

Artemis *Strategic* *Bond* Fund

A permit to hunt *all* species of Profit without restriction means that Artemis hunters have bonds within their sights. So they can go after the biggest specimens every time, be they corporate, government or high yield bonds.

ARTEMIS & *The Profit* HUNTER

SHY by nature and remarkably fast, the Profit is a notoriously elusive creature. Indeed to flush and bag one of these magnificent beasts takes a hunter of particularly rare ability. Like the Artemis Profit Hunter.

BLESSED with instinct and agility, these experienced hunters like to go after large Profits wherever they may be, unlike their bigger peers who are consigned to tracking mangy Profits along well-worn paths. This independent style of hunting has certainly paid dividends with the Artemis Hunter able to return some of the best Profits around.

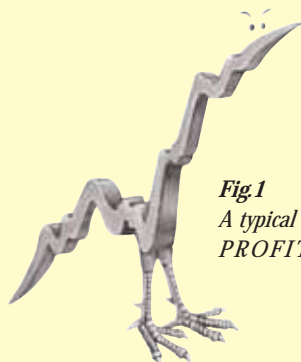


Fig.1
A typical
PROFIT



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About ARTEMIS - Who We Are

ARTEMIS Investment Management Limited was established by Mark Tyndall, John Dodd, Derek Stuart and Lindsay Whitelaw in 1997 as a dedicated active investment management house specialising in growing the money of retail investors.

From scratch the company's success has meant it now manages an asset base of some £5.4bn*. Clients' investments are spread across a range of ten unit trust funds, an investment trust, hedge funds, two venture capital trusts, as well as segregated and pooled institutional portfolios.

In 2002, ABN AMRO acquired a 58% stake in the company, but executive control remains with the original founder shareholders.

* Source: Internal as at 29th April 2005.

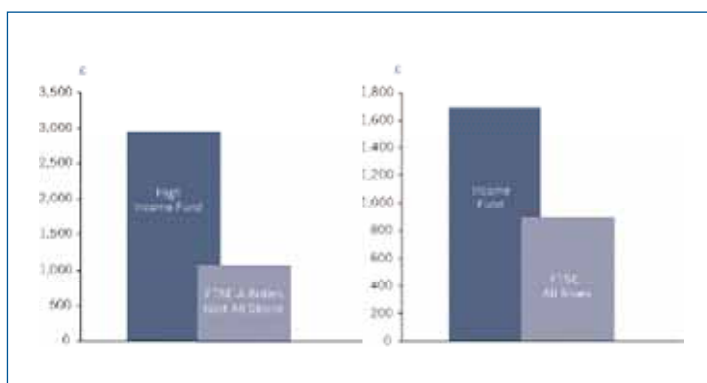
Award Winning PERFORMANCE

SINCE the first funds were launched in 1998, Artemis has established a reputation for strong investment performance in up as well as down markets. This is partly due to our investment mandates, which encourage freedom of thought among our fund managers and allow them to develop an individual style. Our impressive track record certainly validates this approach as shown in the table below.

Our expertise has been recognised by the industry, with Artemis winning a raft of awards, including [What Investment Fund Management Group of the Year](#) in 2004. In the same year, Artemis UK Special Situations Fund won the UK Growth category at the [Bloomberg Money Awards](#), while Artemis European Growth Fund received the European award. In January 2005 Artemis won Best UK Equity Growth Group in the [Professional Adviser Awards](#).



How much you would have got back on a £1,000 investment, invested at launch



Discrete years performance

Percentage Growth for 12 months to 31st March					
	2001	2002	2003	2004	2005
Artemis Income Fund	n/a	2.5	-23.5	38.4	19.7
Artemis High Income Fund	17.4	9.9	-4.4	20.5	14.2

Please remember past performance is not a guide to future performance.

Source: All figures, Lipper Limited, bid to bid, net income reinvested, charts as at 29th April 2005, discrete years performance table 12 months to 31st March 2005. From launch of Artemis High Income Fund on 26th May 1995 and from launch of Artemis Income Fund on 6th June 2000.

We INVEST Alongside You

THE Artemis philosophy requires our fund managers, all of whom are shareholders in the business, to invest in our own products. One of the primary

foundations of this philosophy is that personal trading is not permitted. Artemis managers must invest in Artemis funds, so if they know of a promising investment they certainly won't

be keeping it to themselves. This means that their interests are directly aligned with those of our investors – a practice which we believe is unique in financial services.

Understanding BONDS

WHAT is a bond?

A bond is an investment that usually earns a fixed rate of interest, and represents a loan made by you to a government or corporation. In return for your money, the borrower agrees to pay a specified rate of interest and repay the amount of the loan at the end of a pre-agreed period or maturity date. Many investors sell their bonds before they mature, creating a thriving 'secondary' market.

Why SHOULD I invest in bonds?

Bonds can be a useful part of any balanced portfolio. They are more dependable than shares, and can help balance out the ups and downs of the stock market, leaving your portfolio better equipped to withstand any downturns in share prices. And, of course, bonds give a steady stream of income in the form of interest.

What are the DIFFERENT types of bonds?

There are two main types:

- **Government bonds**, as the name suggests, are issued by sovereign governments.

Backed by government guarantees, they are generally considered to be the safest type of bond. Although they are usually easy to buy and sell, returns tend not to be as high as those achieved by corporate bonds.

- **Corporate bonds** are issued by companies, usually because they want to raise money to expand operations or fund new developments. Generally corporate bonds offer higher returns than government bonds, but also carry a higher level of risk.

What FACTORS can affect the value of a bond?

Between a bond being issued and its maturity, its value can fluctuate in line with interest rates. In general, when interest rates rise, bond prices fall, and vice versa. This is because if interest rates rise, bonds which pay less than this rate will become unattractive and therefore the price will fall. The opposite is also true – bonds paying higher rates will become more attractive and the price will rise.

The behaviour of the economy as a whole has an impact on bond prices. For example,

when economies weaken and governments find they have to spend more than they are receiving in taxes, bond prices are likely to fall. This is partly because governments can choose to issue more bonds to raise money, saturating the market and pushing the prices of bonds down. And when governments have more money than they need, they can decrease their borrowing, resulting in the possibility of a rise in bond prices. Inflation is also a factor. On the whole bonds perform better when inflation is low. If inflation increases, it can erode the buying power of the income you receive from a bond, and also the value of the sum you can expect to receive at maturity.

The value of a bond also depends on the issuer, and its credit worthiness (or the likelihood it will default on the loan) will impact the amount you pay. If the issuer's credit worthiness deteriorates, the value of the bond will decline. Conversely, if the credit position of the issuer improves, the value of the bond will increase.

What are CREDIT RATINGS?

THE risks associated with different bonds can partially be measured by their credit ratings. These are awarded by ratings agencies such as Standard & Poor's or Moody's. These agencies examine all aspects of a company, and ratings are based on an independent assessment of an organisation's financial status.

The highest rating a bond can have is AAA, which is primarily reserved for bonds issued

and/or backed by highly solvent governments. Bonds rated BBB and above are considered to be of "**investment grade**", which means they are safe in all economic conditions. Examples include NatWest, which is rated AA, and Coca Cola, which is rated A*. Investors usually opt for investment grade bonds if they want a degree of security.

Ratings can go down to C, and bonds rated below BBB are referred to as "**high yield**" or

"**non-investment grade**" bonds.

These typically pay higher rates of interest to compensate for the more risky outlook of the issuer. Companies which are currently rated BBB and below include Yell, which has a B rating, and United Biscuits, which is CCC*. Investors are usually attracted to this type of bond if they want the chance to make greater returns and don't mind taking on some extra risk.

* Credit ratings as at May 2005 and are subject to change.

The Artemis *Strategic Bond* FUND

THE Artemis Strategic Bond Fund aims to achieve the best total returns possible from a portfolio invested in a whole range of bonds. And in keeping with our emphasis on hunting for the value that others overlook, we have taken a different approach to many of our competitors.

What MAKES THIS BOND fund different?

Many funds choose just one area to concentrate on. For example, AAA rated bonds for generating income, investment

grade corporate bonds for growth with an element of income, or high yield corporate bonds for more aggressive growth.

What sets the Strategic Bond Fund apart is the fact that it can invest in any type of bonds in any combination, choosing its holdings based on the economic cycle.

Bonds and the ECONOMIC CYCLE

As we all know, and as the chart opposite shows, the economy goes through many ups and downs over a number of years. Like any investment, bonds are affected by what

happens in the economy as a whole. And at certain points in the economic cycle, different types of bonds can do the best job of protecting and growing capital.

We carefully choose those bonds we feel are right for the particular stage of the cycle we are currently in. This means we can make the most of any situation, preserving capital in tough times and profiting when conditions are good. In this way our fund can be said to be truly strategic.

How are Individual BONDS selected?

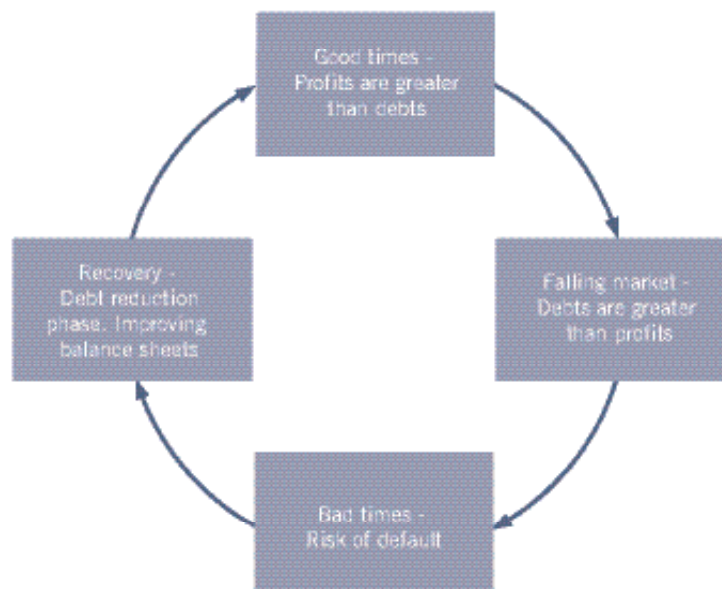
IN the same way that Artemis uses a stock picking approach in its share portfolios, our bond team assembles the fund bond by bond. We look at the economic cycle, and also the characteristics of each organisation, examining how each one fits into what is happening in bond markets.

