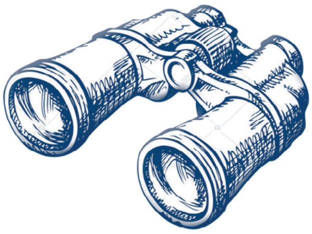
ARTEMIS
The PROFIT Hunter



Artemis Alpha Trust *plc*

Annual Financial Report

for the year ended 30 April 2021

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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 investments

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 Annual General Meeting ('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 2021 consisted of 38,185,474 ordinary shares of 1p each.

Financial Highlights

Returns for the year ended 30 April 2021

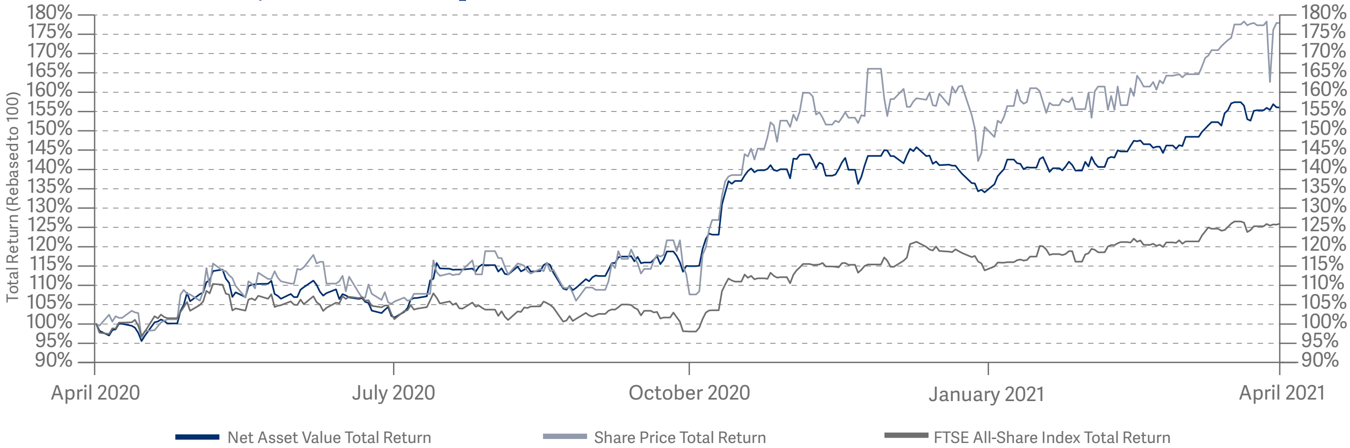
	Year ended 30 April 2021	Year ended 30 April 2020
Total returns		
Net asset value per ordinary share*	**56.0%**	(11.3)%
Ordinary share price*	**80.8%**	(12.5)%
FTSE All-Share Index	**26.0%**	(16.7)%
Revenue and dividends		
Revenue earnings per ordinary share*	**5.92p**	4.90p
Dividends per share		
Ordinary	**5.30p**	5.20p
Ongoing charges*	**0.9%**	0.9%

	As at 30 April 2021	As at 30 April 2020
Capital		
Net Assets (£'000)	**181,828**	122,454
Net asset value per ordinary share	**476.17p**	309.38p
Ordinary share price	**442.50p**	249.00p
Net gearing*	**10.2%**	5.3%

Source: Artemis/Datastream

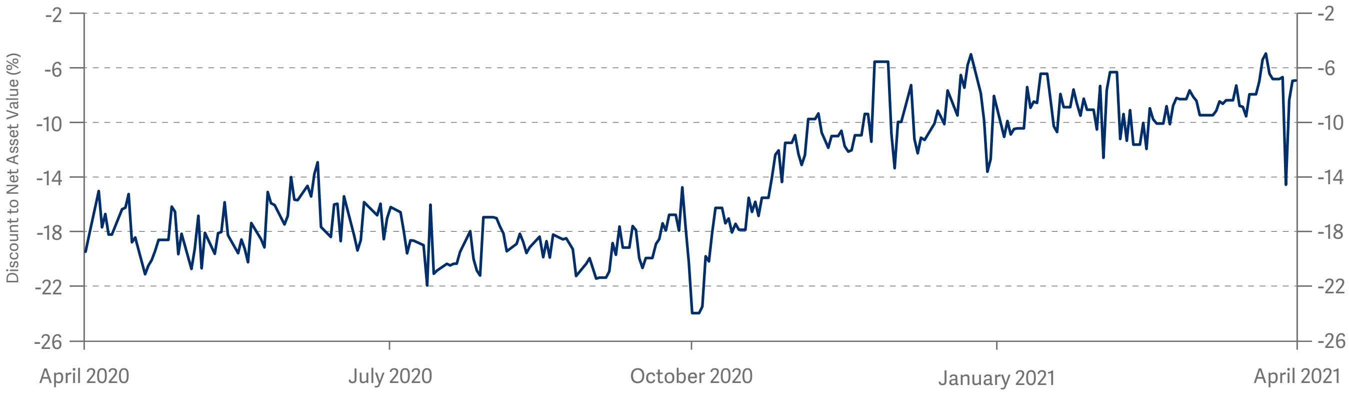
* Alternative Performance Measure (see page 67)

Performance for the year ended 30 April 2021



Source: Artemis/Datastream

Discount during the year ended 30 April 2021



Source: Artemis/Datastream

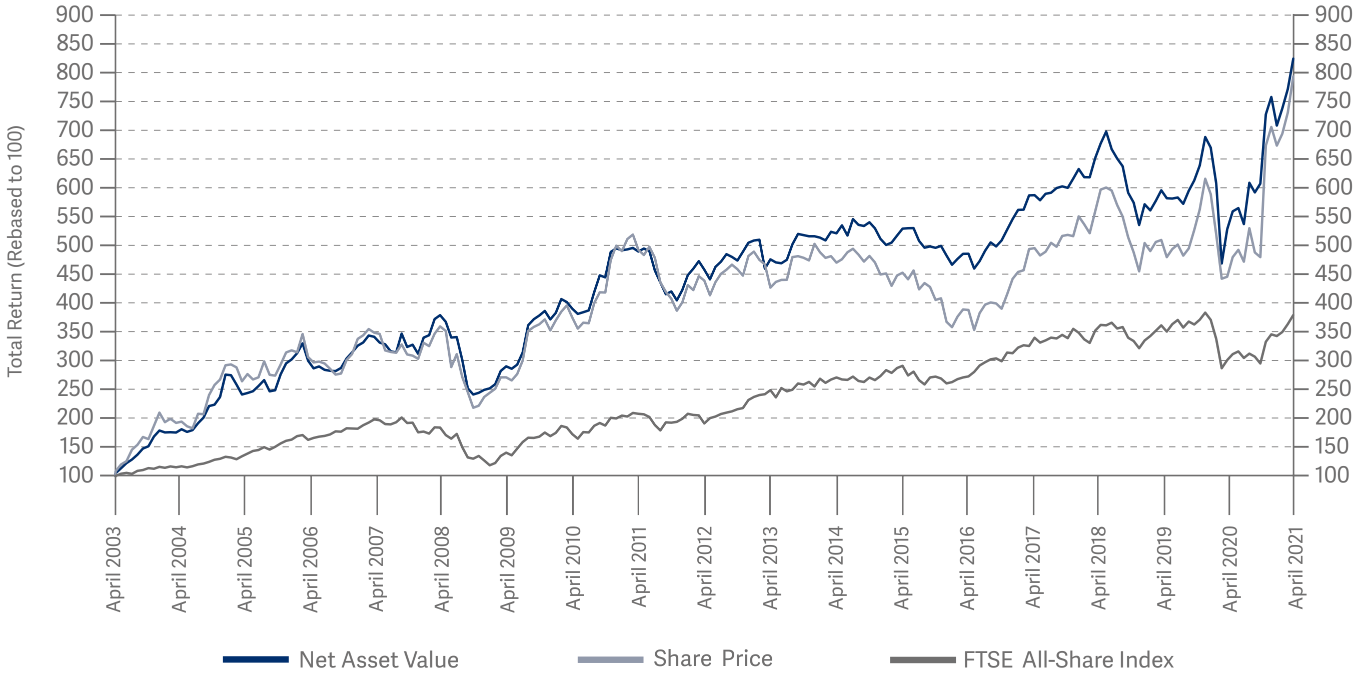
Total returns to 30 April 2021	3 years	5 years	10 years	Since 1 June 2003**
Net asset value per ordinary share*	26.5%	69.7%	66.2%	725.7%
Ordinary share price*	44.1%	107.2%	55.3%	707.7%
FTSE All-Share Index	7.7%	39.9%	81.0%	280.2%

** The date when Artemis was appointed as Investment Adviser

* Alternative Performance Measure (see page 67)

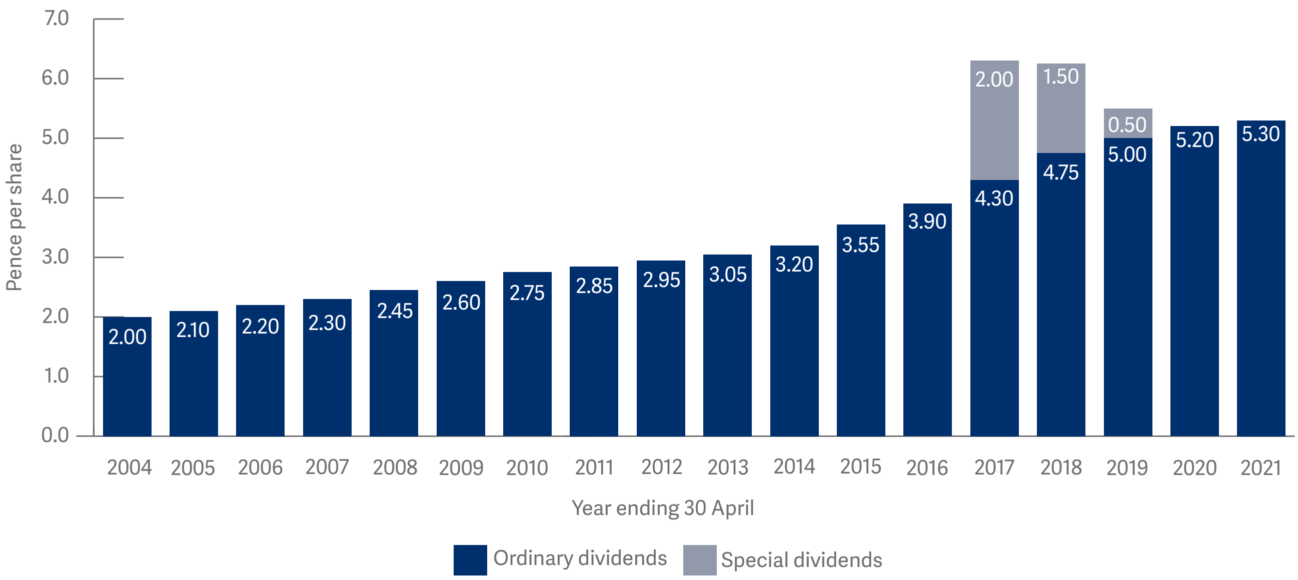
Source: Artemis/Datastream

Performance from 1 June 2003 to 30 April 2021



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

The year under review has been one of extraordinary market volatility: deep pessimism and uncertainty were met with unprecedented stimulus measures and replaced by euphoria on the news of vaccines. The valuation of sectors and companies oscillated dramatically as "winners" or "losers" were identified.

I am pleased to report that, during this difficult period, your Company comfortably outperformed its benchmark, the FTSE All-Share Index, with a total return of 56% and 80.9% in terms of NAV and share price respectively. The Index increased by 26.0%.

Earnings and dividends

The Board has declared a final dividend of 3.19p (2020: 3.10p) per share, which will be subject to approval by shareholders at the Company's Annual General Meeting. The final dividend, if approved by shareholders, will be paid on 22 October 2021 to those shareholders on the register as at 17 September 2021, with an ex-dividend date of 16 September 2021.

Total dividends declared for the year will therefore amount to 5.30p per share (2020: 5.20p), an increase of 1.9% on the previous year and ahead of the increase in the Consumer Prices Index of 1.5%, in line with our target.

As a result of the pandemic, dividend receipts from the investment portfolio were significantly lower than the previous year, reducing our earnings and the ability to pay dividends to our own shareholders. One of the advantages of the investment trust structure is that dividends can be supported in such challenging times by revenue reserves, which currently amount to 12.23p per share (including subsidiary reserves).

In addition, we have the ability to support our earnings by the payment of dividends from our subsidiary (to its parent) company. Earnings this year were supported by the payment of a £725,000 dividend from the subsidiary. After allowing for this, earnings per share increased by 20.8% to 5.92p from 4.9p last year.

Share buy backs/discount

A welcome improvement in the Company's rating has taken place over the year, with the discount to the underlying asset value reducing from 19.5% to 7.0%.

During the year, the Company bought back 1,395,000 ordinary shares for cancellation at a cost of £5.4 million and an average discount of 10.4%, adding approximately 1.75p to the net asset value per share. We believe that this, in combination with the excellent recent performance, has contributed to the narrowing of the discount. We intend to continue for the foreseeable future this policy of buying back shares when we believe that it is in shareholders' interests and, in particular, to address any imbalance in the supply and demand for our shares.

Triennial tender offer

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

Environmental, social and governance factors ('ESG')

ESG considerations arise mainly from our underlying investments and form an integral part of the investment process. The Manager is responsible for ensuring that high standards are maintained in terms of its selection of investments as well as through engagement with investee companies.

We believe that close attention should be paid to ESG considerations in support of our principal objective of maximising returns for our shareholders.

Further information about our ESG approach can be found on page 23.

Annual General Meeting

The Company's Annual General Meeting ('AGM') will take place on Thursday, 14 October 2021 at 12.30 p.m. at the London offices of Artemis Fund Managers Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD. The Board recognises the continued risks associated with the pandemic arising from public gatherings and notes the Government guidance and measures restricting such gatherings, travel and attendances at workplaces. At the time of writing therefore, the Board intends to limit physical attendance at the AGM only to Directors or their proxies and representatives from the Investment Manager. A recorded presentation by the Investment Manager will be available on the Company's website in the weeks leading up to the AGM. Should shareholders have questions for the Board or Investment Manager in advance of the AGM, these may be submitted by email as set out below. Full details are included in the Notice of Annual General Meeting which is on pages 60 to 64.

Shareholders will find enclosed a form of proxy for use in connection with the AGM and are requested to complete, sign and return the form of proxy as soon as possible, in accordance with the instructions printed on it. The Board would encourage all shareholders to exercise their votes in respect of the AGM.

