Artemis UK Future Leaders plc

(formerly Invesco Perpetual UK Smaller Companies Investment Trust plc)

Investment Objective

Artemis UK Future Leaders plc ('the Company') is an investment trust whose investment objective is to achieve long-term total returns for shareholders primarily by investment in a broad cross-section of small to medium sized UK quoted companies.

Contents

1 Strategy

2 Governance

3

Financial

4

Shareholder

1

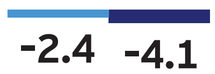
Strategy

Financial Highlights

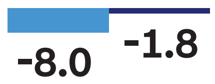
Total Return Statistics (with dividends reinvested)

Change for the year (%)
2025
2024

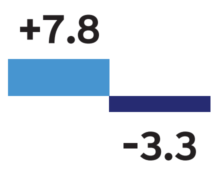
Net Asset Value[1][2]



Share Price[1][2]



Benchmark Index[2][3]



Capital Statistics

At 31 January	2025	2024	Change
Total shareholders' funds (£'000)	136,644	161,395	(15.3)%
Net asset value (NAV) per share	449.88p	477.12p	(5.7)%
Share price[1][2]	375.00p	424.00p	(11.6)%
Discount[1]	(16.6)%	(11.1)%	
Gearing[1]**:**			
- gross gearing	9.0%	5.4%	
- net gearing	7.2%	5.4%	
Maximum authorised gearing	14.6%	9.3%	
For the year ended 31 January	**2025**	**2024**	
Return[1] **and dividend per ordinary share:**			
Revenue return	13.02p	13.18p	
Capital return	(20.54)p	(34.91)p	
Total return	(7.52)p	(21.73)p	
First interim dividend	3.85p	3.85p	
Second interim dividend	3.85p	3.85p	
Third interim dividend	3.85p	3.85p	
Final dividend	3.45p	5.41p	
Total dividends	15.00p	16.96p	(11.6)%
Dividend Yield[1][4]	**4.0%**	**4.0%**	
Dividend payable for the year (£'000)[4]:			
- from current year net revenue	4,254	4,459	
- from capital reserve	437	1,278	
	4,691	5,737	
Capital dividend as a % of year end net assets[1][4]	0.3%	0.8%	
Capital returns paid in the year:			
- Special dividend	484.85p	-	
Capital returns payable for the year (£'000):			
- Special dividend	16,401	-	
Ongoing charges[1]	1.03%	1.01%	

Notes: (1) Alternative Performance Measure (APM). See Glossary of Terms and Alternative Performance Measures on pages 65 to 68 of the financial report for details of the explanation and reconciliations of APMs.
(2) Source: LSEG Data & Analytics.
(3) The Benchmark Index of the Company is the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested.
(4) Excludes the one-off elective special dividend (return of capital) of 484.85p paid to shareholders on 8 October 2024.

Ten Year Historical Record

Year to 31 January	Gross Income £'000	Net revenue profit available for shareholders £'000	Dividends on Ordinary Shares[1] Amount £'000	Dividends on Ordinary Shares[1] Rate p	Total shareholders funds £'000	Net asset value per share p	Share price p	Ongoing charges %	Performance fee %
2016	5,331	4,779	7,609	14.30	207,657	390.27	362.00	0.82	1.01
2017	4,523	3,924	9,099	17.10	241,603	454.06	432.00	0.82	0.44
2018[2]	4,116	3,573	6,833	20.80	178,571	543.56	520.00	0.82	1.27
2019	4,080	3,521	6,110	18.60	158,285	481.81	465.00	0.88	0.07
2020[3]	3,924	3,340	6,217	18.60	205,243	606.74	606.00	0.97	n/a
2021	1,682	1,121	6,535	19.32	191,380	565.76	483.00	0.97	n/a
2022	3,448	2,808	7,713	22.80	220,753	652.60	570.00	0.92	n/a
2023	4,646	4,055	6,102	18.04	174,915	517.09	451.00	0.95	n/a
2024	5,088	4,459	5,737	16.96	161,395	477.12	424.00	1.01	n/a
2025[4]	**4,902**	**4,254**	**4,691**	**15.00**	**136,644**	**449.88**	**375.00**	**1.03**	**n/a**

