management are provided in the Strategic Report on page 18.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 19 in the notes to the financial statements.
- The Investment Manager requires prior Board approval to:
 - (i) enter into any stocklending agreements;
 - (ii) to borrow money against the security of the Company's investments; or
 - (iii) create any charges over any of the Company's investments.
- Details of the Company's strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the Company before they invest, are available at artemisalphatrust.co.uk.

Shareholder Information (continued)

Information for Shareholders (continued)

Any material changes to this information is required to be reported in the Company's Annual Financial Report. There have been no material changes from the prior year to the information above which requires disclosure to shareholders.

Remuneration

Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary Artemis Fund Managers Limited (AFML). Details of the group remuneration policies are available on Artemis' website artemisfunds.com.

No staff are employed by AFML directly but are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 171 Artemis partners and staff in respect of AFML's duties performed based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the fund for the year ended 31 December 2018 is £1,254,507, of which £327,834 is fixed remuneration and £926,673 is variable remuneration.

The aggregate amount of remuneration paid to Identified Staff that is attributable to duties for the fund for the year ended 31 December 2018 is £307,248. Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages. The AFML Code staff are the members of Artemis's Management and Executive Committees, certain fund managers, the General Counsel, the Head of Compliance and the Head of Risk. This includes certain individuals who are partners in Artemis Investment Management LLP.

Common Reporting Standard

The Organisation for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard') requires the Company to provide information annually to HM Revenue & Customs ("HMRC") on the tax residencies of those certificated shareholders that are tax resident in countries outwith the UK that have signed up to the Common Reporting Standard.

All new shareholders, excluding those whose shares are held in CREST, will be sent a certification form by 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 holding being reported to HMRC.

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

Data Protection

The Company is committed to ensuring the protection of any personal data provided to them. Further details of the Company's privacy policy can be found on the Company's website at artemisalphatrust.co.uk.

Reporting Calendar

Year End

30 April

Results Announced

Interim: December

Annual: July/August

Dividends Payable

January and September

Annual General Meeting

September

Glossary

Administrator

Is an entity that provides certain services to support the operation of an investment fund or investment company. These services include, amongst other things, settling investment transactions, maintaining accounting books and records and calculating daily net asset values. For the Company, J.P. Morgan Europe Limited is the administrator.

Alternative Investment Fund Managers Directive (AIFMD)

Is a European Union directive that applies to certain types of investment funds, including investment companies.

Alternative Investment Fund Manager (AIFM)

Is an entity that provides certain investment services, including portfolio and risk management services. For the Company, Artemis Fund Managers Limited is the AIFM.

Alternative Performance Measure ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Banker and Custodian

Is a bank that is responsible for holding an investment fund's or investment company's assets and securities and maintaining their bank accounts. For the Company, J.P. Morgan Chase Bank N.A. is the banker and custodian.

Depository

Is a financial institution that provides certain fiduciary services to investment funds or investment companies. The AIFMD requires that investment funds and investment companies have a depository appointed to safe-keep their assets and oversee their affairs to ensure that they comply with obligations in relevant laws and constitutional documents. For the Company, J.P. Morgan Europe Limited is the depository.

Discount/Premium

If the share price of an investment trust is lower than the net asset value per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the use of borrowings.

The Company's position is set out below:

	2019 £'000	2018 £'000
Total assets	145,266	172,720
Cash and cash equivalents	(4,556)	(1,126)
Net assets	140,710	177,594
	145,266	161,720
Net gearing	0.0%	6.1%
Net cash	3.1%	0.0%

Further disclosure of the borrowings/debt position of the Company can be found in Note 4.

Leverage

Leverage is defined in the AIFMD as any method by which an AIFM increases the exposure of an Alternative Investment Fund it manages, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

There are two measures of calculating leverage:

- the gross method, which does not reduce exposure for hedging; and
- the commitment method, which reduces exposure for hedging.

Net asset value

Net asset value represents the total value of the Company's assets less the total value of its liabilities, and is normally expressed on a per share basis.

Ongoing charges

Total expenses (excluding finance costs, performance fees and taxation) incurred by the Company as a percentage of average net asset values.

	2019 £'000	2018 £'000
Investment management fee	949	921
Other expenses	552	457
Total expenses	1,501	1,378
Average net assets	150,923	151,782
Ongoing charges	0.90%	0.90%

Ongoing charges are based on expenses over the prior twelve month period and so may be slightly different to the arithmetic calculation.

Shareholder Information (continued)

Glossary (continued)

Total return

The total return on an investment is made up of capital appreciation (or depreciation) and any income paid out (which is deemed to be reinvested) by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of the period.

Net asset value total return for the year ended

	2019	2018
Opening net asset value	394.62	361.89
Closing net asset value	354.47	394.62
Dividends paid	6.60	6.50
	(8.6%)	11.0%

Share price total return for the year ended

	2019	2018
Opening share price	325.00	293.50
Closing share price	290.00	325.00
Dividends paid	6.60	6.50
	(8.9%)	13.2%

The total returns percentages assumes that dividends paid out by the Company are re-invested into shares at the value on the ex-dividend date and so the figure will be slightly different to the arithmetic calculation.

Shareholder Information (continued)

Investment Manager, Company Secretary and Advisers

Registered Office

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Artemis Investment Management LLP
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57-59 St James's Street
London SW1A 1LD

Website: artemisalphatrust.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary

Artemis Fund Managers Limited
Cassini House
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London SW1A 1LD

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.

Tel: 0800 092 2051

Email: investor.support@artemisfunds.com

Registrar

Link Asset Services
Shareholder Enquiries
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholder enquiries: 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. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Administrator

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