We would invite you to email alpha.chairman@artemisfunds.com with any questions you wish to raise.

Should the Government guidance change, and the current restrictions on group gatherings be relaxed by the time of the AGM, the Board will advise shareholders by an announcement to the London Stock Exchange and via the Company's website.

This year we have proposed, as a special resolution, an amendment to the Articles of Association which will allow for virtual-only general meetings. Special Resolution 14, detailed in the Notice of Annual General Meeting, seeks shareholder approval to adopt new Articles of Association and further information on the amendment can be found in the appendix to the Notice of Annual General Meeting on page 64. This update will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location. The Board intends to use this option only when absolutely necessary due to Government regulations or guidance.

Outlook

The uncertainties of the last year have been replaced by different challenges: massive reflationary initiatives funded by increased government debt, the reappearance of inflation and the remaining threat from the coronavirus around the world. It remains to be seen whether governments and central banks can manage these stimulus measures successfully.

Duncan Budge
Chairman

5 July 2021

Investment Manager's Review

Background

2020 was an extraordinary year in stock markets, characterised by immense volatility. Asset prices declined sharply in March when the proliferation of coronavirus became clear. Markets bottomed on 17 March, which happened to be the day that the UK entered its first lockdown. This was as good a reminder as any that the economy does not predict the market; the market predicts the economy.

Central bank commitments to low interest rates and creating liquidity, combined with widespread fiscal support to incomes impacted by stay-at-home restrictions, provided a very positive environment for stocks. November's positive vaccine trial results offered a welcome signal that the duration of the pandemic would be limited. In recent months, the rapid roll-out of vaccination programmes across many developed countries has improved sentiment further, creating expectations for a strong recovery as excess savings start to be channelled back in to the economy.

Sir John Templeton once remarked that "bull markets are born in pessimism, grow on scepticism, mature on optimism and die in euphoria". Perhaps the most unusual feature of the last 12 months was to see these phases of a full market cycle occur within such a short time. Whilst there is evidence of speculative behaviour and euphoric sentiment in narrow segments of the market, overall we regard the current phase as one of optimism as the economy recovers and corporate profitability rebuilds.

Over the last year, the company's NAV increased by 56% compared to a 26% increase in the FTSE All-Share. One pleasing feature of the year was to see the portfolio perform well ahead of the tailwind provided by the advent of an effective vaccine. In the first half (May-October), NAV increased by 15% compared to a 2% decline for the market. In the second half (November-April), it increased by 36% against a 28% increase for the equity market.

Our activity was elevated in response to volatility as we judged declines in asset prices to be far in excess of the likely impact to intrinsic values. The most significant decision was to increase our overall equity exposure from an ungeared position before the crisis to c.10%. We added to cyclical positions such as housebuilders, banks and airlines at times of distress and high uncertainty. We found opportunities to increase existing holdings (Dignity/ Just Eat/ Nintendo) and to start a handful of new holdings (Bellway/ Alibaba/ EssilorLuxottica). We allocated c.3.0% of NAV to acquiring our own shares, reflecting our confidence in the prospects for NAV return against the opportunity presented by a share price discount. A number of holdings were disposed of entirely (Rocket Internet/Tesco/Capital & Counties/Polar Capital) as we perceived the potential return on our capital to be better if invested elsewhere.

Despite reasonable absolute performance and strong relative performance, we look back at 2020 with some regret. We were monitoring events closely from the onset of the virus – but did not foresee the scale of its impact. We should have reduced our exposures to cyclical sectors at the onset of the pandemic. While we compensated for this by taking advantage of some of the wonderful value opportunities presented by the market, we would have been positioned to create even more value if we had demonstrated greater malleability in our initial thinking. This said, we have learned lessons from which we hope to benefit from in the future.

Looking back three years...

April marked the third anniversary of our revised strategy for Artemis Alpha in which we have sought to apply a research-driven, concentrated approach to modern value investing. Since the implementation of this strategy, the company's NAV has increased by 27%, compared to an 8% rise in the FTSE All-Share, despite a c.7% drag from the initial disposal of unquoted positions in 2018.

There are two points that we think worth highlighting:

First, the restructuring to the underlying portfolio has been significant. Three years ago, we had a broad portfolio of small-cap equities and a large proportion in unlisted securities. We cut the number of holdings from 83 to 29 to concentrate our capital in areas of highest conviction. We now have 81% of the portfolio invested in mid and large cap equities compared to 29% before. This restructuring has transformed the portfolio's underlying liquidity, enabling us to be more responsive in navigating uncertainty and capitalising on opportunity.

Second, we are growing increasingly confident in the process we are applying; and have demonstrated that it can succeed in volatile markets. In the last three years, we had to navigate political uncertainty in the UK caused by Brexit and more recently the pandemic. Mistakes and successes have provided us with an opportunity to refine and adapt our investment approach. We believe we have shown that our temperament and deep focus on fundamentals provide us with the conviction required to create value in a range of market conditions.

Our investment approach is fundamentally long-term; and so we would not expect to make any meaningful conclusions based on a three-year period. The optimism we have in the future of the trust is based on the conviction we have in the high return potential of our current holdings and our confidence in being able to take advantage of future opportunities we cannot see today. We hope the openness and detail in which we communicate to you provides some insight in to this, but also look forward to providing you with a further update at our AGM in October.

Portfolio developments

Key sectoral exposures

Sector	2021	2020	Companies
Online food delivery	12.7%	11.3%	Delivery Hero, Just Eat
UK housebuilding	12.1%	5.1%	Redrow, Bellway, Springfield
European airlines	12.0%	7.9%	easyJet, Ryanair
General retail	10.2%	9.2%	Frasers Group, Dixons
Banking	10.0%	8.4%	Barclays, Lloyds
Video games & hobbies	9.5%	6.7%	Nintendo, Hornby
Funeral services	8.7%	3.2%	Dignity
Serviced offices	5.9%	5.3%	IWG
China technology	5.8%	2.9%	Prosus, Alibaba
Trading platform	5.5%	6.7%	Plus500
Pharmaceuticals	5.3%	3.0%	GlaxoSmithKline
Consumer staples	5.0%	3.0%	EssilorLuxottica, Fevertree
Defence & aerospace	2.8%	4.2%	Reaction Engines
Financial services	1.9%	5.2%	Singer Capital Markets (previously N+1 Singer)
Media	1.3%	2.9%	Facebook

Online food delivery remains our largest sectoral investment (12.7% of NAV) as we see great potential for digitalisation to drive changes over coming years in the way we eat. The pandemic had a very positive short-term impact on the sector as restrictions on eating-out lead to an increase in frequency and average order values. However, we see many long-term benefits from the pandemic-accelerated adoption amongst both consumers and restaurants. Unlike other virus beneficiaries, such as video-streaming services, the penetration of food delivery remains very low, similar to where e-commerce was a decade ago. Due to local network effects, the impact of more restaurants and customers will drive a permanent increase in the value proposition to customers as platforms benefit from greater choice and higher density in logistics networks.

Delivery Hero grew revenues by 133% in 2020 and its share price responded well (+73%) to the company's strategy of consolidating market positions and broadening platform uses. In just the past year, the company has built out over 600 "DMARTs", or dark grocery stores, to serve a growing demand for immediate grocery services. **Just Eat** grew revenues by 54% in 2020 but saw its share price fall (-7%) due to concerns over its acquisition of US platform Grubhub and competition in its dominant markets. We increased our position in Just Eat significantly. We feel that the business is uniquely profitable relative to its peers; and we can see the measures that its energised founder-led management team are taking to address competitive threats.

Our investment in UK Housebuilding (12.1% of NAV) has become a much larger feature of the portfolio following additions made and the subsequent strong recovery in prices. We invested 4.4% of NAV between May and September, nearly doubling our existing holding in **Redrow** and starting a new position in **Bellway**.

From a top-down perspective, we find UK housebuilders attractive as an accumulated deficit in supply of c.1m homes exists due to over a decade of underbuilding relative to household formation. House prices in the UK are also usually more resilient in periods of turmoil than most predict. This is because demand for housing is inelastic and so what impacts pricing is mortgage affordability. Mortgages have remained very affordable on all historic measures – and the decline in interest rates during the crisis only served to improve this.

From a bottom-up perspective, we regarded the opportunity to buy housebuilders on 1x NAV with close to ungeared balance sheets as a low-risk and asymmetric bet. At these levels, even if house prices were to have fallen by 20%, the cash generation from building out existing land banks would account for the businesses' market capitalisation. The pandemic has in fact led to house prices rising, as the importance attached to housing has risen, and as have savings. Share prices have recovered strongly but still fail to reflect the sector's very significant prospects for generating cash.

Our higher weighting in the airline sector (12.0% of NAV) reflects additions and performance. We increased our position in **easyJet** by 70% through the year at an average price of 554p that we felt effectively represented buying Airbus planes at a discount, and a franchise that is the second largest carrier in Europe for free. Our other position is in **Ryanair**, meaning we have no exposure to wide-body aircraft and minimal exposure to business travel.

It is difficult to quantify the earnings potential of an operationally geared sector where supply is reduced and demand will return strongly. Leisure travel has been growing as a proportion of GDP for the last 100 years; and there is widespread evidence that demand is pent-up and growing. IATA estimates that the global airline industry will have burnt over $200bn in 2020/21. Estimates suggest that European short-haul capacity has contracted by 15-20%, prompting Ryanair's CEO Michael O'Leary to say that "I have never in my 30 years in the industry seen such a clear out." We feel that market share and consolidation should enable pricing power and lead to a strong earnings recovery for our investments.

Our holdings in the retail sector (10.2% of NAV) performed well with the price of **Frasers Group** increasing by 100% in the period. The crisis provided an unusual experiment whereby retailers were forced to operate without stores. In our view, the strong performance of stores when restrictions lifted demonstrated the value of an 'omni-channel' offering to consumers. **Dixons** is making impressive operational improvements under new CEO Alex Baldock, which make us hopeful that the business can pursue a similar path to that forged so successfully by Best Buy in the US. Frasers Group has benefitted from high demand for sportswear as Sports Direct has continued to trade resiliently. The demand for luxury goods has also been buoyant, which seems in part due to demographic-driven change. We continue to believe that Frasers' ability to serve that demand through its growing Flannels platform is underappreciated.

The initial share price response of banks (10.0% of NAV) to the pandemic was drastic, with both **Barclays** and **Lloyds** halving in value. In our view, this failed to recognise the entirely different capital position in which banks entered this downturn compared to 2008/9. For example, aggregate capital ratios for UK banks remains more than three times higher than it was before the financial crisis. We used share price weakness to increase our holdings.

Looking forward, we believe that forecasts for loan impairments continue to underestimate the positive impact of government support as macroeconomic models have never been calibrated for a global pandemic. The crisis also demonstrated that consumers of all ages can bank without branches. This, combined with cost savings from changing ways of working (e.g. lower office costs/automation), should provide a long-term cost opportunity. We also remain mindful that banks would, to a degree, be beneficiaries of higher interest rates.

Our holdings in video games and hobbies (9.5% of NAV) performed well as demand has risen due to stay-at-home trends, and business economics have improved from serving customers directly through online channels. **Hornby** reported a strong acceleration in revenue growth and made progress at selling directly to consumers. The future opportunity remains substantial with less than 15% of its revenue coming through this channel.

Nintendo has reported an 82% increase in profitability compared to pre-pandemic levels as the installed base for its popular switch console has increased significantly. Penetration of digital software sales has increased; but at 57%, Nintendo continues to lag its peers. Greater penetration over time seems logical and this should result in higher revenues (as retailers are bypassed) and margins (as digital distribution has close to zero marginal costs).

Dignity (8.7% of NAV) was highly volatile during the year, falling 64% before recovering losses fully as the overhang of a CMA investigation was lifted. We increased our position by 40% at an average price of 278p per share. The subsequent weighting reflects price increases and our confidence in the opportunity.

We have been supportive of recent management changes, as we felt that decisive change was required to address strategic mistakes made over the last decade. Dignity operates a national network of 795 funeral directors and 46 crematoria. It should be uniquely positioned to pursue a strategy that embraces changes in consumers' behaviour towards online channels and lower-cost options in this sector. We estimate that the value of the company's crematoria alone exceeds its current enterprise value. In positive scenarios, we see scope for Dignity to be a wonderful investment with the greatest upside potential in the portfolio. We will provide you with further detail on our thinking at the AGM.

IWG (5.9%), the operator of serviced offices, faced a challenging year as demand from tenants declined. We see the business as well placed to serve the likely permanent shift towards hybrid working by large corporates, with its network of 3,300 centres across 110 countries. The business strengthened its balance sheet through the crisis with an equity and convertible bond raise. This leaves it in a strong position to act as a consolidator in the sector. We continue to see significant upside if the company's strategy to pursue a more capital light model in franchising is successful.

Our weighting in Chinese internet companies (5.8%) increased as we started a holding in **Alibaba** in December to augment our existing position in **Prosus**, whose primary asset is its equity stake in Tencent. The forced postponement of Ant Financial's IPO led to a substantial decline in the value of Alibaba. Alibaba's core retail operation is one of the largest and most profitable e-commerce operations globally. Alibaba's cloud business occupies a leading position in the nascent Chinese industry. We felt that that short term uncertainties created a long-term value opportunity in a high quality business, in similar circumstances those in 2018 when the Cambridge Analytica scandal allowed us to initiate an investment in Facebook.

Plus500 (5.5%), the financial trading platform, was a clear beneficiary of volatility with revenues and profits growing by 146% and 170% in 2020. We regard the position partly as a volatility hedge in the portfolio and so were pleased to see it perform as expected. The business continues to trade on a low multiple of earnings despite being well-financed with c$600m of net cash and a reinvigorated strategy for expansion.

GlaxoSmithKline (5.3%) had a disappointing year, despite having many resilient business lines and being the world's largest vaccine maker by revenue. We increased the position significantly in 2021 as its share price declined on weak results with sales of the company's leading shingles vaccine (Shingrix) disrupted due to the roll-out of COVID-19 vaccines. Demand for Shingrix is likely to be deferred rather than lost; and hence the long-term impact seems limited. More broadly, we see scope for GSK to be materially undervalued because the investments made since 2018 in its pipeline are not yet apparent in the revenue of its in-market portfolio of drugs today.

EssilorLuxottica (3.4%) is a new position that was started in July. The company is the only vertically integrated participant (lens and frames) in the eyewear market with unrivalled scale. Demographics indicate that the incidence of myopia will rise materially in coming years. We built a position as the company's share price declined because of the closure of opticians during initial lockdowns. The majority of revenues are derived from prescription lenses, and so in recent quarters the business has recovered strongly. Looking forward, the business has significant innovation opportunities (myopia-reducing lenses and augmented reality) on top of the scope to consolidate the market, given its modest c.15% market share of the global industry.