If you look at the diagram below, it shows the cycle that a bond issuer typically goes through at different stages of the economic cycle.

The case of BT illustrates the process perfectly.

In 1995 just before the telecoms boom began to gather pace, profits were greater than debts, and BT was generally thought to be a very stable company. As a result it enjoyed AAA rating. But by 2000, debt had begun to build as the company diversified into other areas. Its credit rating fell to BBB as debts became greater than profits. The next stage saw the company fall from favour as the huge growth enjoyed by telecoms companies came to an end, with shares also dropping as investors abandoned it.

The next step for BT was debt reduction, and divisions were sold off in an attempt to focus on the core business. After a period of consolidation, profits once more became greater than debts, until BT again enjoyed a reputation as a fairly stable organisation. All companies, and even governments, go through this cycle, borrowing and paying back money as the economy dictates. Our selection process is driven by this, and it determines our investment policy.

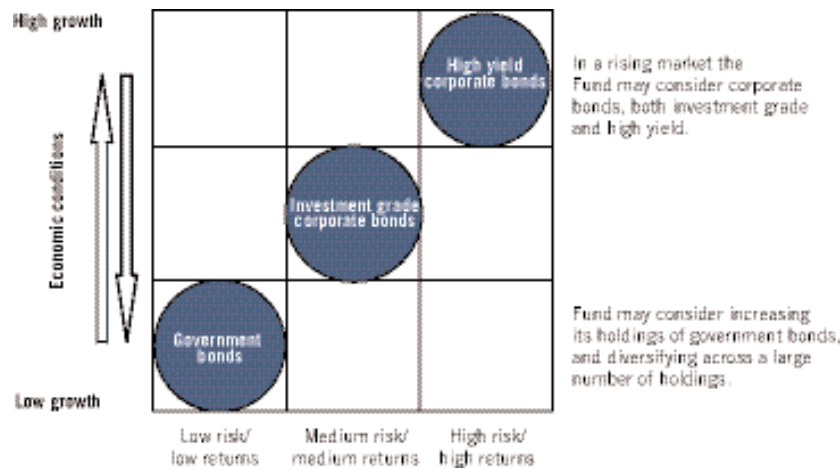


So Which Bonds Are BEST for Each Scenario?

IN some periods our choices are going to be more about protecting your initial investment, while in others they will be aimed at trying to maximise earnings. For example, when interest rates are falling

and the economy is not doing well, we might consider adding more government bonds; these are relatively stable and carry less risk than corporate bonds. In a rising market we might add more high yield corporate bonds; these are

riskier and are less sensitive to interest rate fluctuations than investment grade corporate bonds, and are more likely to benefit from an improvement in the economic outlook.



How does the FUND MINIMISE risk?

OUR approach gives us ultimate flexibility without having to take lots of risks. For one, we don't have to buy lots of bonds in riskier companies to make money. Rather we judge what is best for the fund given what is happening to the economy and bond markets. We also spread our holdings across many different bond providers, reducing our risk even further.



Who *Manages the* FUND?

The fund is managed by a small but expert team of bond professionals, allowing for speedy and independent decision-making:

James Foster

James has 15 years experience of managing bond funds and was one of the first to establish a retail bond fund in the UK. He has managed all major bond asset classes, focussing more recently on discretionary bond portfolios. James joined Artemis in April 2005 from F&C Asset Management where he was the Head of Credit, and ultimately responsible for about £15 billion of assets. While in this position he managed a range of bond funds, including a large strategic bond fund.



Alex Ralph

Alex graduated in 2000 from the London School of Economics with a degree in Economics. She then joined Royal & Sun Alliance as a graduate, training initially as a credit analyst. In 2002, Alex moved into retail bond fund management with ISIS, specialising in high yield, latterly, after the company merged with F&C, her specialism widened to duration and investment grade positioning as well. Alex is a CFA Charterholder.



KEY *Facts*

Launch date	1st June 2005
Launch price	50p*
IMA Sector	UK Other Bond
Preliminary charge	5.25%
Periodic management charge	1%
Distribution dates	
Class Q Units	30th April, 31st July, 31st October, 31st January
Class M units	Monthly (on the last calendar day of each month)
Unit type	Accumulation/Income
Valuation point	12.00 noon

* Fixed until 29th June 2005, subject to the preliminary charge

CONTACT *Us*

Broker Support: 0800 092 2090
Broker Support fax: 0207 399 6498
brokersupport@artemisfunds.com
www.artemisonline.co.uk

Client Services: 0800 092 2051
Client Services fax: 0207 399 6497
investorsupport@artemisfunds.com

Completing Your APPLICATION FORMS

Before completing any of the application forms, you must read the Simplified Prospectus at the back of this brochure. It contains important information about your investment.

Form 1 – ISA

- A. Please complete the Personal Details section in full. National Insurance details must be completed. If you do not know your National Insurance Number, please refer to your P60, notice of coding or tax return. Otherwise your employer or tax office may be able to help.
If you have retired you can find the number on the front of your pension book. If you do not have a National Insurance Number please indicate by ticking the box.
- B. Choose the type of ISA in which you wish to invest – Mini or Maxi. Fill in the amount to be invested in the relevant box(es), adhering to the minimums and maximums as stated in the table. Remember to complete a cheque for the full amount, made payable to 'Artemis Fund Managers Limited'.
Cheques should be from a personal bank account in the investor's own name or, if using a cheque made out by a Building Society, please arrange for them to certify on the face of the cheque the name of the client for whose account the payment is being made. If cheques are drawn on a company account please note that the funds must belong to the applicant.
If you have opted to make monthly investments, please indicate whether you would like to invest solely for the current tax year (2005/06) or for the current tax year and subsequent years until further notice. Remember that you will also need to complete a Direct Debit Mandate (page 17).
- C. Please complete the Income Payment section if you have chosen income units and wish to receive income payments. If you do not complete this section, accumulation units will be issued.
- D. Please ensure that you read and sign the Declaration and Authorisation. Please ensure that you retain the Simplified Prospectus as you will be asked to acknowledge that you have done so when signing the Declaration and Authorisation.

- E. Financial Advisers, please ensure you complete this section, including details of commission and discounts, and indicate whether cancellation rights are applicable.

Form 2 – ISA Transfer

- F. Please indicate whether you are transferring a Maxi or a Mini ISA and tick the box(es) for the relevant tax years of the ISA you are transferring. In the relevant box(es) next to the fund names, indicate the percentage of the transferred balance to be allocated to each fund. If you are transferring your ISA from the current tax year you may continue to save monthly if you have not already invested the maximum allowed.
- G. Please complete details of your current ISA manager. We will apply to them for the proceeds of your account.

Form 3 – PEP Transfer

- A. Please complete the Personal Details section in full. National Insurance details must be completed. If you do not know your National Insurance Number, please refer to your P60, notice of coding or tax return. Otherwise your employer or tax office may be able to help. If you have retired you can find the number on the front of your pension book. If you do not have a National Insurance Number please indicate by ticking the box.
- B. Choose the units in which you wish to invest and, in the relevant box(es) next to the fund name, indicate the percentage of the transferred balance to be allocated to each unit type.
- C. Please complete the Income Payment section if you have chosen income units and wish to receive income payments. If you do not complete this section, accumulation units will be issued.
- D. Please ensure that you read and sign the Declaration and Authorisation. Please ensure that you retain the Simplified Prospectus as you will be asked to acknowledge that you have done so when signing the Declaration and Authorisation.
- E. Financial Advisers, please ensure you complete this section, including details of commission and discounts and indicate whether cancellation rights are applicable.

- F. Please complete the details of the PEP you wish to transfer to us so that we can apply for the proceeds from your previous manager.

Form 4 – Unit Trust

- A. Please complete the Personal Details section for all applicants in full (additional Unitholders Information forms are provided).
- B. Fill in the amount to be invested in the relevant box(es), adhering to the minimums per unit class as stated in the table in this section. Remember to complete a cheque for the full amount, made payable to 'Artemis Fund Managers Limited'. Applicants should submit their cheque from a personal bank account in their own name or, if investing money using a cheque made out by a building society, please arrange for them to certify your name on the face of the cheque. If cheques are drawn on a company account please note that the funds must belong to the applicant.

If you have opted to make monthly investments into class Q units, then please complete a Direct Debit Mandate so that payments may be collected direct from your account each month.

- C. Please complete the Income Payment section if you have chosen income units and wish to receive income payments. If you do not complete this section, accumulation units will be issued.
- D. Please ensure that all parties read and sign the Declaration and Authorisation. Please ensure that you retain the Simplified Prospectus as you will be asked to acknowledge that you have done so when signing the Declaration and Authorisation.
- E. Financial Advisers, please ensure you complete this section, including details of commission and discounts and indicate whether cancellation rights are applicable.

Please note the minimum holding for the Artemis Strategic Bond Fund M class units is £25,000. If you already hold over £25,000 in this class you may invest a minimum of £1,000 into the same product, if not then the minimum initial investment will be £25,000.

Direct Debit Mandate

If you have opted to invest monthly, please complete a Direct Debit Mandate (page 17) and remember to return it with your application form. Where monthly investment has been chosen, you may wish to send a cheque for the first payment as Direct Debits can take up to 10 days to set up.

Direct Debit Guarantee

The Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the scheme is monitored and protected by your own Bank or Building Society.

If the amounts to be paid or the payment dates change, Artemis Fund Managers Limited will notify you 10 days in advance of your account being debited or as otherwise agreed.

If an error is made by Artemis Fund Managers Limited or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid.

You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to us.

Finally, please check that all relevant sections are complete and return the application form with your cheque, if applicable, to the address shown on the reverse of each application form. Please note: failing to supply all relevant information could result in your application being returned to you.

C. Income Payment

If this section is not completed, accumulation units will be issued.

