ARTEMIS
The Profit Hunter

Artemis UK Select Fund

An Afternoon with Artemis 2026

Ed Legget | Ambrose Faulks

MARKETING COMMUNICATION: Refer to the fund prospectus and KIID/KID before making any final investment decisions. FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. CAPITAL AT RISK.

Fund facts

Artemis UK Select Fund

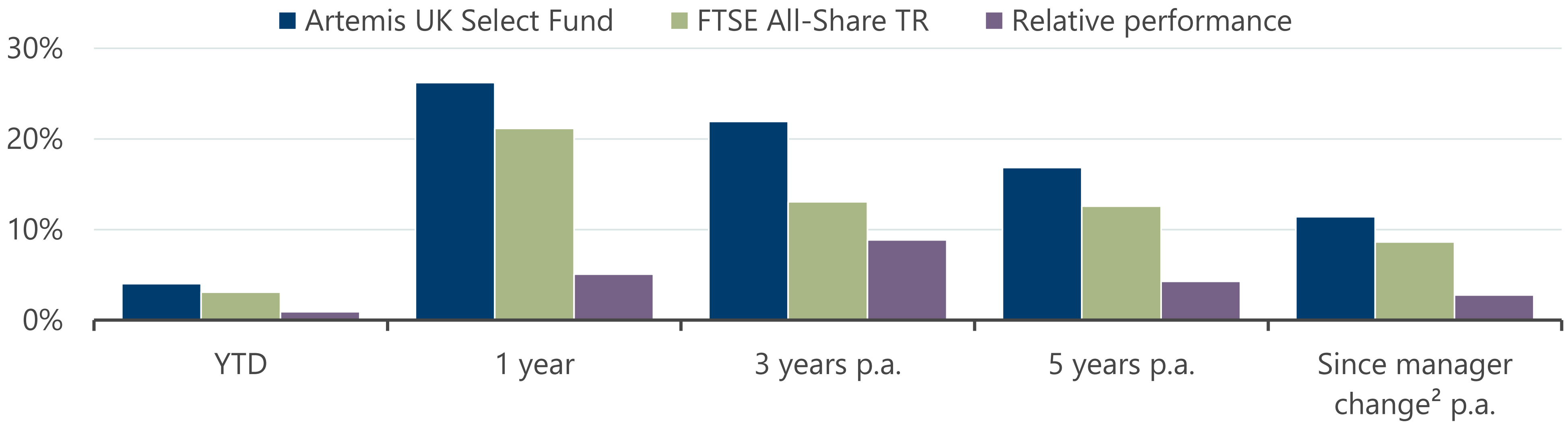
- Concentrated multi-cap ‘best ideas’ UK equity fund targeting long-term capital growth
- Actively seeking to generate alpha in all market conditions
- Fund benchmarked to FTSE All-Share; limited shorting capability offers potential for better risk adjusted returns
- ESG integrated into fundamental investment analysis

Fund launch	April 1998	**Number of holdings**	40-50 long, 3-10 short
Fund size	£5,414.9m	**Active share**	c.75%
Benchmark	FTSE All-Share	**Average holding period**	>12 months, short <12 months
Management team	Ed Legget and Ambrose Faulks	**Median market cap**	£6.5bn
Objective	Capital growth over a five-year period	**Alpha source(s)**	Stock selection, asset allocation

Source: Artemis as at 31 January 2026.
Note: the indicative information above reflects the current view of the fund manager and may change over time. For information about formal investment restrictions relevant to this fund please refer to the prospectus.

Performance

Annualised performance



Cumulative performance	YTD	1 year	3 years	5 years	Since manager change[2]
Artemis UK Select Fund	4.0%	26.2%	81.3%	117.7%	197.3%
FTSE All-Share TR	3.1%	21.1%	44.5%	80.8%	130.3%
IA UK All Companies NR	2.6%	13.1%	30.6%	46.1%	87.3%
Position in sector[1]	34/177	8/175	3/173	5/168	2/145

Past performance is not a guide to the future. Source: Lipper Limited, class I accumulation units in GBP as at 31 January 2026. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark. [1]Sector is IA UK All Companies NR. [2]Ed Legget and Ambrose Faulks began managing the Artemis UK Select Fund on 31 December 2015.

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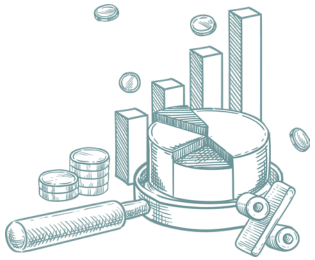
Investment approach

Investment philosophy

Change in company expectations drives share prices

The share price of a company = Earning (£m)/ number of shares X Multiple market is willing to pay for them (P/E ratio)

Change in earnings estimates



← **Analysis** →

Change in sentiment

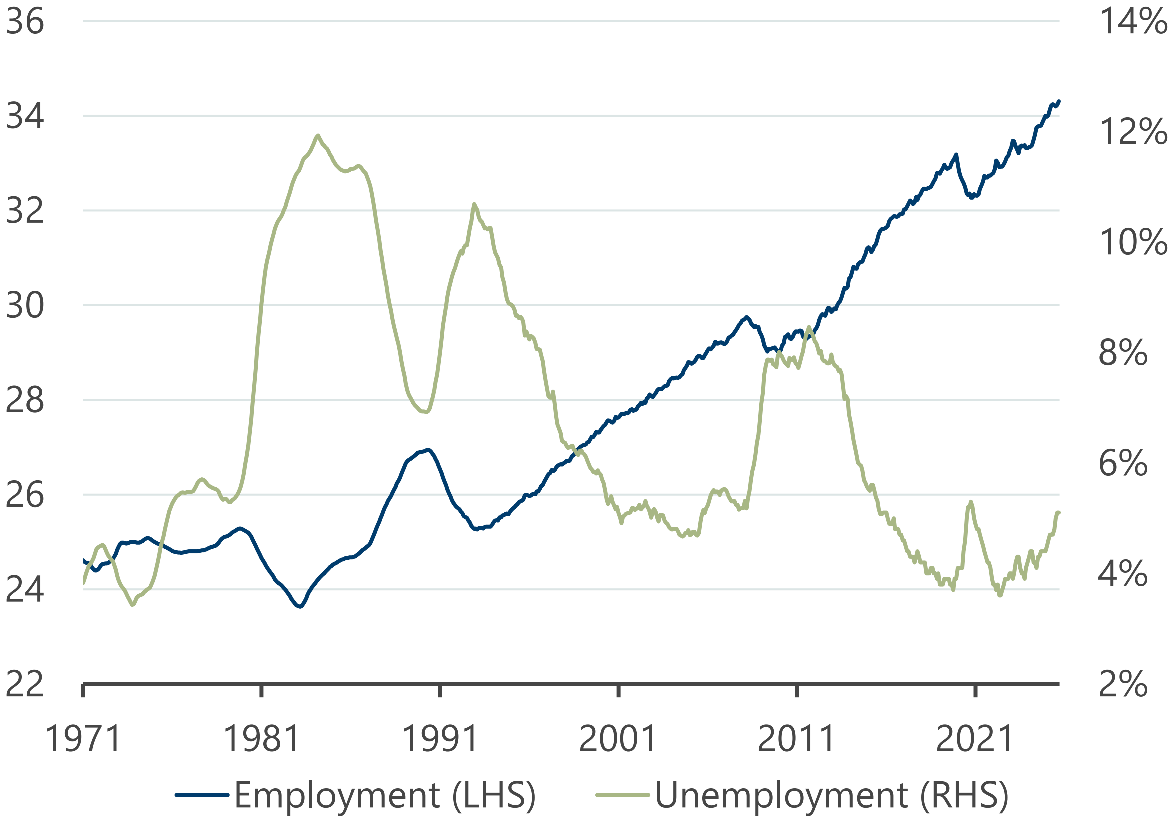
← **Judgement** →

Market outlook

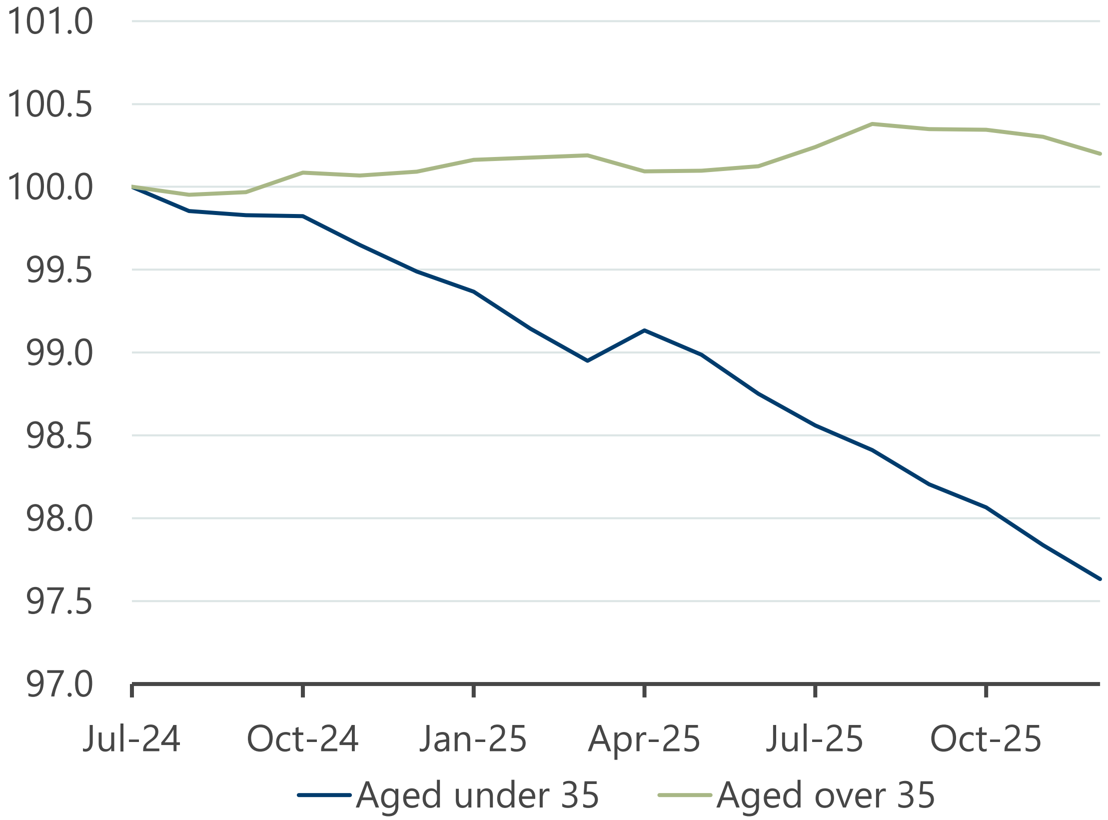
UK Budget – impact on employment

Labour market showing some softness but no crash – younger cohorts suffering the most