The holding in **Fevertree** was sold shortly after the year-end at a profit of c.80% during our 14-month holding period. We continue to think that the company has strong prospects, but the share price recovery meant that we had greater confidence in other stocks.

Our position in unlisted equities now accounts for just 5.8% of NAV. We have two material holdings, **Reaction Engines** (2.8%) and **Singer Capital Markets** (1.9%). Reaction Engines successful raised £22m from Rolls Royce and Baillie Gifford at a premium to our carrying value, leaving the business well placed to accelerate commercialisation of its intellectual property in a broad range of applications. Singer Capital Markets grew revenues and profits by over 20% in 2020 and has a strong balance sheet from which to continue growing market share. The holding was written-up following increases in its book value.

Strategy and Outlook

The past year has demonstrated the frailties of trying to time the market or predict the future. Given inherent complexity and uncertainties, we continue to believe that the only consistent guide to prospective returns is a stock's price relative to our judgement of intrinsic worth.

In this context, we are encouraged to see strong return potential across a wide range of our holdings and do not anticipate a major change in positioning. Rising share prices have in part discounted the more optimistic prospects for economically cyclical sectors. We set our stall out during periods of dislocation last year and given our existing weightings, do not see the need to chase performance.

Companies once considered "Covid beneficiaries" are increasingly being seen as "re-opening losers". It is unlikely that the market's perceptions are related to any material change in business value; and so we are increasingly finding opportunities in these areas.

Overall, we feel that our portfolio is well-positioned for the world we that is emerging. Many of the companies we hold have seen their competition weakened by the crisis, leaving them in a strong position as economies re-open. We have a balance of exposures to companies addressing significant growth opportunities and to those in more cyclical areas of the market that can benefit from a stronger economy. On this front, the near term outlook appears robust as we reach the end phase of the pandemic and some proportion of the c.$2tn in estimated excess savings filters back in to the economy. We see a potential risk of this causing an unexpected rise in inflation and interest rates, and are seeking ways to protect the portfolio from such a scenario.

Despite continuing to operate with gearing, we feel well placed to navigate uncertainty and capitalise on future opportunities. On an underlying level, 58% of NAV is invested in companies with a net cash position and 89% of NAV is invested in liquid stocks.

John Dodd and Kartik Kumar
Fund managers
Artemis Fund Managers Limited

5 July 2021

Top 15 holdings

Name	Sector	Shares	Price	Valuation (£'000)	% of NAV
Dignity	Funeral services	2,250,000	£7.05	15,862,500	8.7
easyJet	European airlines	1,425,000	£10.36	14,763,000	8.1
Frasers Group	General retail	2,575,000	£5.16	13,274,125	7.3
Delivery Hero	Online food delivery	105,000	€132.70	12,114,512	6.7
Redrow	UK housebuilding	1,725,000	£6.91	11,923,200	6.6
Just Eat Takeaway.com	Online food delivery	145,000	€74.95	10,867,750	6.0
IWG	Serviced offices	2,953,842	£3.67	10,831,739	6.0
Plus500	Trading platform	700,000	£14.20	9,940,000	5.5
GlaxoSmithKline	Pharmaceuticals	725,000	£13.40	9,712,100	5.3
Barclays	Banking	5,350,000	£1.76	9,389,250	5.2
Lloyds Banking Group	Banking	19,500,000	£0.45	8,859,825	4.9
Nintendo	Video games & hobbies	168,000	$71.89	8,723,066	4.8
Hornby	Video games & hobbies	16,146,078	£0.53	8,476,691	4.7
Bellway	UK housebuilding	200,000	£36.12	7,224,000	4.0
Ryanair	European airlines	490,000	€16.79	7,153,070	3.9

Top 10 transactions

Purchases	% of NAV
GlaxoSmithKline	3.7
Alibaba	3.1
EssilorLuxottica	2.8
Just Eat Takeaway.com	2.7
Bellway	2.6
Nintendo	2.5
Redrow	1.8
easyJet	1.7
Dignity	1.2
Lloyds Banking Group	0.7

Sales	% of NAV
Rocket Internet	(3.6)
Polar Capital	(2.8)
Tesco	(2.6)
Capital & Counties	(2.2)
Fevertree Drinks	(1.2)
Anglo American	(1.2)
Facebook	(1.2)
Hiscox	(1.0)
Frasers Group	(0.7)
JD Wetherspoon	(0.6)

Top five contributors/detractors

Company	Return %	Contribution %
Dignity	188.7	8.6
Frasers Group	98.2	6.0
Delivery Hero	72.5	4.6
easyJet	71.4	4.6
Barclays	66.5	3.3

Company	Return %	Contribution %
Hurricane Energy	(72.7)	(1.6)
GlaxoSmithKline	(15.8)	(0.6)
Capital & Counties	(0.9)	(0.5)
Alibaba	(15.6)	(0.4)
Rocket Internet	(3.4)	(0.3)

Portfolio of Investments as at 30 April 2021

Investment	Business activity	Country of incorporation	Global exposure* £'000	% of NAV	Market value £'000
Consumer Discretionary					
Alibaba Group Holding	E-commerce company	Cayman Islands	5,166	2.8	5,166
Bellway (long CFD)	UK housebuilder	UK	7,224	4.0	(56)
Claremont Alpha[1]	Taiwan casino developments	Isle of Man	1,156	0.6	1,156
Delivery Hero	Online food ordering company	Germany	12,115	6.7	12,115
Dignity	Funeral Services	UK	15,863	8.7	15,863
Dixons Carphone	Specialist electrical and telecommunications retailer	UK	5,293	2.9	5,293
easyJet	Low-cost European point-to-point airline	UK	14,763	8.1	14,763
Frasers Group	UK sports retailer	UK	13,274	7.3	13,274
Hardly Ever[1]	Online portal selling pre-owned luxury goods	UK	569	0.3	569
Hornby[3]	Hobby and toy products	UK	8,477	4.7	8,477
Nintendo	Video games	Japan	8,723	4.8	8,723
Pittards[3]	High performance leather goods	UK	53	–	53
Redrow	UK housebuilder	UK	11,923	6.6	11,923
ROK Entertainment Group[2]	Global mobile entertainment group	USA	–	–	–
ROK Global[2]	Global mobile entertainment group	UK	–	–	–
Ryanair Holdings	Low-cost European point-to-point airline	Ireland	7,153	3.9	7,153
Springfield Properties[3]	UK housebuilder	UK	2,790	1.5	2,790
Starcount[2]	Data consultancy	UK	–	–	–
Total Consumer Discretionary			**114,542**	**62.9**	**107,262**
Financials					
Barclays	Global financial services provider	UK	9,389	5.2	9,389
Lloyds Banking Group	UK based financial services group	UK	8,860	4.9	8,860
Singer Capital Markets[1]	Investment banking	UK	3,461	1.9	3,461
Plenti Group	Technology-led lending and investment business	Australia	120	0.1	120
Plus500	Online trading platform	Israel	9,940	5.5	9,940
Total Financials			**31,770**	**17.6**	**31,770**
Technology					
Facebook (long CFD)	Social networking website	USA	2,407	1.3	133
Prosus (long CFD)	Consumer internet group and technology investors	Netherlands	5,492	3.0	(148)
Just Eat Takeaway.com	Online food ordering company	UK	10,868	6.0	10,868
Total Technology			**18,767**	**10.3**	**10,853**
Industrials					
IWG	Business office facilities	Jersey	10,832	6.0	10,832
MBA Polymers[2]	Post-consumer recycled plastics producer	USA	–	–	–
Rated People[1]	Home maintenance services	UK	344	0.2	344
Reaction Engines[1]	Rocket propulsion systems	UK	5,147	2.8	5,147
Total Industrials			**16,323**	**9.0**	**16,323**
Health Care					
EssilorLuxottica (long CFD)	Multinational opthalmic company	France	6,135	3.4	(126)
GlaxoSmithKline	Global healthcare company	UK	9,712	5.3	9,712
Total Health Care			**15,847**	**8.7**	**9,586**
Consumer Staples					
Fevertree (long CFD)	Premium drink mixers	UK	2,884	1.6	29
Total Consumer Staples			**2,884**	**1.6**	**29**

[1] Unquoted investment

[2] Delisted, suspended or investments in administration or liquidation

[3] AIM quoted investment

* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

Investment	Business activity	Country of incorporation	Global exposure* £'000	% of NAV	Market value £'000
Energy					
Energy Equity Resources (Norway)[2]	African oil and gas exploration	UK	–	–	–
Leed Resources[2]	Natural resources investments	UK	–	–	–
PetroHunter Energy[2]	US oil & gas exploration	USA	–	–	–
Total Energy			**–**	**–**	**–**
Total investments (including CFDs)[4]			**200,133**	**110.1**	**175,823**
Forward Currency Contracts					
Buy £9,006,585 sell €10,500,000 dated 11/06/2021					(129)
Buy £5,108,660 sell $7,100,000 dated 11/06/2021					(19)
Forward Currency Contracts total					**(148)**
Portfolio fair value					175,675
Net other assets					6,153
Net assets					**181,828**

1 Unquoted investment

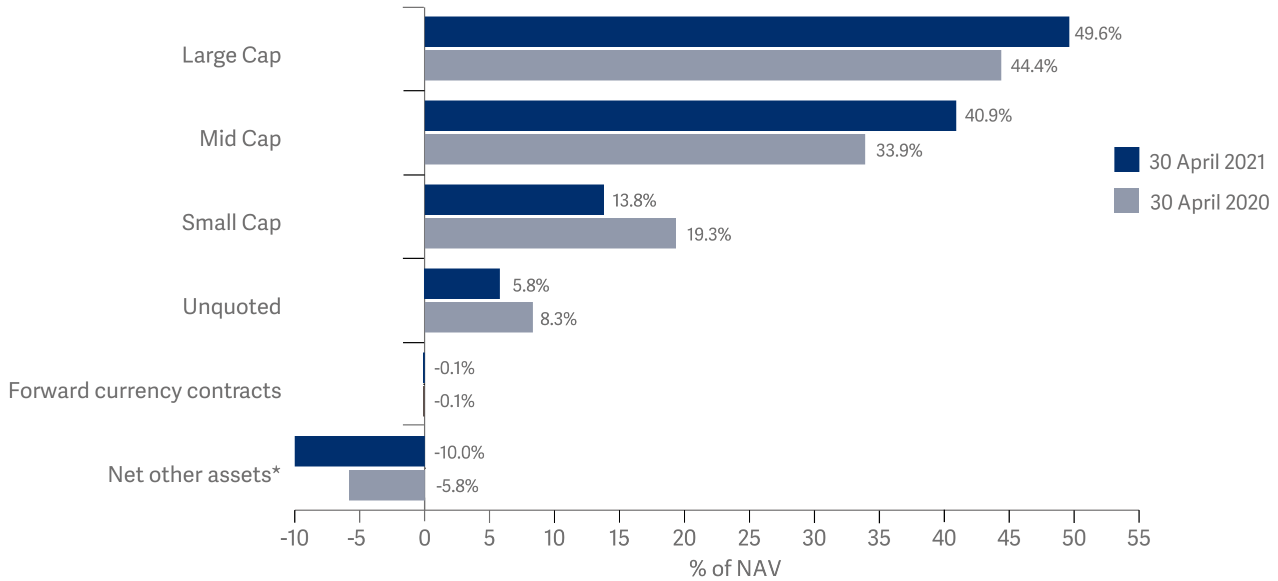
2 Delisted, suspended or investments in administration or liquidation

3 AIM quoted investment

4 CFDs are disclosed in Derivative assets/liabilities at market value in the Statement of Financial Position on page 45

* Global exposure has been calculated in line with the guidelines issued by the European Securities and Markets Authority ('ESMA') and represents the market value of an equivalent position in the underlying investment of each derivative contract. For all other asset types the percentage of net assets has been calculated based on the valuation of each holding.

Market cap analysis



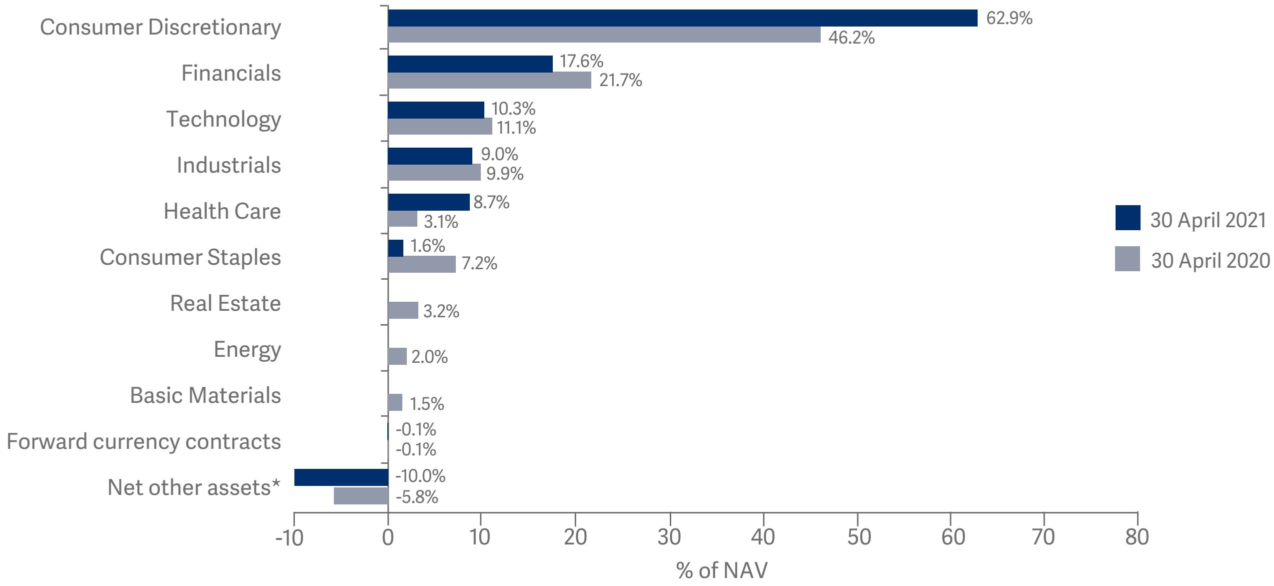
Large cap – market cap equivalent to FTSE 100 companies
Mid cap – market cap equivalent to FTSE 250 companies
Small cap – market cap equivalent to companies below FTSE 250
* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Geographical analysis

Country of incorporation	2021 % of NAV	2020 % of NAV
UK	72.0	69.7
Germany	6.7	11.3
Jersey	6.0	5.3
Israel	5.5	6.7
Japan	4.8	2.3
Ireland	3.9	3.8
France	3.4	-
Netherlands	3.0	2.9
Cayman Islands	2.8	-
USA	1.3	2.9
Isle of Man	0.6	1.0
Australia	0.1	-
Forward currency contracts	(0.1)	(0.1)
Net other assets*	(10.0)	(5.8)
	100.0	**100.0**

* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Industry analysis



* adjusted to show the gross economic exposure of the CFD positions, with net other assets adjusted accordingly.

