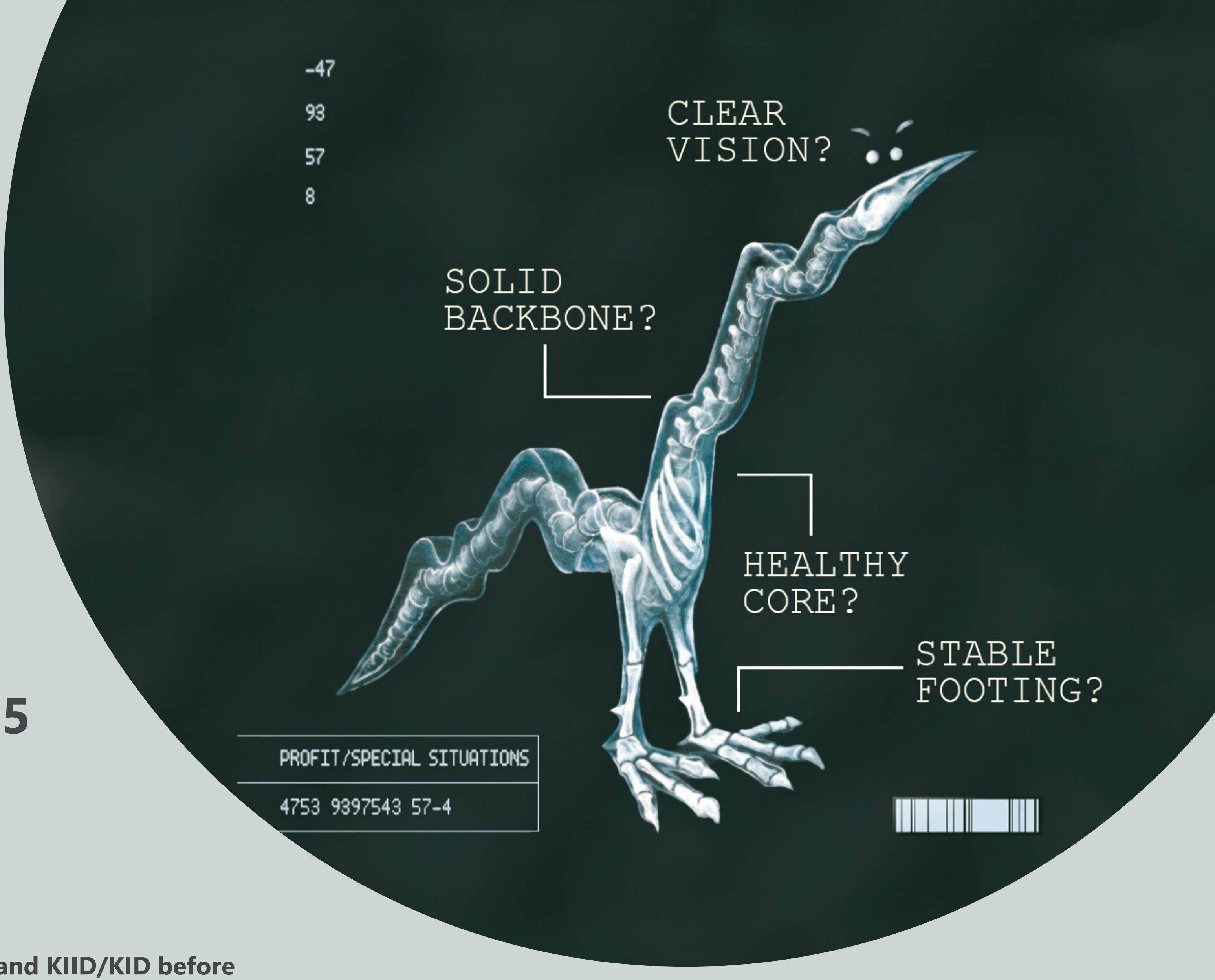
ARTEMIS
The PROFIT Hunter

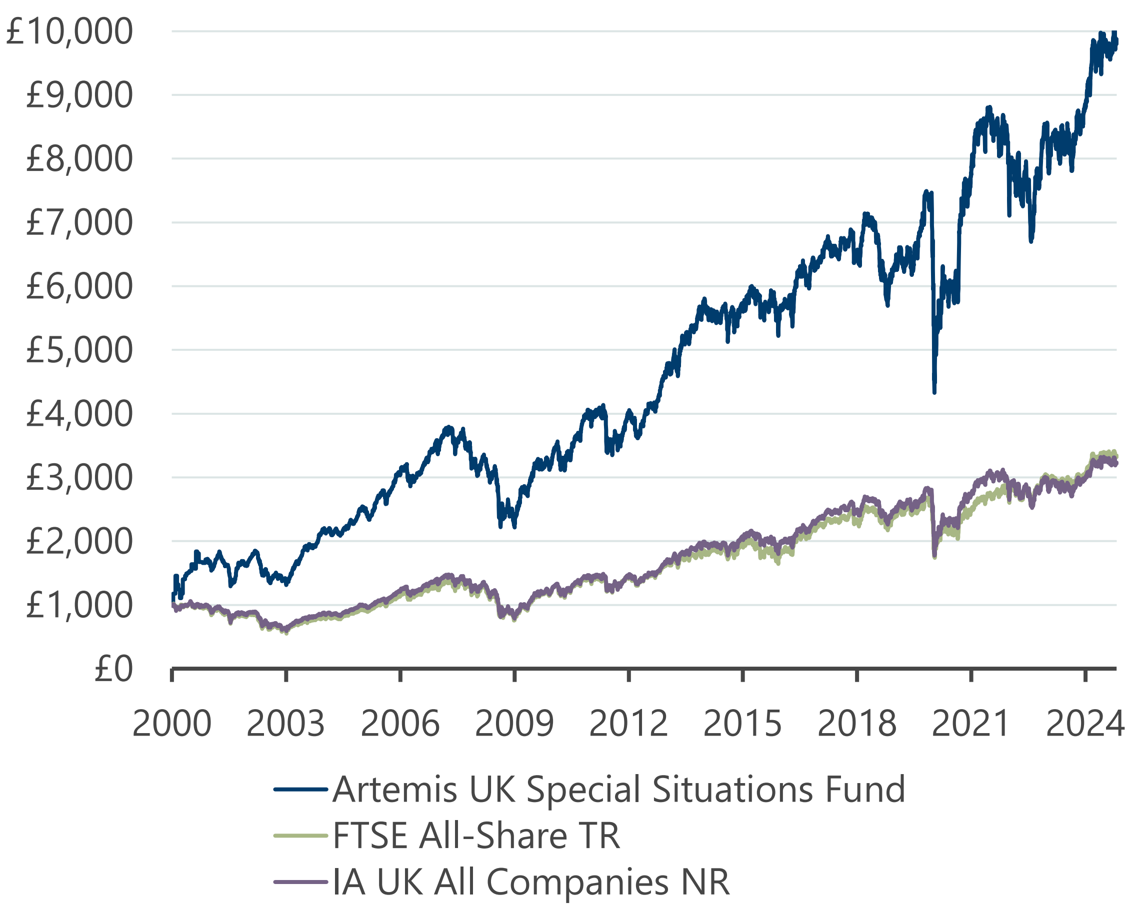
Artemis UK Special Situations Fund

An Afternoon with Artemis 2025

Andy Gray | Henry Flockhart



Artemis UK Special Situations Fund



Andy Gray
Fund Manager

Henry Flockhart
Fund Manager

Launch date	9 March 2000
Benchmark	FTSE All-Share TR
Sector	IA UK All Companies

Past performance is not a guide to the future. Source: Lipper Limited, class I accumulation units in GBP from 9 March 2000 to 31 December 2024. Data prior to 7 March 2008 reflects class R accumulation units in GBP. 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 All Companies NR. Third party endorsements are not a recommendation to buy. For sources and other information, visit artemisfunds.com/endorsements.