UK employment (m) and unemployment rate[1]



Job losses are confined to younger workers[2]



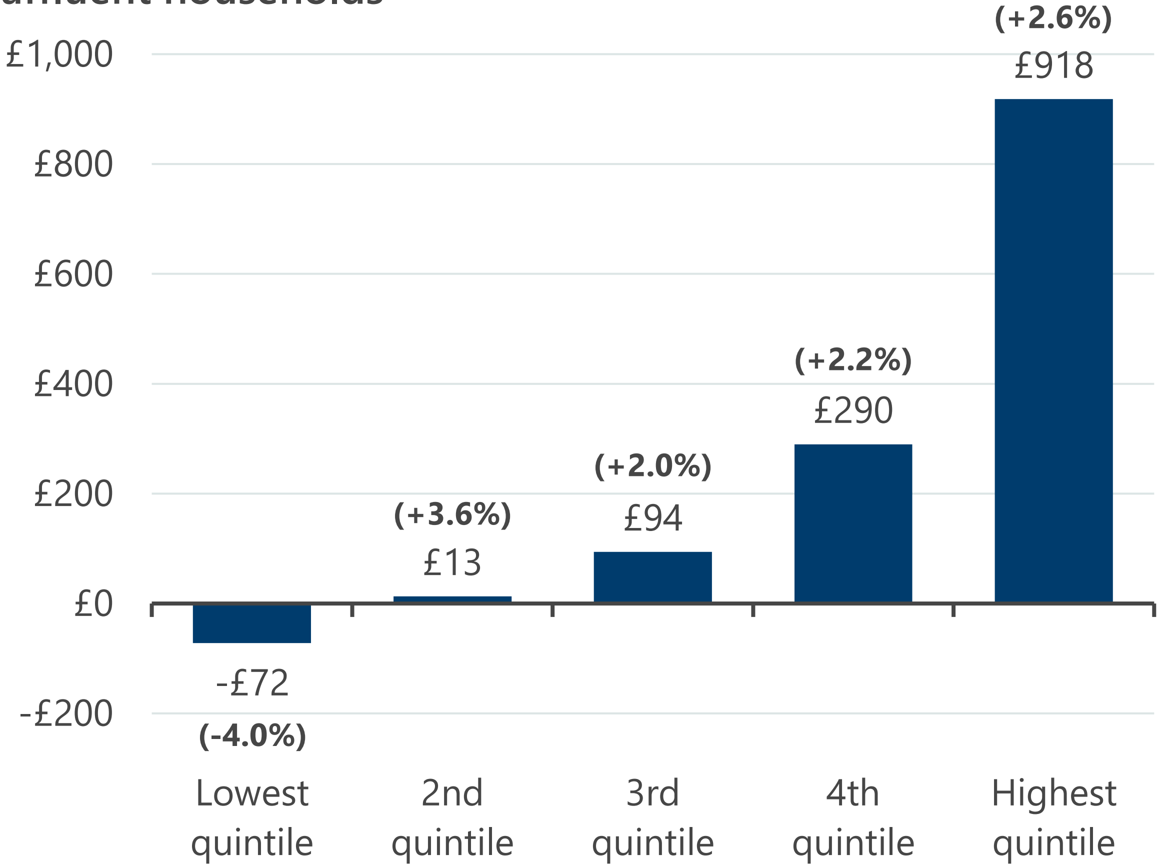
Unemployment key for the consumer story

Source: [1]Lazarus Economics & Strategy/ONS as at 30 November 2025. [2]Lazarus Economics & Strategy/ONS as at 31 December 2025.

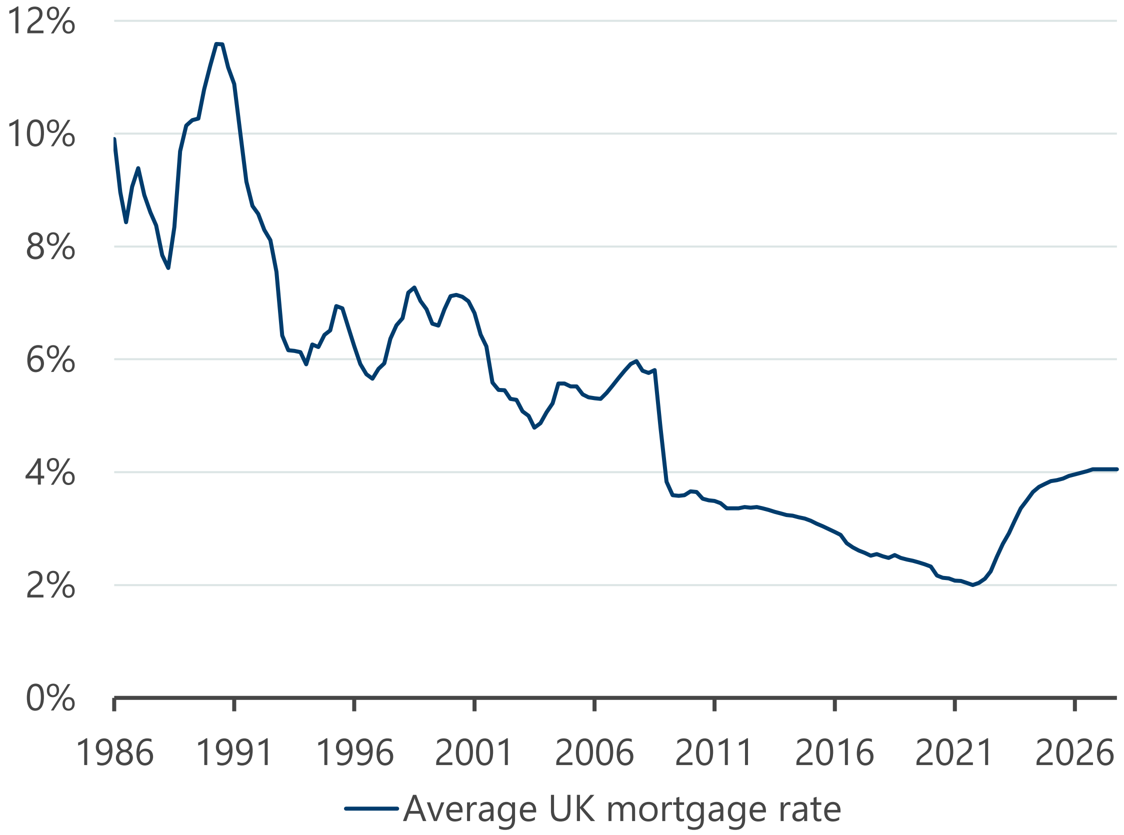
UKS190

UK consumer: discretionary cashflow still positive

Household weekly discretionary income skewed to more affluent households[1]



Headwind from mortgage re-financing abating[2]



Older and more affluent cohorts best placed

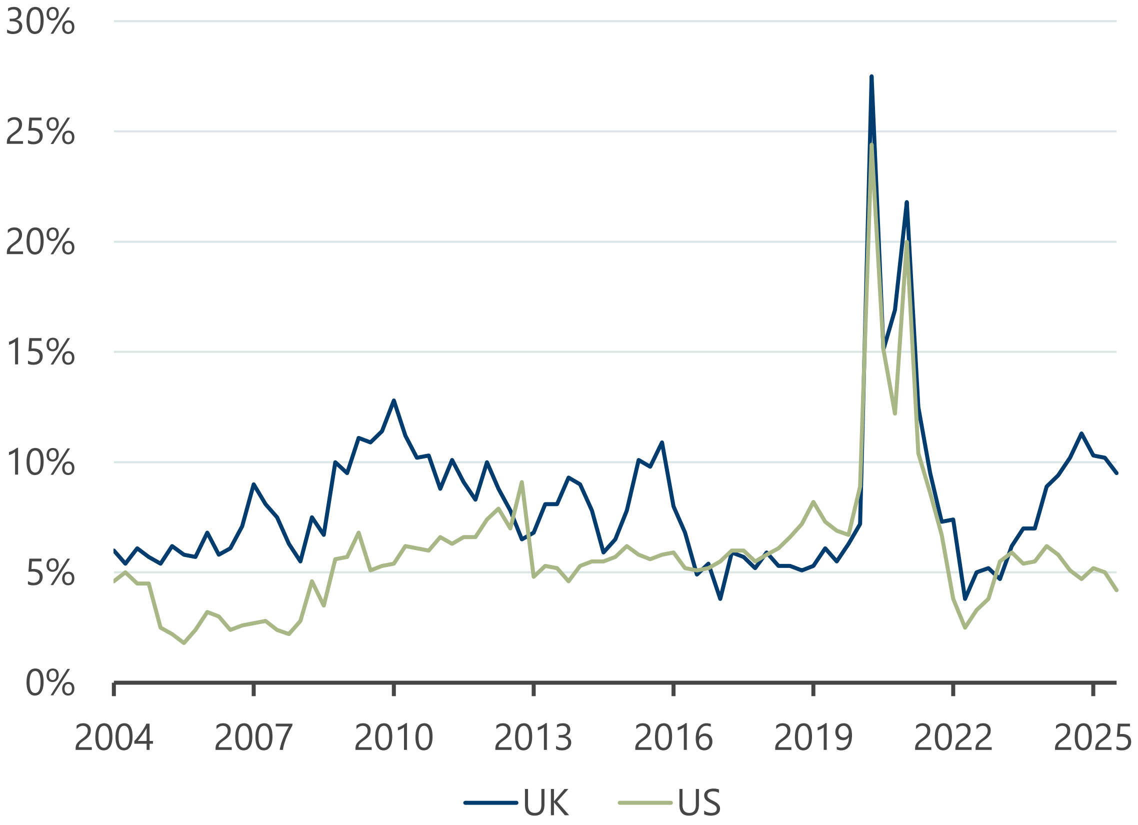
Source: [1]Asda, 'Asda Income Tracker' report, November 2025. [2]Lazarus Economics & Strategy/Bank of England as at 30 September 2025.