Portfolio has been analysed using ICB industry classifications.

Culture, Purpose & Value

The Directors have considered the culture, purpose and values of Artemis Alpha Trust plc ("the Company"). By undergoing this exercise, the Directors seek to ensure that these three elements help drive forward the strategy.

Culture

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

Purpose

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

Values

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

The core values that contribute to the Board culture include:

- **Integrity:** the Board seeks to comply with all applicable laws and regulations, both to the letter and in spirit.
- **Accountability:** the Board recognises the need to explain the Company's performance to investors and to highlight the risks in a clear and open manner. The Board has a key role to encourage and challenge the performance of its Manager and its other service providers to help ensure the Company continues to provide shareholder value.
- **Respect & Transparency:** the Board seeks to communicate clearly and openly with shareholders and service providers respecting individual opinions and expectations. Contact by shareholders via the Chairman's email address is welcomed.
- **Environmental, Social and Governance ("ESG") issues:** We are stewards of our shareholders' capital; both the Board and Manager recognise that this comes with responsibilities. ESG considerations are integrated within the investment process.

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

Corporate strategy & policy

The Company is incorporated in England as a public company limited by shares. Its business as an investment trust is to buy and sell investments with the aim of achieving the objective and in accordance with the policy set out on page 2.

Gearing

The Company uses gearing (i.e. borrowing) as part of its investment strategy. The Company's Articles of Association limit borrowing to 50 per cent of the Company's net assets. However, the investment policy limits this to 25 per cent of net assets. Subject to 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. During the prior year, the Company's borrowing facility with The Royal Bank of Scotland plc ended. The use of gearing by the Investment Manager will vary from time to time, reflecting its views on the potential returns from stock markets. The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis. At the year end, net gearing was 10.2 per cent.

Leverage

Leverage is defined in the Alternative Investment Fund Manager Directive ("AIFMD") as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions. The Company has entered into an agreement with JP Morgan to utilise contracts for difference as a form of leverage. A result of 100 per cent indicates that no leverage has been used. The Company is permitted by its Articles to borrow up to 50 per cent; however the Company's investment policy restricts this to 25 per cent. The Company is permitted to have additional leverage of up to 100 per cent of its net assets, which results in permitted total leverage of 225 per cent under both ratios. Artemis as the Alternative Investment Fund Manager ("AIFM"), monitors leverage limits on a daily basis and reviews them annually. No changes have been made to these limits during the period. At 30 April 2021, the Company's leverage was 122.7 per cent as determined using the gross method and 110.6 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 2021, together with its prospects for the future, is set out in the Chairman's Statement on page 5 and the Investment Manager's Review on pages 6 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
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%
2020	(11.3)%	(12.5)%	(16.7)%
2021	56.0%	80.8%	26.0%

Source: Artemis/Datastream

- Dividends per ordinary share

Year ended 30 April	Ordinary	Special	Total pence per ordinary share	Ordinary increase	Total increase/ (decrease)
2016	3.90p	–	3.90p	9.9%	9.9%
2017	4.30p	2.00p	6.30p	10.4%	61.5%
2018	4.75p	1.60p	6.35p	10.4%	0.8%
2019	5.00p	0.50p	5.50p	5.3%	(13.4)%
2020	5.20p	–	5.20p	4.0%	(5.5)%
2021	5.30p	–	5.30p	1.9%	1.9%

- Ongoing charges as a proportion of shareholders' funds

As at 30 April	Ongoing charges
2016	0.9%
2017	0.9%
2018	0.9%
2019	0.9%
2020	0.9%
2021	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

As required by the 2018 UK Code of Corporate Governance, the Board has carried out a robust assessment of the principal and emerging risks facing the Company.

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company and the controls established to mitigate these risks. This is an ongoing process and is the risk map is formally reviewed every six months. Further information on the Company's internal controls is set out in the corporate governance section on page 28. 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 and their mitigation is set out below:

Principal risk	Mitigation/control
Strategic risk 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 risk The Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider UK market (FTSE All-Share Index). Whilst the focus is on large cap companies the Company also invests in small cap (listed), AIM traded and unquoted investments which can be subject to a higher degree of risk than that of larger quoted investments. From time to time, the Company may also have significant exposure to particular industry sectors. The Investment Manager's high conviction approach leads to a concentrated portfolio, typically containing between 25 and 60 stocks. A concentrated portfolio carries a higher degree of stock-specific risk than a more diversified portfolio as a material decline in a single investment may have a significant adverse effect on the Company's overall performance, financial condition and prospects. The Company's functional and reporting currency is Sterling. However, the investment objective and policy may result in a proportion of the Company's portfolio being invested in overseas equities denominated in currencies other than Sterling and in Sterling-denominated securities of companies which may conduct all or much of their businesses 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 or use derivatives to similarly increase exposure. If the investments fall in value, any borrowings/use of derivatives will magnify the extent of the losses. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.	The Board considers that this risk is justified by the longer term nature of the investment objective and the Company's closed-ended structure, and that such investments should be a source of positive returns for shareholders. Risks are diversified through having a range of investments in the portfolio covering various sectors (see Investment Manager's Report for details). The Board discusses the investment portfolio with the Investment Manager at each Board meeting, and at each month end between Board meetings, and part of this discussion includes a detailed review of the Company's unquoted investments, their valuations and future prospects together with their portfolio weighting. The Board receives management information concerning the geographical sector split of the portfolio. The Company is not materially exposed to foreign currency risk. All borrowing arrangements entered into require the prior approval of the Board and gearing levels are regularly discussed and reviewed by the Board and Investment Manager.
Legal and regulatory risk A breach of s1158 Corporation Tax Act 2010 could lead to a loss of investment trust status and the resultant taxation of realised capital gains. The principal laws and regulations the Company is required to comply with are the Companies Act 2006, the Alternative investment Fund Managers' Directive, the Market Abuse Regulation, the UK Listing Rules and the Disclosure Guidance and Transparency Rules. A breach of the FCA listing rules could lead to suspension of the Company's shares. A breach of the Companies Act 2006 could lead to criminal proceedings and reputational and financial damage.	The Manager provides investment, company secretarial, administration and accounting services through the use of qualified professionals. The Board receives internal control reports from the Manager confirming compliance with regulations. These reports also highlight any matter that the Compliance team feel should be brought to the Board's attention along with any items discussed during internal audit review. The Board meets each year with the Risk and Compliance team to discuss the areas of risk appropriate to the Company and the control environment.

Principal risk	Mitigation/control
Operational risk Disruption to, or failure of, the Investment Manager's and/or any other third party service providers' systems which could result in an inability to report accurately and monitor the Company's financial position.	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. During the COVID-19 pandemic, all of the Investment Manager's staff worked from home with no significant impact to operations.
Cyber risk Failure or disruption of the Investment Manager's and/ or any other third party service providers' systems as a result of a cyber attack, data theft, service disruption, etc. Whilst the risk of a direct financial loss by the Company is low, the risk of reputational damage and the risk of loss of control of sensitive information is more significant. The Company's service providers and the Board often have sensitive information regarding transactions or pricing and information regarded as inside information in regulatory terms.	The Board receives regular updates from the Manager and its service providers which describe the protective measures taken to enhance security.
Brexit The transition period ended on 31 December 2020 with the UK leaving the common market.	As the Company's shares are not marketed in Europe, investee companies are predominantly listed in the UK and key counterparties of and service providers to the Company are UK domiciled with suitable contingency arrangements available as necessary, the Company has not experienced any material effect on performance in the short term. The Board does not expect the Company's operations or performance over the longer term to be materially affected by Brexit.
Climate change Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers.	The Investment Manager takes such risks into account, along with the downside risk to any company (whether in the form of its business prospects or market valuation or sustainability of dividends) that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses with operations spread geographically, which should limit the impact of location- specific weather events.
Pandemic (COVID-19) The rapid spread of COVID-19 has caused governments to implement policies to restrict the gathering, interaction or movement of people. These policies have inevitably changed the nature of the operations of some aspects of the Company, its key service providers and the companies in which it invests. Share prices respond to assessments of future economic activity as well as their own forecast performance and the Pandemic has had a materially negative impact on the economy and will continue do so for a period of time.	The Board and its Investment Manager have regular discussions to assess this impact on both the investment portfolio, the related change in consumer behaviour and on its ability to generate income for shareholders.

Further information on risks and the management of them are set out in the notes to the financial statements on pages 56 to 59.

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 2026. The Board has concluded that this period is appropriate, carefully taking into account the inherent risk with equities and the long term investor outlook.

As part of its assessment of the viability of the Company, the Board has discussed and considered each of the principal risks, including matters relating to COVID-19 and the UK's departure from the European Union, as stated on page 18, and the impact on the Company's portfolio of longer-lasting damage to the economy, of the withdrawal of liquidity by the financial authorities, 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 that the Company will continue to be in a position to cover its liabilities.

The Directors do not expect there to be any significant change in the current principal risks and the associated mitigating controls. The Directors also do not envisage any change in strategy or objectives that would prevent the Company from continuing to operate over the five year period. The Company's assets are liquid, its commitments limited and it intends to continue as an investment trust. The revenue streams have been impacted by reduced dividends from investee companies as a result of the COVID-19 pandemic. The Board however believes that revenue streams will return within a relatively short period and are comfortable that the Company has sufficient income reserves to fund the shortfall. The Board does not believe that this will have a long- term effect on the viability of the Company.

The possibility of a tender offer of up to 25% of the share capital 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 2026.

Life of the Company

The Company operates a triennial liquidity event for shareholders. The tender offers may 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 2020 AGM.

During the year the Company bought back 1,395,000 ordinary shares. As at 30 April 2021, all ordinary shares bought back during the year have been cancelled.

A resolution to renew the Company's buy back authority will be put to shareholders at the AGM on 14 October 2021.

No ordinary shares were issued during the year.

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

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

a) the likely consequences of any decision in the long term,

b) the interests of the company's employees,

c) the need to foster the company's business relationships with suppliers, customers and others,

d) the impact of the company's operations on the community and the environment,

e) the desirability of the company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the company.

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

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

Engagement with key stakeholders

Stakeholders	Engagement	Impact
Shareholders and potential investors	The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company for the benefit of the Company's shareholders. Whilst certain responsibilities are delegated, directors' responsibilities are set out in the schedule of matters reserved for the Board and the terms of reference of its committees, both of which are reviewed regularly by the Board. To help the Board in its aim to act fairly as between the Company's members, it encourages communications with all shareholders. The Annual and Interim reports are issued to shareholders and are available on the Investment Managers' website together with other relevant information including monthly factsheets. The Board receives regular feedback on shareholder meetings from the Company's broker and any shareholder communications are reviewed and discussed by the Board at Board meetings to ensure that shareholder views are taken into consideration as part of any decisions taken by the Board. The Chairman is available to contact via email: alpha.chairman@artemisfunds.com. The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. For further information see 'Relations with shareholders' on page 30.	Through the publication of the Annual Financial Report and the Interim Report and Accounts, monthly factsheets and Fund Manager updates to the Company's website, shareholders are kept informed of Company performance and portfolio activities. Shareholders are encouraged to raise questions and communicate with the Chairman and the Fund Manager.

Stakeholders	Engagement	Impact
Artemis as Manager ■ Fund management ■ Company secretarial ■ Financial reporting ■ Sales & marketing ■ Compliance and internal control functions ■ Internal audit ■ Investment administration (outsourced to JP Morgan)	The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and agreed by the Board The Board receives regular updates from the Investment Manager and other service providers and ensures that information pertaining to its stakeholders is provided, as required, as part of the information presented in regular Board meetings. During the period, additional monthly performance updates were held between the Board and Investment Manager to discuss the impact of the pandemic on the Company and its performance. The Board, with the support of its Management Engagement Committee, regularly reviews the performance of the Investment Manager and other service providers to ensure that services provided to the Company are managed efficiently and effectively for the benefit of the Company's shareholders. The Board has reviewed and discussed plans for the future marketing and development of the Company with the Investment Manager during the year.	During the year the Company performed well against its benchmark. The discount of the share price to net asset value narrowed and the liquidity in the market for the Company's shares increased. See the Chairman's Statement and Investment Manager Review for detail. The Fund Manager worked on a number of initiatives to raise the profile of the Company and generate interest with new investors.
Other third party service providers ■ JP Morgan as Depositary and Custodian ■ Singer Capital Markets as Broker ■ Link Group as Registrar ■ Johnston Carmichael LLP as Auditor	As an investment company, all services are outsourced to third party service providers. The Board considers the Depositary, the Custodian, the Broker, the Registrar and Auditor to be key stakeholders. The Board relies on the Manager to work alongside these key stakeholders to meet the requirements of the Company. The Management Engagement Committee reviews the performance of these service providers, along with their fee levels, and provides recommendations to the Board as required. The Manager has constant interaction with the service providers and provides feedback to and from the Board as required. Annual assurance reports are received to assist the review of the internal control environments of the Depositary and Custodian. The FRC performs audit quality reviews on a sample of audit firms and audits. Findings are published annually.	The performance of the third party service providers is continually monitored throughout the year. As and when appropriate, third party providers present to the Board. Following formal review by the Management Engagement Committee and Board at the year end, it was concluded that the service providers were operating effectively and provided a good level of service.

Board discussions and decisions

The following are the key discussions and decisions made by the Board during the year ending 30 April 2021:

Topic	Background & discussion	Decision
Triennial tender offer	As agreed by shareholder vote in 2018, the Company will undergo a tender offer every three years unless the ordinary shares are trading at a premium to the estimated tender price. Discussions were held to plan any steps required to complete this corporate action such as potential costs of third parties, timetable and the movement in the share price discount during the year.	The Company broker was approached to discuss actions required. Discussions on this are on-going.
Share buy backs	A discussion was held on the pace and deployment of the share buy back process and the expected impact on the share price discount.	It was decided to continue the buy back process. This arrangement is kept under continual review.
Strategic review of the subsidiary, Alpha Trading Securities Limited	Historically, the subsidiary was set up to allow short-term trading. Dividend income received by the subsidiary may supplement dividend income within the parent company. Given the ability for companies to pay dividends out of capital it may be thought that the subsidiary structure is no longer necessary. Discussions were held which looked at the growth of the subsidiary, the accumulated revenue reserves and the ability of the parent Company to pay divdends out of capital.	It was decided that the subsidiary structure still had a role to play and that a dividend should be paid from the subsidiary up to the parent company to ensure the dividend policy of growth in excess of the CPI index would continue.
Environmental, social and governance matters ('ESG')	The Board discussed its responsibilities for ESG and how Artemis, as Manager, undertook the required steps to ensure ESG was incorporated within the investment process. Discussions were held with the Artemis Chief Investment Risk Officer on the steps taken within ESG risk.	It was decided that ESG was appropriately incorporated within the Artemis investment process and the Board would continue to discuss and monitor on an on-going basis.
Change of Auditor	The ongoing service provided by the existing auditor, and value for money were discussed in detail.	The Board decided that, whilst the service of PwC was deemed to be good, the Audit Committee should undertake a tender process to confirm value for money was being achieved for shareholders. Following this, recommendations were provided to the Board. Johnston Carmichael LLP were engaged as independent auditor of the Company in December 2020.