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Artemis UK Special Situations Fund – performance (% growth)

	Since launch	5 years	3 years	2 years	1 year
Artemis UK Special Situations I Acc	**887.7**	**33.0**	**16.5**	**28.5**	**13.0**
FTSE All-Share TR	234.4	26.5	18.5	18.1	9.5
UK All Companies sector average	223.5	15.2	5.0	15.7	7.9
Position in sector[1]	1/66	16/182	59/190	6/191	17/193
Quartile[1]	1	1	2	1	1

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How we invest

- Contrarian mindset
- Total return focus
- Active portfolio management

What is a special situation?

Stocks that are out of favour and trading on depressed valuations

Where value improvement is internally generated by management actions

And good execution delivers large share price gains

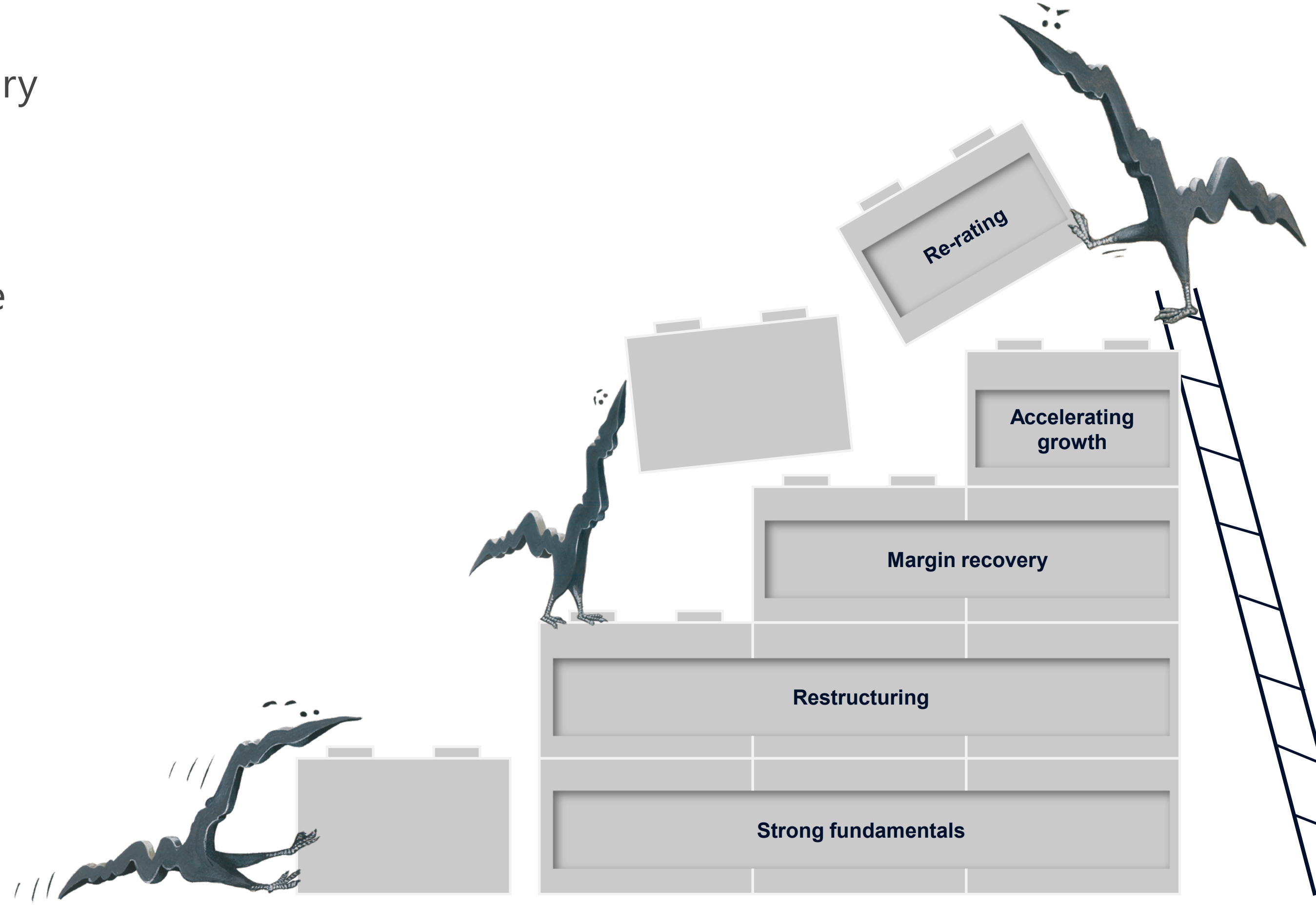
Why invest in Special Situations?