Name of Bank/Building Society

Address

 Postcode

Account Name

Branch Sort Code

 - -

Account Number

Building Society Roll Number



D. Declaration and Authorisation

Please read this section carefully before signing and dating the Declaration, and ensure that the total amount that you wish to subscribe over the whole tax year indicated in Section B does not exceed the Maxi ISA limit of £7,000 or Mini ISA limit of £4,000. 1. I declare that I am 18 years of age or over and I am resident and ordinarily resident in the UK for tax purposes or if not so resident, perform duties which, by virtue of section 132(4) (a) of the Taxes Act (Crown employees serving overseas) are treated as being performed in the UK, and will inform Artemis Fund Managers Limited if I cease to be so resident and ordinarily resident or perform such duties. 2. I apply to subscribe the amount as detailed in Section B, for the tax year indicated in Section B. 3. In respect of monthly savings, the amount subscribed under the Direct Debit Scheme will be that set out in this form or the maximum permitted subscription, whichever is the lesser. I apply to subscribe to either a Maxi or Mini Stocks and Shares ISA as indicated in Section B. 4. I declare that all/any ISA transfers applied for are valid stocks and shares components. 5. If I am subscribing to a Maxi ISA I have not and will not subscribe to any other Maxi ISA or Mini ISA for the same tax year that I subscribe to this account. If I am subscribing to a Mini ISA I have not and will not subscribe to any other Maxi ISA or Mini stocks and shares ISA for the same tax year that I subscribe to this Account. 6. I hereby authorise Artemis Fund Managers Limited to: (a) hold my cash subscription, plan investment, interest, dividends and any other rights or proceeds in respect of those investments and any other cash, (b) make on my behalf any claims to relief from tax in respect of account investments, and (c) on my written request, transfer or pay to me, as the case may be, account investment, interest, dividends, rights or other proceeds in respect of such investments or any cash.

I understand that Artemis Fund Managers Limited accepts no responsibility for any loss incurred as a result of any delay in the submission of the Application Form. I confirm that I have read, understood and retained the Simplified Prospectus.

The information on this completed Application Form is correct to the best of my knowledge and belief. I agree to be bound by the Terms and Conditions as attached to the Simplified Prospectus relating to the ISA and to inform Artemis Fund Managers Limited in writing immediately of any changes in my circumstances. I understand that this application is subject to acceptance by Artemis Fund Managers Limited.

I enclose a cheque made payable to Artemis Fund Managers Limited for the amount indicated in Section B and confirm that all subscriptions made and to be made belong to me.

Signature

Date

 d d m m y y

[Data Protection Act](#)

Any information which you provide may be held by us and used for administration purposes and to inform you about other products and services offered by Artemis Fund Managers Limited. We understand that by providing us with this information, you consent to us processing it for these purposes. If you do not wish to receive information from us about other products and services, please tick the box.

[Full Prospectus](#)

If you would like a copy of the Full Prospectus, please tick the box.

E. To be Completed By Your Financial Adviser

Agent/Company Name

Address

 Postcode

Discount

 . %

Commission**

 . %

Agent Number*

* Agent number will be allocated after initial business is placed.

** If no commission terms are specified, your standard terms will apply.

Please Return your Application Form to

ISA Department
Artemis Fund Managers Limited
PO Box 13853
London E14 9ZB

Queries

If you have any queries, please telephone 0800 092 2051.

Cancellation Rights

- Please tick if cancellation rights apply (i.e. if advice has been received from a professional adviser).
- Please tick if cancellation rights do NOT apply (i.e. no advice given).

Financial Advisers please note:

Failure to tick either box may result in the application being rejected.

Office Use Only

Account/Deal Numbers

Application Form 2 – Artemis Fund Managers Limited ISA Transfer

(You must also complete Application Form 1)

F. Investment Requirements

I wish to transfer the following into an Artemis Fund Managers Limited

Maxi ISA or **Mini ISA** (Please tick one box only.)

I am transferring my ISA(s) from the tax year(s) indicated

1999/2000 **2000/2001** **2005/2006**
 2001/2002 **2002/2003**
 2003/2004 **2004/2005** (Please tick all relevant tax years.)

* Please note if you wish to transfer an ISA Insurance policy subscribed for in the 2004/2005 tax year, that we only accept stocks and shares components. Your ISA Plan Manager should provide confirmation of this classification. If you are transferring a monthly savings scheme, or would like to start a monthly savings scheme with your transferred ISA, please tick this box. Please also remember to complete a Direct Debit Mandate (page 17)

Note: You may complete the monthly savings section provided your total ISA investments for the relevant tax year do not exceed £7,000 for a Maxi ISA or £4,000 for a Mini ISA.

Limits – Per Tax Year

	Minimum Investment per Fund		Maximum Investment in Total	
	Maxi ISA	Mini ISA	Maxi ISA	Mini ISA*
Lump Sum	£1,000	£1,000	£7,000	£4,000
Monthly Savings	£50	£50	£583	£333

* Please note that the stocks and shares Mini ISA limit is now £4,000 as the insurance component has been discontinued.

Class Q Units (Quarterly Distributions)

	% of Transfer Balance	Monthly Savings £
Artemis Strategic Bond Fund (Income Units)	<input type="text"/> % <input type="text"/> % <input type="text"/> %	<input type="text"/> £ <input type="text"/> £ <input type="text"/> £ . <input type="text"/> p <input type="text"/> p
Artemis Strategic Bond Fund (Accumulation Units)	<input type="text"/> % <input type="text"/> % <input type="text"/> %	<input type="text"/> £ <input type="text"/> £ <input type="text"/> £ . <input type="text"/> p <input type="text"/> p

Class M Units (Monthly Distributions*)

* Please note minimum investment must be £25,000.

	% of Transfer Balance	Monthly Savings £
Artemis Strategic Bond Fund (Income Units)	<input type="text"/> % <input type="text"/> % <input type="text"/> %	Not Available
Artemis Strategic Bond Fund (Accumulation Units)	<input type="text"/> % <input type="text"/> % <input type="text"/> %	Not Available
Total	<input type="text"/> % <input type="text"/> % <input type="text"/> %	Not Available

Please complete Section C if you wish to receive income.

G. ISA Transfer Instruction Form

Please also complete Sections A and D on Application Form 1 and F above. If you wish to receive income, please also complete Section C on Application Form 1.

Instruction to Transfer ISA

Artemis Fund Managers Limited will only accept transfers from Maxi Stocks and Shares ISAs into the Maxi ISA and transfers from Mini Stocks and Shares ISAs into the Mini ISA.

Current ISA Manager

Address

Postcode

Information for Current ISA Managers

Cheques should be made payable to 'Artemis Fund Managers Limited'. Please note that a full history of the ISA(s) should be forwarded to Artemis Fund Managers Limited at your earliest convenience. Artemis Fund Managers' transfer details: Tax Reference 9024095, IR Reference Z1157.

I hereby instruct my current ISA Manager named in this part, to liquidate these assets within my ISA as detailed, with immediate effect, and to transfer the proceeds to the ISA Department, Artemis Fund Managers Limited, PO Box 13853, London E14 9ZB.

Title Surname

First Name(s)

Maxi ISA to be Transferred and Number

Mini ISA to be Transferred and Number

Signature

Please tick the box if this transfer instruction relates to a partial transfer and give the relevant details below:



Artemis Fund Managers Limited

Registered Office: Cassini House, 57 St James's Street, London SW1A 1LD.
Authorised and regulated by the Financial Services Authority.
Registered in England No: 1988106.

Application Form 3 – Artemis Fund Managers Limited PEP Transfer

A. Personal Details

Title Surname

First Name(s)

Address

Postcode

Daytime Telephone Number

National Insurance Number

I confirm that I do not have a National Insurance Number.

Date of Birth

If you already hold an Artemis Fund Managers PEP, ISA or Unit Trust please state your existing Customer Number.

Please tick the box if this transfer request relates to a partial transfer from your current PEP Manager.

B. Investment Requirements

I wish to transfer my existing PEPs to Artemis Fund Managers Limited as detailed below.

Class Q Units (Quarterly Distributions)

% of Transferred Balance

Artemis Strategic Bond Fund (Income Units)

Artemis Strategic Bond Fund (Accumulation Units)

Class M Units (Monthly Distributions*)

* Please note minimum investment must be £25,000.

% of Transferred Balance

Artemis Strategic Bond Fund (Income Units)

Artemis Strategic Bond Fund (Accumulation Units)

Total

Please complete Section D if you wish to receive income.

C. PEP Transfer Instruction Form

Please complete all fields

Current PEP Manager

Address

 Postcode

I hereby instruct my current PEP Manager named in this part, to liquidate these assets within my PEP as detailed, with immediate effect, and to transfer the proceeds to the new Plan Manager, Artemis Fund Managers Limited, PO Box 13853, London E14 9ZB.

Title Surname

First Name(s)

PEP(s) to be Transferred and Plan Number(s)

Please tick the box if this transfer instruction relates to a partial transfer and give the relevant details below:

Signature

Information for Current PEP Managers

Cheques should be made payable to 'Artemis Fund Managers Limited'. Please note that a full history of the PEP(s) should be forwarded to Artemis Fund Managers Limited at your earliest convenience. Artemis Fund Managers' transfer details: Tax Reference 9024095, IR Reference A815.

D. Income Payment

If this section is not completed, accumulation units will be issued.

Name of Bank/Building Society

Address

Account Name

Postcode

Branch Sort Code

Account Number

Building Society Roll Number (if applicable)

E. Declaration and Authorisation

I hereby authorise Artemis Fund Managers Limited to: (a) hold my cash subscription and PEP investments, and any other cash, on my behalf, (b) make on my behalf any claims to relief from tax in respect of my PEP investments, and (c) on my written request, transfer or pay to me, as the case may be, plan investments, interest, dividends, rights or other proceeds in respect of such investment or any cash.

The information on this completed Application Form is correct to the best of my knowledge and belief. I confirm that I will be the beneficial owner of the investment(s) held in my PEP at any time and that I have read, understood and retained the Simplified Prospectus. I agree to be bound by the Terms and Conditions relating to the PEP and to inform you in writing of any changes in my circumstances.

Signature

Date

Data Protection Act

Any information which you provide may be held by us and used for administration purposes and to inform you about other products and services offered by Artemis Fund Managers Limited. We understand that by providing us with this information, you consent to us processing it for these purposes. If you do not wish to receive information from us about other products and services, please tick the box.