UKS191

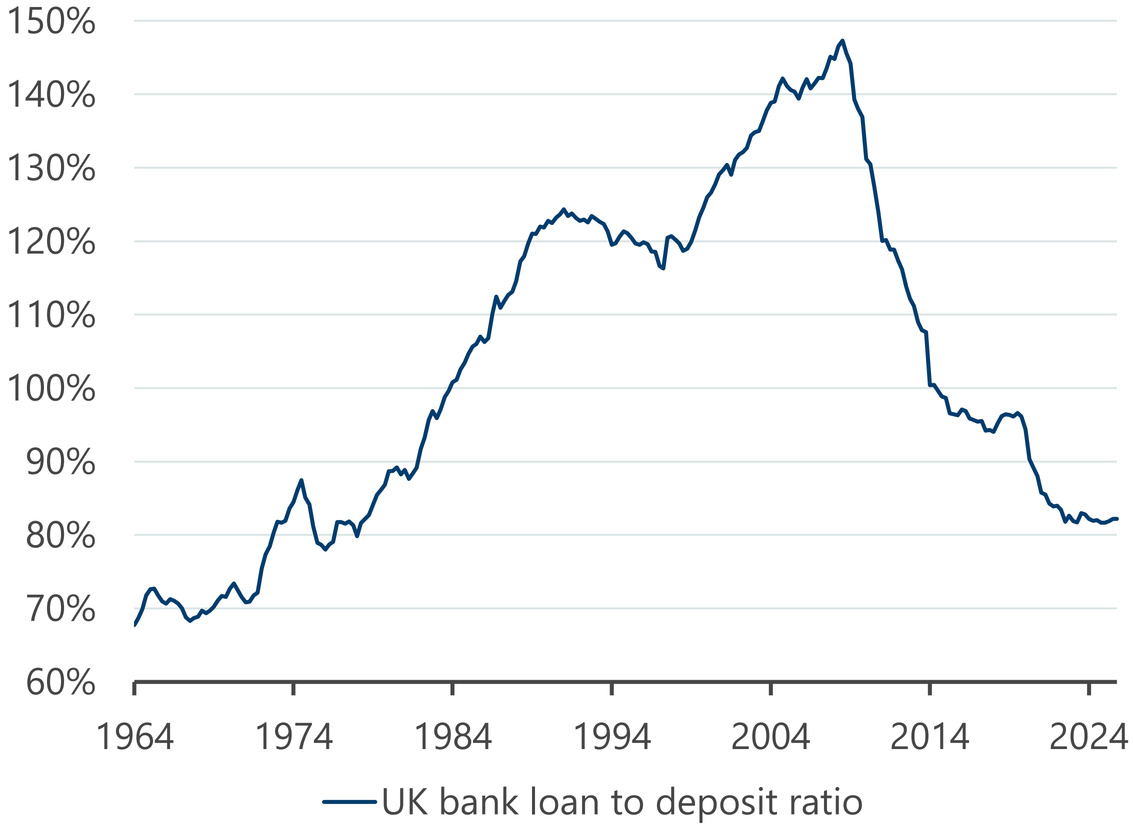
The UK consumer: leverage low vs history

UK economic outlook will be heavily influenced by consumer appetite to re-leverage

Household saving[1]



UK bank loan to deposit ratio[2]



Every 1% decrease in savings ratio is circa £15bn of additional spending

Source: [1]Bloomberg as at 30 September 2025. [2]ONS, Bank of England as at 31 December 2025.

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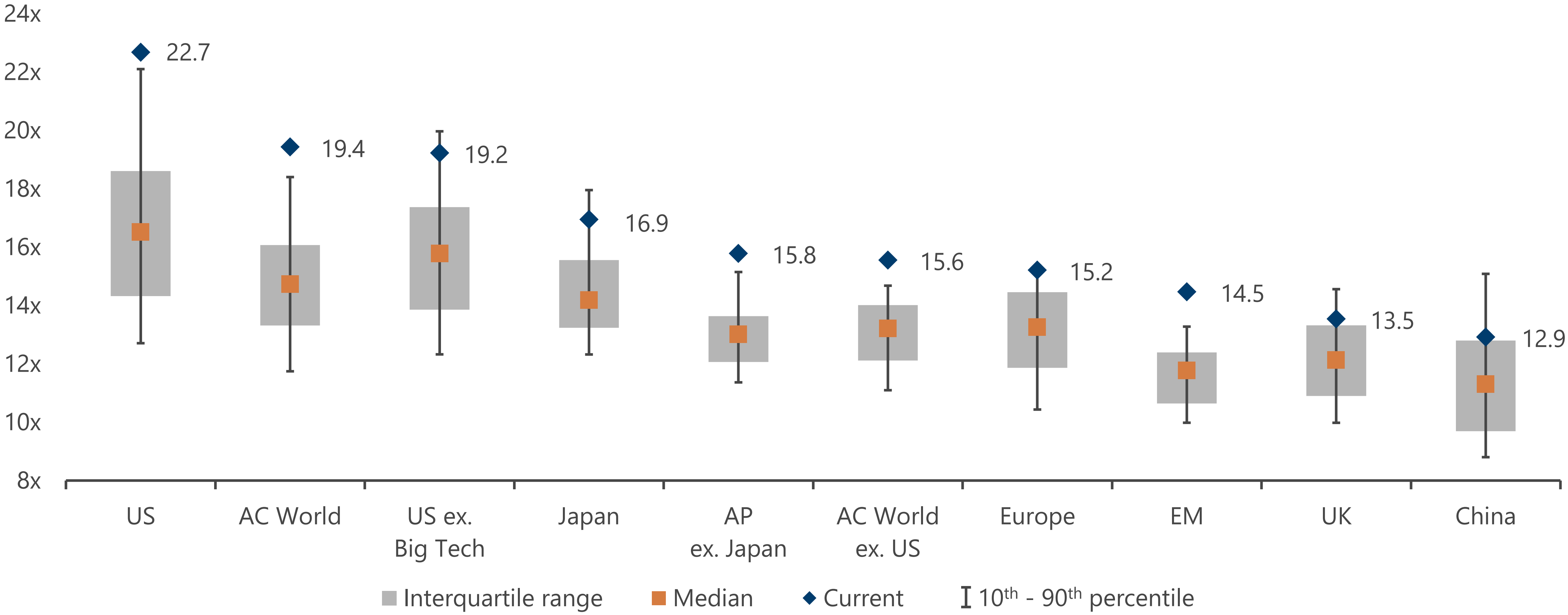
UK politics – remains a tail risk

Image source: AI-generated image by ChatGPT as at 9 February 2026.

World equity markets valuations vs history

12m forward P/E ranges over last 20 years



Source: Goldman Sachs as at 17 January 2026.

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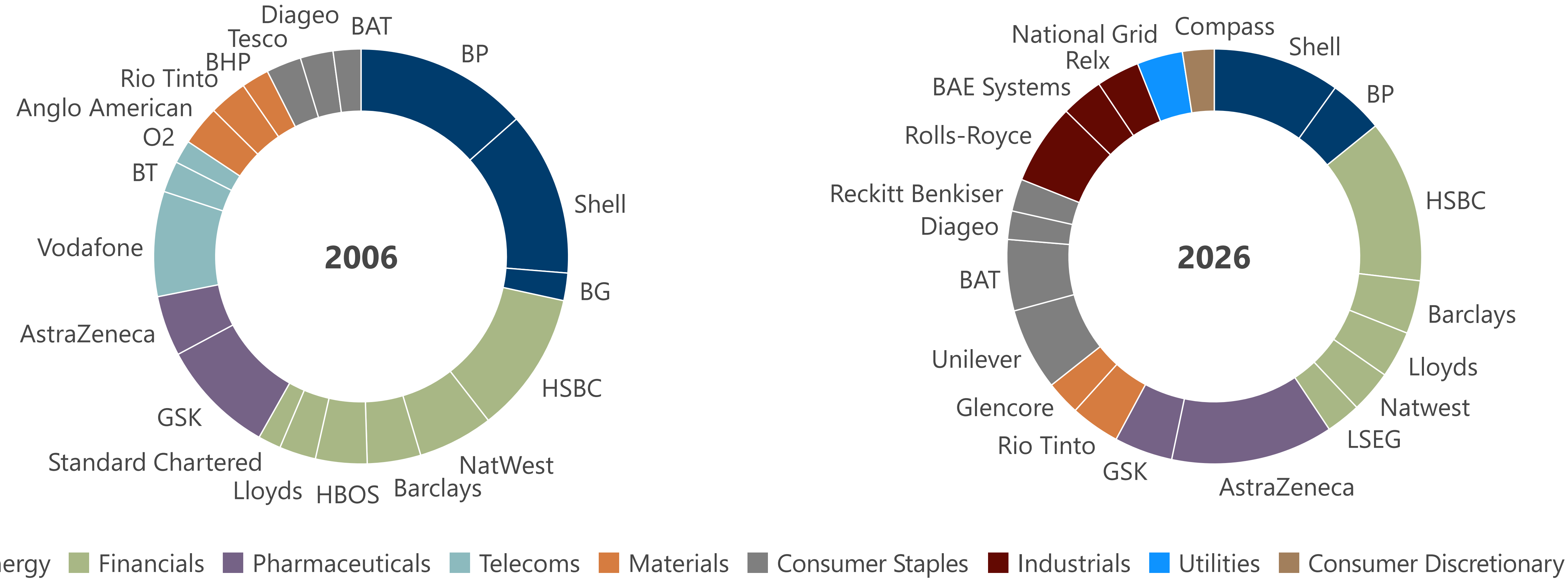
UK equity market – mix shift towards higher growth companies

Top 20 stocks circa 57.8% of the FTSE 350 index in 2006 and 59.6% in 2026



Index exposure to commodities reducing over time

Source: Bloomberg as at 20 January 2026.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

