



**ARTEMIS**  
The PROFIT Hunter

# Artemis UK Smaller Companies Fund

---

## An Afternoon with Artemis 2026

Mark Niznik | William Tamworth

**MARKETING COMMUNICATION: Refer to the fund prospectus, KIID/KID or Investor Disclosure Document 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.**



# UK Smaller Companies – the two Artemis offerings

	Artemis UK Smaller Companies Fund	Artemis UK Future Leaders plc
<b>Aims</b>	Capture small cap premium   Add value through stock picking   Reduce risk	
<b>Investment approach</b>	Strict cash flow focused valuation discipline	
<b>Structure</b>	Unit Trust	Investment Trust
<b>Assets under management</b>	£563m	£128m
<b>Median market cap</b>	£439m	£460m
<b>Gearing</b>	No	Typically 0-10%, max 15%
<b>Number of holdings</b>	60-90	50-70
<b>Aligned interests<sup>1</sup></b>	Mark > 10x salary   Will > 10x salary	Mark 330k shares   Will 402k shares

Source: Artemis as at 31 December 2025.

Note: the above information reflects the current view of the fund managers and may change over time. For information about formal investment restrictions relevant to these vehicles please refer to the prospectus for Artemis UK Smaller Companies Fund and the Investor Disclosure Document for Artemis UK Future Leaders plc. <sup>1</sup>Includes connected parties.

# The outlook is better than it seems

## CONSUMER



**High savings rate**

## BUSINESS



**Resilient**

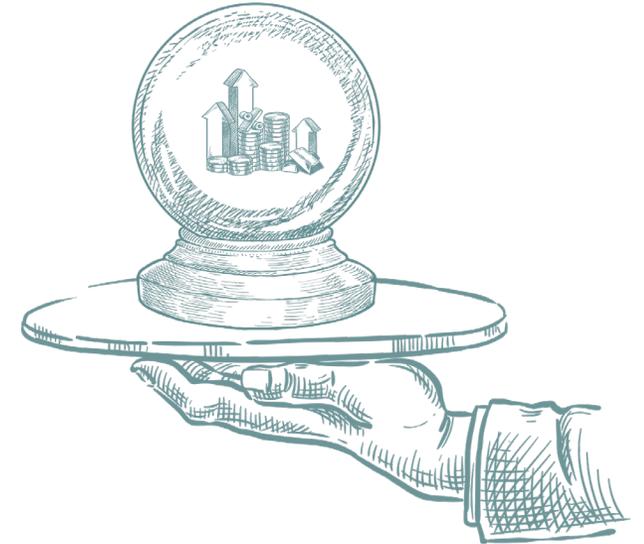
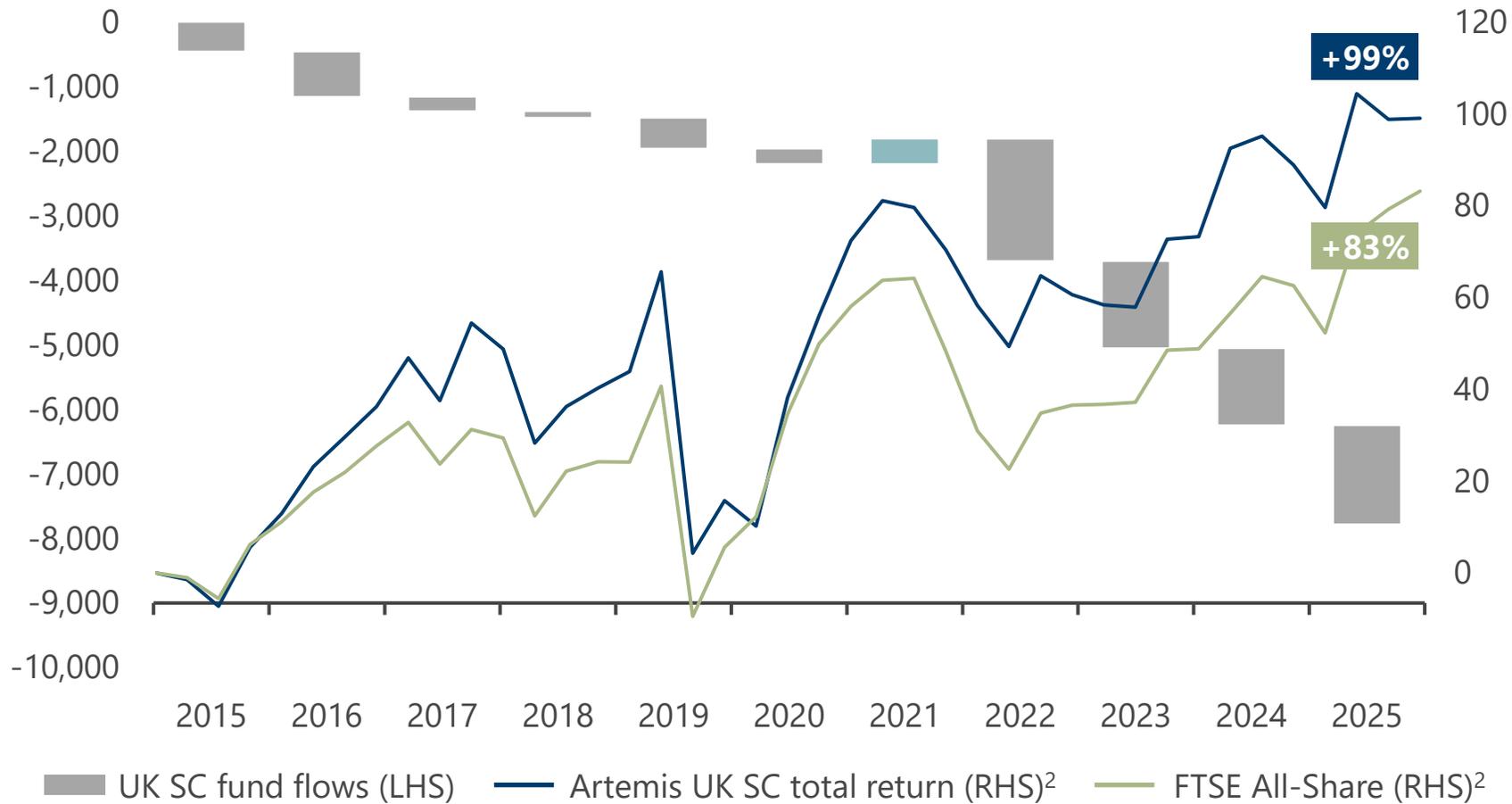
## POLITICS