Scheme Particulars & Manager's Reports

If you would like a copy of the Scheme Particulars and/or the Manager's Report(s) for your chosen Fund(s), please tick the box.

F. To Be Completed By Your Financial Adviser

Agent/Company Name

Address

Postcode

Discount

Commission**

Agent Number*

* Agent number will be allocated after initial business is placed.

** If no commission terms are specified your standard terms will apply.

Please Return your Application Form to

PEP Department
Artemis Fund Managers Limited
PO Box 13853
London E14 9ZB

Queries

If you have any queries, please telephone 0800 092 2051.

Office Use Only

Account/Deal Numbers

Cancellation Rights

- Please tick if cancellation rights apply (i.e. if advice has been received from a professional adviser).
- Please tick if cancellation rights do NOT apply (i.e. no advice given).

Financial Advisers please note:

Failure to tick either box may result in the application being rejected.



Artemis Fund Managers Limited

Registered Office: Cassini House, 57 St James's Street, London SW1A 1LD.
Authorised and regulated by the Financial Services Authority.
Registered in England No: 1988106.

C. Income Payment

If this section is not completed, accumulation units will be issued.

Name of Bank/Building Society

Address

Postcode

Account Name

Branch Sort Code

Account Number

Building Society Roll Number

D. Declaration and Authorisation

I/we confirm that I/we have read, understood and retained the Simplified Prospectus document. I/we confirm the information on this completed Application Form is correct to the best of my/our knowledge and belief.

For Individual Investments

Signature

Date

Signature

Date

For Trustee Investments

This Application has been duly signed by all Trustees necessary to bind the Trust.

Signature

Date

Signature

Date

Signature

Date

Signature

Date

Data Protection Act

Any information which you provide may be held by us and used for administration purposes and to inform you about other products and services offered by Artemis Fund Managers Limited. We understand that by providing us with this information, you consent to us processing it for these purposes. If you do not wish to receive information from us about other products and services, please tick the box.

Full Prospectus

If you would like a copy of the Artemis Fund Managers Limited Full Prospectus, please tick the box.

E. To Be Completed By Your Financial Adviser

Agent/Company Name

Address

Postcode

Discount

Commission**

Agent Number*

* Agent number will be allocated after initial business is placed.

** If no commission terms are specified your standard terms will apply.

Please Return Your Application Form To

Unit Trust Department
Artemis Fund Managers Limited
PO Box 13853
London E14 9ZB

Queries

If you have any queries, please telephone 0800 092 2051.

Cancellation Rights

- Please tick if cancellation rights apply (i.e. if advice has been received from a professional adviser).
- Please tick if cancellation rights do NOT apply (i.e. no advice given).

Financial Advisers please note

Failure to tick either box may result in the application being rejected.

Office Use Only

Account/Deal Numbers



Artemis Fund Managers Limited

Registered Office: Cassini House, 57 St James's Street, London SW1A 1LD.
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Additional Unitholders Information

Joint Holder Details	
Title	Surname
<input type="text"/>	<input type="text"/>
First Name(s)	
<input type="text"/>	
Address	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	Postcode <input type="text"/>
Daytime Telephone Number	
<input type="text"/>	
Signature	Date
<input type="text"/>	<input type="text"/>

Joint Holder Details	
Title	Surname
<input type="text"/>	<input type="text"/>
First Name(s)	
<input type="text"/>	
Address	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	
<input type="text"/>	Postcode <input type="text"/>
Daytime Telephone Number	
<input type="text"/>	
Signature	Date
<input type="text"/>	<input type="text"/>

SIMPLIFIED PROSPECTUS

INTRODUCTION

You are invited to read this Simplified Prospectus for the Artemis Strategic Bond Fund.

This document outlines the investment options available to you and answers many of the questions you may have before investing.

It also contains information should you wish to invest in an individual savings account (ISA) or a personal equity plan (PEP).

Typical Investor Profile - The Fund is marketable to all retail investors, however before you make your decision, you should also consider the following:

Have you chosen a fund with an appropriate aim to help you achieve your investment objective?

Have you considered the risks involved?

Do you understand how charges may affect your investment?

Please ensure that you read this document carefully and retain a copy before completing an application form.

YOUR INVESTMENT

Your investment will be in the Artemis Strategic Bond Fund which is authorised and regulated in the UK by the Financial Services Authority.

You may invest in the Fund either by making lump sum investments or by regular monthly contributions. You may invest in income or accumulation units and in two different unit classes. You can select either monthly distributions, class M or quarterly distributions, class Q. Please note that if you elect for monthly distributing units you will receive more frequent income but capital growth may be constrained by comparison to the quarterly distributing unit class.

INVESTMENT AIM OF THE ARTEMIS STRATEGIC BOND FUND

Launch date 01/06/2005

Fund Objective

The Artemis Strategic Bond Fund seeks to achieve a total return by investing predominantly in fixed income markets.

Fund Policy

The Fund will aim to achieve its objective by investment predominantly in fixed income markets but may selectively invest in other markets and asset classes as determined by the manager's strategy from time to time. This may include investment in other transferable securities,

money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes, and the use of stocklending, borrowing, cash holdings, hedging and other investment techniques. Equal emphasis will be given to the security of capital and income although from time to time one may take prominence over the other in accordance with the strategy being pursued.

The fund will invest in all types of bonds from government to corporate bonds from investment grade AAA rated bonds to C rated bonds.

The strategic nature of the fund is likely to involve portfolio adjustments on a frequent basis.

RISK FACTORS

You should be alert to risk factors which may affect your return. This is a summary of the risks involved for investing in the fund, further details can be found in the Full Prospectus available from the Manager.

- A proportion of the Artemis Strategic Bond Fund may be invested in higher yielding bonds. This may increase the risk to your capital due to a higher likelihood of default by the bond issuer. Changes to market conditions and interest rate levels can have a larger affect on the values of higher yielding bonds than other bonds.
- The price of units and the income from them can fall as well as rise and if you encash your units, especially in the early years, you may not get back the amount originally invested.
- Changes in rates of exchange may cause the value of units to fluctuate.
- Past performance is not a guide to future performance.
- The value of any tax advantages will depend on your individual circumstances. It is important to remember that current favourable tax treatment for ISAs and PEPs may not be maintained.
- ISAs will have an initial life span of ten years up until April 2009. The Government has indicated that it intends to review this in 2006.
- In certain circumstances you will have the right to cancel your initial investment (please see the section entitled "Can I change my mind about my investment?" on page 24). However, it should be noted that should the unit price fall between initial investment and receipt by Artemis of the cancellation notice you may not get back the full amount invested.

- Should you exercise your right to cancel the purchase of units following a PEP or ISA transfer, the cancellation proceeds will be paid directly to you. As a consequence you will irrevocably lose any favourable tax treatment associated with PEP or ISA holdings.
- For PEP or ISA transfers there is a potential for loss of income and/or growth following a rise or fall in the value of units whilst the transfer remains pending.

YOUR QUESTIONS ANSWERED

What makes unit trusts attractive?

Unit trusts enable investors to combine or pool their investments with other investors in a large fund managed by a professional manager. Investors can choose a fund with an appropriate objective and leave the manager to make informed decisions, benefiting from the economies of scale that a pooled fund achieves.

What is an Individual Savings Account?

Individual Savings Accounts (ISAs) were introduced in April 1999 to enable investors to hold a range of investments within a tax efficient account. Individuals who are resident in the UK for tax purposes and are aged 18 or over are eligible to invest in an ISA. This includes members of the Armed Forces, the Foreign Office and Crown Employees serving overseas. Husbands and wives can each have their own ISA but cannot hold them in their joint names. These brief notes are designed to help you choose the type of account which best suits your needs but if you are in any doubt you should consult your Financial Adviser.

You may subscribe to either a single Maxi ISA or up to two Mini ISAs in each tax year.

The components of a Mini ISA may be with different providers.

The overall maximum contribution is £7,000 per tax year, subject to the following investment limits. You may choose between the two components:

	Maxi ISA	Mini ISA
Stocks and shares	£7,000	£4,000
Cash	£3,000	£3,000

If you select a Maxi ISA you must include a stocks and shares component but you do not have to include a cash component. A Maxi ISA permits you to invest up to the maximum limit in stocks and shares.

If you open a Maxi ISA you may not open any Mini ISAs in the same tax year. You cannot open two mini ISAs investing in the same component in the same tax year.

Artemis offers only stocks and shares ISAs in both Maxi and Mini form, in line with many other investment managers.

What is a Personal Equity Plan?

Personal Equity Plans (PEPs) were a rewarding form of tax efficient investment for many investors prior to the introduction of ISAs. PEPs were closed to new investment in April 1999. However, your investments maintain their tax advantaged status and you may transfer your existing PEP(s) to a new PEP provider.

Who manages the Fund?

The Fund is managed by Artemis Fund Managers Limited which is authorised and regulated by the Financial Services Authority ("FSA") and is a member of the Investment Management Association. Artemis Fund Managers, Cassini House, 57 St James's St, London SW1A 1LD, contact telephone number 0800 092 2051, will also act as your ISA and PEP Plan Manager.

Who monitors the Manager's and the Fund's activities?

All authorised unit trusts must appoint an independent Trustee to act in the best interests of investors. The investments of the Fund are held in the name of the Trustee on your behalf who ensures that your money is invested in accordance with the objectives of the Fund. The Trustee is The Royal Bank of Scotland plc, Drummond House, P O Box 1727, 1 Redheughs Avenue, Edinburgh, EH12 9JN. The Fund's auditors are Ernst & Young LLP, Ten George Street, Edinburgh EH2 2DZ.

How are units priced?

The value of your units is related directly to the value of the investments and cash held by the Fund. Each business day at the 12 noon valuation point, buying and selling prices are calculated in accordance with the formulae laid down in the regulations governing unit trusts.

Two prices are quoted for each unit type of the Fund: a buying price and a selling price; otherwise known as the offer and bid prices. The offer/buying price (the higher price) is the price at which you can buy units and the bid/selling price (the lower price) is the price at which you can sell your units back to Artemis.