Topic	Background & discussion	Decision
Annual General Meeting ('AGM') arrangements	The Board discussed the AGM arrangements for October 2021 given the changing COVID-19 environment.	Recognising the continuing risks with the COVID-19 pandemic, it was decided physical attendance at the AGM should continue to be restricted in line with Government guidance. Shareholders will be asked to complete the proxy forms in advance of the AGM. The Investment Manager will record a presentation in advance of the AGM date and questions submitted to the Chairman are encouraged. Shareholders will be advised if the restrictions on group gatherings are sufficiently relaxed to enable a change in format.

The Directors also considered the impact of the Company's decisions on the environment and the community. The Board met with representatives from Artemis' Environmental, Social and Governance ('ESG') team during the year to discuss how ESG factors are taken into account when selecting and retaining investments for the Company and engaging with investee companies on matters of concern.

The Board has given discretion to the Investment Manager to exercise the Company's voting rights. During the year, the Board met with representatives of Artemis' Stewardship team to discuss Artemis' approach to stewardship of the Company's investments. The Board has also sought to meet directly with representatives of some of the Company's portfolio investments. Further information on stewardship and voting policy is provided on page 24 of the Annual Financial Report.

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

Directors & Diversity

The Directors of the Company and their biographical details are set out on page 25.

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, social and ethnic backgrounds, and cognitive and personal strengths. The Board 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, based on merit and objective criteria. 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.

Sustainability and Environmental, social and governance ('ESG') matters

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

Financial Statements

The financial statements of the Company are included on pages 44 to 59 of this report.

For and on behalf of the Board,

Duncan Budge
Chairman

5 July 2021

ESG & Stewardship at Artemis

Our ESG approach

ESG considerations are entrenched in the Artemis investment process particularly in the monitoring of key risk factors, valuation process and focus on strong management capital allocation.

Risk factors

We judge there to be a range of distinct factors that create risk to a permanent loss of capital, such as business obsolescence (competition/innovation), fraud (accounting/misrepresentation), excessive leverage, management (value destructive M&A), and other idiosyncratic factors (perception/regulation). Environmental and social factors have clear scope to create risks through obsolescence, regulation, and changes in perception. For this reason, consideration of ESG factors is entrenched in the monitoring of risks to our investments.

Valuation

When valuing businesses we aim to incorporate our assessment of the likely impact of environmental and social factors on demand, cost and profitability by looking at the probability of possible outcomes. In many circumstances, the uncertainty created by potential change prompts us to avoid investing in a sector entirely. We consider omission of investments as important as selection, as demonstrated by the concentrated nature of our portfolio.

Governance

We seek to invest with managers that have demonstrated core competencies, long-term thinking, and who focus carefully on the reinvestment returns of capital retained. Historical studies have demonstrated the importance of strong capital allocation in generating outsized returns for shareholders over time. Our valuation framework attempts to capture the real option value of management actions where it is present (e.g. value accretive M&A).

Engagement with companies to gain a better understanding of the management rationale and governance structure consistently forms an important source of information on which to base investment decisions. We actively engage with management and particularly on the topic of capital allocation given the importance we attach to it.

Through engagement issues can be raised with management, developments monitored and votes cast accordingly.

Case studies

We hold a variant perception that Frasers Group delivers value for all stakeholders, and that it is should be highly scored in Social and Governance categories. Frasers was one of the first FTSE 250 companies to have an employee representative on its board, has high employee satisfaction, and a good track record of rewarding employees well during periods of business success. Furthermore Frasers provides a highly attractive value proposition for customers through its low prices and shareholders have their values closely aligned with management through Mike Ashley's (who takes no salary) 64% shareholding in the business. Through regular engagement with management and detailed monitoring we are able to ensure these social and governance features are retained.

Our Airline holdings demonstrate environmental leadership within the industry. EasyJet was the first large airline globally to offset all carbon emissions generated through customer trips and is constantly investing in improving the fuel-efficiency of its fleet. Ryanair has one of the most fuel efficient fleets globally, and minimises its customers' environmental impact by ensuring seats are rarely left empty.

Stewardship

As stewards of our clients' capital, Artemis acts in their interests to invest in companies which can create, preserve and enhance value. This involves the assessment of a broad range of factors which do, or could, have an impact on value, including those related to environmental, social and governance (ESG) drivers.

We use a number of research providers to guide our ESG risk and opportunity assessment including the Sustainability Accounting Standards Board (SASB), MSCI ESG, Sustainalytics and company ESG reports. These sources of information provide valuable analysis and insight but they are just one set of inputs into our own investment evaluations. They supplement our own research and engagement with companies.

We actively participate in a range of industry wide initiatives and collaborations with a view to driving positive change in the investment industry. We are a signatory to the Principles for Responsible Investment and the Climate Action 100+ initiative, a member of the Investor Forum, have a number of representatives on committees of the Investment Association and are a member of the Sustainable Accounting Standards Board.

Engagement & voting

Engagement is one of the means by which Artemis develops an understanding of companies, raise issues with management and monitor subsequent developments. Engagement activity is about relationships and gaining a better understanding of the rationale of management regarding business risks, opportunities and strategy. It can also provide insight into a board's capabilities, dynamics and values.

Engagement tactics may involve: discussions with board members, in particular the independent directors including the chairman; writing to companies; voting against management proposals; and collaborative engagement with other shareholders or through industry groups or initiatives where pooled resource can lead to a better chance of success.

Voting decisions are made by fund managers, informed by their knowledge of the company concerned, any engagement activity, Artemis' voting policy and input from external research providers, notably ISS. Voting is an important way in which we exercise our stewardship responsibilities. Details of Artemis' voting policy and reports of recent voting are included on Artemis' website www.artemisfunds.com.

The above forms part of the Strategic & Business Review.

Directors and Corporate Governance

Directors

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

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 (subsequently 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.

Jamie Korner

Jamie Korner, is a 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 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 22 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.

All non-executive Directors were considered independent of the Investment Manager throughout the year ended 30 April 2021. All non-executive Directors are independent up to the date of this report. They were all members of the Audit, Nomination and Management Engagement Committees throughout the period.

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 2021.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 44. The Board has declared dividends for the year totalling 5.30 pence per ordinary share. This is made up of a first interim dividend of 2.11 pence and a proposed final dividend of 3.19 pence. The final dividend, subject to shareholder approval, will be paid on 22 October 2021 to shareholders who are on the register at the close of business on 17 September 2021, with an ex-dividend date of 16 September 2021.

References to Future Development and Financial Risk Management are included in the Strategic Report on pages 16 and 16 to 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's portfolio was managed by Kartik Kumar and John Dodd.

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 2021 had £27.4 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 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, Mr Korner and Mrs Stewart. The contribution of each individual Director has been reviewed and considered by the Board, with the support of the Nomination Committee, and the re-election of each of the Directors is recommended on the basis of their industry knowledge, experience and their individual contributions to the operation of the Company.

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 2021, the Company had 38,185,474 ordinary shares (2020: 39,580,474) in issue.

During the year the Company repurchased a total of 1,395,000 ordinary shares for an aggregate consideration of £5,421,712 representing 2.98 per cent of the issued share capital as at 30 April 2021 with the shares bought at an average discount of 11.8 per cent (2020: 19.5) adding approximately 1.72p to the net asset value per share.

There were no shares held in treasury as at 30 April 2021 (2020: nil). During the year, 1,395,000 treasury shares were cancelled (2020: 771,000).

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 by ordinary resolution, provided such dividends are not in excess of any dividends recommended by the Directors. 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.

The table below sets out those shareholders as at 30 April 2021, who have notified the Company that they hold more than 3 percent of the voting rights attaching to the ordinary shares in issue.

Shareholder	Ordinary shares held at 30 April 2021	% of Total voting rights at 30 April 2021
1607 Capital Partners	4,616,627	12.09
John Dodd	2,796,742	7.32
Adrian Paterson	2,065,000	5.41
Investec Wealth & Investment Management Limited	2,045,393	5.36
Mark Tyndall	1,975,950	5.17
Schroder & Co Limited	1,734,182	4.54

Since 30 April 2021 the Company has also received notification from Rossie House Investment Management LLP that it holds 1,922,450 ordinary shares, representing 5.05 percent of the total voting rights. There have been no other changes notified to the Company in respect of the above holdings, and no other new holdings notified, since the year end.

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 60 and 61. 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. The Company has a portfolio comprised mainly of listed investments, which are readily realisable to meet expected funding requirements in the period under consideration. In addition, the Board has considered the continuing impact of COVID-19 and believes this will have limited impact on the Company's resources. The Directors will continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2021 AGM are set out in the Chairman's Statement on page 5 and the Notice of Meeting on pages 60 to 63.

Special Resolution

An amendment to the Articles of Association is proposed which will allow for virtual-only general meetings. This will facilitate shareholder attendance in situations where they are prevented, through laws or regulations, from attending at a physical location. The Board intends to use this option only when absolutely necessary due to Government regulations or guidance.

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 auditor

Following the conclusion of a formal competitive tender process, Johnston Carmichael LLP was engaged as independent auditor with effect from 22 December 2020, subject to approval by shareholders at the AGM on 14 October 2021. Accordingly, a resolution will be proposed at the forthcoming AGM for the appointment of Johnston Carmichael LLP and to authorise the Directors to agree its 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 auditor is 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 auditor is aware of that information.

Post balance sheet events

The Directors confirm that there have been no post balance sheet events up to 5 July 2021 other than those included in note 20 on page 59.

Greenhouse Gas Emissions

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. The Company has no employees and all of its Directors are non-executive, with all day-to-day activities being carried out by third parties. The Company considers itself to be a low energy user as defined in the Streamlined Energy and Carbon Reporting Regulations and therefore is not required to disclose energy and carbon information.

Compliance

The Board is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code of Corporate Governance 2019 (the "AIC Code"). This statement outlines how the principles of the AIC Code, issued in February 2019, were applied throughout the financial year.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ("the FRC") provides more relevant information to shareholders.

The AIC Code is available on the AIC website (theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

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

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 Investment Manager also provides the Board with monthly updates and the opportunity to meet and discuss the Company performance.

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, comprising three male and two female members, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 25 of this Report.

The Board considers that all the Directors are independent of the Investment Manager and comply with the criteria for independence as set out in the 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. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for other Directors and shareholders. Led by the Senior Independent Director, the Directors meet without the Chairman present on an annual basis to discuss the Chairman's performance.

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 contribution of each individual Director has been reviewed and considered by the Board, with the support of the Nomination Committee, and the re-election of each of the Directors is recommended on the basis of their industry knowledge, experience and their individual contributions to the operation of the Company.

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 25 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 page 35 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 Auditor, which is 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, broker 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.

The Committee undertakes an annual performance evaluation of the Board and individual Directors, 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 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 23, 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.

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 2021.

	Board Meetings	Audit Committee Meetings
Number of meetings held	**4**	**4**
Mr Ayton	4/4	4/4
Ms Bergin	4/4	4/4
Mr Budge	4/4	4/4
Mr Korner	4/4	4/4
Mrs Stewart	4/4	4/4

	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
Mrs Stewart	1/1	1/1

The Board and Investment Manager also held meetings each month end if there had not already been a formal Board meeting.

Directors' & Chairman's tenure

The Board has adopted a policy of annual re-election by shareholders. 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 notes that the AIC Code does not 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 and a detailed quarterly commentary on the portfolio and Company performance 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.

Under normal times, shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager are 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.

If Government guidance allows, all Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 60 to 63 of this Report.

Engagement with Stakeholders

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the section 172 statement in the Strategic Report on pages 19 to 23.

UK Stewardship Code

The Financial Reporting Council (FRC) updated the UK Stewardship Code effective from January 2020 and Artemis' Stewardship Report 2020 has been submitted to the FRC with the intention that Artemis will be included as a signatory to the new code when the list of signatories is published. The Board has given the Investment Manager discretion to exercise the Company's voting rights and therefore does not intend to apply to become a signatory to the new code itself. A copy of Artemis' stewardship policy and report 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 record 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 Risk and Compliance function of 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.

There was significant disruption since March 2020 due to the COVID-19 pandemic. The Company's main service providers adopted their business continuity plans including work-from-home capabilities and there was limited impact to the Company's operations and control environment resulting from this. 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

5 July 2021

Directors' Remuneration Policy and Report

The remuneration policy of the Company was approved by shareholders at the Annual General Meeting held on 8 October 2020 when 99.68% of votes received were in favour, 0.26% were against and votes withheld were 0.06%. The policy will apply until the 2023 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 2021. The Company's Auditor is required to audit certain information contained within this report and, where information set out below has been audited, it is clearly indicated. The Auditor's opinion is included in the Independent Auditor's Report which can be found on pages 38 to 43.

The remuneration report will be submitted to shareholders for approval at the AGM to be held on Thursday, 14 October 2021. 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.

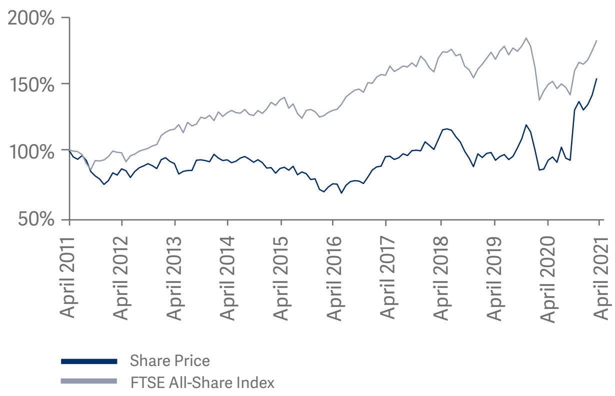
(ii) Approving the remuneration report and policy for inclusion in the Annual Financial Report.