**A very low bar**

# A decade of sector outflows

UK Smaller Companies sector net fund flows (£m)<sup>1</sup>



Past performance is not a guide to the future. Source: <sup>1</sup>Investment Association up until 31 October 2025. November/December data for 2025 are Morningstar Direct estimates. <sup>2</sup>Bloomberg, class I accumulation units in GBP from 1 January 2015 to 31 December 2025. 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. This class may have charges or a hedging approach different from those in the IA sector benchmark.

# What are we hearing from our investee companies?

## Top 10 stocks

		H1 EPS +13%, FY expectations unchanged – November 2025
		Net inflows, positive markets and reducing cost inflation – December 2025
		Expectations unchanged – December 2025
		Strong H2 trading, expect to be at top end of market guidance – December 2025
		Increased guidance for PBT and FCF – December 2025
		H1 EPS +14%, full year expectations unchanged – December 2025
		Disposal of loss making Vehicle Finance for small premium to book – December 2025
		Expectations unchanged – November 2025
		Ongoing potential sales process, estimates unchanged – December 2025
		EBITDA in-line, EPS slightly ahead – September 2025

Source: Artemis, Bloomberg as at 31 December 2025. Image source: brandsoftheworld.com.

Note: portfolio metrics relate to Artemis UK Smaller Companies Fund. Reference to specific stocks should not be taken as advice or a recommendation to invest in them.

# Favourable characteristics

Diversification and low debt reduce risk; market leadership aids pricing power and returns

Top 10 stocks	Market leader	Strong balance sheet	Attractive valuation	Portfolio statistics (2027E) <sup>1</sup>
 <b>GBG</b>	✓	✓	✓	P/E 10x
 <b>IntegraFin</b>	✓	✓ Net cash	✓	Dividend yield 4%
 <b>MONY GROUP</b>	✓	✓ Net cash	✓	EV/EBIT 8x
 <b>MEARS</b>	✓	✓ Net cash	✓	FCF yield 9%
 <b>serco</b>	✓	✓	✓	ROCE 19%
 <b>moonpig</b>	✓	✓	✓	Op margin 12%
 <b>SecureTrust Bank</b>	✓	✓	✓	Sales growth 5%
 <b>COATS</b>	✓	✓	✓	EPS growth 12%
 <b>nccgroup</b>	✓	✓ Net cash	✓	Net debt/EBITDA 0.0x
 <b>Gamma</b>	✓	✓ Net cash	✓	

Source: Artemis, Bloomberg as at 31 December 2025. <sup>1</sup>Weighted median. Image source: brandsoftheworld.com.

Note: portfolio metrics relate to Artemis UK Smaller Companies Fund. Reference to specific stocks should not be taken as advice or a recommendation to invest in them.