UNIT TRUSTS

How can I buy or sell units in a Unit Trust?

You may apply to invest by:

- completing the Application Forms and sending it, together with your cheque made payable to Artemis Fund Managers Limited or
- through your Financial Adviser; or
- by telephoning Artemis dealing department on 0800 092 2051; or
- by visiting our website at www.artemisonline.co.uk and going to Manage Your Account to register to buy units online with your debit/credit card, or choose to invest monthly.

If you choose to invest monthly, you may wish to send a cheque for your first monthly contribution together with a completed Direct Debit Mandate and the Application Form so that we can arrange to collect subsequent payments which will be collected on the first working day of each month. We reserve the right to return any monthly savings account application if it is not accompanied by a completed Direct Debit Mandate.

All accepted applications for single investments will be allocated units at the price calculated at the next valuation of the Fund's assets.

You may redeem units by:

- asking your Financial Adviser to make the arrangements on your behalf; or
- telephoning Artemis dealing department on 0800 092 2051; or
- writing to the Manager at PO Box 13853, London E14 9ZB with your instructions; or
- registering online at www.artemisonline.co.uk and going to Manage Your Account

If you choose to sell your units by either (b) or (d) you will need to complete a Form of Renunciation. This form will be sent to you with the repurchase contract note. Payment will be made on the fourth working day following receipt of your signed Renunciation or receipt of your letter if you have chosen to write to us with your instructions. Please note that a withdrawal must adhere to the minimum investment amounts as shown in the table below. The Artemis Dealing Department is open on each business day between 9.00am and 5.00pm, but you should remember that instructions received after 12 noon will not have the unit price determined until the next valuation of the Fund.

UNIT TRUST MINIMUM INVESTMENT LEVELS

Unit Class M (monthly income payments)	
Minimum lump sum	£25,000
Minimum lump sum top up	£1,000
Minimum withdrawal	£1,000
Minimum remaining balance	£25,000
Unit Class Q (quarterly income payments)	
Minimum lump sum	£1,000
Minimum lump sum top up	£1,000
Minimum monthly contribution	£50
Minimum withdrawal	£1,000
Minimum remaining balance	£1,000

Can I invest on behalf of a child?

Yes. All you need to do is to insert your details on the unit trust application form as the first applicant and insert the child's initials in the designation box.

Can I make an additional lump sum investment?

Yes. All you need to do is send us a letter clearly stating your name, address and account number and the name of the Fund and unit class in which

you wish to invest. The letter must be signed by you and be accompanied by a cheque for the amount to be invested. You may also top up online at www.artemisonline.co.uk and go to Manage Your Account. Additional investments must be for a minimum of £1,000 per unit class.

Can I make a partial withdrawal?

If you wish to make a partial withdrawal, you can either; telephone, send a written request to Artemis or use the online facility. The minimum withdrawal is £1,000.

The investments remaining in your account after the withdrawal must have a minimum value of £25,000 if you hold class M units or £1,000 if you hold class Q units. If you do not comply with the minimum investment levels we may treat your instructions as an instruction to terminate your Account.

ISAs

How do I invest in an ISA?

By post Complete an ISA Application Form and return it to Artemis. If you choose to invest monthly, you may wish to send a cheque for your first monthly contribution together with a completed application form and Direct Debit Mandate, so that we can arrange to collect subsequent payments which will be collected on the first working day of each month. We reserve the right to return any monthly savings account application if it is not accompanied by a completed Direct Debit Mandate.

Online Visit our website at www.artemisonline.co.uk and go to Online Transactions to register to buy units online with your credit/debit card, or choose to invest monthly.

Our minimum and maximum investment levels are set out in the following table. Artemis does, however, have discretion to waive minimum limits.

No interest will be paid on any monies awaiting clearance and/or investment. Dealing in the Fund takes place at the valuation point immediately following receipt of your instructions.

Applications may be made direct to Artemis or through an authorised intermediary.

ISA MINIMUM AND MAXIMUM INVESTMENT LEVELS

Minimum lump sum	£1,000
Maximum investment per tax year	£7,000(Maxi ISA) £4,000(Mini ISA)
Minimum lump sum top up	£1,000
Minimum monthly investment	£50
Maximum monthly investment	£583(Maxi ISA) £333(Mini ISA)
Unit Class Q (quarterly income payments)	
Minimum investment/holding needs to be £1,000 or more	
Unit Class M (monthly income payments)	
Minimum investment/holding needs to be £25,000 or more	

Can I top up my investment during the tax year?

Yes, as long as you have not already used your full annual ISA allowance. All you need to do is send us a letter clearly stating your name, address and account number. The letter must be signed by you and be accompanied by a cheque for the amount to be invested. You may also top up online at www.artemisonline.co.uk and go to Manage Your Account providing you have registered for the service.

Can I transfer an ISA to Artemis?

Yes. You must complete an ISA application and transfer form and return it to Artemis. There is no upper limit on the amount which can be transferred from your existing ISA(s) but the minimum investment levels must be adhered to as per table opposite.

We will ask your existing manager to sell the investments in your existing ISA(s) and transfer the cash proceeds to Artemis, which will then be invested in your Strategic Bond Fund ISA. You can only transfer a stocks and shares component to us, which will retain the same designation (Maxi or Mini) as the transferred account. We will accept partial transfers if available from your existing manager. This does not apply to your current year ISA which, in accordance with the regulations, must be transferred in full.

You should note that due to the number of parties involved, ISA transfers may take some time to complete, during which time your monies may not be invested in the stock markets.

How do I sell my ISA investment?

Partial withdrawal from your ISA

If you wish to make a withdrawal, you can either; send a written request to us, send a fax request as long as the original is posted to us; or use the Online Transactions facility. The minimum investment levels must be adhered to as per table opposite. If you do not comply with the minimum we may treat your request as an instruction to terminate your ISA.

Termination of your ISA

The ISA may be closed by either the ISA investor giving written notice to Artemis or by us giving notice to you. The notice will be effective when we receive it. The proceeds will be dispatched on the fourth working day from receipt of your signed instruction.

Can I transfer my Artemis ISA to another ISA manager?

You may transfer the whole or part of your ISA to another approved ISA manager. If you wish to transfer your ISA, we must receive your signed written instructions from the new ISA manager. When we receive these written instructions, we will sell some or all of the investments in your ISA and

transfer the cash to your new ISA manager or, in the case of a transfer of the underlying units in your ISA, we will transfer an appropriate number of units to your new ISA manager.

An administration charge of up to £25 (incl. VAT), per product, per client, may be levied for a transfer of units to another ISA manager or for any other re-registration of units (see 'Can I re-register' on page 22) You should note that, because there are a number of parties involved, ISA transfers may take some time to complete.

PEPs

How do I transfer my PEP to Artemis?

Complete one of the PEP Transfer Application Forms and return it to Artemis at the address on the application form. There is no upper limit to the amount that you can transfer but the minimum investment levels must be adhered to as per table opposite. Subsequent transfers into the Plan must be for a minimum of £1,000. We, however, have discretion to waive these limits. No interest will be paid on any monies awaiting clearance and/or investment.

When will my PEP(s) be transferred?

We will apply to your current PEP manager(s) for the proceeds of your existing PEP(s) following receipt of your transfer application. The time taken for them to sell your investment and transfer the proceeds to us varies from manager to manager and can take up to 30 days. Applications will be rejected if they are incorrectly completed. Rejection will consequently cause delay in the transfer.

Dealing in our funds takes place at the valuation point following receipt of the transferred proceeds.

How do I sell my PEP investments?

You must write to Artemis with your instructions. We will also accept a faxed instruction providing the original is posted to us. Third party or emailed instructions will not be accepted. Investments will be sold at the bid price calculated at the dealing point immediately following receipt of your instructions. Sales proceeds will be dispatched on the fourth working day from receipt of your signed instructions.

Can I make a partial withdrawal from my Plan?

You may make a partial withdrawal from your Plan. If you wish to make a withdrawal, you must send a written request to us. Faxed instructions will be accepted providing the original is posted to us.

The minimum investment levels must be adhered to as per table opposite. If you do not comply with the minimum we may treat your request as an instruction to terminate your Plan.

Can I transfer my Plan to another Plan Manager?

You may transfer the whole or part of your Plan to another approved Plan Manager. If you wish to

transfer your Plan, we must receive your signed written instructions from the new Plan Manager. When we receive these written instructions, we will sell some or all of the investments in your Plan and transfer the cash to your new Plan Manager, or, in the case of a transfer of the underlying units in your Plan, we will transfer an appropriate number of units to your new Plan Manager. An administration charge of up to £25 (incl. VAT), per product, per client, may be levied for a transfer of units to another Plan Manager or for any other re-registration of units (see 'Can I re-register' on page 22). You should note that, because there are a number of parties involved, PEP transfers may take some time to complete during which time your monies may not be invested in the stock markets.

GENERAL INFORMATION

Can I change the amount of my monthly payment?

Yes. All you need to do is to send us a letter clearly stating your name, address and account number and the new amount(s) you wish to save each month. Please note that it may take up to 10 days to change a Direct Debit notice.

Can I stop my monthly payments?

Yes. All you need to do is to send us a letter clearly stating your name, address and account number and the fact that you wish to stop making monthly payments. If the value of your holding is less than £1,000 we may sell your units and return the proceeds to you.

Applications made under a Power of Attorney

Any application made under a Power of Attorney should be in writing, ensuring that:

- you have enclosed an original Power of Attorney, or a photocopy with original certification on every page;
- in the case of mental incapacity, the Power of Attorney has been registered with the Court of Protection;
- in the case of physical incapacity, you have enclosed a letter of declaration stating that the client is unable to apply due to this; and
- you have provided notification of the client's and attorney's addresses, together with a correspondence address if different.

What documents will you send me as confirmation of my investment?

You will receive a contract note confirming your investment which you should keep safely. Holdings are normally registered in your name. The Fund is uncertificated. Therefore, your ownership of units will be evidenced by entries on the registers. Statements will be prepared as at 5th April and 5th October, which will include details of the units purchased or sold during the relevant six month period and a valuation of the investment(s). Statements will be sent to you within 25 business

days of the statement date. Regular savers will receive an acknowledgement letter rather than a contract note for their initial investment and the six monthly statements will detail all subsequent investments.