Contrarian mindset

- Markets extrapolate extended periods of poor delivery
- We instead identify strategic pivots to unlock long term potential
- Strong management, fresh thinking and self-help are critical

Risk/reward focus

- We view low expectations and valuations as a good starting point for future returns
- Upside from ***<u>both</u>*** profit recovery **and** multiple expansion
- Balance sheet and cashflow strength de-risks turnarounds



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 this fund please refer to the prospectus.

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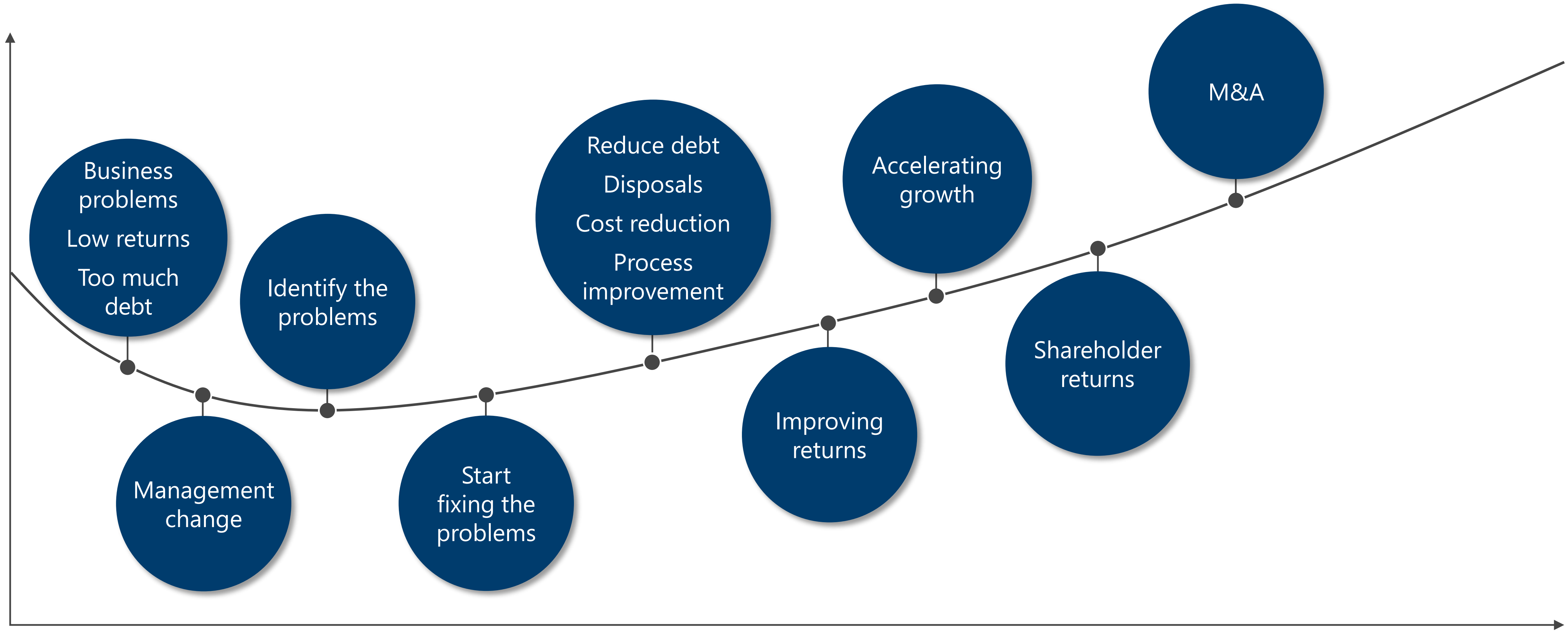
Lifecycle of a special situation