# What sets us apart?

Fishing where the fish are

## Valuation discipline – better long-term returns

Why does it matter?

- Value has outperformed long term
- Avoids over hyped companies

Evidence

- 10x P/E for 12% EPS growth<sup>1</sup>

## Cash flow focus – helps avoid disasters

Why does it matter?

- Reduce accounting risk
- Outperformance in falling markets

Evidence

- 9% free cash flow yield<sup>1</sup>
- Low debt (0.0x ND/EBITDA)<sup>1</sup>

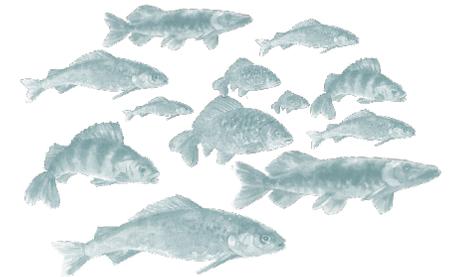
## Do not look for catalysts – bigger opportunity set

Why does it matter?

- Long term approach
- Reduced costs and higher capacity

Evidence

- 6-year average holding period



Source: Artemis, Bloomberg as at 31 December 2025.

Note: <sup>1</sup>CY 2027 weighted median. Portfolio metrics relate to Artemis UK Smaller Companies Fund.

# UK small cap outlook 2026



# Summary

Core UK small cap strategy with a different approach: long term, valuation discipline, cash flow focus



**The UK fundamentals are better than the prevailing narrative**

**Periods of depressed sentiment usually followed by high returns**

**Value has outperformed in the small cap sector – QE period was anomalous**

## Performance – outperformed in 7 of the last 10 years

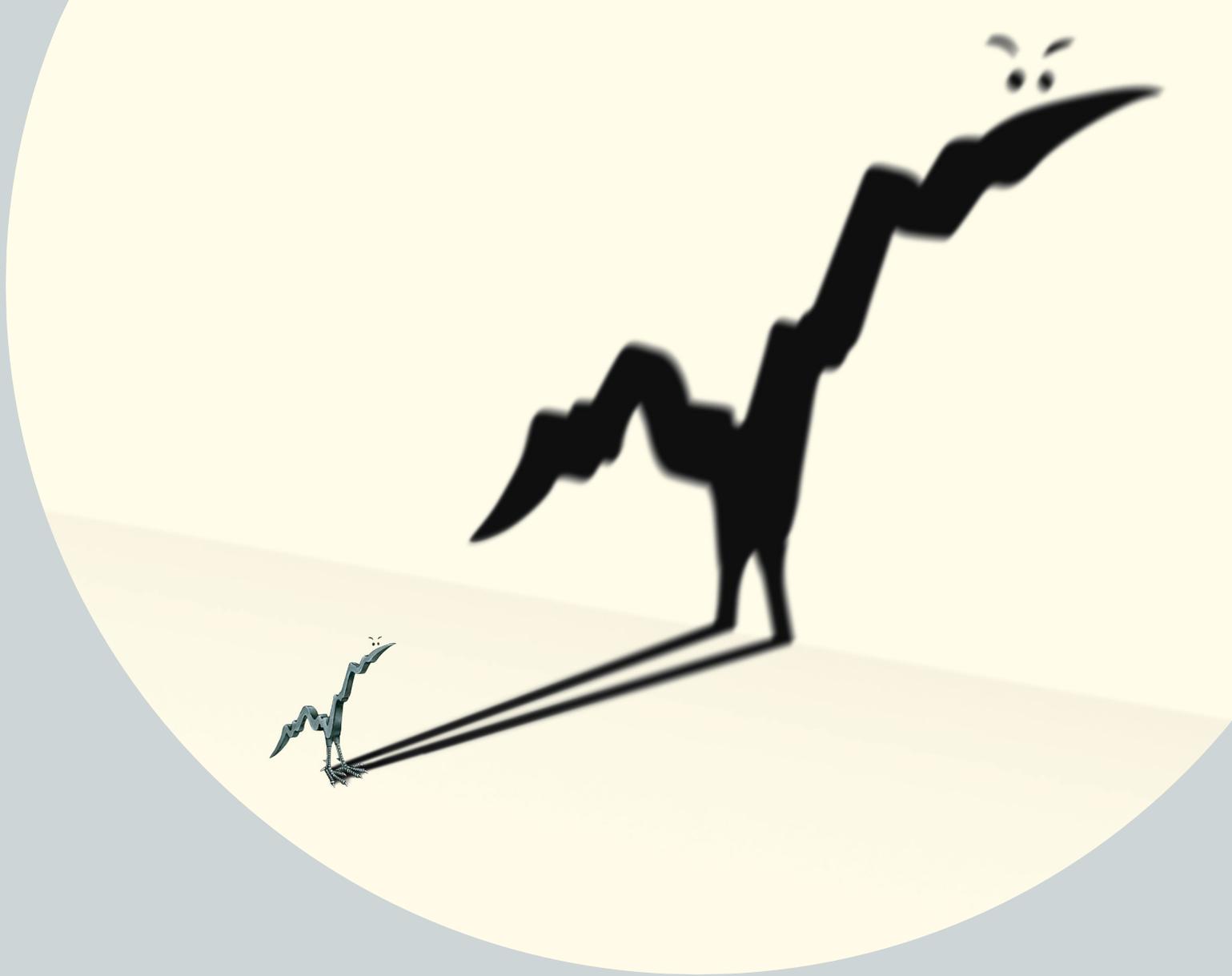
	1 year	3 years	5 years	10 years
Artemis UK Smaller Companies Fund	5.4%	20.8%	44.0%	99.0%
Position in sector <sup>1</sup>	18/44	10/43	4/42	4/35
Quartile <sup>1</sup>	2	1	1	1