How will I be able to follow the progress of my investments?

The price and yield of each unit class of the Fund are available from Artemis. You will receive six-monthly valuations as well as the Fund's annual and interim reports. The latest copies of these reports will become available on request from Artemis in due course.

Prices for each unit type of the Fund, together with their respective estimated net distribution yields, may be found in the Financial Times, The Daily Telegraph and on the IMA website, www.investmentuk.org.

The published buying and selling prices relate, of course, to the previous business day.

This information along with online valuations can be accessed via our website at www.artemisonline.co.uk in the Manage Your Account section.

Can I switch my investments?

It is possible to switch your investment(s) between Funds and unit classes in the Artemis range of unit trusts. Switches will be actioned at the valuation point immediately following receipt of your instructions.

The transaction will be calculated using the bid price of the invested Fund and purchased at the offer price less 4% discount. Your adviser may take up to 3% commission from this discount. The value of the switch must exceed £1,000, except for switching into the M class where the switch must exceed £25,000.

Can I re-register?

Re-registration is the procedure whereby investors can transfer their unitholding(s) from the register

of the Fund to that of a sub-register, such as a fund supermarket. The usual rationale for this is to consolidate holdings from different fund providers together in one place, for example to achieve administration efficiency.

The process means that your name is removed from the main Fund Register. Your interest is, however, maintained by being included as a nominee name on the relevant sub-register. As your name will have been removed from the main Fund register we will not be able to recognise you as the underlying holder which might restrict your access to and participation in corporate actions such as fund mergers or changes in fund objectives.

Is there a charge for re-registration of units?

Yes. We will levy a charge of £25 (incl. VAT) per product, per client, if you wish to consolidate your unit trust holdings in one registered name.

Regular investors should be aware that we would be unable to collect monthly payments unless new Direct Debit instructions are sent to us. Please note that due to the number of parties involved re-registrations may take some time to complete.

Will I receive income?

Yes, distributions are paid on the dates shown in the table below.

If you choose to receive income, this will be paid into your nominated account on the relevant distribution date. You will only receive an income payment at the next payment date if you invest before the Fund goes ex dividend. This happens one month before the distribution date and is known as the XD date. Investors must ensure they invest before the valuation point on the XD date (or the previous business day where the XD date falls on a weekend) in order to receive the distribution. (See 'How are units priced?' page 20 for details). If you chose accumulation units then distributions are not paid on the units in the Fund. Instead, the distributions are automatically accumulated and will be reflected

in an increase in the value of your existing units, not by the issue of additional units.

Distributions made to, or reinvested on behalf of, ISA and PEP investors will be free of tax i.e. they will be received net of tax and the associated tax credit or income tax deducted from such distributions/accumulations will be reclaimed (see also 'What about tax?' page 23). Reclaimed tax credits or income tax for unit holdings in the Fund are reinvested automatically on receipt and used to purchase further units at a discount from the prevailing offer price. Details of the Fund's XD and distribution dates are shown below. You may convert between accumulation and distribution units at anytime at no charge.

How will charges and expenses affect my investment?

It is important to remember that whilst there is no minimum, maximum or fixed period during which you must hold units, they should be regarded as medium/longer-term investments. Whilst holding units you should be aware of how the charges and expenses of the Fund may affect your eventual return.

When you purchase units you pay a one-off preliminary charge which is included in the purchase price (the offer price). Thereafter, Artemis is remunerated by way of a periodic charge which is calculated daily by reference to the mid-market value of the property of the Fund and is payable monthly. The current periodic charge is shown in the table below. Additionally, the Fund is liable for other smaller charges – Trustee fees, registration fees and other allowable expenses as permitted by the regulations and outlined in the Prospectus and are accrued appropriately.

Units are purchased at the buying (offer) price and redeemed at the selling (bid) price. The difference between these two prices is the spread. The spread therefore includes the preliminary charge.

CHARGES AND EXPENSES AS AT 31st MARCH 2005

Fund	Launch date	Accounting date(s)	Distribution date(s) Class M	Distribution dates(s) Class Q	Preliminary charge (%)	Periodic management charge per annum (%)	Total Expense Ratio* (%)	Type of units (accumulation/income)
Artemis Strategic Bond Fund	1st June 2005	31st March	Monthly (on last calendar day of each month)	30 April, 31 July 31 October, 31 Jan	5.25	1.00	1.39	Accumulation/ Income

* Please note that the TER has been based on the Artemis High Income Fund as there are no figures available to date for the Artemis Strategic Bond Fund and the information has been based on the most appropriate of the other Artemis funds.

The Total Expenses Ratio (TER) shows the annual operating expenses of the Fund - it does not include transaction costs. All collective investment schemes highlight the TER to help you compare the annual operating expenses of different funds.

Effect of charges and expenses

In order that you might see the effect of charges and expenses on your investment with Artemis, a practical example assuming a lump sum investment of £1,000 and regular savings of £100 growing at 6.00% per year, are set out in the following tables.

ARTEMIS STRATEGIC BOND FUND CLASS Q – Income Units						
At end of year	Lump sum investments			Monthly savings		
	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% (£)	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% (£)
1	1000	82	977	1,200	89	1,140
3		125	1,060	3,600	339	3,600
5		175	1,160	6,000	701	6,280
10		344	1,440	12,000	2,230	14,000
Reduced investment return			3.76%	3.15%		

The last line in the table shows that over 10 years, the effect of total charges and expenses on a lump sum investment could amount to £344. Putting it another way, this would have the same effect as bringing the investment growth down from 6% a year to 3.76%. For a regular savings plan, the effect of total charges and expenses over 10 years could amount to £2,230. Putting it another way, this would have the same effect as reducing the investment growth from 6% a year to 3.15%.

Notes

Please note this table has been based on the Artemis High Income Fund. There are no figures available to date for the newly launched Artemis Strategic Bond Fund and therefore information has been based on the most appropriate of the other Artemis Funds.

- The figures in the tables are only examples and are not guaranteed. They are not minimum or maximum amounts. What you get back depends on how your investment grows, on the tax treatment of the funds and on your own tax position.
- You could get back more or less than this.
- The preliminary charge has been deducted from these amounts.
- We have assumed that investment will grow at 6% per annum. All fund managers use the same rates of growth for projection purposes, which are set down by the FSA, so that you may compare the charges with other investment products.
- Costs incurred in managing the funds, including the periodic management charge, registration, bank, custodial and audit fees and stamp duty reserve tax have all been taken into account.
- The figures do not take into account any discount you might receive.
- All figures are as at 31st March 2005.
- Do not forget that inflation will reduce what you could buy in the future with the amount shown.

How much will any advice cost?

We are not permitted to advise you on the suitability or otherwise of investing in the Fund. You may take the advice of an authorised independent financial adviser who will give you details about the cost of their advice. The amount will depend on the size and frequency of your investment or investments, and in the case of regular savings the period over which you make them. Such commissions will be paid out of the charges levied by Artemis.

For example, if you were to invest £1,000 and we paid commission of 3%, then commission of £30 would be paid to your adviser. We may also make renewal commission payments. For example, should we pay renewal commission of 0.5% and your investment is worth £5,000 we would pay £25, and should it be worth £10,000 we would pay £50 per year.

FURTHER INFORMATION

What about tax?

Taxation of the ISA/PEP Investor

Interest distributions, reinvested or accumulated, will be free of any additional tax in the hands of the ISA and PEP investor i.e. they will suffer a 20% tax credit, but will be free of tax once received into the ISA or PEP wrapper. This 20% tax credit will be reclaimed by Artemis on your behalf in full.

The subsequent sale of any units held within the ISA or PEP will not give rise to any chargeable gain or allowable loss in respect of UK Capital Gains Tax, as ISAs are completely free of Capital Gains Tax regardless of the individual tax status of the investor.

There is no requirement for investors to declare any income or gains/losses in an ISA or PEP on their tax return, unless the ISA or PEP has been made void.

The foregoing is based on our understanding of current law and practice and could alter as a result of future legislation. There is no guarantee that any favourable tax treatment will be maintained.

What about tax?

Capital Gains Tax

When you sell some or all of your holdings, you may be liable to Capital Gains Tax. The amount payable will depend on your own personal circumstances and will relate to, and be affected by, disposals of other investments you might make. However, you will have an annual Capital Gains Tax exemption, which for the 2005/2006 tax year has been set at £8,500.

Income Tax

Any interest distribution paid from the Fund is deemed to have a tax credit at a rate of 20%. As a basic rate taxpayer you will have no further tax liability.

If you are a higher rate tax payer, you will be liable for the difference between this and the higher rate.

Taxation is a complex subject and if you are in any doubt as to how it might affect you personally you should obtain advice from an independent adviser.

The foregoing is based on the Manager's understanding of current law and practice and could alter as a result of future legislation. There is no guarantee that any favourable tax treatment will be maintained.

Stamp Duty Reserve Tax (SDRT)

SDRT is due on the aggregated value of units redeemed by Artemis, and on certain other transfers of units, in a calendar week. This charge may be reduced if, taken over the current and following week, more units have been redeemed than issued or to the extent the fund holds exempt investments.

Our policy is that SDRT will be charged to the funds and not individual investors. In the last 12 months we did not impose any SDRT provisions on individual investors, and on this basis do not expect to do so. However, we reserve the right to impose an SDRT provision on any redemption which exceeds 5% of the value of the Fund.

Large deal amounts

For large deals (£30,000 or more), the Manager will execute the redemptions at cancellation price. The reason for this is to protect the remaining underlying unit holders in the Fund. Please contact Artemis for further details.

How do I notify changes of personal details?

Unless you have registered to use our Manage Your Account facility on the website, where you can maintain and amend personal details such address, telephone number, email address, and income payments online, all such notifications must be

made to Artemis by post. For accounts held in more than one name the notification must be accompanied by all appropriate signatures.

How are my investments held?

The investments held in your PEP or ISA remain in your beneficial ownership and may not be used as security for a loan. The units will be registered jointly in your own name and to Artemis in the name of our nominee. For Unit Trust investments your unitholding(s) will be registered in accordance with your instructions subject to a maximum of five registered holders for each unitholding. We require full names and addresses for each registered unitholder.