Special situations opportunity set

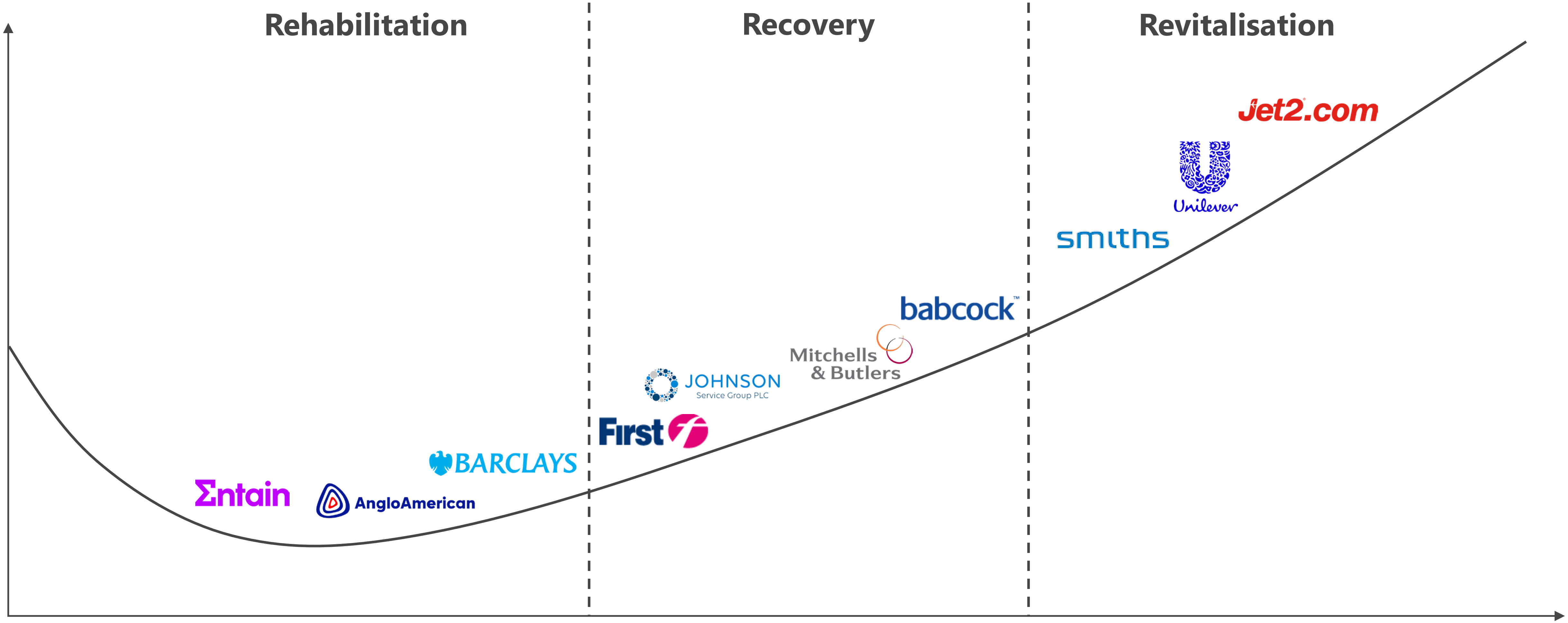


Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

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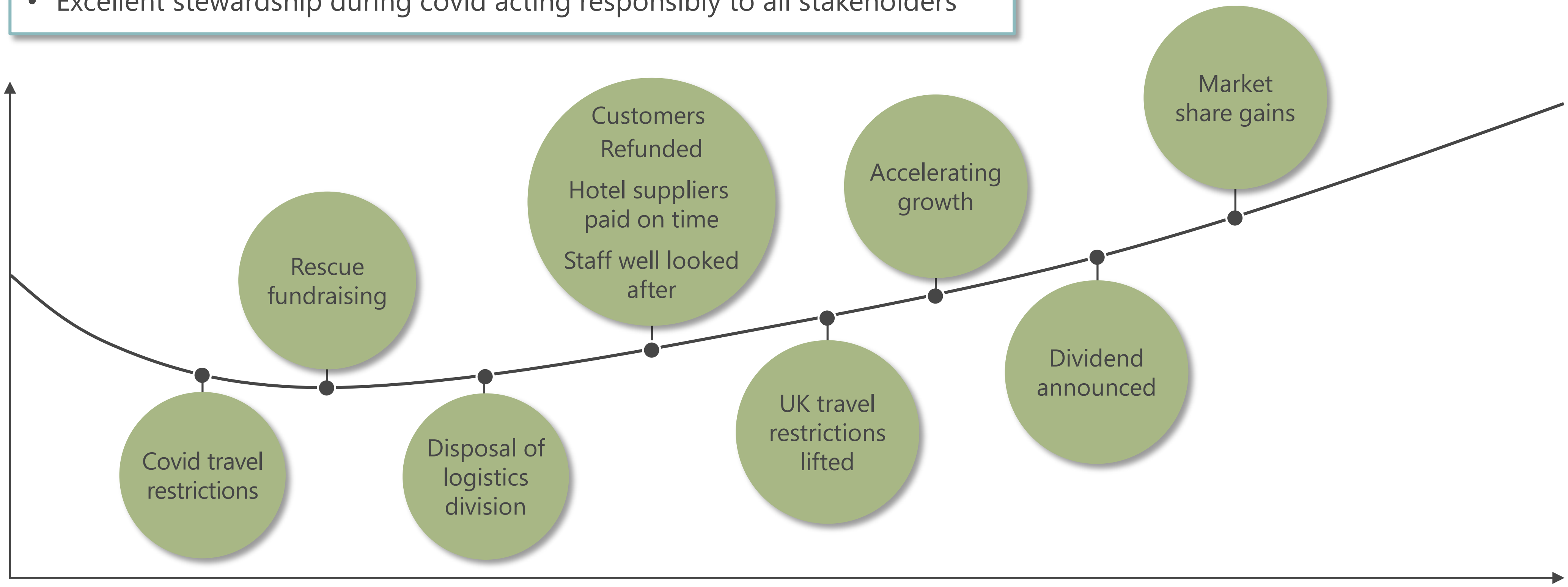
Stock view

Jet2: Revitalisation

Jet2.com

- Covid rescue fundraising triggered initial investment
- Longer term market share opportunity post Thomas Cook demise
- Excellent stewardship during covid acting responsibly to all stakeholders



Source: Jet2.com. Image source: brandsoftheworld.com.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

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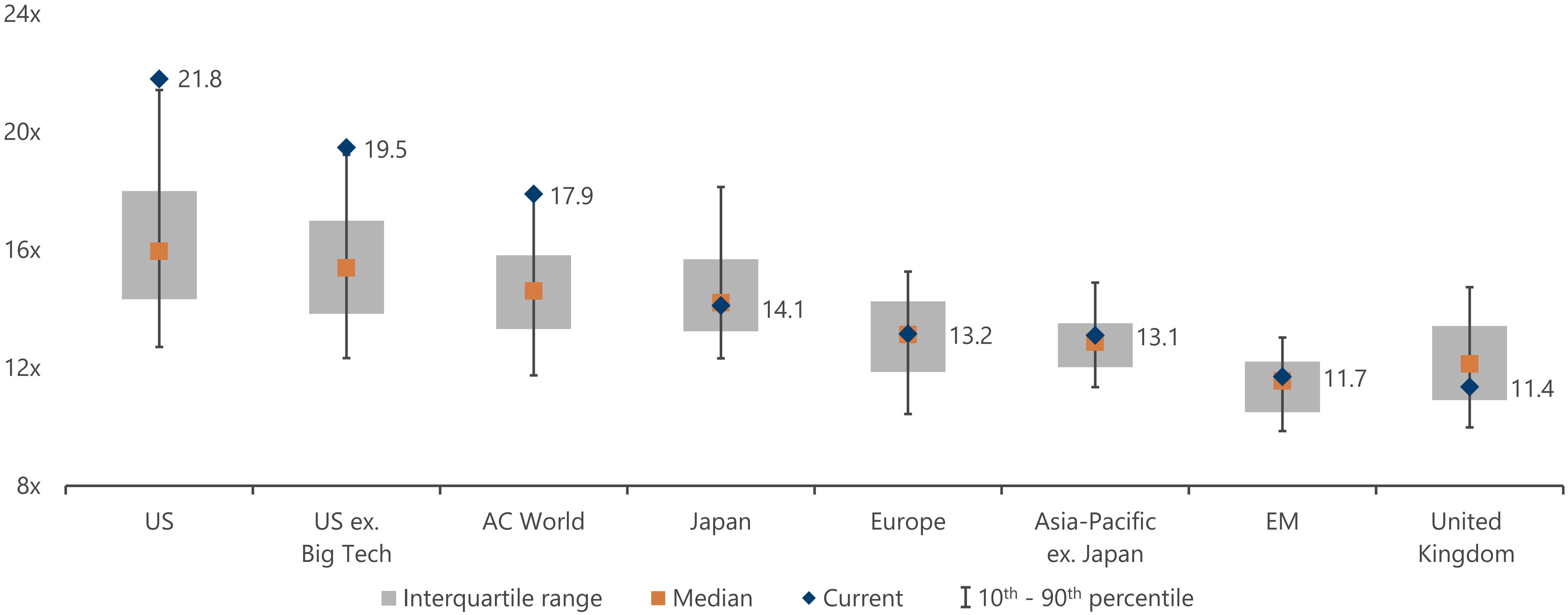
UK equities: Valuations remain attractive