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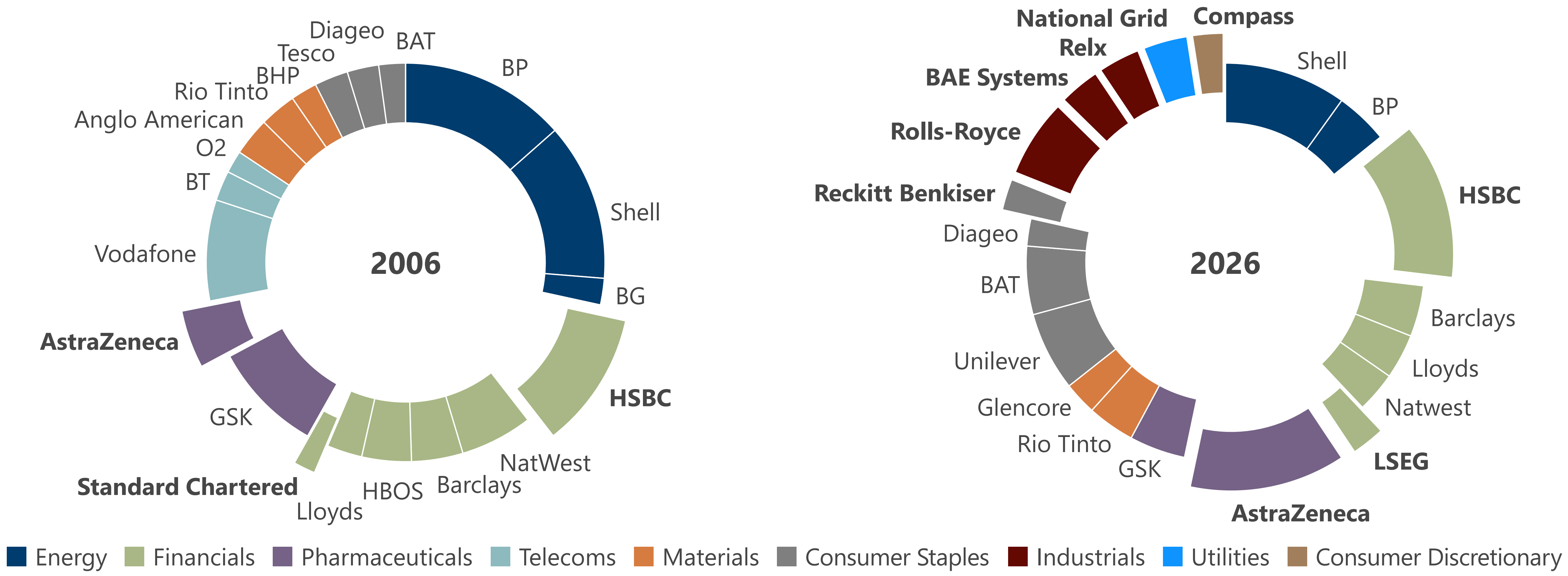
UK equity market – mix shift towards higher growth companies

Top 20 stocks circa 57.8% of the FTSE 350 index in 2006 and 59.6% in 2026



UK GDP + top line growth stocks have gone from circa 10% to circa 30% of the top 20 stocks

Source: Bloomberg as at 20 January 2026.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

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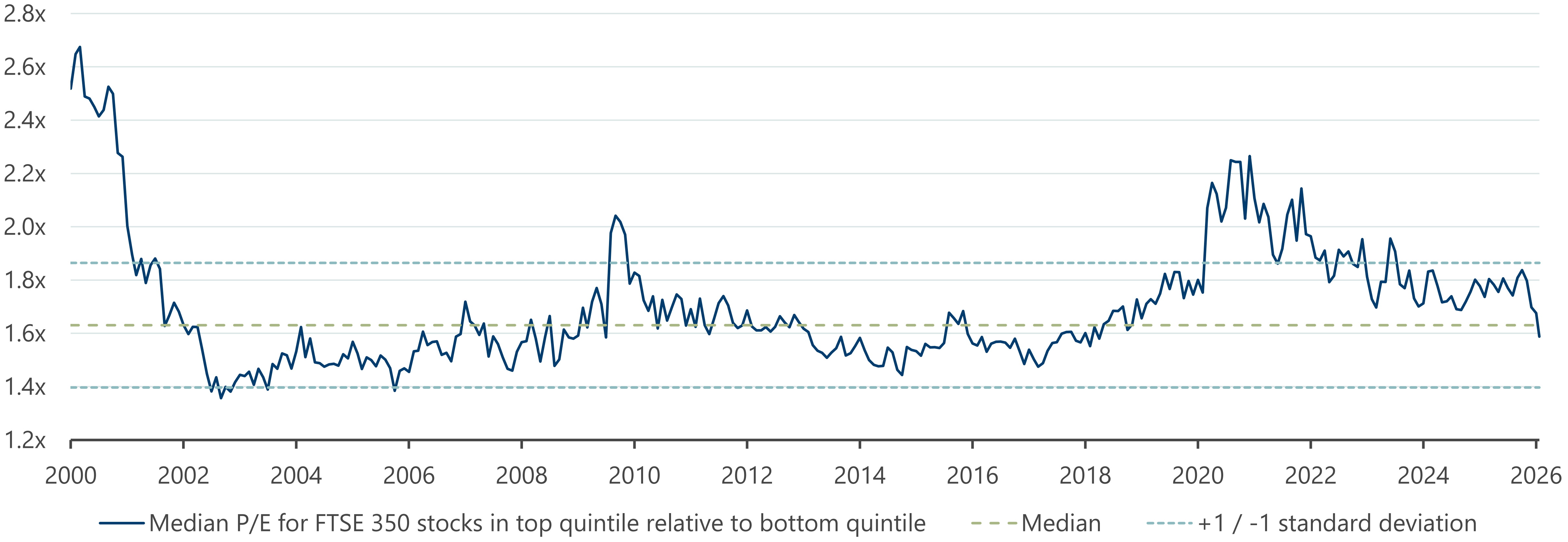
UK valuation dispersion continuing to normalise

Median P/E for FTSE 350 stocks in top quintile relative to bottom quintile



History would suggest that trends tend to overshoot the median

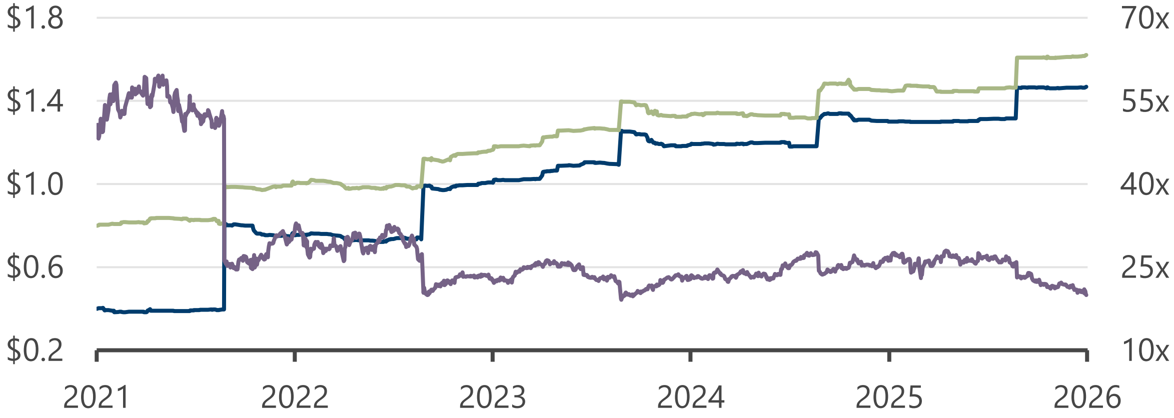
Source: JPM, IBES as at 9 February 2026.

UKS213

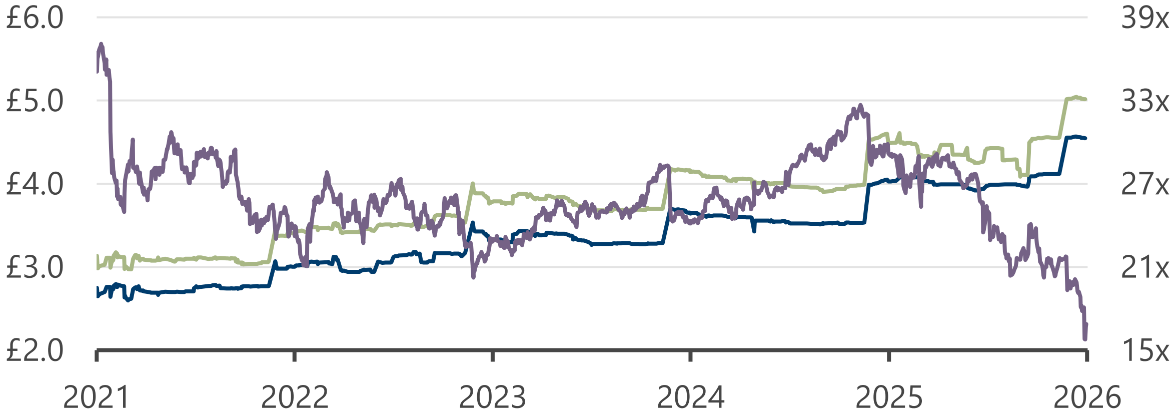
‘Good’ companies do not always make good investments