Past performance is not a guide to the future. Source: Artemis, Lipper Limited, class I accumulation units in GBP to 31 December 2025. 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 unit/share class. This class may have charges or a hedging approach different from those in the IA sector benchmark. Note: <sup>1</sup>Sector is IA UK Smaller Companies. Rating source: FE fundinfo and Rayner Spencer Mills as at 31 December 2025. Third party endorsements are not a recommendation to buy. For information, visit [artemisfunds.com/endorsements](https://www.artemisfunds.com/endorsements).



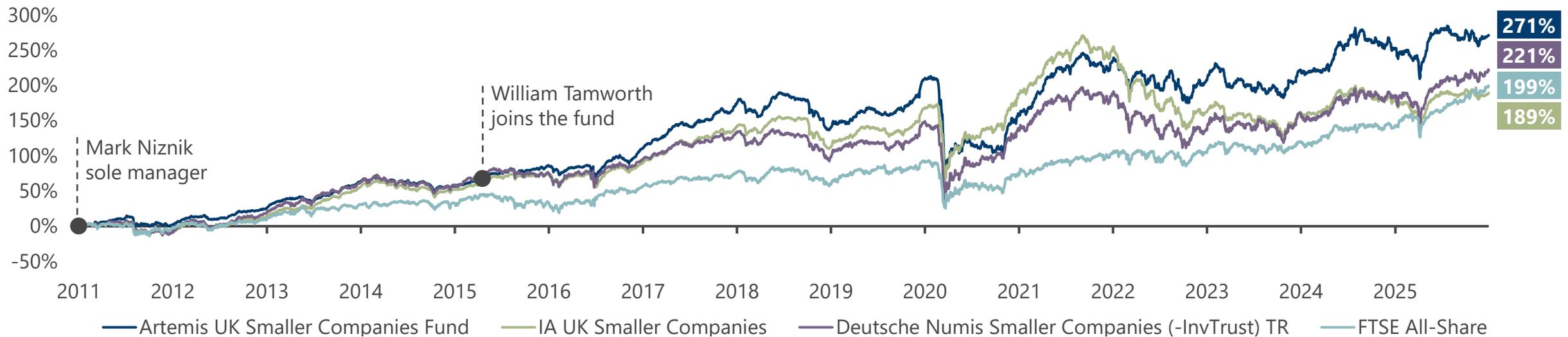
# Appendix

---



# Strong long-term performance

	Mark's track record 1997-2025	Since Mark appointed sole manager 2011-2025	Mark and William working together 2015-2025
Fund manager	11.2%	9.1%	7.7%
Deutsche Numis Smaller Companies (-InvTrust) TR	9.4%	8.1%	6.0%
Relative	+1.6%	+1.0%	+1.6%
Quartile peer group ranking <sup>1</sup>		1	1