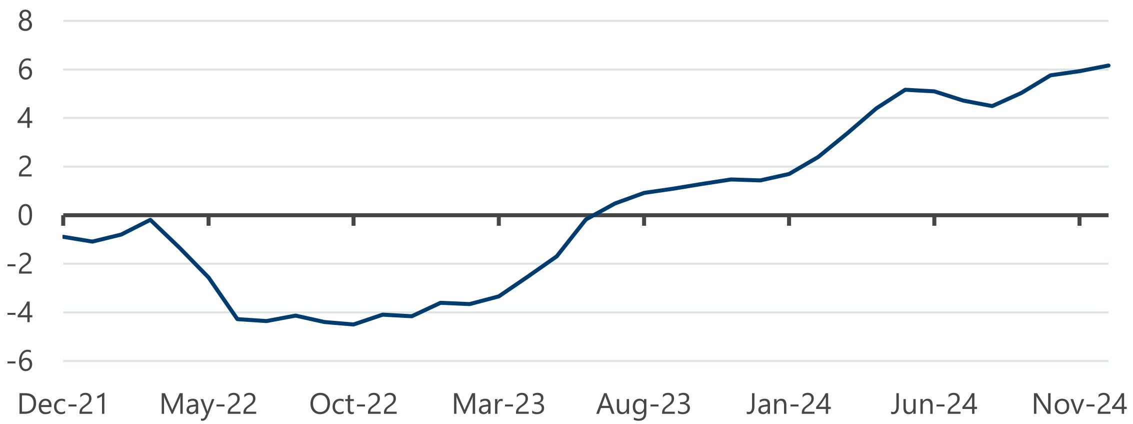
12m forward P/E ranges over last 20 years



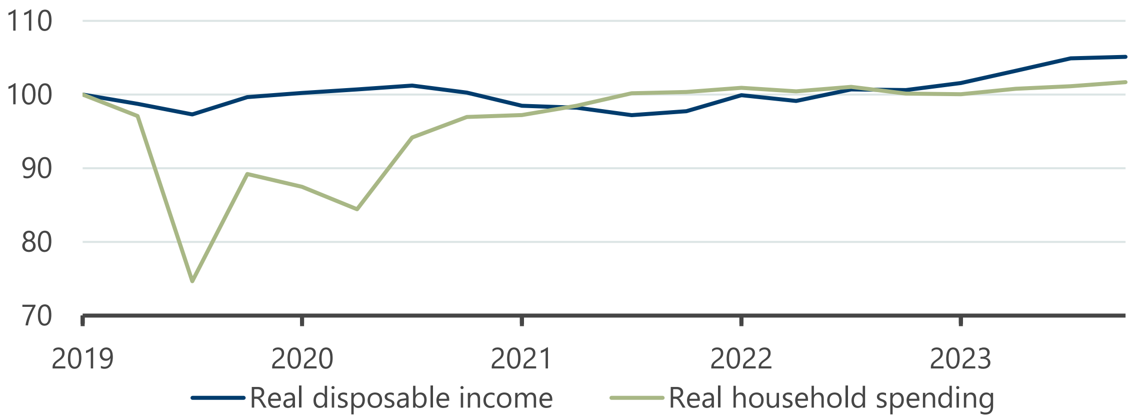
Source: Goldman Sachs as at 31 December 2024.

The UK consumer conundrum…

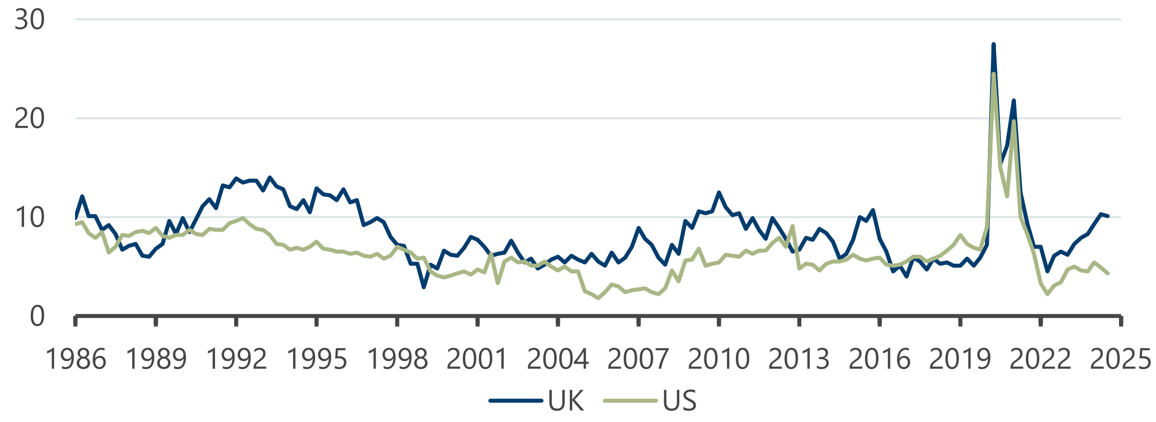
Real post-tax average earnings growth (% YoY)[1]