(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 2021, 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 24 June 2021, the Board agreed that the fees for each Director, for the year ending 30 April 2022, should be increased to £36,000 for the Chairman (2021: £33,000), £30,000 for the Chairman of the Audit Committee (2021: £27,000) and £26,000 (2021: £24,000) for the other Directors. Director's fees were last changed on 27 June 2018. The review 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 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.

Performance graph



Source: Artemis/Datastream

The performance graph above sets out the Company's ordinary share price total return (assuming re-investment of dividends) from 30 April 2011 to 30 April 2021 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.

	2021	2020
Directors' fees	£132,000	£128,044
Distributions to shareholders		
– dividends	£2,052,000	£2,252,000
– share buybacks	£5,443,000	£3,952,000

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last AGM of shareholders, held on 8 October 2020, 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	%		
12,615,110	99.77	29,151	0.23	12,644,261	3,241

Directors' interests

The Directors' interests in the capital of the Company who held office at 30 April 2021 were as follows:

Ordinary shares

	30 April 2021		30 April 2020	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr Ayton	13,241	–	13,241	–
Ms Bergin	4,970	–	4,970	–
Mr Budge	15,000	–	15,000	–
Mr Korner	30,000	–	30,000	–
Mrs Stewart	–	–	–	–

There have been no changes in the Directors' interests up to the date of signing.

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 undertaking.

Directors' fees (audited)

The Directors who served during the years ended 30 April 2021 and 30 April 2020 received the following annual fees. The Company does not award any other remuneration or taxable benefits to the Directors.

Director[1]	2021	% change in year	2020
Mr Ayton	£24,000	0%	£24,000
Ms Bergin	£27,000	0%	£27,000
Mr Budge	£33,000	0%	£33,000
Mr Korner	£24,000	0%	£24,000
Mrs Stewart	£24,000	0%	£20,044
	£132,000		**£128,044**

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

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 2021, the review undertaken and the decisions made regarding the fees paid to the Board.

Duncan Budge
Chairman

5 July 2021

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 24). 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2021, 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

5 July 2021

Audit Information

Report of the Audit Committee

The Audit Committee (the "Committee") is chaired by Blathnaid Bergin, an experienced chartered accountant. All other Directors are members of the Committee and although the members of the Committee are not accountants by profession, it is considered that they have relevant and recent financial and investment experience as a result of their employment in financial services and other industries.

With reference to the 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.

Meetings

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.

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

Roles and responsibilities

The main responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the Annual Financial Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems;
- conducting the tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities.

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

Appointment and remuneration of Auditor

Following consideration of the service provided during the year by the Company's external auditor PricewaterhouseCoopers ("PwC") and a review of their value for money, the Audit Committee decided that it would be appropriate to consider alternative external auditor firms. The Company therefore undertook an audit tender process and, in order to ensure as wide a participation as possible, invited four audit firms, including PwC, to tender all of whom submitted high quality comprehensive proposals. Two of these audit firms were invited to formally meet with and present in more detail to the Audit Committee Chairman and the Chairman of the Board. In assessing each audit firm, particular regard was given to the attention paid to audit quality as well as the attention to detail as outlined within the scope of service.

Each audit firm's competence in relation to the investment trust sector, the experience and qualifications of audit team members, as well as the indicated level of audit partner input were also significant criteria. Additionally, consideration was given to the results of external regulatory reviews and the action taken by the audit firms to address any findings.

Following a thorough evaluation process, which included challenge of the audit firms on a number of criteria, it was the recommendation of the Audit Committee, and decision of the Board, that Johnston Carmichael LLP be successful in the audit tender process. Johnston Carmichael LLP was appointed on 22 December 2020 and completed the audit of the Company's Annual Financial Report for the year ended 30 April 2021. The Board is satisfied with the transition to the new auditor and the effective performance demonstrated throughout the recent audit. The Board is further satisfied that Johnston Carmichael LLP remains independent and appropriate controls are in place to identify conflicts of interest should these arise. As a result, the Board is proposing a resolution seeking shareholder approval at the Annual General Meeting to appoint Johnston Carmichael LLP as the Company's auditor.

The fees paid to Johnston Carmichael LLP in respect of audit services are disclosed in note 3 of the notes to the financial statements.

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 Auditor 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 either PwC or Johnston Carmichael LLP during the year ended 30 April 2021.

Activities during the year

The Audit Committee met four 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.

Significant issue	How the issue was addressed
Valuation and Ownership of the Company's Investments, particularly the Unquoted Investments	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.
Allocation of expenses	The Committee reviews the allocation of expenses between income and capital on an annual basis. Following this review, no change was recommended to the current 20% income/80% capital split.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Board and Audit Committee receives regular reporting from the Investment Manager including as at the year end date.
Maintaining Internal controls	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. 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.
Recognition of income	The recognition of investment income is undertaken in accordance with accounting policy note 1(e) to the financial statements on page 48. The Board and Audit Committee review the revenue forecast at each meeting.

Significant issue	How the issue was addressed
Going concern & viability	The Committee considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for at least twelve months from the date of approval of these financial statements and made this recommendation to the Board. The Committee also assessed the viability of the Company, reviewing a series of stress tests on the Company's net assets and the impact of negative market movements and the triennial tender offers. Following this assessment the Committee recommended the Viability Statement to the Board.

Audit for the year ended 30 April 2021

As part of the planning for the annual audit, the Audit Committee met with Johnston Carmichael LLP and reviewed their audit strategy document, which highlighted the level of materiality to be applied by the Auditor, the key perceived audit risks and the scope of the audit.

The Audit Committee met with representatives of the Company's Auditor at the Audit Committee meeting held on 24 June 2021 to discuss any matters arising from the annual audit and to assess the independence and effectiveness of the external audit process.

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. 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 from the Investment Manager regarding any internal audits of relevance to the Company.

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.

On behalf of the Board

Blathnaid Bergin
Chairman of the Audit Committee

5 July 2021

JOHNSTON CARMICHAEL

Opinion

We have audited the financial statements of Artemis Alpha Trust plc ("the Company"), for the year ended 30 April 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity the Statement of Cash Flows, and the related notes, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- assessing the liquidity of the Company and available financial resources;
- reviewing management's cash flow projections and assessing how the projections were compiled;
- assessing the accuracy of management's cash flow projections;
- evaluating the key assumptions within the cash flow projections;
- assessing whether the stress testing performed by management appropriately considered the principal risks facing the Company;
- reviewing management's assessment of Covid-19 considerations in relation to going concern;
- assessing the business continuity plans of the Company's main service providers; and
- reviewing the Company's ongoing maintenance of investment trust status.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

We conducted our audit of the financial statements using information maintained and provided by J.P.Morgan Europe Ltd (the "Administrator") and Artemis Fund Managers Limited ("the "Company Secretary", "Investment Manager" and "AIFM") to whom the Company's directors have delegated the provision of fund administration, company secretarial investment management and AIFM services.

We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the Administrator, 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 the Investment Manager and adopted a fully substantive testing approach to obtain our audit evidence.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholders 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 the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Key audit matter	How the scope of our audit addressed this matter
Valuation and ownership of unquoted investments (as per page 36 (Report of the Audit Committee), page 48 (Accounting Policies) and Notes 8 and 19). The key driver of the Company's net assets and total return is the valuation of investments. The Company holds unquoted equity investments, which are valued in accordance with the revised International Private Equity and Venture Capital (IPEV) Valuation Guidelines. Significant judgement is required in applying these principles and determining certain inputs to the valuation models. The valuation of unquoted investments as at 30 April 2021 was: ▪ unquoted equity investments £10.7m (2020: £10.1m). ▪ derivative financial assets of £0.2m (2020: £0.1m) ▪ derivative financial liabilities of £0.5m (2020: £0.2m) As the investments are material to the overall performance of the Company and significant judgement is applied in valuing these, this is classified as a significant risk and key audit matter.	▪ We performed walkthroughs of the valuation process to obtain an understanding of the design and implementation of the controls and ensured the methodologies selected for the unquoted investments were in accordance with the revised IPEV valuation guidelines. ▪ We assessed whether the Investment Manager's Valuation Committee performed their review on a regular basis free from bias, had the necessary skills and knowledge to perform this review, reviewed and approved estimates based on the data available, challenged the data, assumptions and estimates used in the valuations and if any issues were identified, addressed and resolved those issues. ▪ Assessed the degree to which the valuations were subject to estimation uncertainty and the degree to which the selection and application of the method, assumptions and data in the valuation were affected by complexity and subjectivity. ▪ Obtained an understanding of the sector for each investee company for the period being audited, making enquiries of management. ▪ Corroborated independent sources of data that were used in the valuations, assessing if market conditions met management's expectations and any forecasts used in the valuation were suitable and the data was relevant and reliable. ▪ Assessed whether the valuations models were mathematically accurate and whether any assumptions used in the valuations were consistent. ▪ Tested if any changes from the prior year's models were appropriate in the circumstances and in line with IPEV guidelines. ▪ We developed our own range of potential valuations for each investment, in order to inform our discussions with management and to enable us to conclude as to the reasonableness of management's valuations.

Key audit matter	How the scope of our audit addressed this matter
Valuation and ownership of unquoted investments *(continued)*	■ Ensured that the accounting estimates and related disclosures were included in the financial statements. ■ We agreed the ownership of all unquoted investments held at 30 April 2021 to the independently received custodian report. No material differences were noted. ■ We tested the valuation of a sample of CFDs held at 30 April 2021 by agreeing the valuation of the underlying securities to an independent third-party source. ■ We agreed the ownership of all CFDs and forward currency contracts held at 30 April 2021 to the independently received custodian report. No material issues were noted.
Valuation and ownership of quoted investments (as per page 36 (Report of the Audit Committee), page 48 (Accounting Policies) and Notes 8 and 19). The key driver of the Company's net assets and total return is the valuation of investments. The valuation of the portfolio at 30 April 2021 included quoted equity investments of £165.3m (2020 £107.9m). This is the largest component of the Company's Statement of Financial Position accounting for 91% (2020: 88%) of net assets. There is a risk that investments held at fair value may not be actively traded and the quoted prices may not be reflective of fair value (valuation). Additionally, there is a risk that the investments recorded as held by the Company may not represent property of the Company (ownership).	■ We reviewed controls reports provided by the Administrator, Custodian and Investment Manager/AIFM and considered whether there were any issues with the design and operation of the key controls around the valuation and ownership of the quoted investments. ■ We compared market prices and exchange rates applied to all quoted investments held at 30 April 2021 to an independent third-party source, and recalculated the quoted investment valuations. ■ We obtained market prices from independent third-party sources at two separate points post year end, to assess the quoted investments held at year end are regularly traded and liquid. ■ We agreed the ownership of all quoted investments held at 30 April 2021 to the independently received custodian report. No material issues were noted.
Revenue recognition (as per page 36 (Report of the Audit Committee), page 48 (Accounting Policies) and Note 2). The total income for the year to 30 April 2021 was £3.1m (2020: £2.8m) consisting primarily of dividends received from three sources: quoted investments, a subsidiary and CFDs. There is a risk that dividend income is incomplete (completeness) and consequently the revenue recognised in the financial statements is misstated. In some circumstances, judgement is required in the allocation of income to revenue or capital.	■ We reviewed controls reports provided by the Administrator and the Investment Manager/AIFM and considered whether there were any issues with the design and operation of the key controls around the recognition of investment income. ■ We confirmed that income is recognised in accordance with the AIC SORP. ■ We formed an expectation on dividends due based on investment holdings at the ex-date, announcements made by investee companies and compared this against dividends recognised, paying particular attention to dividends announced either side of the year-end. ■ We agreed a sample of investment income recognised to bank statements. ■ We reviewed corporate action announcements of investee companies and ensured that the recognition of any special dividends was consistent with the SORP. ■ We agreed the completeness of dividend income from the subsidiary, to that company's books and records. No material issues were identified. ■ We recalculated a sample of CFD income with reference to an independent third-party source. ■ We tested the completeness of CFD income by agreeing the appropriate returns were recognised for a sample of CFDs held during the year. No material issues were noted.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Overall materiality – we have set materiality as 1% of net assets as we believe that net assets is the primary measure used by investors and is the key driver of shareholder value. It is also the standard industry benchmark for materiality for investment trusts.

Materiality for the financial statements as a whole is £1,818,000.

Performance materiality – performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

In setting this we consider the Company's overall control environment and risk of material misstatement and based on our judgement of these factors, have set this at 75% of our planning materiality, therefore £1,363,500.

Audit Committee reporting threshold – we agreed with the Audit Committee that we would report to them all differences in excess of £90,900 which we set as 5% of planning materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.

Other information

The other information comprises the information included in the Annual Financial Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Financial Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27;
- the directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 19;
- the directors' statement on fair, balanced and understandable set out on page 31;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 16;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 36; and
- the section describing the work of the Audit Committee set out on pages 35 to 37.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://-www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent the audit was considered capable of detecting irregularities, including fraud

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with those charged with governance of the Company.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation to judgements inherent in the valuation of unquoted investments.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with section 1158 of the Corporation Tax Act 2010. We also considered compliance with the Companies Act 2006 and the Listing Rules.

Audit procedures performed in response to these risks included:

- evaluation of the controls implemented by the Company, the Administrator, the Investment Manager/AIFM and the Custodian designed to prevent and detect irregularities;
- discussions with the Audit Committee, the Investment Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition. Further discussion of our approach is set out in the section on key audit matters above;
- detailed review of unquoted investment valuations (see key audit matters above);
- recalculation of management fees;
- reperformance of the calculations to confirm the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010;
- using appropriate checklists and our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules;
- reviewing financial statement disclosures to supporting documentation; and
- review of accounting journals during the year and up to the date of our audit fieldwork.

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.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 22 December 2020 to audit the financial statements for the year ending 30 April 2021 and subsequent financial periods. The period of our total uninterrupted engagement is one year, covering the year ended 30 April 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Holmes (Senior Statutory Auditor)
For and behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom

5 July 2021

Statement of Comprehensive Income
For the year ended 30 April 2021

	Note	Year ended 30 April 2021			Year ended 30 April 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	2	3,147	–	3,147	2,773	–	2,773
Total revenue		**3,147**	**–**	**3,147**	**2,773**	**–**	**2,773**
Gains/(losses) on investments		–	59,998	59,998	–	(18,732)	(18,732)
Net gains on derivatives		–	4,767	4,767	–	822	822
Currency gains		–	609	609	–	47	47
Total income/(loss)		**3,147**	**65,374**	**68,521**	**2,773**	**(17,863)**	**(15,090)**
Expenses							
Investment management fee		(196)	(785)	(981)	(174)	(695)	(869)
Other expenses	3	(411)	(15)	(426)	(492)	(2)	(494)
Profit/(loss) before finance costs and tax		**2,540**	**64,574**	**67,114**	**2,107**	**(18,560)**	**(16,453)**
Finance costs	4	(7)	(28)	(35)	(3)	(14)	(17)
Profit/(loss) before tax		**2,533**	**64,546**	**67,079**	**2,104**	**(18,574)**	**(16,470)**
Tax	5	(210)	–	(210)	(138)	–	(138)
Profit/(loss) and total comprehensive income/(expense) for the year		**2,323**	**64,546**	**66,869**	**1,966**	**(18,574)**	**(16,608)**
Earnings/(loss) per ordinary share	7	**5.92p**	**164.56p**	**170.48p**	**4.90p**	**(46.30)p**	**(41.40)p**

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 48 to 59 form part of these financial statements.