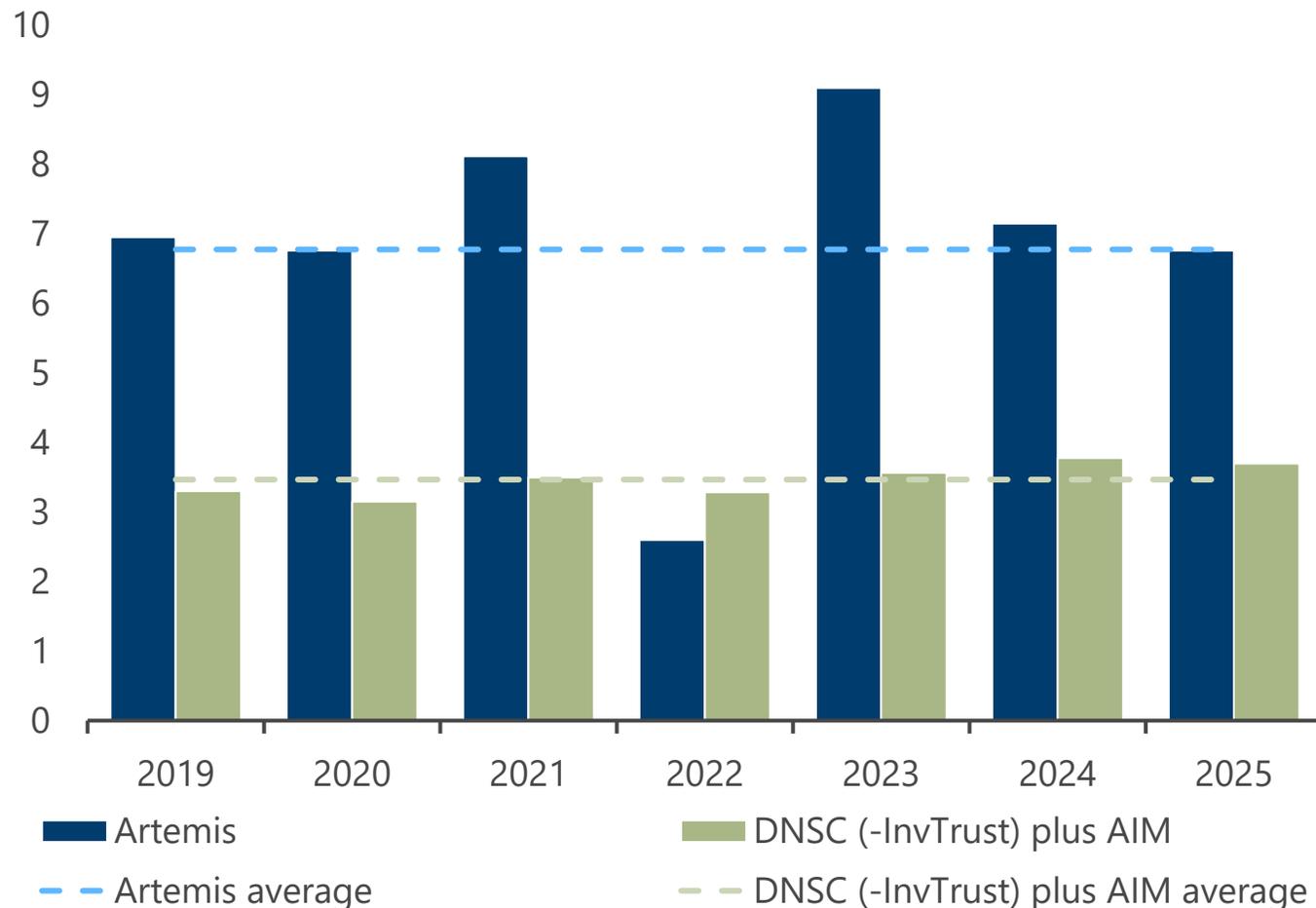


Past performance is not a guide to the future. Source: Lipper Limited. Invesco Perpetual Global Smaller Companies Fund (UK portion) in GBP from January 1997 to 31 December 2002. Standard Life In UK Opportunities R accumulation units, in GBP to 31 December 2006. Artemis UK Smaller Companies I accumulation units in GBP from 1 January 2007 to 31 December 2025 (data prior to 1 September 2010 reflects class R accumulation units in GBP). All figures show total returns with dividends and/or income reinvested, net of ongoing charges and portfolio costs. Performance does not take account of any costs incurred when investors buy or sell the fund. This class may have charges or a hedging approach different from those in the IA sector benchmark. <sup>1</sup>Peer group is IA UK Smaller Companies.