Real household disposable income (2019 Q4=100)[1]



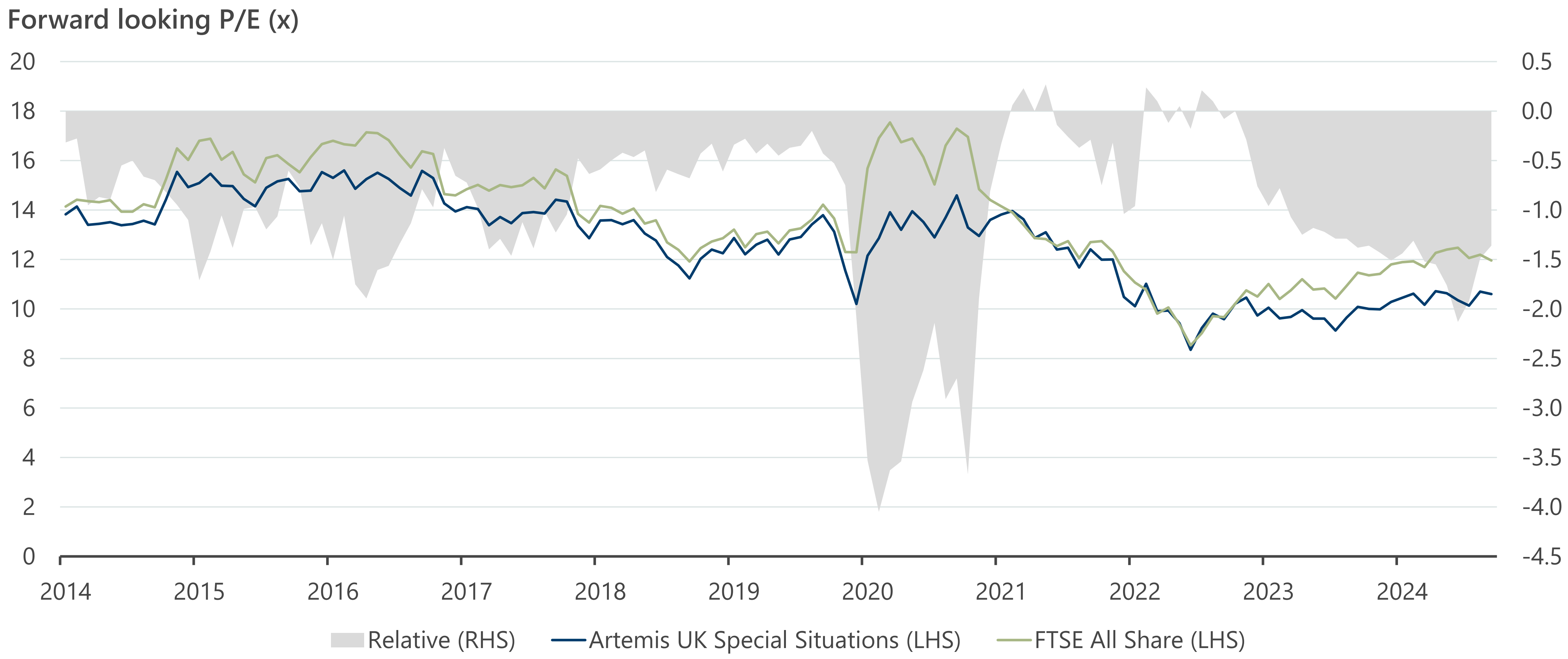
Household savings ratio (%)[1]



UK consumer sentiment[2]

Source: [1]Lazarus as at 31 December 2024. [2]Bloomberg as at 31 December 2024.

Profit recycling



Past performance is not a guide to the future. Source: Artemis, class I accumulation units in GBP as at 31 December 2024.

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Profit recycling

Profits we've taken

	P/E[1]
Ashtead	17.8x
AstraZeneca	16.2x
Melrose	23.7x
Britvic	17.6x
3i	33.1x[4]
Pearson	16.1x

New holdings

	P/E[2]
Aviva	9.1x
Lloyds	7.3x
Man Group	7.6x
Beazley	6.0x
Mitchells & Butler	8.2x
Whitbread	14.8x

Compounding returns at low valuations

	P/E[3]	2024 return
Barclays	6.7x	80%
NatWest	7.5x	91%
Standard Chartered	6.8x	52%
Imperial Brands	7.4x	50%
IG Group	8.9x	35%
Jet2	8.1x	28%

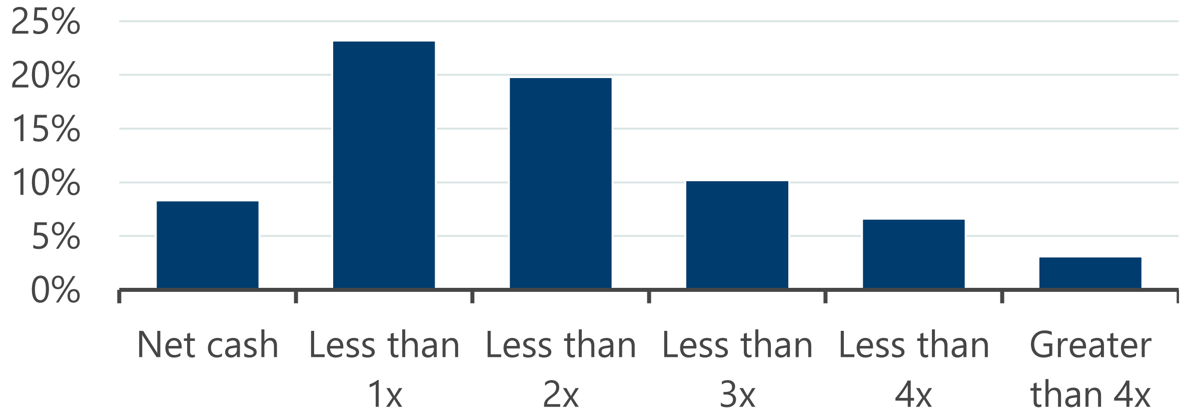
Past performance is not a guide to the future. Source: Bloomberg as at 31 December 2024. [1]Average year end P/E in month of sale. [2]P/E 1-year forward on purchase date. [3]P/E 1-year forward at 31 December 2024. [4]Look through P/E of largest holding, Action retailing. Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