The price you pay for an asset has a significant bearing on medium term returns

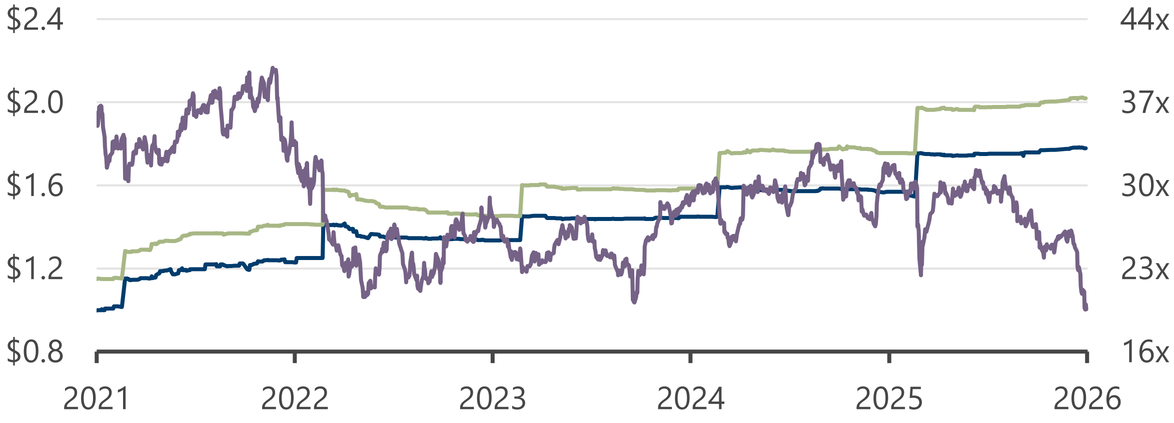
Compass



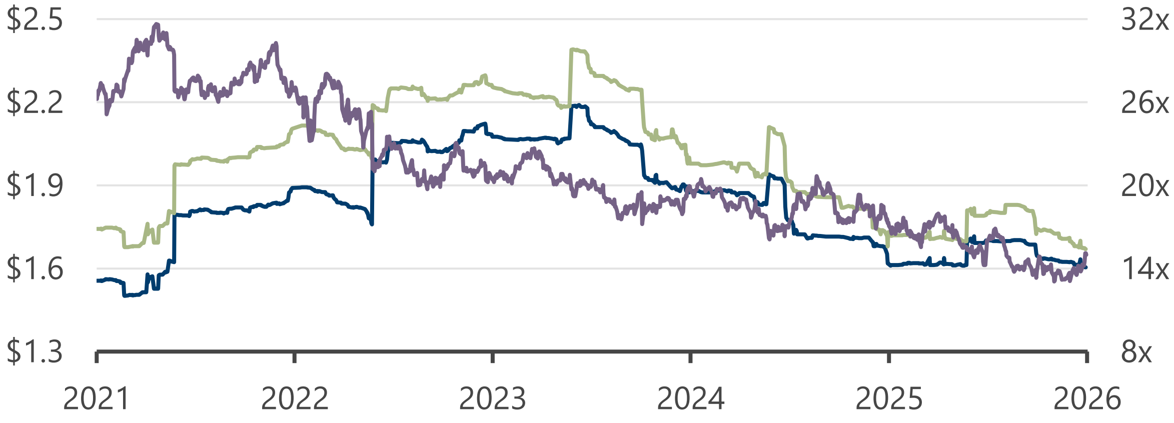
LSEG



Experian



Diageo



EPS year 1 (LHS) EPS year 2 (LHS) Forward P/E (RHS)

Source: Bloomberg as at 6 February 2026.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

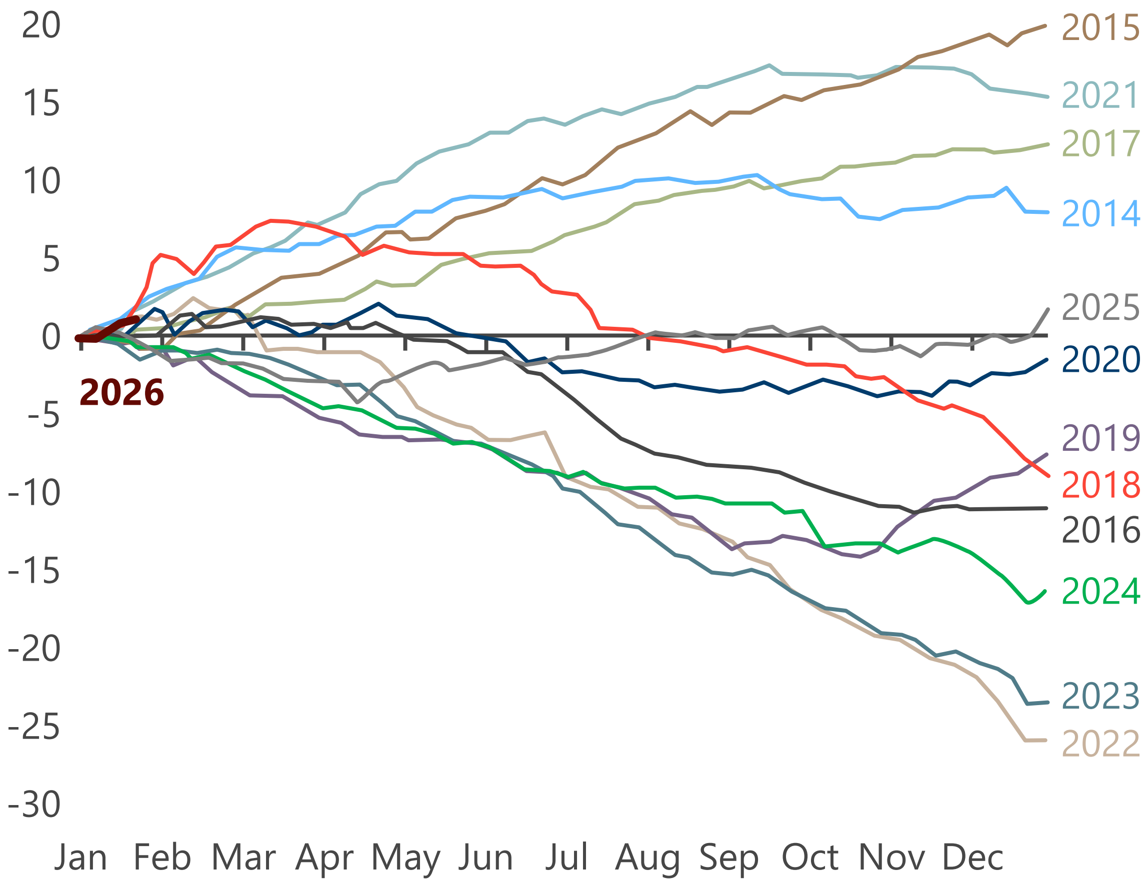
UKS214

UK equities: are there any buyers?

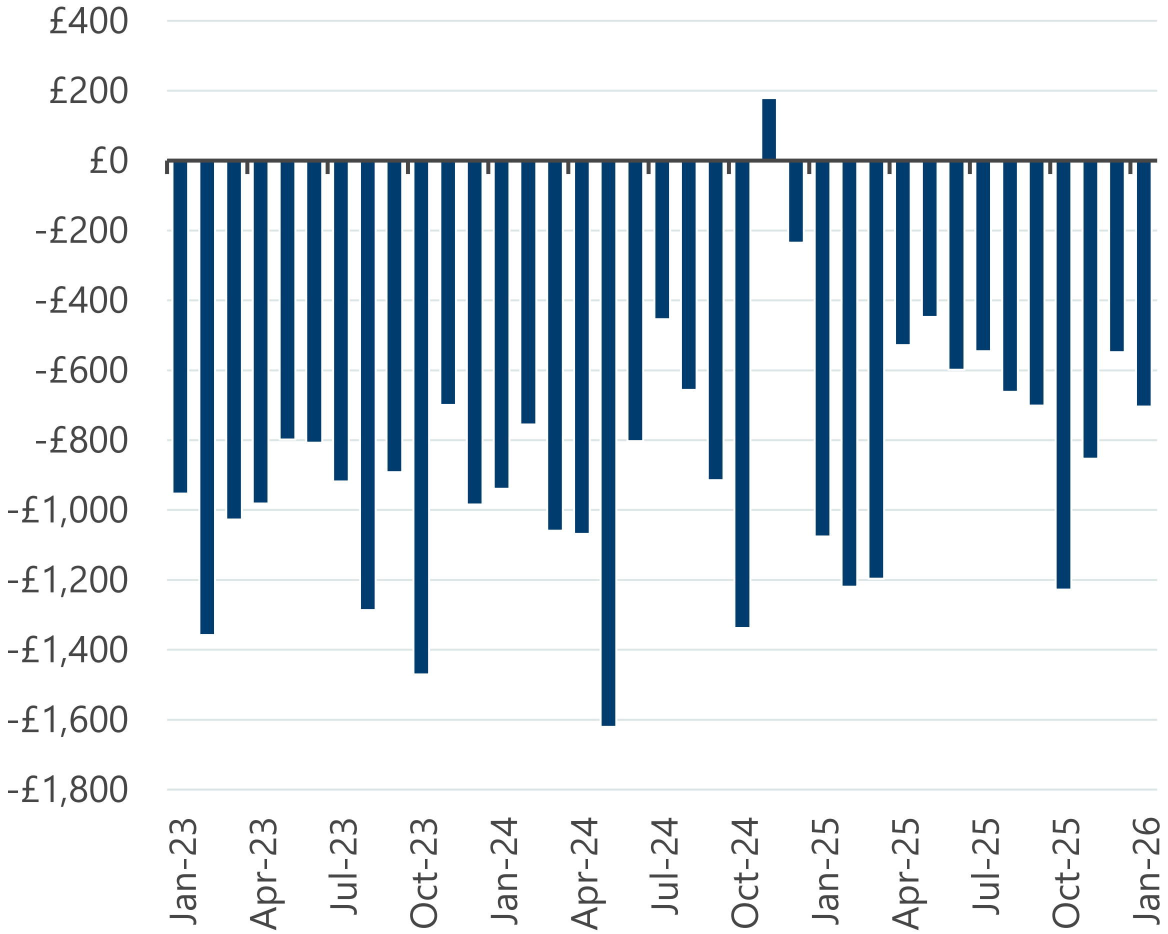
International flows turning positive

Global institutional investor flows[1]

Weekly flows, EPFR country flows, £bn



Domestic outflows continue (£m)[2]

