



Fund Manager
Adrian Frost
Manager of this
Fund since
9 Sept 2002.

Co-Fund Manager
Adrian Gosden
Manager of this
Fund since
1 Oct 2003.

Artemis High Income Fund

The Fund's Aims

The objective of the Fund is to achieve a higher than average initial yield, combined with the prospect of rising income and some capital growth over the long-term.

The emphasis of the Fund will be investment in UK fixed-interest investments and preference shares, however, the Manager has the flexibility to invest in all economic sectors worldwide and in equities.

Fund Manager's Comment

Performance was affected slightly by modest exposure to Irish bank lower T2 bonds. This was slightly over 1% of assets and is less now. We are staying with these positions. As is often the case with bonds, in the crisis period liquidity and pricing has been poor. Happily the rest of the portfolio has been steady and an added bonus was the tender offer for M&G bonds. This is nothing to do with the asset management company (oh that it were,) but is a bond issued by a private Italian chemical company. Coupons were suspended and it has lain at the bottom of the portfolio as a relic of the credit crunch. We have accepted the tender and this is capital that can now be put to work.

We purchased bonds in BAA, Taylor Woodrow (replacing a tendered holding) and added to the position in Enterprise Inns. The latter is an improving situation yet to be fully appreciated by the bonds. We also added to Ziggo, a Dutch cable operator. Given growing demand for high speed broadband, cable companies are in a good spot; and growing cashflows are leading to a good deleveraging story.

Data as at 30 November 2010

Key Facts

IMA Sector	£ Strategic Bond
Sedol Number	0683809
Fund Size (offer basis)	£606.1m
Distribution yield	6.90%
Underlying yield	5.70%
Unit offer price	73.22p
Unit bid price	68.07p
Valuation (UK business days)	12:00
Minimum lump sum investment	£1,000
Minimum monthly investment	£50
Launch	26 May 1995
Launch price	50p
Preliminary charge	5.25%
Annual Management Fee	1.25%
Unit type	Income
Distribution pay dates	7 Apr, 7 Jul, 7 Oct, 7 Jan
Total Expense Ratio	1.33%

Market Sector Split*

Market Sector Split*	% Fund
Financial Services	29.1
Insurance	19.3
Banks	13.6
Utilities	9.8
Telecommunications	7.8
Industrial Goods & Services	5.6
Travel & Leisure	3.4
Media	2.4
Healthcare	2.1
Other	6.9

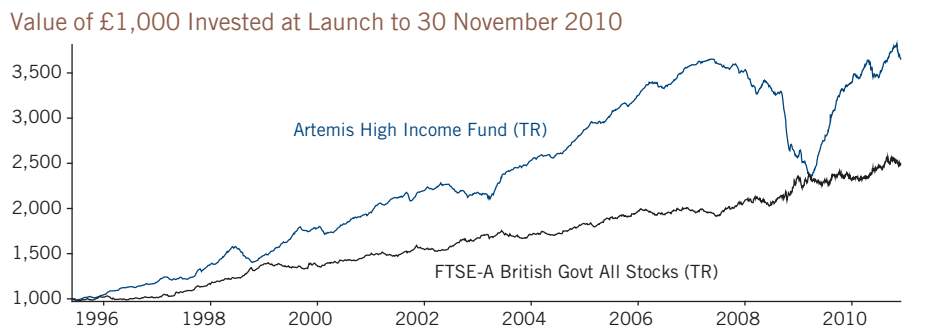
Source: Artemis *Without cash.
Sector Classification: ICB L2.

Performance	Since Launch*	5 Years	3 Years	1 Year	6 Months
High Income Fund (TR)†	270.9	16.5	5.3	10.7	6.5
FTSE-A British Govt All Stocks (TR)**†	114.2	28.6	21.7	4.5	3.1
Sector Average	173.2	12.4	10.3	7.0	3.0
Position in Sector	1	15	43	15	5
Funds in Sector	6	38	49	60	62
Quartile	1	2	4	1	1

Please remember that past performance is not a guide to the future. *Data from 26 May 1995. Source: Lipper Limited, bid to bid in sterling with net income reinvested to 30 November 2010. All figures show total returns. **As FTSE A Brit Govt All Stocks TR data is not available prior to Nov 1998 we have used CR figures up until 30 Nov 1998. †Percentage Growth. Sector is IMA £ Strategic Bond.

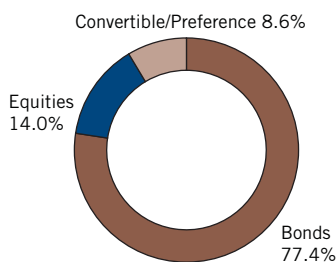
Percentage Growth Artemis High Income Fund 12 Months to 30 September 2010				
2010	2009	2008	2007	2006
15.3	6.6	-14.7	2.4	10.0

Source: Lipper Limited, bid to bid in sterling with net income reinvested. All figures show total returns.



Data from 26 May 1995. Source Lipper Limited, bid to bid in sterling with net income reinvested to 30 November 2010.

Asset Allocation*



Source: Artemis. *Without cash.

Top Ten Holdings*

Top Ten Holdings*	% Fund
First Hydro Finance	3.0
BT Group	2.6
Converium Holdings	2.5
Scottish Widows	2.4
United Utilities	2.4
Aberdeen Asset Management	2.3
Tullett Prebon	2.3
Henderson Group	2.3
Glencore Finance Europe	2.3
Standard Life	2.0

Source: Artemis. *Without cash.

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Fig. 2
A typical PROFIT