



Fund Manager  
John Dodd  
Manager of this  
Fund since launch.



Co-Fund Manager  
Mark Niznik  
Manager of this  
Fund since  
22 Oct 2007.

## Artemis UK Smaller Companies Fund

### The Fund's Aims

The objective of the Fund is to achieve long-term capital growth. The emphasis of the Fund will be investment in smaller companies listed, quoted and/or traded in the UK and in smaller companies which have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. The Manager actively manages the portfolio. The securities of companies listed, quoted and/or traded in the UK but domiciled elsewhere and the securities of companies traded on PLUS may be included in the portfolio.

### Fund Manager's Comment

After a strong recent run, the smaller companies market weakened in November as investors worried about the pace of the economic recovery and the knock-on risks from the Irish bank bail out. Our fund value also fell albeit by somewhat less than our benchmark index. Our best performer was Kenmare Resources, our Mozambique ilmenite miner, where production, after some frustrating delays, is finally reaching full capacity and product prices are rising. Unlike with the rest of the year, we were helped by our large holding in the unquoted Vostok Energy where the price was held constant against the weaker market. On the negative side, the worst performers were Xchanging, where investors are worried about accounting issues and H&T, our pawnbroker, where the shares weakened after a good recent run. Our holding of Mears was also weak despite positive contract news. On the dealing front, we took profits in palm oil producer, REA Holdings and ink jet printer, Domino Printing as the holdings had become too large in the fund. We sold our remaining holding in Salamander Energy, the Asian oil and gas explorer. We added to Hilton Foods, our meat packing company into share price weakness. We also started a modest new holding in Diploma, a specialist distribution company where we feel their great track record, high margins and good return on capital is being undervalued by its modest rating.

Data as at 30 November 2010

### Key Facts

IMA Sector	UK Smaller Companies
Sedol Number	0258359
Fund Size (offer basis)	£318.0m
Historic yield	0.20%
Unit offer price	655.59p
Unit bid price	609.19p
Valuation (UK business days)	12:00
Minimum lump sum investment	£1,000
Minimum monthly investment	£50
Launch	3 April 1998
Launch price	100p
Preliminary charge	5.00%
Annual Management Fee	1.5%
Unit type	Accumulation
Accumulation date	28 February
Total Expense Ratio	1.63%

### Market Sector Split\*

Market Sector	% Fund
Industrial Goods & Services	22.9
Technology	14.8
Oil & Gas	13.6
Financial Services	9.7
Food & Beverage	7.9
Media	6.7
Healthcare	6.6
Retail	5.8
Real Estate	3.9
Other	8.1

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

Performance	Since Launch*	5 Years	3 Years	1 Year	6 Months
UK Smaller Companies Fund (TR)†	539.6	2.3	-18.6	16.8	12.7
Hoare Govett ex IT (TR)†	149.5	36.3	9.0	21.0	12.7
Sector Average	123.6	28.4	6.0	22.9	18.6
Position in Sector	2	39	53	44	46
Funds in Sector	34	47	56	59	59
Quartile	1	4	4	3	4

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

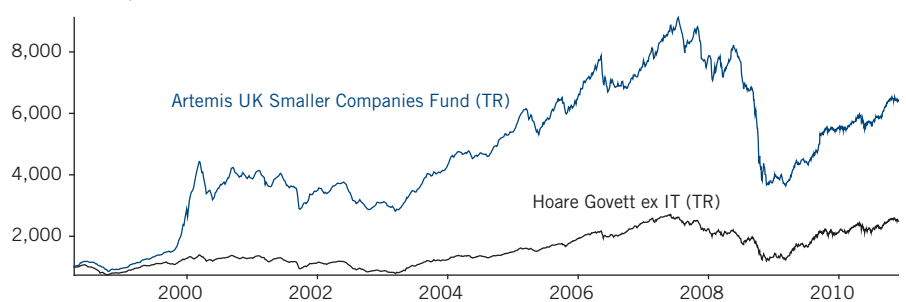
\*Data from 3 April 1998. Source: Lipper Limited, bid to bid in sterling with net income reinvested to 30 November 2010. All figures show total returns. †Percentage Growth. Sector is IMA UK Smaller Companies.

### Percentage Growth Artemis UK Smaller Companies Fund 12 Months to 30 September 2010

2010	2009	2008	2007	2006
18.0	-2.5	-34.0	20.3	7.1

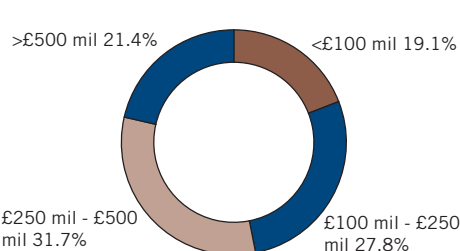
Source: Lipper Limited, bid to bid in sterling with net income reinvested. All figures show total returns.

### Value of £1,000 Invested at Launch to 30 November 2010



Data from 3 April 1998. 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
Vostok Energy	8.0
Mears Group	3.1
Hurricane Exploration	3.0
H&T Group	3.0
Domino Printing Sciences	2.9
Group NBT	2.8
REA Holdings	2.7
Abcam	2.7
Alterian	2.6
Cranswick	2.6

Source: Artemis.

\*Without cash.

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Broker Support 0800 092 2090  
Facsimile 020 7399 6498  
Email [brokersupport@artemisfunds.com](mailto:brokersupport@artemisfunds.com)

**Unit Trusts**

Telephone Dealing 0800 092 2051  
Facsimile 0845 076 2290

Client Services 0800 092 2051  
Facsimile 0845 076 2290  
Email [investorsupport@artemisfunds.com](mailto:investorsupport@artemisfunds.com)

Web [artemisonline.co.uk](http://artemisonline.co.uk)



*Fig. 2*  
*A typical PROFIT*