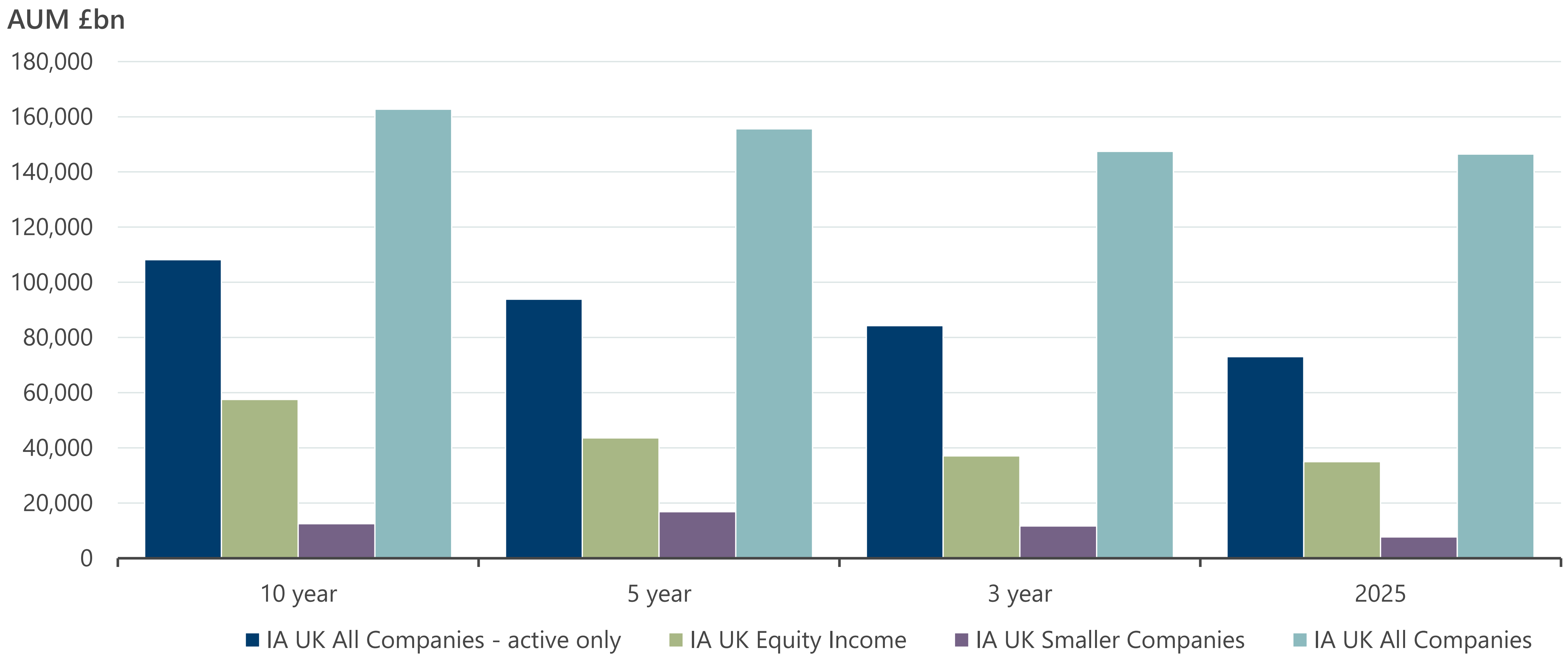


Source: [1]EPFR, Haver Analytics, Goldman Sachs as at 15 January 2026. [2]Calastone as at 31 January 2026.

UKS186

UK equities: are there any buyers?

UK wholesale active UK equity assets



Source: IA Echoweb as at 22 January 2026.

UKS193

Stock views

Stock view

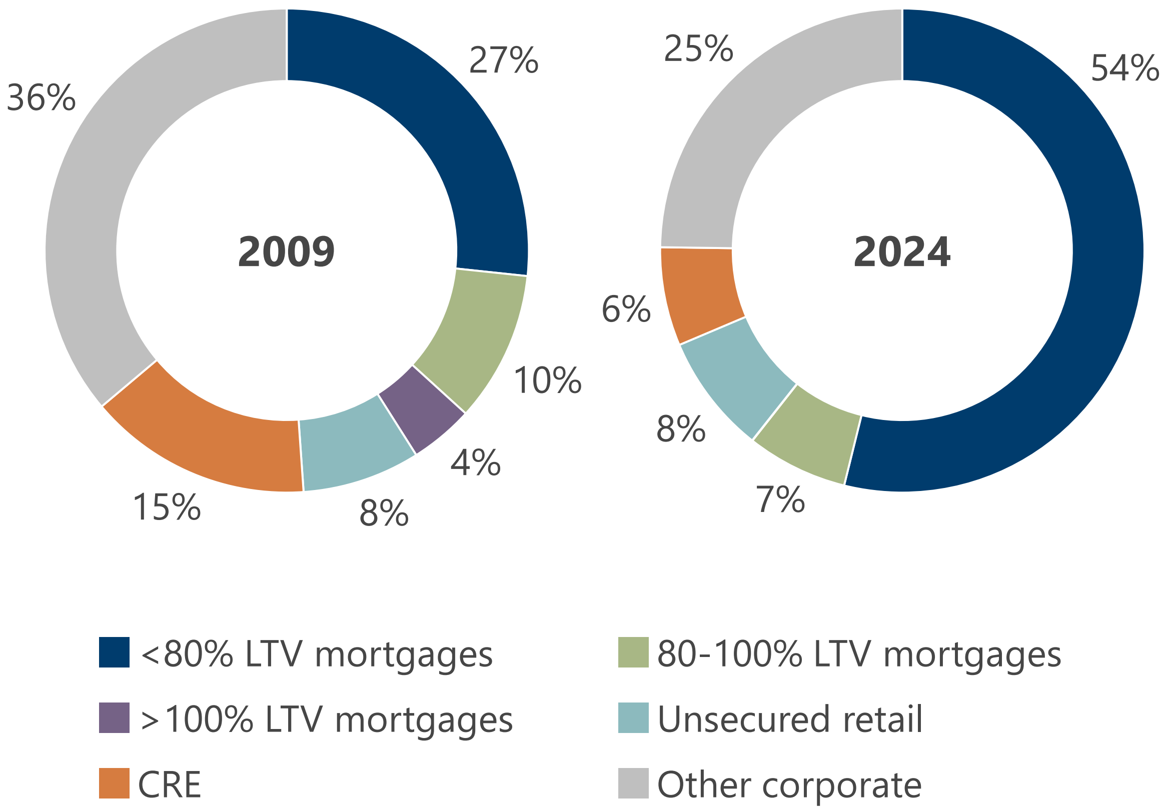
Sector view: big banks – thesis continuing to play out

Why we like them?
- Stability of income underappreciated
- 15+ years in the sin bin, 3 years into rehabilitation

Difference from consensus
- Hedge provides tailwind to income (momentum remains post 2027)
- Capital intensity of income streams misunderstood
- Credit risk low
- Regulator onside
- Scope to reduce CET1 levels over medium term – FPC meeting 2 December 2025
- Annualised loan growth pick-up, there is a risk of growth...

Risks
- Interest rate/swap rate collapse
- Unemployment
- Politics – May elections

Big domestic UK bank loan exposure/quality – 2009 vs 2024[1]



Source: Artemis/Bloomberg as at 27 January 2026. [1]Jefferies, company accounts as at 21 January 2026. Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

UKS194

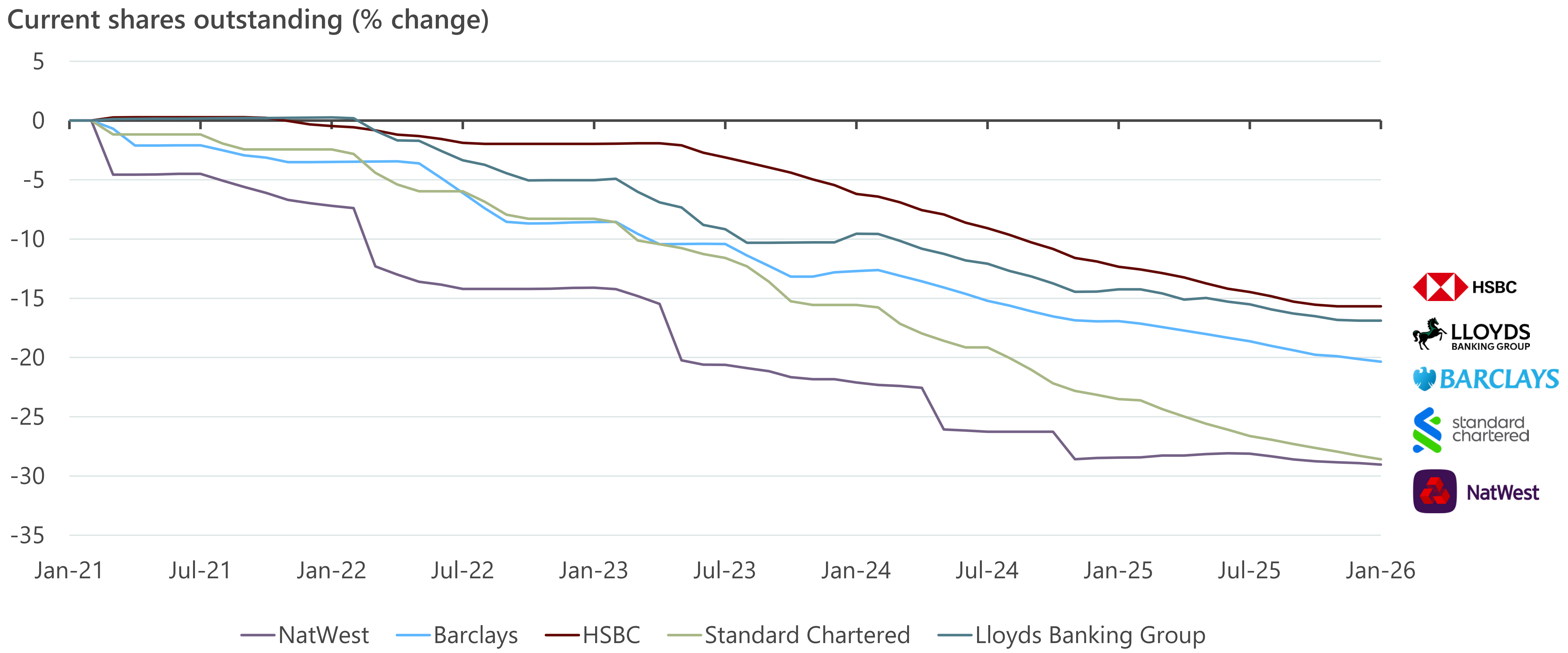
UK bank capital distribution capacity

	Share price		2025E	2026E	2027E	2028E
BARCLAYS	490p	**Total distribution yield**	**5.4%**	**6.5%**	**10.2%**	**11.8%**
		Dividend yield	1.8%	1.9%	4.2%	4.6%
LLOYDS BANKING GROUP	105p	**Total distribution yield**	**6.3%**	**11.0%**	**11.7%**	**13.0%**
		Dividend yield	3.5%	4.2%	5.5%	6.4%
NatWest	667p	**Total distribution yield**	**8.2%**	**9.4%**	**10.1%**	**10.6%**
		Dividend yield	4.9%	5.0%	5.6%	5.9%
HSBC	1,281p	**Total distribution yield**	**6.4%**	**6.9%**	**7.0%**	**-**
		Dividend yield	4.4%	4.7%	4.5%	-
standard chartered	1,854p	**Total distribution yield**	**5.9%**	**7.3%**	**7.9%**	**-**
		Dividend yield	1.5%	1.6%	1.8%	-

Source: Jefferies as at 27 January 2026. Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

UKS147

UK bank share count reductions last 5 years



Source: Bloomberg as at 27 January 2026. Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

UKS181

Stock view: Standard Chartered

Why we like it?