# Marginal buyer: M&A

Corporate buyers see 50% undervaluation in many of our holdings

## Takeovers – % of constituents<sup>1</sup>



## Artemis UK Smaller Companies Fund takeovers<sup>2</sup>

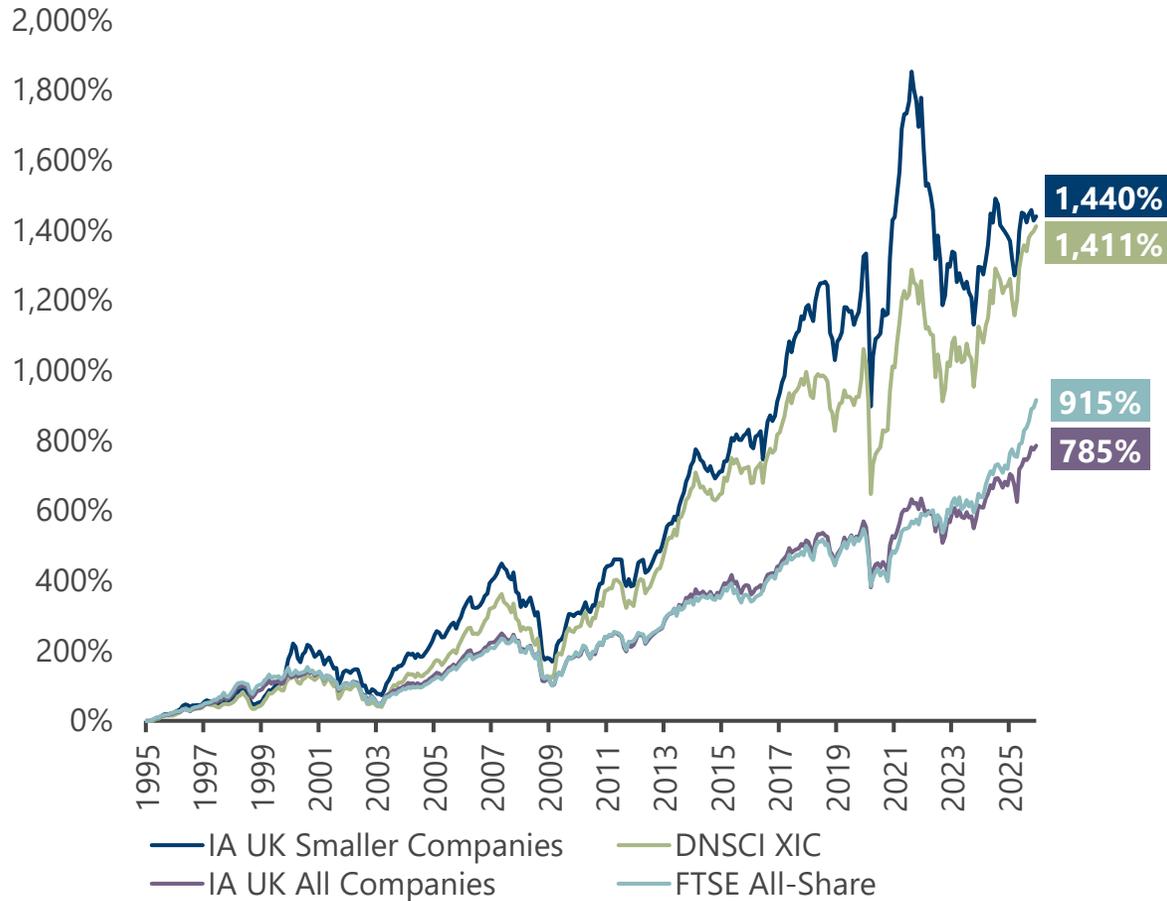
Year	Average premium (%)	Bids (#)
2019	54	7
2020	48	6
2021	61	3
2022	50	7
2023	50	4
2024	33	5
2025	45	6
<b>Total</b>	<b>48</b>	<b>38</b>

Source: <sup>1</sup>Deutsche Numis as at 31 December 2025; based on completed takeovers. <sup>2</sup>Artemis as at 31 December 2025; based on announced takeovers.