Portfolio positioning

Top 10 active share stocks in portfolio

standard chartered
BARCLAYS
NEXT
babcock
Jet2.com
WHITBREAD
Mitchells & Butlers
smiths
First
JOHNSON Service Group PLC

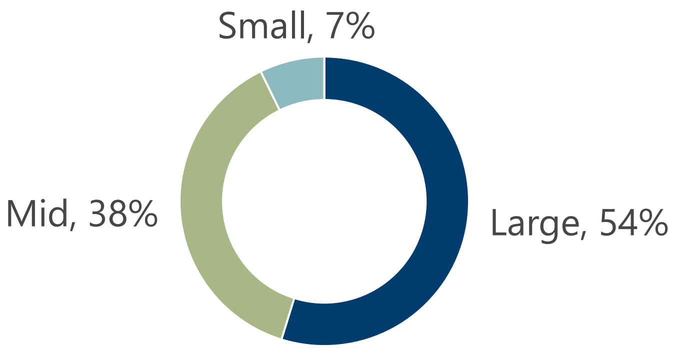
Leverage in the fund[1]



Valuation statistics

	Artemis UK Special Situations Fund	FTSE All-Share
P/E FY1	10.6x	12.0x
Dividend yield	3.4%	3.6%
EV/EBITDA	6.1x	8.1x
Net debt/EBITDA	0.9x	1.7x

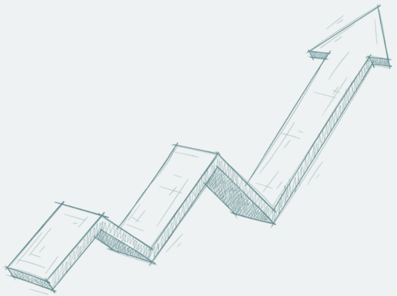
Size analysis



Source: Artemis/Bloomberg as at 31 December 2024. Image source: brandsoftheworld.com. [1]Financials excluded (27.6%). Leverage = Net Debt + leases / EBITDA (x).
Note: figures may not add up due to rounding and cash.

Why Artemis UK Special Situations Fund?

Contrarian mindset



- Market extrapolates historic issues
- We focus on the long-term potential

Total return focus

- High conviction portfolio
- Not benchmark driven

Active portfolio management

- Valuation discipline
- Recycling capital to enhance returns

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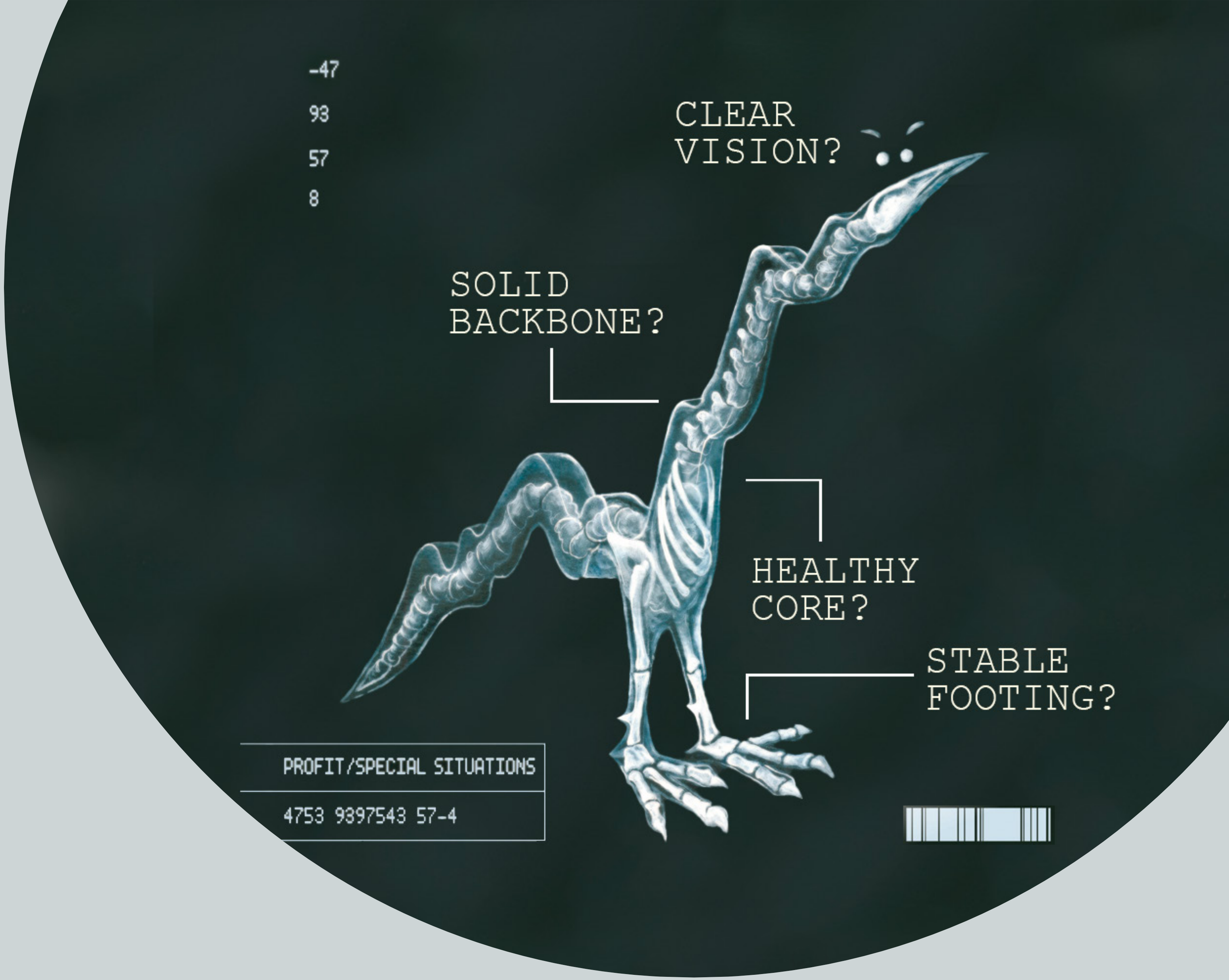
Q&A