- Structural growth footprint in SE Asia
- High product and geographic diversification
- Growth in higher margin, lower capital intensity areas
  - Wealth – fastest growth, highest incremental ROTE
  - Financial institution growth in CCCIB
- Growth in non-NII revenue drivers

Difference from consensus

- Business has de-risked heavily over last decade
- China ⇔ US trade corridor ~1% of CIB income
- Significant excess capital returns vs guidance
- Easing international competitive landscape
- May Capital Markets Event targets

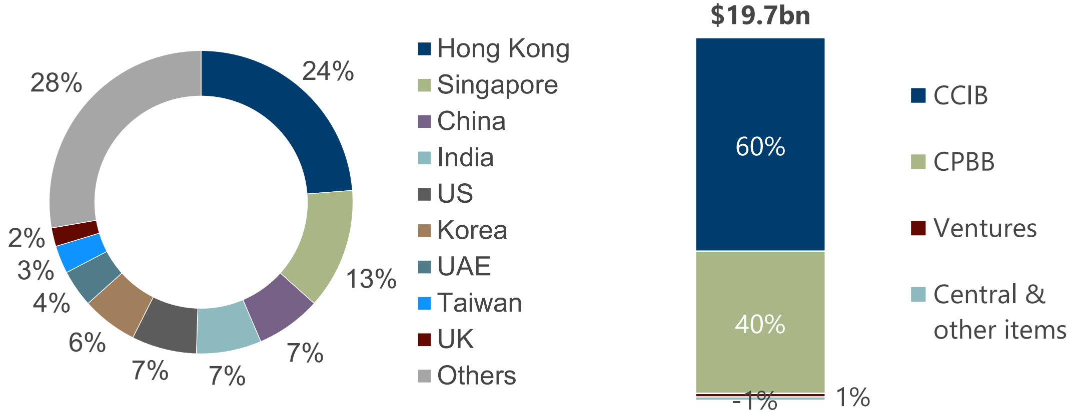
Valuation

- P/TNAV: 1.3x 2026E, 1.2x 2027E
- P/E: 10.9x 2026E, 9.4x 2027E

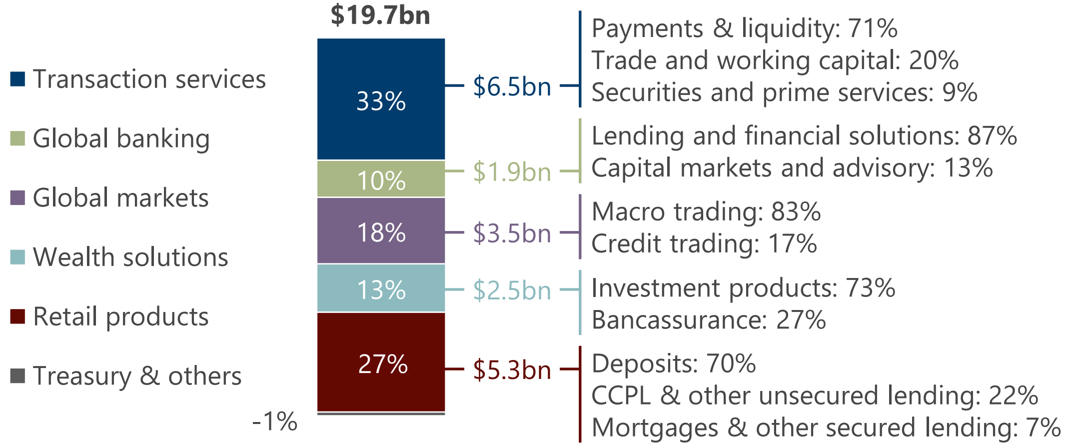
ESG/risks

- Fed interest rate policy
- Chinese Commercial Real Estate, but well provided for already
- Trade wars (also opportunity)

Group income diversified by market and segment[1]



Group income diversified by product[1]



Source: Artemis/Bloomberg as at 27 January 2026. [1]Standard Chartered, '4Q'24 / FY'24 results and investor update' presentation.
Image source: brandsoftheworld.com. Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

Stock view

Stock view: Marks & Spencer

M&S

Why we like it?

- M&S product is resonating with customers
- 4% market share in food, ambition to grow to 8%
  - Led by price, innovation, modernisation
- Fashion, Home & Beauty catching up on reposition
  - Gaining good market share

Difference from consensus

- Cyber expediting systems rebuild/cost out
- Market share gains to continue
- Supply chain improvements/self help remains significant

Valuation

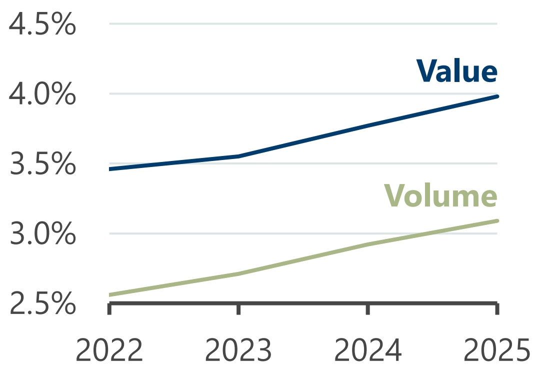
- P/E: 15.8x March 2026E, 10.7x March 2027E, 9.9x March 2028E
- EV/EBIT: 13.6x March 2026E, 9.3x March 2027E, 8.7x March 2028E

ESG/risks

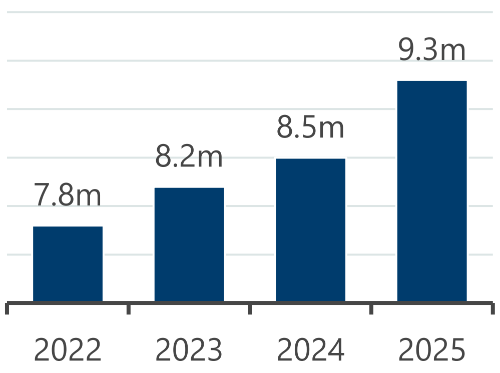
- Further cyber attacks
- Clothing demand

Food: market share

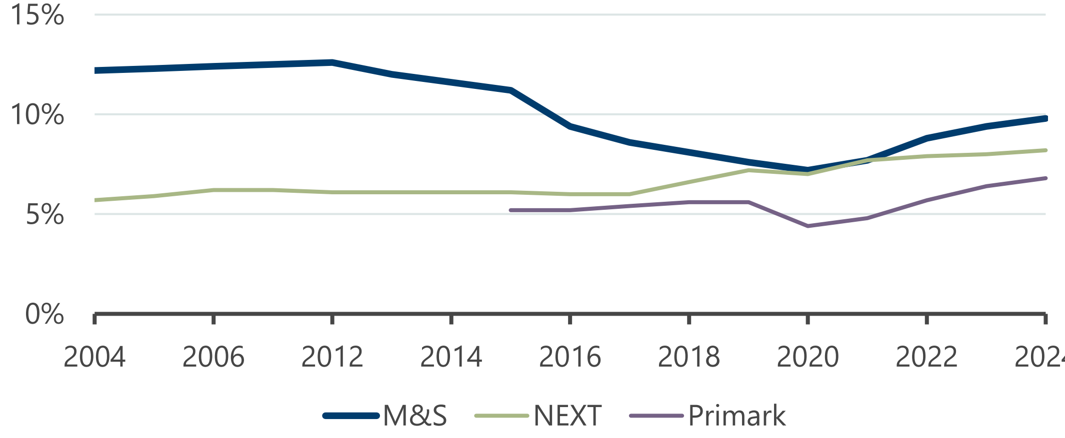
M&S value and volume market share[1]



M&S Food households[2]



Clothing: market share recovery[3]



Source: Artemis/Bloomberg as at 27 January 2026. [1]Kantar Wordpanel as at 5 October 2025. [2]M&S, 'Interim results presentation' as at 5 November 2025. [3]RBC as at 31 December 2024. Image source: brandsoftheworld.com. Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

UKS204

Stock view: Oxford Instruments

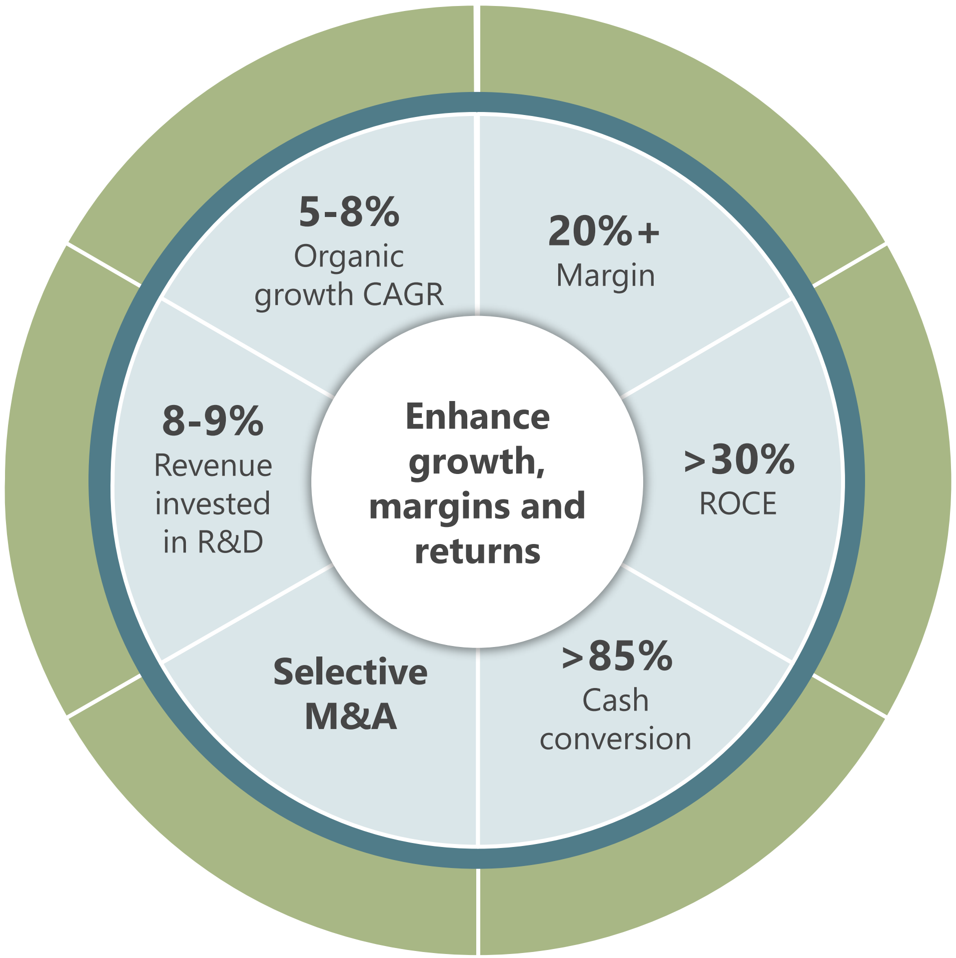
Why we like it?
- World leader in scientific instrumentation for nano-technology research and production – a rapidly growing area of material science
- 75% of end markets have seen trends accelerated by Covid
  – Compound semiconductors – EV charging, 5G, AI Glasses
  – Healthcare and life science
  – Re-shoring of semiconductor supply chain