Statement of Financial Position
As at 30 April 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments	8	175,991	118,086
Investments in subsidiary undertaking	10	3,230	3,002
		179,221	**121,088**
Current assets			
Derivative assets	9	162	70
Other receivables	12	848	1,005
Cash and cash equivalents	13	6,477	5,382
Total assets		**186,708**	**127,545**
Current liabilities			
Derivative liabilities	9	(478)	(174)
Collateral pledged		(830)	(220)
Other payables	14	(3,572)	(4,697)
Total liabilities		(4,880)	(5,091)
Net assets		**181,828**	**122,454**
Equity attributable to equity holders			
Share capital	15	382	396
Share premium		676	676
Special reserve		40,738	46,181
Capital redemption reserve		208	194
Retained earnings - revenue		2,788	2,517
Retained earnings - capital	16	137,036	72,490
Total equity		**181,828**	**122,454**
Net asset value per ordinary share	17	**476.17p**	**309.38p**

These financial statements on pages 44 to 59 were approved by the Board of Directors and signed on its behalf on 5 July 2021:

Duncan Budge
Chairman

The notes on pages 48 to 59 form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 April 2021

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2021							
At 1 May 2020	396	676	46,181	194	2,517	72,490	122,454
Total comprehensive income:							
Profit for the year	–	–	–	–	2,323	64,546	66,869
Transactions with owners recorded directly to equity:							
Repurchase and cancellation of ordinary shares	(14)	–	(5,443)	14	–	–	(5,443)
Dividends paid	–	–	–	–	(2,052)	–	(2,052)
At 30 April 2021	**382**	**676**	**40,738**	**208**	**2,788**	**137,036**	**181,828**
For the year ended 30 April 2020							
At 1 May 2019	410	676	50,133	180	2,803	91,064	145,266
Total comprehensive income/(expense):							
Profit/(loss) for the year	–	–	–	–	1,966	(18,574)	(16,608)
Transactions with owners recorded directly to equity:							
Repurchase of ordinary shares into treasury	–	–	(2,144)	–	–	–	(2,144)
Cancellation of ordinary shares from treasury	(8)	–	–	8	–	–	–
Repurchase and cancellation of ordinary shares	(6)	–	(1,808)	6	–	–	(1,808)
Dividends paid	–	–	–	–	(2,252)	–	(2,252)
At 30 April 2020	**396**	**676**	**46,181**	**194**	**2,517**	**72,490**	**122,454**

The notes on pages 48 to 59 form part of these financial statements.

Statement of Cash Flows
For the year ended 30 April 2021

	2021 £'000	2020 £'000
Operating activities		
Profit/(loss) before tax	67,079	(16,470)
Interest payable	35	17
(Gains)/losses on investments	(59,998)	18,732
Net gains on derivatives	(4,767)	(822)
Currency gains	(609)	(47)
(Increase)/decrease in other receivables	(307)	279
Increase in accrued expenses	81	14
Net cash inflow from operating activities before interest and tax	**1,514**	**1,703**
Interest paid	(35)	(17)
Irrecoverable overseas tax suffered	(210)	(138)
Net cash inflow from operating activities	**1,269**	**1,548**
Investing activities		
Purchase of investments	(51,278)	(56,462)
Sale of investments	51,912	60,733
Sale of derivatives	5,057	1,054
Collateral pledged	610	220
Net cash inflow from investing activities	**6,301**	**5,545**
Financing activities		
Repurchase of ordinary shares into treasury	–	(2,144)
Repurchase and cancellation of ordinary shares	(5,443)	(1,808)
Dividends paid	(2,052)	(2,252)
Increase/(decrease) in intercompany loan	411	(110)
Net cash outflow from financing activities	**(7,084)**	**(6,314)**
Net decrease in net debt	**486**	**779**
Net funds at the start of the year	**5,382**	**4,556**
Effect of foreign exchange rate changes	609	47
Net funds at the end of the year	**6,477**	**5,382**
Cash and cash equivalents	**6,477**	**5,382**

The notes on pages 48 to 59 form part of these financial statements.

1. Accounting policies

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

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts and venture capital trusts issued by the Association of Investment Companies ("AIC") in October 2019 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 2021 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 and the Special Valuation Guidance issued in March 2020. 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) Derivatives. The contracts for difference ('CFD') held in the portfolio are valued based on the price of the underlying security or index which they are purchased to reflect. The nature and intended use of these derivatives is to synthetically allow the Company to go long and short on an underlying asset without the need to trade the physical securities. They are valued based on the quoted bid price of the underlying security when held long. There are revenue and capital returns to be derived from these instruments. Dividends on contracts for difference are recognised when the securities are quoted ex-dividend. Cash held at CFD brokers as margin is reflected separately within cash and cash equivalents balances. Interest on margin accounts held with brokers is included in the revenue return. All other gains/losses and cash flows from derivatives are included in the capital return.

Open forward foreign exchange contracts are held at market value and the net gains/(losses) are reflected within net gains on derivatives in the Statement of Comprehensive Income.

(e) Revenue. Dividends receivable on equity shares (and any associated withholding tax) 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. The dividend equivalent values on contracts for difference are recognised when the underlying security is quoted ex-dividend.

(f) 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.

(g) 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.

(h) Amounts held at futures clearing houses and brokers. These are amounts held in segregated accounts as collateral on behalf of brokers and carried at amortised cost.

(i) 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.

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

(k) 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.

(l) 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 non-interest bearing and are stated at their nominal value.

There is no material impact of expected credit losses on financial assets or liabilities.

(m) 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.

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.

(n) Accounting developments.

At the date of authorisation of the financial statements, the following amendment to the IFRS Standards and

Interpretations was assessed to be relevant and is effective for annual periods beginning on or after 1 January 2020:

- **IAS 1 and IAS 8 Amendments:** Definition of Material
- **IFRS 9, IAS 39 and IFRS 7 Amendments:** Interest Rate Benchmark Reform.

These will be effective for the financial statements for the year ending 30 April 2022.

Standards issued but not yet effective

At the date of authorisation of the financial statements, the following standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2021:

IFRS 17 Insurance Contracts

With LIBOR expected to be discontinued after the end of 2021, this being part of the loan facility interest calculation, a new reference rate will be implemented upon renewal of the loan facility in April 2022.

There are no accounting standards, amendments, or interpretations effective in the year and issued but not effective, that have or will have material impact on these financial statements.

Furthermore, the Company has not early adopted any such standards, amendments, and interpretations to existing standards prior to their effective date.

The directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the financial statements of the company in future periods.

o) 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 is 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 equate 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 crosscheck 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.

(p) Consolidation. 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:

a) the Company obtains funds from investors for the purpose of providing the investors with investment management services;

b) the Company commits to investors that its business purpose is to invest funds solely for returns for capital appreciation, investment income, or both; and

c) 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.

2. Income

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Investment income*		
UK dividend income	1,691	2,226
UK fixed interest	–	18
Overseas dividend income	1,107	509
	2,798	**2,753**
Other income		
Bank interest	19	20
Derivative income	330	–
	349	**20**
Total income	**3,147**	**2,773**

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

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

3. Other expenses

	Year ended 30 April 2021			Year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Director's remuneration (excluding NIC)	132	–	132	141	–	141
Auditor's remuneration (excluding VAT):						
– Fee for the audit of the Company's Annual Financial Report	46	–	46	47	–	47
Other expenses*	233	15	248	304	2	306
	411	**15**	**426**	**492**	**2**	**494**

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

4. Finance costs

	Year ended 30 April 2021			Year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan commitment fee	–	–	–	3	12	15
Loan non-utilisation fee	–	–	–	(2)	(4)	(6)
CFD finance costs/overdraft interest*	7	28	35	2	6	8
Finance costs	**7**	**28**	**35**	**3**	**14**	**17**

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

5. Tax

a) Tax charge for the year

	Year ended 30 April 2021			Year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	210	–	210	138	–	138
	210	**–**	**210**	**138**	**–**	**138**

b) Factors affecting the tax charge for the year

	Year ended 30 April 2021			Year ended 30 April 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before tax	2,533	64,546	67,079	2,104	(18,574)	(16,470)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 19.00% (2020: 19.00%)	481	12,264	12,745	400	(3,529)	(3,129)
Non-taxable capital (gains)/losses	–	(12,421)	(12,421)	–	3,394	3,394
Non-taxable UK dividends	(321)	–	(321)	(423)	–	(423)
Non-taxable overseas dividends	(49)	–	(49)	(19)	–	(19)
Unutilised management expenses	(65)	157	92	57	135	192
Irrecoverable overseas tax	210	–	210	138	–	138
Double taxation relief expensed	(20)	–	(20)	(11)	–	(11)
Income taxed in different years	(26)	–	(26)	(4)	–	(4)
	210	**–**	**210**	**138**	**–**	**138**

c) Factors that may affect future tax charges

The Company has excess management expenses and surplus loan relationship deficits of £18,565,000 (2020: £18,826,000) 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.

6. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2021.

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
2020 final dividend of 3.10p per ordinary share (2019: 3.00p)	1,229	1,215
2021 interim dividend of 2.11p per ordinary share (2020: 2.10p)	823	834
Special dividend of nilp per ordinary share (2019: 0.5p)	–	203
	2,052	**2,252**

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 2021 reflects the final dividend for the year ended 30 April 2020 which was paid on 16 October 2020. For the year ended 30 April 2021, a first interim dividend of 2.11p has been paid on 21 January 2021 and a final dividend of 3.19p has been proposed for payment on 22 October 2021. The final dividend is proposed for approval by shareholders at the forthcoming AGM.

Set out below are the total dividends paid/proposed in respect of the financial year ended 30 April 2021.

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
First interim dividend of 2.11p per ordinary share (2020: 2.10p)	823	834
Final dividend of 3.19p per ordinary share (2020: 3.10p)	1,218	1,227
	2,041	**2,061**

7. Earnings per share

The revenue earnings per ordinary share is based on the revenue profit for the year of £2,323,000 (2020: £1,966,000) and on 39,224,610 (2020: 40,111,037) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital profit per ordinary share is based on the capital profit for the year of £64,546,000 (2020: capital loss £18,574,000) and on 39,224,610 (2020: 40,111,037) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

8. Non-current assets – Investments

	2021 £'000	2020 £'000
Opening book cost	147,228	141,161
Opening fair value adjustment	(29,142)	(1,982)
Opening valuation	**118,086**	**139,179**
Movements in year:		
Purchases at cost	49,661	58,685
Sales – proceeds	(51,526)	(61,237)
Gains/(losses) on investments	59,770	(18,541)
Closing valuation	**175,991**	**118,086**
Closing book cost	138,555	147,228
Closing fair value adjustment	37,436	(29,142)
	175,991	**118,086**

Gains on investments recognised in the Statement of Comprehensive Income (on page 44) totaling £59,998,000 is comprised of net realised losses on investments of £6,808,000, increases in fair value gains on investments of £66,578,000 and increases in fair value gains on subsidiaries of £228,000.

The Company received £51,526,000 (2020: £61,237,000) from investments sold in the year. The book cost of these investments when they were purchased was £58,334,000 (2020: £52,618,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

For level 3 investments held within the investment portfolio, the market risk sensitivity disclosures in note 19 on page 56 provide the disclosues required by IFRS 13, where alternative fair values can be derived from the application of reasonable alternative inputs.

Transaction costs

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

	2021 £'000	2020 £'000
Purchases	148	226
Sales	11	18
	159	**244**

9. Derivatives

(a) Valuation of derivatives

	2021			2020		
	Fair value current assets £'000	Fair value current liabilities £'000	Gross exposure £'000	Fair value current assets £'000	Fair value current liabilities £'000	Gross exposure £'000
Contracts for difference	162	(330)	24,142	13	(24)	11,678
Forward currency contracts	-	(148)	(148)	57	(150)	(93)
	162	**(478)**	**23,994**	**70**	**(174)**	**11,585**

(b) Movements in derivatives

	2021			2020		
	Contracts for difference £'000	Forward currency contracts £'000	Total £'000	Contracts for difference £'000	Forward currency contracts £'000	Total £'000
Opening fair value	(11)	(93)	(104)	-	-	-
Opening valuation	(11)	(93)	(104)	-	-	-
Movements in year:						
Closed contracts – proceeds	(5,062)	82	(4,979)	(1,055)	129	(926)
– realised gains	5,062	(82)	4,979	1,055	(129)	926
Decrease in fair value	(157)	(55)	(212)	(11)	(93)	(104)
Closing valuation	**(168)**	**(148)**	**(316)**	**(11)**	**(93)**	**(104)**
Closing fair value	(168)	(148)	(316)	(11)	(93)	(104)
	(168)	**(148)**	**(316)**	**(11)**	**(93)**	**(104)**

CFD transaction costs on positions opened and closed during the year amounted to £9,000.

10. Investment in subsidiary undertakings

	% 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.

	2021 £'000	2020 £'000
Historic book cost of investment in subsidiary undertaking	–	–
Opening fair value adjustment	3,002	3,193
Opening valuation	3,002	3,193
Increase/(decrease) in fair value adjustment	953	(191)
Dividend payable to Artemis Alpha Trust plc	(725)	–
Closing valuation	**3,230**	**3,002**

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

See note 1(p) for further details on consolidation.

11. Significant interests

At 30 April 2021 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
Claremont Alpha*	Ordinary	100.00%
Dignity	Ordinary	4.50%
Hardlyever	A Ordinary	65.21%
Hardlyever	Ordinary	10.46%
Hornby	Ordinary	9.67%
Nplus1 Singer	Ordinary	6.91%
Reaction Engines	Ordinary	3.68%
Starcount Group	A Ordinary	8.35%

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. The Company is not considered to have significant influence through its voting rights nor does it hold any board representatives and therefore these investments are not considered associated nor related undertakings of the Company.

* See note 10 – entity is not consolidated.