Appendix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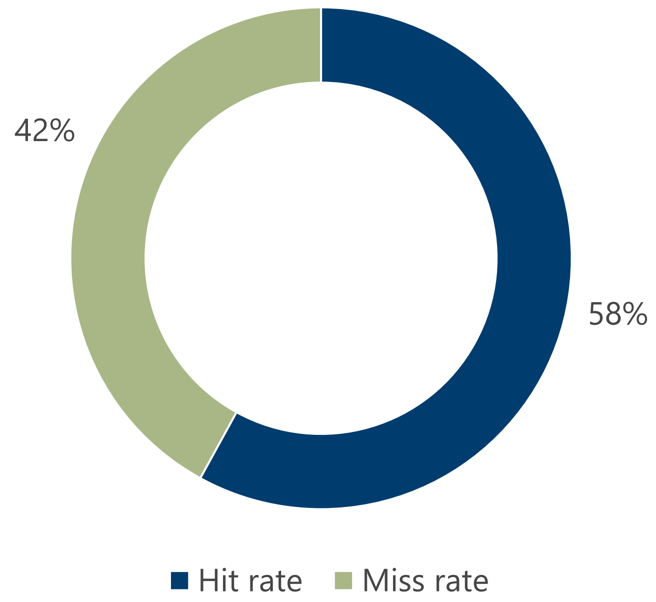
93
57
8
CLEAR
VISION?
SOLID
BACKBONE?
HEALTHY
CORE?
STABLE
FOOTING?
PROFIT/SPECIAL SITUATIONS
4753 9397543 57-4

Performance drivers

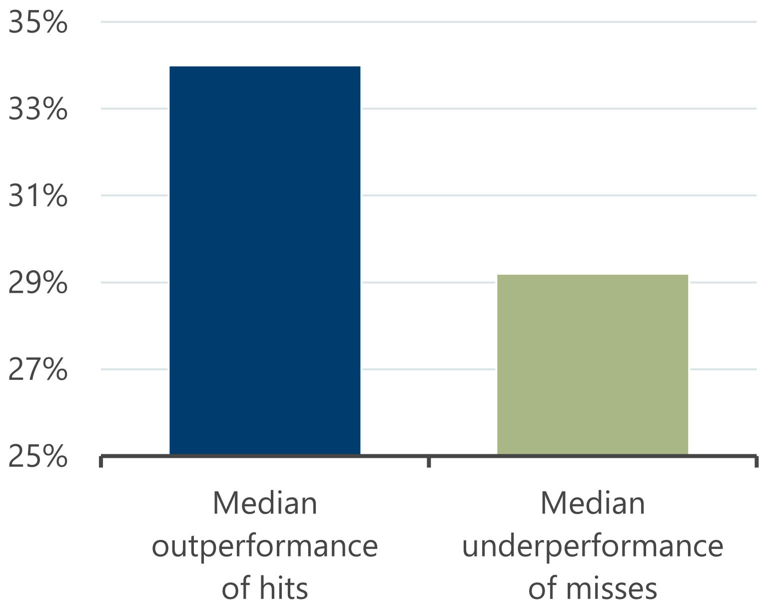
Special Situations performance built on stock picking and portfolio construction

Hit rate



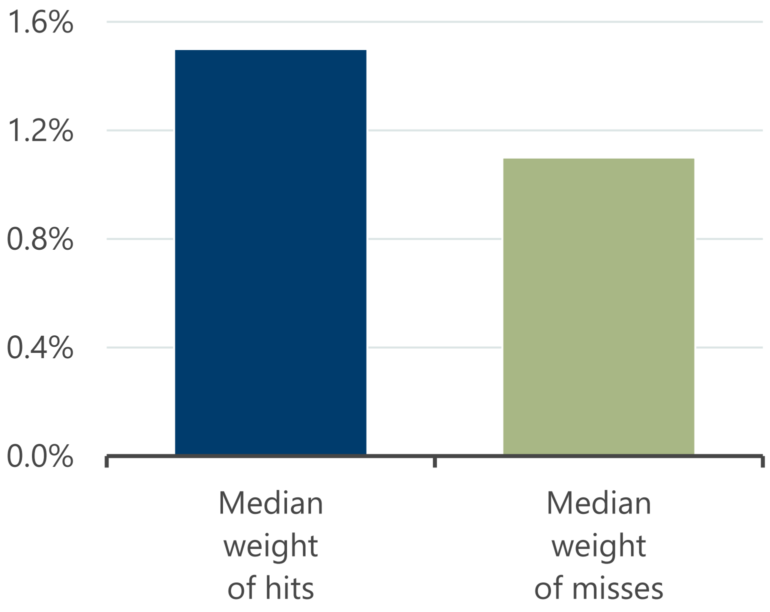
Holding period hit rate of 58%

Skew of returns



‘Hits’ have meaningfully outperformed ‘misses’ on average

Weight of hits vs misses



Fund has tended to allocate more capital to ‘hits’ vs ‘misses’

Past performance is not a guide to the future. Source: Artemis as at 31 December 2024 for period 31 December 2019 to 31 December 2024. Note: Hit rate measures the percentage of stocks that outperform vs those that underperform over their individual holding period. Skew of returns measure the median relative performance of hits vs misses and the weight measures the median absolute fund weight in hits vs misses.

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.

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