Difference from consensus
- New management bringing increased focus to operational improvement
- Move from research R&D to commercial R&D and production
- Advanced Tech division orders up 44% year on year
- Likely M&A target – Spectris bid £31 a share vs £24 today

Valuation
- P/E: 26.3x March 2026E, P/E: 22.3x March 2027E

ESG/risks
- Regulation on technology transfer (China)
- FX - £ cost base, $ revenues

Re-focusing business onto core competencies[1]



Source: Artemis/Bloomberg as at 4 February 2026. [1]Oxford Instruments full year results presentation as at 11 June 2024.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

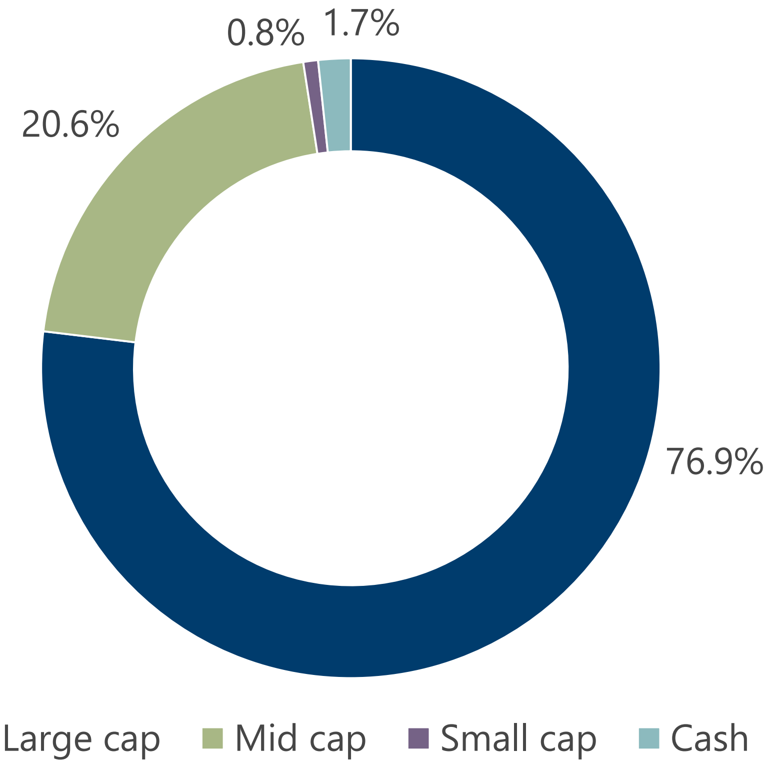
Positioning

Positioning

Valuation metrics vs benchmark[1]

	Artemis UK Select Fund	FTSE All-Share
P/E ratio	11.3	13.5
Dividend yield (%)	3.0	3.5
EV/EBITDA	5.9	7.6

Market cap breakdown[2]



Source: [1]Bloomberg as at 26 January 2026. [2]Artemis as at 31 January 2026.
Note: as per Bloomberg's Index Method which is only available only for certain equity fields, such as price ratios and growth ratios, with the Index Method, calculation of the aggregate price to earnings ratio includes companies with negative earnings.

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A thematic view

Capital return champions	Structural growth	Consumer recovery	Restructuring/cyclicals
32% of the fund	33% of the fund	15% of the fund	19% of the fund
11 stocks	13 stocks	8 stocks	13 stocks
Lloyds Banking Group	3i	Mitchells & Butlers	Bodycote
Shell	International Personal Finance	Morgan Sindall	M&S
HSBC	Hiscox	Barratt Developments PLC	Weir
bp	Plus500	Whitbread	Coats
Tesco	ICG	Vistry	Smurfit Westrock
Workspace	next	Bellway	Melrose
NatWest	Rolls-Royce	IAG International Airlines Group	Anglo American
Aviva	Flutter	Howdens	evoke
Barclays	Oxford Instruments		Entain
Shaftesbury Capital	St James's Place		WH Smith
National Grid	Standard Chartered		Rosebank
	Jet2		Vanquis Banking Group
	Ryanair		

Source: Artemis, Bloomberg as at 27 January 2026. Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

Positioning

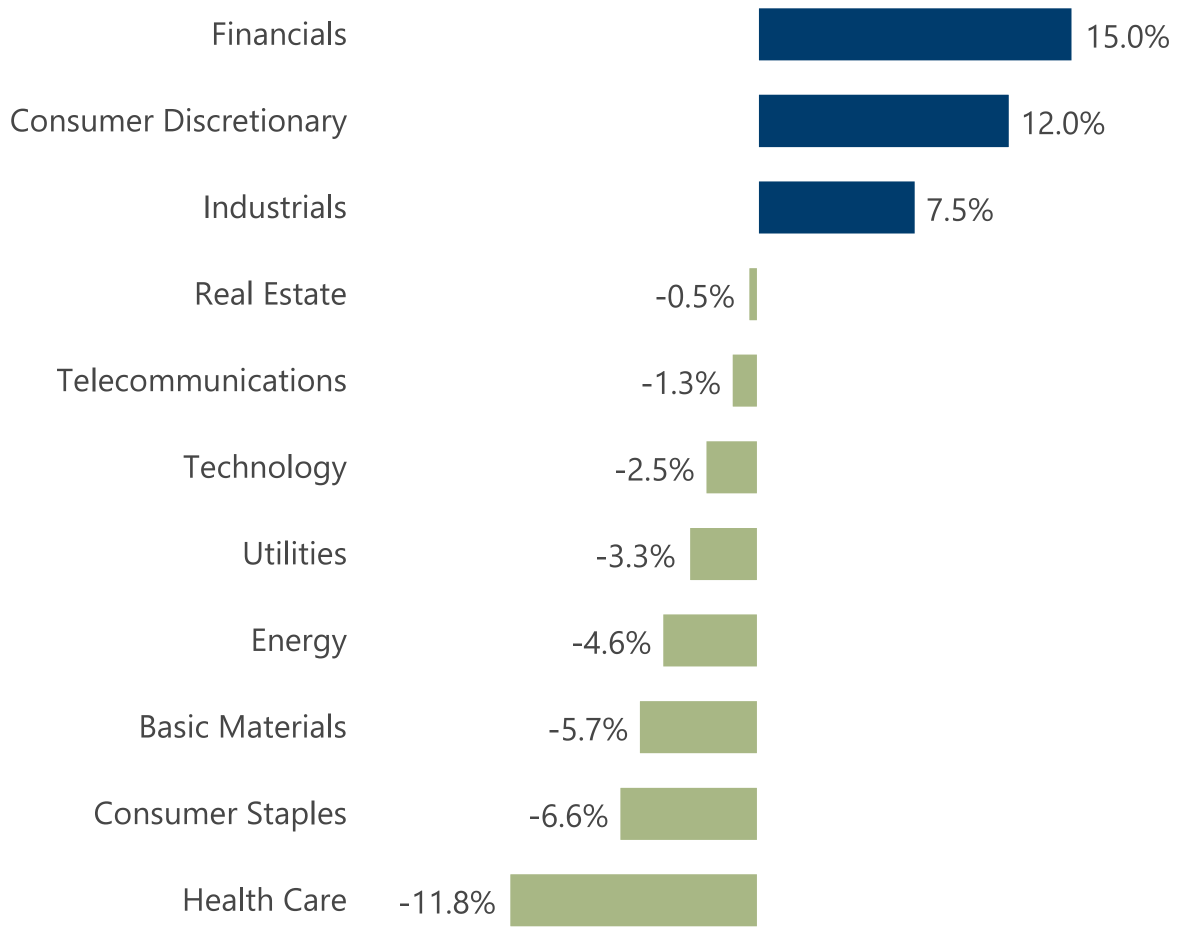
Top 10 holdings

Barclays	6.4%
Standard Chartered	6.3%
Lloyds Banking Group	5.6%
Rolls-Royce	5.4%
NatWest	5.2%
Marks & Spencer	4.7%
International Airlines Group	4.3%
HSBC	3.7%
3i	3.7%
St James's Place	3.4%

Top 10 positions relative to the FTSE All-Share

Standard Chartered	5.1%
Marks & Spencer	4.4%
Barclays	4.0%
International Airlines Group	3.7%
NatWest	3.3%
Lloyds Banking Group	3.3%
St James's Place	3.2%
Morgan Sindall	3.0%
Oxford Instruments	3.0%
3i	2.5%

Sector breakdown relative to the FTSE All-Share



Source: Artemis as at 31 January 2026.

UKS32

Artemis UK Select

Reasons why

Concentrated multi-cap **'best ideas'** UK equity fund targeting long-term capital growth

UK consumer retains scope to spend more. Fund exposure focused on more affluent cohorts

Valuation of UK low versus peers but more in line with history

Stock dispersion continues to close

Flows picture less negative but remains a headwind particularly for small/midcaps


Q&A

Important information

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Investment in a fund concerns the acquisition of units/shares in the fund and not in the underlying assets of the fund.

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

For information on sustainability-related aspects of a fund, visit www.artemisfunds.com.

The fund is an authorised unit trust scheme. For further information, visit www.artemisfunds.com/unittrusts.

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