What are my voting rights?

You have the right to attend meetings of unitholders and exercise your voting rights either directly or by proxy on events such as fund mergers or changes in fund objectives.

Can I change my mind about my investment?

You may have the right to cancel your initial investment, but only if you received advice. We will assume that you did not receive advice if you invest directly and do not indicate that you have received advice. Where you have the right to cancel, we will notify you of this right. You will have 14 days to cancel from the date of your receipt of the cancellation notice. The cancellation will be transacted at the price at the next dealing point after we receive your cancellation notice. You should be aware that your value of your investments could fall between investment and cancellation and receive less than you originally invested.

Data protection

We may make your name and address available to companies within the Artemis Group to enable information about other investment services to be sent to you by letter, telephone or other reasonable means of communication.

This will not apply if you inform us that you do not wish to receive this information. You consent to the processing by Artemis or associated companies (including companies to whom administrative functions have been delegated) of personal data submitted by you in the course of your use of our investment services or created during your relationship with Artemis and to the transmission of such material to associated companies (including companies to whom administrative functions have been delegated) for any purpose that Artemis sees fit.

Notices

Notices and instructions to Artemis must generally be given in writing and be signed by you. We are, however, entitled to treat as valid instructions given

by you or on your behalf even if not in writing, at our discretion. No liability will be accepted by us if such instructions are given to us as a result of the wrongdoing or negligence of another person unless that person is an employee or agent of Artemis.

Information for Artemis

You must provide us with all information which we reasonably request for the purposes of the ISA Account/PEP Plan and, in particular, you must immediately inform us in writing of any change in your tax status or any other material change in circumstances.

Money laundering

All transactions relating to the products provided by Artemis Fund Managers Limited are covered by the FSA Money Laundering Rules and the Money Laundering Regulations 2003. Our responsibilities under these Rules include, but are not limited to, verifying the identity and address of investors in our Funds and of any third party making payments on investors' behalf.

Such authentication may include electronic searches of the electoral roll and the use of credit reference agencies. In accordance with the Data Protection Act 1998 your instruction to open an ISA or PEP, whether by completion of an Application Form, by telephone or otherwise, represents permission from you to access this information. We reserve the right to delay processing your instruction(s) and/or withhold any payments due to you in respect of your ISA or PEP, until satisfactory evidence is received. Any cash will be held in a non-interest bearing client money account. We reserve the right to refuse any application to open an ISA or PEP without giving a reason for doing so.

What if something goes wrong – am I entitled to compensation?

You may in certain circumstances be entitled to compensation within the terms of the Financial Services and Markets Act 2000. Further details are available from Artemis or from the Financial Services Compensation Scheme at 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

What do I do if I have a complaint?

If you wish to complain about any aspect of the service you have received, please contact Client Services in writing at Cassini House, 57 St James's Street, London SW1A 1LD. A copy of our internal complaints handling procedure is available on request. If your complaint is not dealt with to your satisfaction, you can complain to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, Docklands, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings.

Documents for inspection

The Fund's Full Prospectus is available on request from Artemis or from our website www.artemisonline.co.uk. The Fund's annual and interim reports and accounts will become available in due course.

Literature in Alternative Formats

If you require any of our literature or documentation in alternative formats please contact our Client Services Team on 0800 092 2051.

Telephone Calls

Telephone calls may be recorded and monitored for your protection.

Please contact us should the above answers not clarify all your queries.

TERMS & CONDITIONS

PEP and ISA

DEFINITIONS

"AFM"

means Artemis Fund Managers Limited, a wholly owned subsidiary of Artemis Investment Management Limited and a member of the Artemis Marketing Group;

"Account"

means an Artemis Fund Managers Limited ISA;

"FOS"

means the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR;

"FSA"

means the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS;

"ISA"

means Individual Savings Account;

"ISA Agreement"

means these Terms and Conditions, the ISA Application Form and the Artemis Fund Managers Limited ISA Key Features;

"ISA Eligible Fund"

means any Artemis Unit Trust described in this agreement and operated in accordance with the Regulations;

"ISA Holder"

means the individual named as the applicant in the ISA Application Form;

"ISA Investments"

means units, cash and any other assets held in the ISA;

"ISA Manager"

means Artemis Fund Managers Limited, authorised and regulated by the Financial Services Authority;

"ISA Regulations"

means the Individual Savings Account Regulations 1998, as amended from time to time;

"Maxi ISA"

means an ISA which is designated as a Maxi ISA in accordance with the Regulations;

"Mini ISA"

means an ISA which is designated as a Mini ISA in accordance with the Regulations;

"PEP Agreement"

means these Terms and Conditions, the PEP Transfer Plan Application Form and the Artemis

Fund Managers Limited PEP Key Features;

"PEP Eligible Fund"

means any Artemis Unit Trust described in this Agreement and operated in accordance with the PEP Regulations;

"PEP Regulations"

means the Personal Equity Plan Regulations 1989, as amended from time to time;

"Plan Investments"

means units, cash and any other assets held in the Plan;

"Plan Manager"

means Artemis Fund Managers Limited, authorised and regulated by the Financial Services Authority.

"Plan"

means Artemis Fund Managers Limited Personal Equity Plan ("PEP");

"Plan Holder"

means the individual named as the applicant in the Plan application form;

"Units"

means accumulation and/or distribution units in any or all of the ISA Eligible and PEP Eligible Funds; and

"Valuation Point"

means the time at which the ISA Manager/Plan Manager values assets comprising the ISA Eligible and PEP Eligible Funds.

[The following headings are for the purpose of guidance and are not part of these Terms and Conditions.](#)

1. The Artemis Fund Managers Limited ISA

The account will be either a Maxi or Mini Stocks and Shares ISA and will be managed by the ISA Manager in accordance with the ISA Holder's instructions, the FSA rules, the ISA Regulations and the ISA Agreement. If any term or condition of the ISA Agreement conflicts with the Regulations, the latter will prevail.

2. The Artemis Fund Managers Limited Personal Equity Plan

The Plan is a "Personal Equity Plan" under the Regulations and will be managed by the Plan Manager in accordance with these Regulations. The Plan Manager is authorised and regulated in its conduct of business by the Financial Services Authority.

3. Subscriptions

- (i) To the Account: subscriptions will be invested in accordance with the instructions provided on the ISA Holder's Application Form to the stocks and shares component of the ISA Holder's Maxi or Mini ISA. This allocation is irrevocable. In each tax year an ISA Holder may not subscribe to another Maxi ISA or a Mini ISA if the Account is a Maxi ISA or another Maxi ISA or stocks and shares component of a Mini ISA if the Account is a Mini ISA.

Investment may be made by lump sum or regular monthly subscriptions. The minimum subscription is £1,000 for lump sums (minimum subsequent investment £1,000) and £50 for regular monthly subscriptions (maximum £583.33 for a Maxi ISA and £333.33 for a Mini ISA). The maximum subscription limit for the components of a Maxi ISA is £7,000 per tax year.

The maximum subscription for a stocks and shares Mini ISA is £4,000 per tax year. Any amount subscribed to any ISA in a tax year automatically reduces the maximum amount of further subscriptions in that tax year regardless of any subsequent redemptions.

- (ii) To the Plan: investment in the Plan will be made by transfer payment in cash from one or more existing PEP providers.

4. Investment

- (i) Subscriptions: all cash subscribed in accordance with Section 3 above and, subject to section 22 below will be invested in units whose price will be determined at the next Valuation Point following receipt by the ISA/Plan Manager. Where income is reinvested on the ISA/Plan Holder's behalf, units are purchased at the offer price less 5.00% discount for the Artemis High Income Fund. Prices are calculated at the Valuation Point following the income distribution day.

As permitted by the FSA Client Money Rules, no interest will be paid on subscriptions, cash temporarily held in settlement or dividend and tax collection accounts.

- (ii) Switching: an ISA/Plan Holder may, on provision of written instructions to the ISA/Plan Manager, switch between options with the ISA/PEP Eligible Funds, provided that the amount switched is at least £1,000

per ISA/PEP Eligible Fund (or such other amount as the ISA/Plan Manager may prescribe from time to time) and that the value of the remaining units is at least £1,000. To make a switch, the units in the ISA/PEP Eligible Funds are sold at the bid price of the invested Fund and purchased at the offer price less 4% discount in the new Fund, at the Valuation Point following receipt by the ISA/Plan Manager of the ISA/Plan Holder's written instructions. You may also switch using the Online Transactions, providing you have registered first. Your adviser may take up to 3% commission from this discount.

- (iii) Tax: any proceeds from the ISA Holder's Account/Plan Holder's Plan are completely free from personal Income Tax and Capital Gains Tax, regardless of the ISA/Plan Holder's individual tax status. The ISA/Plan Manager will claim, on behalf of ISA/Plan Holders, tax credits due to the Accounts/Plans in respect of income received. Note that under current legislation no tax credits on dividends will be allowed on UK equities after 5th April 2004. Unless distributed, all tax credits will be reinvested in further units at the unit creation price at the Valuation Point following receipt by the ISA/Plan Manager of the tax credit from the Inland Revenue. In the case of interest distributions as paid by Artemis High Income Fund, income tax at a current rate of 20% will be able to be reclaimed by us on your behalf in full.
- (iv) Units are sold to or purchased from the ISA/Plan Manager acting as principal.

5. Beneficial Ownership

All ISA/PEP investments will be beneficially owned by the ISA/Plan Holder and cannot be used as a security for a loan. ISA/Plan investments, documents of title or any other property relating to an Account/Plan cannot be lent to third parties by the ISA/Plan Holder or the ISA/Plan Manager.

6. Custody

Units will be registered in the name of the ISA/Plan Holder. All documents evidencing title to ISA/Plan investments shall be held to the order of the ISA/Plan Manager in the name of the ISA/Plan Manager's nominee. Cash may only be held for the purpose of purchasing units. It will be held to the ISA/Plan Manager's order in a non-interest bearing client bank account with The Bank of New York Europe Limited (or such other bank or building society as the ISA/Plan Manager may from time to time select). The Bank of New York Europe Limited is

neither an associate of the ISA/Plan Manager nor connected with it.