12. Other receivables

	2021 £'000	2020 £'000
Amounts due from brokers	264	732
Prepayments and accrued income	565	258
Taxation recoverable	14	14
Variation margin receivable	5	1
	848	**1,005**

13. Cash and cash equivalents

	2021 £'000	2020 £'000
Amounts held at futures clearing houses and brokers	965	408
Cash and bank balances	5,512	4,974
	6,477	**5,382**

14. Other payables

	2021 £'000	2020 £'000
Amounts due to brokers	606	2,223
Accrued investment management fee	384	275
Accrued other expenses	131	159
Amounts due to subsidiary undertakings	2,451	2,040
	3,572	**4,697**

15. Share capital

(a) Share capital

	2021 Shares	2021 £'000	2020 Shares	2020 £'000
Allotted, called up and fully paid:				
Ordinary shares of 1p each	38,185,474	382	39,580,474	396
	38,185,474	**382**	**39,580,474**	**396**

(b) Ordinary shares

	Shares	£'000
Movements in ordinary shares during the year:		
Ordinary shares in issue on 1 May 2020	39,580,474	396
Repurchase of ordinary shares for cancellation	(1,395,000)	(14)
Ordinary shares in issue on 30 April 2021	**38,185,474**	**382**

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

	2021 Shares	2021 £'000	2020 Shares	2020 £'000
Balance brought forward	–	–	–	–
Repurchases of ordinary shares	–	–	771,000	8
Cancellation of ordinary shares	–	–	(771,000)	(8)
Balance carried forward	**–**	**–**	**–**	**–**

During the year ended 30 April 2021, the Company had no movements in ordinary shares held in treasury (2020: repurchased & cancelled 771,000 shares).

There were no subscription shares in issue at 30 April 2021 (2020: nil)

16. Retained earnings – Capital

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
Balance at 1 May 2020	**82,616**	**(10,126)**	**72,490**
Increase in fair value adjustment	–	66,595	66,595
Net loss on realisation of investments and derivatives	(1,830)	–	(1,830)
Currency gains on capital items	609	–	609
Costs charged to capital (net of tax relief)	(828)	–	(828)
Transfer between reserves	44,588	(44,588)	–
Balance at 30 April 2021	**125,155**	**11,881**	**137,036**
Balance at 1 May 2019	**98,978**	**(7,914)**	**91,064**
Decrease in fair value adjustment	–	(27,455)	(27,455)
Net gain on realisation of investments and derivatives	9,545	–	9,545
Currency gains on capital items	47	–	47
Costs charged to capital (net of tax relief)	(711)	–	(711)
Transfer between reserves	(25,243)	25,243	–
Balance at 30 April 2020	**82,616**	**(10,126)**	**72,490**

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.

17. Net asset value per ordinary share

The net asset value per share is based on the net assets of £181,828,000 (2020: £122,454,000) and on 38,185,474 (2020: 39,580,474) ordinary shares, being the number of ordinary shares in issue at the year end.

18. Financial commitments

At 30 April 2021, the Company did not have any financial commitments which had not been accrued (2020 nil).

19. Financial instruments

As detailed on page 2, the principal investment objective of the Company is to provide long-term capital and income growth over the longer term and to achieve a growing dividend stream.

The Company's financial instruments comprise equities, derivatives, cash balances, 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 2021 are disclosed in the portfolio of investments set out on pages 11 and 12.

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 2021 £'000	Net monetary assets at 30 April 2021 £'000	Total at 30 April 2021 £'000	Investments at 30 April 2020 £'000	Net monetary assets at 30 April 2020 £'000	Total at 30 April 2020 £'000
US Dollar	13,889	(4,462)	9,427	6,385	(3,824)	2,561
Euro	19,268	(9,281)	9,987	15,619	(8,258)	7,361
Australian Dollar	120	–	120	–	–	–
Total	**33,277**	**(13,743)**	**19,534**	**22,004**	**(12,082)**	**9,922**

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 £977,000 (2020: £496,000). 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 0.10 per cent at 30 April 2021 (2020: 0.10 per cent).

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 of 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 £8,945,000 (2020: £6,049,000). 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 2021. In addition, none of the Company's assets are subject to any special arrangements linked to their liquidity.

(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.

The Company is permitted to use one or more separate counterparties for derivative transactions. The Company may enter into transactions in over-the-counter ('OTC') markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Company enters into derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty the Company could experience delays in liquidating the position and may incur significant losses. There may be a risk that a counterparty will be unable to meet its obligations with regard to the return of the collateral and may not meet other payments due to the Company. To minimise such risk the Investment Manager will assess the creditworthiness of any counterparty that it engages. On a daily basis the Investment Manager assesses the level of assets with each counterparty to ensure that the exposure is within the defined limits.

The derivatives are disclosed in the Portfolio of Investments and J.P. Morgan Securities Plc is the counterparty for forward currency contracts and contracts for difference. Aside from the custodian, the derivative counterparties and brokers where trades are pending settlement, there were no significant concentrations of credit and counterparty risk as at 30 April 2021 or 30 April 2020.

Counterparty exposure

The types of derivatives held at the balance sheet date were contracts for difference and forward currency contracts.

Details of the individual contracts are disclosed separately in the Portfolio of Investments and the total position by counterparty and the collateral pledged, at the year end, were as follows:

2021	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held/(pledged) £'000
J.P. Morgan	24,142	(148)	(316)	135

2020	Contracts for difference £'000	Forward currency contracts £'000	Total net exposure £'000	Net collateral held/(pledged) £'000
J.P. Morgan	11,679	(93)	(104)	188

Fair value hierarchy

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.

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	165,313	–	107,941	–
Level 2	162	(478)	70	(174)
Level 3	10,678	–	10,145	–
	176,153	**(478)**	**118,156**	**(174)**

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(c).

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 valuation assumptions have been reviewed, and these have been subject to scenario testing to identify possible alternate outcomes. The impact of adjusting the earnings multiple, the net assets and the calibrated price of recent investment bases would be as follows:

30 April 2021	Fair value of investments £'000	Variable input sensitivity (%)	Impact £'000	% of NAV
Earnings multiple	914	+75, -75	+683, -683	+0.4, -0.4
Net assets	4,617	+37, -27	+1,719, -1,235	+0.9, -0.7
Calibrated price of recent investment	5,147	+25, -20	+1,287, -1,029	+0.7, -0.6

30 April 2020	Fair value of investments £'000	Variable input sensitivity (%)	Impact £'000	% of NAV
Earnings multiple	1,381	+76, -49	+1,046, -672	+0.9, -0.5
Net assets	3,617	+38, -20	+1,357, -714	+1.1, -0.6
Calibrated Price	5,147	+25, -22	+1,287, -1,132	+1.1, -0.9

During the year, the following Level 3 investment were written down and reduced in value: Claremont Alpha (£77,000) and Hardlyever (£191,000).

Lamp Group, Houseology Design Group, URICA & Ceramic Fuel Cells which was valued at £nil 30 April 2020, were fully dissolved during the year with no further proceeds received. Retail Money Market which was valued at £276,000 at 30 April 2020, was sold during the year for proceeds of £27,000.

20. Events after the reporting period

As a consequence of company activities, the Company's investment in Singer Capital Markets was written up by 9% to £3,784,000 and the investment in Reaction Engines was written up by 25% to £6,434,000.

As at 5 July 2021, a further 294,000 ordinary shares had been bought back and cancelled at a cost of £1,296,000.

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 on page 44 and in note 14..

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 32 and 33.

All transactions with subsidiary undertakings were on an arms length basis. During the year transactions in securities between the Company and its subsidiary undertaking amounted to £nil (2020: £nil). The subsidiary paid a dividend to Artemis Alpha Trust plc of £725,000 (2020: £nil).

COVID19 pandemic – Important note regarding arrangements for the Annual General Meeting (AGM)

The Board of Artemis Alpha Trust plc recognises the continued risks associated with the COVID-19 pandemic arising from public gatherings and notes the Government guidance and measures restricting such gatherings, travel and attendances at workplaces. At the time of writing therefore, the Board intends to limit physical attendance at the AGM only to Directors or their proxies and representatives from the Investment Manager. The Board will ensure that the minimum quorum is present to allow the formal business to proceed. If law or Government guidance so requires at the time of the AGM, the Chairman of the meeting will limit, in his sole discretion, the number of individuals in attendance at the AGM. Should the Government guidance change, and the current restrictions on group gatherings be relaxed by the time of the AGM, the Board will advise shareholders by RNS and via the Company's website. In accordance with the provisions of the Articles of Association the Company may however still impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the meeting. A recorded presentation by the Investment Manager will be available on the Company's website in the weeks leading up to the AGM. Should shareholders have questions for the Board or Investment Manager in advance of the AGM, these may be submitted by email to alpha.chairman@artemisfunds.com. The Board encourages shareholders to exercise their proxy online or using the personalised paper proxy.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Artemis Alpha Trust plc (the "Company") will be held at the offices of Artemis Fund Managers Limited, Cassini House, 57 St. James's Street, London SW1A 1LD at 12.30 p.m. on Thursday, 14 October 2021 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 2021.

Resolution 2. To approve the Directors' Remuneration Report for the year ended 30 April 2021.

Resolution 3. To approve a final dividend of 3.19 pence per ordinary share for the year ended 30 April 2021.

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 re-elect Mrs Victoria Stewart as a Director of the Company.

Resolution 9. To appoint Johnston Carmichael LLP as independent auditor 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 Johnston Carmichael 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 £37,891 (approximately 10% of the aggregate nominal amount of the issued ordinary share capital as at 5 July 2021; provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2022, 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 11 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 2022 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, 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 £37,891 representing approximately 10% of the aggregate nominal amount of the issued ordinary share capital as at 5 July 2021.

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 5,679,931 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 2022 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, the Articles of Association produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

Resolution 15. 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

5 July 2021

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 In accordance with industry and government guidance on social distancing measures under COVID-19, shareholders will not be permitted to attend this year's AGM.

2.2 Shareholders are requested to exercise their proxy online or using the personalised paper proxy, as set out below.

2.3 To be entitled to 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, 12 October 2021 (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. 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 Group ('the Registrar'), on 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider). 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 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 Group 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, 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 12 October 2021.

4.7 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 www.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 12 October 2021.

5.2 If you wish to complete a Form of Proxy by hand, this must be completed and delivered to Link Group 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL 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 12 October 2021. 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 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 12 October 2021 (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. On this occasion, when shareholders are not able to attend the AGM, shareholders are invited to submit any questions in advance of the AGM to alpha.chairman@artemisfunds.com. 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 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 5 July 2021, the Company's issued share capital comprised 37,891,474 shares. Therefore, the total number of voting rights in the Company at 5 July 2021 was 37,891,474.

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.

Appendix to Notice of Annual General Meeting

Summary of the Amendment to the Company's Articles of Association

Set out below is a summary of the amendment which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 14 to be proposed at the AGM is approved by shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website (www.artemisalphatrust.co.uk).

Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using only electronic means. Amendments have been made throughout the New Articles to facilitate the holding of virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no intention of holding a virtual-only meeting if it can be reasonably avoided. These provisions will only be used where the Directors consider it is in the best interests of shareholders due to Government regulations or guidance for a virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

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 Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL or by calling 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. 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).

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 Group at: Shareholder Enquiries, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL or by calling 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. 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).

Financial advisers

The Company currently conducts its affairs so that the shares in issue can be recommended by financial advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA'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 15.
- Details of the Company's principal risks and their management are provided in the Strategic Report on page 16.
- 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.

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 AFML. Details of the group remuneration policies are available on Artemis' website artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all nonexecutive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis' remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis' Risk and Compliance function when reviewing remuneration issues, including any risk adjustments or controls considered necessary.

The Artemis remuneration period runs from 1 January to 31 December. Certain partners and staff are classified as 'Identified Staff' as their professional activities have a material impact on the risk profile of the firm. The payment of some of their variable remuneration (which may include profit share for partners) is deferred. Further, Artemis has the ability to reduce all or part of deferred variable remuneration that has been previously allocated to identified staff before the end of the vesting period both (a) before the end of the vesting period and (b) within two years following the payment of any elements of variable remuneration.

No staff are employed by AFML directly but are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 218 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 Company for the year ended 31 December 2020 is £878,452 of which £416,657 is fixed remuneration and £461,795 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 2020 is £262,037. 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. This includes the members of Artemis' Management and Executive Committees, certain fund managers and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

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/October

Annual General Meeting

September/October

Securities Financing Transactions Regulation ("SFTR")

The Company has not entered into securities financing transactions or total return swaps as defined by the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (the "SFT Regulation").

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.

Contracts for Difference ("CFDs")

CFDs are derivative instruments which provide exposure to underlying equities.

CFDs provide investors with the benefits and risks of owning a security without actually owning it. There is no delivery of physical goods or securities, which means that CFDs are generally regarded as an easier method of settlement because losses and gains are paid in cash.

Depositary

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 depositary 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 depositary.

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:

	2021 £'000	2020 £'000
Net assets	181,828	122,454
Gross exposure of CFDs	24,142	11,678
Net cash and cash equivalents	(5,647)	(5,162)
	200,323	128,970
Net assets	181,828	122,454
Net gearing	**10.2%**	**5.3%**
Net cash	**0.0%**	**0.0%**

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 and taxation) incurred by the Company as a percentage of average net asset values.

	2021 £'000	2020 £'000
Investment management fee	981	869
Other expenses	426	494
Total expenses	1,407	1,363
Average net assets	**150,847**	**141,186**
Ongoing charges	**0.9%**	**0.9%**

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

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

	2021	2020
Opening net asset value	309.38p	354.47p
Closing net asset value	476.17p	309.38p
Dividends paid	5.21p	5.60p
	56.0%	**(11.3%)**

Share price total return for the year ended

	2021	2020
Opening share price	249.00p	290.00p
Closing share price	442.50p	249.00p
Dividends paid	5.21p	5.60p
	80.8%	**(12.5%)**

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.

Investment Manager, Company Secretary and Advisers

Registered Office

Artemis Alpha Trust plc
Artemis Investment Management LLP
Cassini House
57-59 St James's Street
London SW1A 1LD

An investment company as defined under Section 883 if the Companies Act 2006.

Registered in England Number: 253644

Website: artemisalphatrust.co.uk

Email: alpha.chairman@artemisfunds.com

Investment Manager, Alternative Investment Fund Manager and Company Secretary

Artemis Fund Managers Limited
Cassini House
57-59 St James's Street
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 Group
Central Square
29 Wellington Street
Leeds LS1 4DL

Shareholder enquiries: 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. 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).

Administrator

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

Banker & Custodian

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

Depositary

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

Independent Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh EH3 7PE

Tax adviser

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors

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

Broker

Singer Capital Markets Advisory LLP
One Bartholomew Lane
London EC2N 2AX

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

Registered in England No. 253644

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