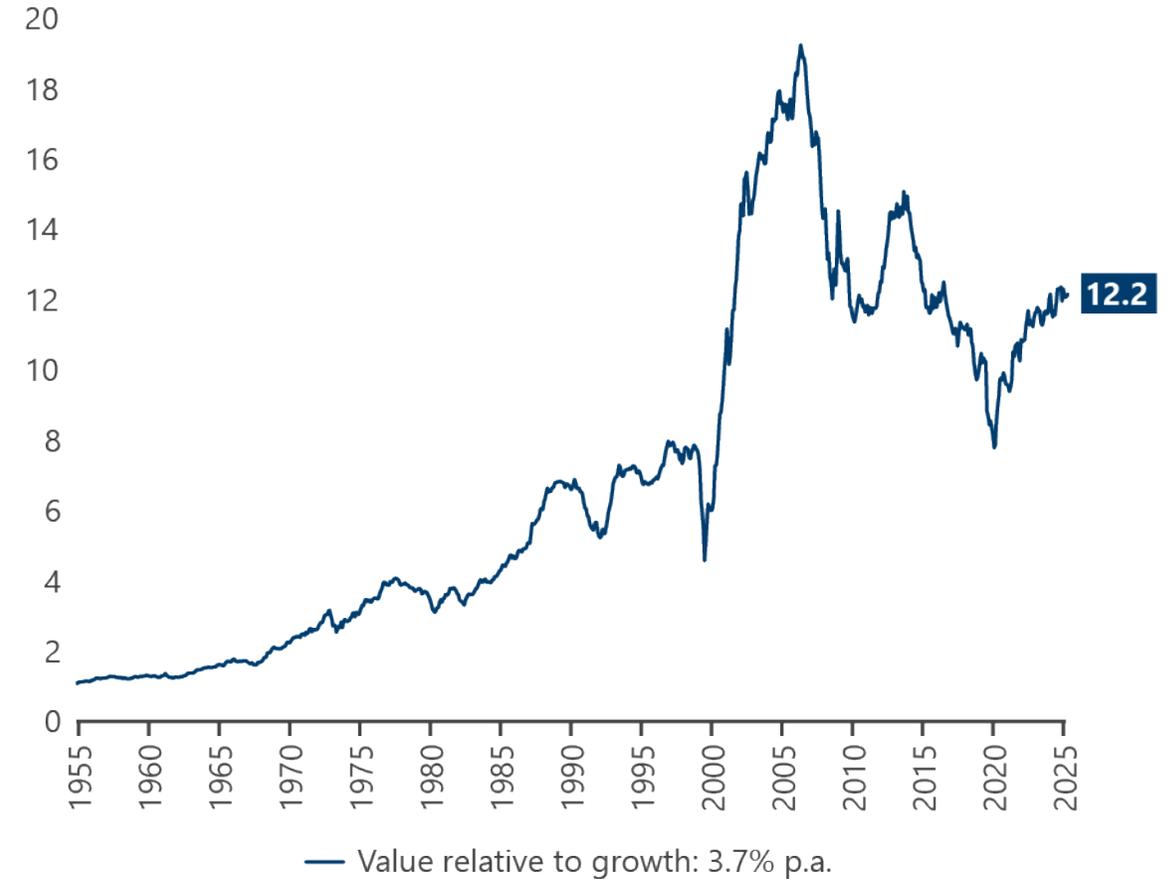


# Small cap effect works even better with value shares

The small cap effect<sup>1</sup>



Cumulative performance of value relative to growth within Deutsche Numis Smaller Companies (-InvTrust)<sup>2</sup>



Source: <sup>1</sup>Morningstar as at 31 December 2025. <sup>2</sup>Deutsche Numis as at 31 December 2025.  
Note: DNSCI XIC is the Deutsche Numis Smaller Companies (-InvTrust).

# Long-term investment horizon

Seeking opportunities where others fear lack of short-term catalysts

## New holdings and complete sales for Artemis UK Smaller Companies Fund



Source: Artemis as at 31 December 2025.

Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

# Comparison between unit trust and investment trust

	Artemis UK Smaller Companies Fund	Artemis UK Future Leaders plc	
Fundamentals <sup>1</sup>	FCF yield	9%	9%
	P/E	10x	11x
	Dividend yield	3.6%	3.6%
	Net debt/EBITDA	0.0x	-0.1x
	EPS growth	12%	12%
	ROCE	19%	21%
	Market cap	£439m	£460m
Portfolio concentration	Number of holdings	73	66
	Overlap <sup>2</sup>	86% overlap across 59 common holdings	
	% in top 10	24.9	27.6
	% in top 20	44.0	48.5
Fund statistics	AUM	£563m	£128m
	Distribution yield <sup>3</sup>	2.6%	4.0%
	Discount to NAV	n/a	-13%
	Gearing	0%	8%

Source: Artemis as at 31 December 2025. Note: <sup>1</sup>FCF yield, P/E, Dividend yield, Net debt/EBITDA, EPS growth weighted median CY 2027; ROCE FY1 weighted median; Market cap weighted median. <sup>2</sup>Overlap defined as minimum weight across two funds on a stock-by-stock basis, without adjusting for cash or leverage. <sup>3</sup>Distribution yield for Artemis UK Smaller Companies Fund based on I Distribution share class; Artemis UK Future Leaders plc is based on year end share price.