7. ISA/Plan holder rights

On request the ISA/Plan Manager will arrange for the ISA/Plan Holder to receive a copy of the Unit Trust Scheme Particulars, attend and vote at unitholder meetings and to receive such other information as would be sent to other non-ISA/PEP unitholders. The Manager's Annual and Interim ISA/PEP Eligible Fund Reports will be sent automatically to the ISA/Plan Holder.

8. Transfer to another ISA/Plan Manager

Subject to the Regulations, the ISA/Plan Holder may, at any time, by notice in writing to the ISA/Plan Manager, transfer the Account/Plan to another ISA/Plan Manager. On receipt of the completed transfer form and satisfactory evidence that the ISA/Plan Manager to whom it is transferred is approved in accordance with the Regulations, the ISA/Plan investments will be sold and the proceeds paid to the new ISA/Plan Manager (normally 30 days).

An administration charge of £25 (incl. VAT) per product, per client, may be levied for a transfer of units to another ISA/Plan Manager or for any other re-registration of units.

9. Statement of investments

The ISA/Plan Manager will issue statements to the ISA/Plan Holder which will show details of all transactions carried out in the period since commencement of the last statement, the number of units within the Account/Plan and a valuation of those units at bid price. These statements will be made up to 5th April and 5th October each year. The statements will be prepared in accordance with the rules of the FSA and will not include a measure of relative performance.

10. Records

The ISA/Plan Manager will maintain all records relating to the Account/Plan as are required by the Regulations and the FSA rules. The ISA/Plan Manager will make tax returns to the Inland Revenue and will provide all details of taxation to the ISA/Plan Holder as required by the Regulations. The ISA/Plan Holder will be notified if the Account/Plan has or will become void because of a failure to satisfy the Regulations.

11. Charges and Commissions

Charges made to the Account/Plan will be limited to those made by the ISA/Plan Manager on the ISA/PEP Eligible Funds. Details of the Periodic Management Charge and Preliminary Charge for each ISA/PEP

Eligible Fund may be found in the Artemis ISA/PEP Key Features. The ISA/Plan Manager may pay commission out of the purchase price of units to eligible financial intermediaries who introduce business; details may be found in the ISA/PEP Key Features. Unit prices are printed each week day in the Financial Times and The Daily Telegraph. Valuation takes place at 12 noon each working day. Dealing is on a forward pricing basis.

12. Termination of the Account/Plan

The Account/Plan may be closed at any time by the ISA/Plan Holder or the ISA/Plan Manager giving written notice, or by the ISA/Plan Manager being given written notice of the ISA/Plan Holder's death. Termination will take place without prejudice to any transactions already in progress. At the next Valuation Point after receipt or issue of such notice all units will be redeemed by the ISA/Plan Manager. The proceeds and any other Account/Plan money (after deduction of all accrued charges, normal Account/Plan expenses and any tax liability reasonably considered by the ISA/Plan Manager to be payable) will be sent to the ISA/Plan Holder or the ISA/Plan Holder's estate, together with a closing transaction report.

The Account/Plan will be treated as being terminated on the date on which the final payment of the proceeds is made to the ISA/Plan Holder or the ISA/Plan Holder's representatives. Alternatively, and subject to written request, we may transfer the investments in the Account/Plan to be outside the Regulations.

13. Withdrawals from the Account/Plan

A withdrawal may be made from the Account/Plan at any time by written request or going to Manage Your Account at www.artemisonline.co.uk as long as it adheres to the minimum investment limits. The ISA/Plan Manager may terminate the Account/Plan if a withdrawal reduces the Account/Plan value to below the minimum holding. Withdrawals from an Account may not be subsequently replaced by new subscriptions during the tax year if the total of previous subscriptions and the further subscriptions exceeds the maximum annual limit.

On withdrawal, sufficient units to cover the sum to be withdrawn will be redeemed by the ISA/Plan Manager at the bid price ruling at the next Valuation Point. Proceeds of the

units realised will be sent to the ISA/Plan Holder on the fourth working day of this Valuation Point (or as soon as possible thereafter), or on the fourth working day after receipt of your signed renunciation form (if selling via the Manage Your Account online).

14. Large Deal Amounts (Redemptions)

For large deals (£30,000 or over) the ISA/Plan Manager will execute the redemption at cancellation price. Please contact the ISA/Plan Manager for further details.

15. Communication

Instructions must be given in writing to the ISA/Plan Manager, who will acknowledge such instructions to the ISA/Plan Holder at the address given on the Application Form or as notified from time to time. The ISA/Plan Manager will not accept instructions by telephone, facsimile or other electronic means. The ISA/Plan Manager may not make unsolicited calls on the ISA/Plan Holder in person or by telephone other than in connection with administration matters relating to the Account/Plan. Any telephone calls with the ISA/Plan Manager may be monitored and recorded to improve its service and assist investor protection.

16. Assignment

The Account/Plan cannot be assigned, pledged or charged by the ISA/Plan Holder.

17. Exclusion of Liability

The ISA/Plan Manager will be liable for any negligence, wilful default or fraud committed by it or its associates or employees and for any breach of these terms and conditions save as noted in this section. The ISA/Plan Manager will not be liable for any loss or damage suffered as a result of circumstances which are beyond its reasonable control. No warranty is given by the ISA/Plan Manager as to the performance or profitability of the Account/Plan. The ISA/Plan Manager will not be liable for any loss of opportunity whereby the value of the Account/Plan could have been increased or for any decline in the value of the Account/Plan. The ISA/Plan Manager is authorised by the ISA/Plan Holder to disclose any information relating to the Account/Plan to the Inland Revenue, the Financial Services Authority, the professional advisers, auditors and associates of the ISA/Plan Manager and as otherwise required by law.

18. Risk Warnings

The value of units and the income from them may fall as well as rise and is not guaranteed.

The ISA/Plan Holder may not get back the amount originally invested. Changes in rates of exchange between currencies may cause the value of investments to fall or increase.

The levels and bases of tax and the reliefs from taxation can change. The tax reliefs referred to in the ISA/PEP Agreements are those currently available and are subject to legislative change. Their value depends on the ISA/Plan Holder's individual circumstances. All the Income funds deduct the periodic management charge from the capital of the Fund rather than its income. This will maximise the Fund's yield but may limit the Fund's growth potential or even erode the value of the capital which, if the ISA Holder has already made the maximum ISA subscription for that tax year, cannot be replaced.

19. Conflicts of Interest

Without prior reference to the ISA/Plan Holder, the ISA/Plan Manager has the right to effect transactions in which the ISA/Plan Manager or any of its associates, subsidiaries or connected companies may at any time have a material interest or relationship of any kind with another party which might involve a conflict of interest with the ISA/Plan Manager's obligations under these Terms and Conditions.

In such circumstances, the ISA/Plan Manager shall not be liable to account to the ISA/Plan Holder for any remuneration, profit or commission received by them or any associated company.

20. Complaints and Compensation

Any ISA/Plan Holder complaints should be made in writing to the ISA/Plan Manager at the address for communications. ISA/Plan Holders also have the right to complain subsequently to the Financial Ombudsman Service.

In certain circumstances the ISA/Plan Holder may be covered by the Financial Services Compensation Scheme (FSCS). A statement of any rights to compensation is available from the FSA or the FSCS.

21. Amendment of the ISA/Plan Agreement

The Account/Plan must comply with the Regulations, which may change from time to time. The ISA/Plan Manager may amend any of the Terms and Conditions contained herein upon reasonable written notice to the ISA/Plan Holder, provided that the amendment does not result in the Account/Plan being void under the Regulations.

22. Commencement

To apply for an Account/Plan an ISA/Plan Holder must submit to the ISA/Plan Manager a duly completed Application Form. On acceptance of such application and subject to the ISA/Plan Holder's right to cancel (see section 23) the Account/Plan will commence and the number of units bought will be determined at the next Valuation Point. The ISA/Plan Manager may in its discretion reject any application.

23. Cancellation

In certain circumstances the ISA/Plan Holder has the right to withdraw from the ISA/PEP Agreement. Where this applies a cancellation notice will be supplied with the purchase contract note which should be completed and returned to the ISA/Plan Manager within 14 days for cancellation to be effected.

Upon cancellation the initial subscription, less any amount by which the value of the investment has fallen at the Valuation Point following receipt of the Instruction to Cancel by the ISA/Plan Manager, will be refunded.

24. Other Matters

The ISA/Plan Agreement will be governed by English Law and the information contained in it is based on the ISA/Plan Manager's understanding of current tax legislation and Inland Revenue practice. Whilst it is believed to be correct, responsibility will not be accepted for the effects of future legislation or changes in those Regulations or in interpretation or treatment.

25. Delegation

We may appoint another company within the group to be the manager of your Artemis Plan, and will give you one month's notice of any such delegation.

Artemis may appoint any person (whether or not connected with us) to advise on or perform any of our duties or functions and may provide information about you and your investments to any such person. We will satisfy ourselves that any person to whom we delegate any such functions or duties is competent to carry out those functions or duties.

26. Administration

The administration for the underlying funds is carried out by The Bank of New York Europe Limited.

Regulatory Disclosure

This document is issued by Artemis Fund Managers Limited, which is authorised and regulated by the Financial Services Authority and is a member of the IMA. Artemis Fund Managers Limited is a member of the Artemis Marketing Group. We only market our own unit trusts. Please remember that past performance is not a guide to future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. In order to offer a higher yield, a proportion of the Artemis Strategic Bond Fund will be invested in higher risk securities that may increase the risk to your capital. In particular, there can be no assurance that capital appreciation will occur in the early years as initial charges are levied on your investment and charges are not made uniformly throughout the life of your investment. Investments in fixed interest securities and bonds are subject to credit and market risk. The value of the underlying assets and therefore the value of units in this Fund will be impacted by fluctuations in interest rates and the perceived credit risk of an issuer. Tax assumptions may change if the law changes and the value of tax relief will depend on your individual circumstances. The eligibility to invest in an Individual Savings Account (ISA) is dependent on individual circumstances and may be subject to future statutory change. Artemis Fund Managers Limited does not offer investment advice. For your protection, telephone calls are usually recorded.

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