# Artemis UK Smaller Companies Fund – attribution 2025

Fund: 5.4%

Benchmark: 12.7%

Peer group average: 3.8%

2<sup>nd</sup> quartile (18/44)

## What's working...

	Return	Contribution
Secure Trust Bank	219.5	+2.0
Babcock	86.2	+1.6
Alpha Group	58.9	+1.3
H&T Group	62.2	+1.2
Alliance Pharma	24.3	+1.0
Serco	67.8	+0.8
WH Smith	-50.9	+0.5
Vanquis	138.8	+0.5
Raspberry Pi	-57.4	+0.5
Baltic Classifieds	-42.1	+0.5

## ...and what's not

	Return	Contribution
RWS	-53.9	-1.2
Gamma Communications	-46.5	-1.1
AOTI	-78.0	-0.9
Warpaint London	-65.8	-0.9
Hochschild Mining	114.5	-0.8
Future	-49.7	-0.8
GB Group	-31.4	-0.7
accesso	-45.2	-0.7
FDM Group	-58.1	-0.7
Videndum	-93.0	-0.7

Past performance is not a guide to the future. Source: Artemis, Lipper Limited, class I accumulation units in GBP as at 31 December 2025. 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. This class may have charges or a hedging approach different from those in the IA sector benchmark. Sector is IA UK Smaller Companies. Benchmark is Deutsche Numis Smaller Companies (-InvTrust) TR. Note: benchmark stocks not held shown in light grey. Reference to specific stocks should not be taken as advice or a recommendation to invest in them.

# Artemis UK Smaller Companies Fund – activity

## Top purchases (last 6 months)

	%
Greggs	+1.5
Ashtead Technology	+1.1
NIOX Group	+1.1
Science Group	+1.1
Bloomsbury Publishing	+1.0
GlobalData	+1.0
Gamma Communications	+0.9
Hilton Food	+0.9
PZ Cussons	+0.8
YouGov	+0.7

## Top sales (last 6 months)

	%
Alpha Group International	-4.1
QinetiQ Group	-1.8
Serco	-1.4
Bakkavor Group	-1.2
JTC	-1.1
SSP Group	-0.9
Costain Group	-0.8
Secure Trust Bank	-0.7
Brooks MacDonald	-0.7
JD Wetherspoon	-0.5

Source: Artemis as at 31 December 2025.

Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

# Important information

## Artemis UK Smaller Companies Fund

**FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. This is a marketing communication. Before making any final investment decisions, and to understand the investment risks involved, refer to the fund prospectus, available in English, and KIID/KID, available in English and in your local language depending on local country registration, from [www.artemisfunds.com](http://www.artemisfunds.com) or [www.fundinfo.com](http://www.fundinfo.com).**

**CAPITAL AT RISK. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.**

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](http://www.artemisfunds.com).

The fund is an authorised unit trust scheme. For further information, visit [www.artemisfunds.com/unittrusts](http://www.artemisfunds.com/unittrusts).

Third parties (including FTSE and MSCI) whose data may be included in this document do not accept any liability for errors or omissions. For information, visit [www.artemisfunds.com/third-party-data](http://www.artemisfunds.com/third-party-data).

Any research and analysis in this communication has been obtained by Artemis for its own use. Although this communication is based on sources of information that Artemis believes to be reliable, no guarantee is given as to its accuracy or completeness.

Any forward-looking statements are based on Artemis' current expectations and projections and are subject to change without notice.

Issued by Artemis Fund Managers Ltd which is authorised and regulated by the Financial Conduct Authority.

# Important information

## Artemis UK Future Leaders plc (formerly known as the Invesco Perpetual UK Smaller Companies Investment Trust plc).

**FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. This is a marketing communication. Before making any final investment decisions, and to understand the investment risks involved, refer to the Investor Disclosure Document, Articles of Association and KID, available in English, from the relevant product page or literature section on [www.artemisfunds.com](http://www.artemisfunds.com). The documents can also be found on [www.fundinfo.com](http://www.fundinfo.com).**

**CAPITAL AT RISK. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.**

Investment in a trust concerns the acquisition of shares in the trust and not in the underlying assets of the trust.

Any research and analysis in this communication has been obtained by Artemis for its own use. Although this communication is based on sources of information that Artemis believes to be reliable, no guarantee is given as to its accuracy or completeness.

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

Third parties (including FTSE and MSCI) whose data may be included in this document do not accept any liability for errors or omissions. For information, visit [www.artemisfunds.com/third-party-data](http://www.artemisfunds.com/third-party-data).

Any forward-looking statements are based on Artemis' current expectations and projections and are subject to change without notice.

Forecasts are based on current views and expectations. They are subject to change and should not be viewed as guaranteed.

Third party endorsements are not a recommendation to buy. For sources, dates and other information, visit [www.artemisfunds.com/endorsements](http://www.artemisfunds.com/endorsements).

Please note that the above forecast is to illustrate our valuation process which is based on our current opinions and projections which may change as a result of variations in the market conditions. The actual results may differ from the figures shown. They should not be relied upon when making any investment decision.

Issued by Artemis Fund Managers Ltd which is authorised and regulated by the Financial Conduct Authority.



**ARTEMIS**

The PROFIT Hunter