(1) The dividends shown above are those declared in respect of each financial year.
(2) The 38.26% take-up of the tender offer in June 2017 is reflected in the decrease in shareholders' funds at the year end.
(3) The performance fee arrangement was removed with effect from 1 February 2019 and the base management fee was increased from 0.65% to 0.75% per annum. Dividend was maintained at 2019 level as a result of market disruption caused by Covid-19.
(4) Dividends on Ordinary Shares for 2025 exclude the one-off elective special dividend (return of capital) of 484.85p paid to shareholders on 8 October 2024.

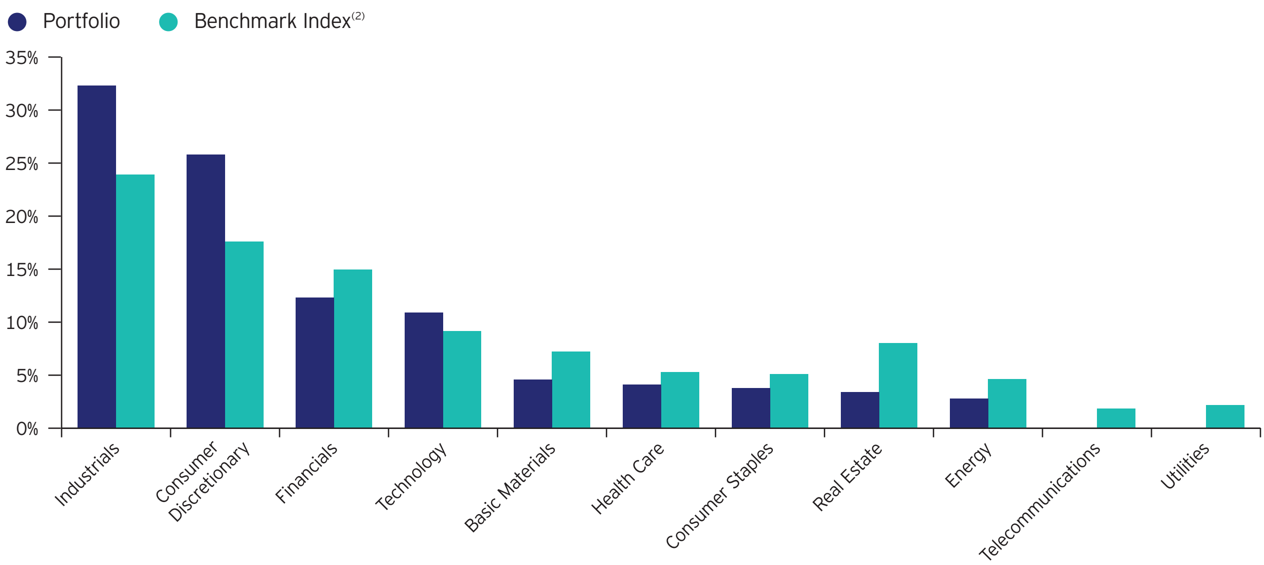
Ten Year Total Return (with dividends reinvested) Performance

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Cumulative Three years	Cumulative Five years	Cumulative Ten years
Share Price %	16.2	24.0	24.8	(6.8)	35.2	(16.8)	21.9	(17.0)	(1.8)	(8.0)	**(25.1)**	**(24.0)**	**72.2**
Net Asset Value %	10.6	20.6	23.9	(7.8)	30.4	(3.1)	18.8	(17.5)	(4.1)	(2.4)	**(22.8)**	**(11.1)**	**76.8**
Benchmark Index[1][2] %	3.8	18.6	15.1	(7.4)	13.7	(0.9)	15.1	(12.4)	(3.3)	7.8	**(8.7)**	**4.1**	**55.4**
NAV out/(under) performance to Benchmark Index[1][2] %	6.8	2.0	8.8	(0.4)	16.7	(2.2)	3.7	(5.1)	(0.8)	(10.2)	**(14.1)**	**(15.2)**	**21.4**

Source: LSEG Data & Analytics.

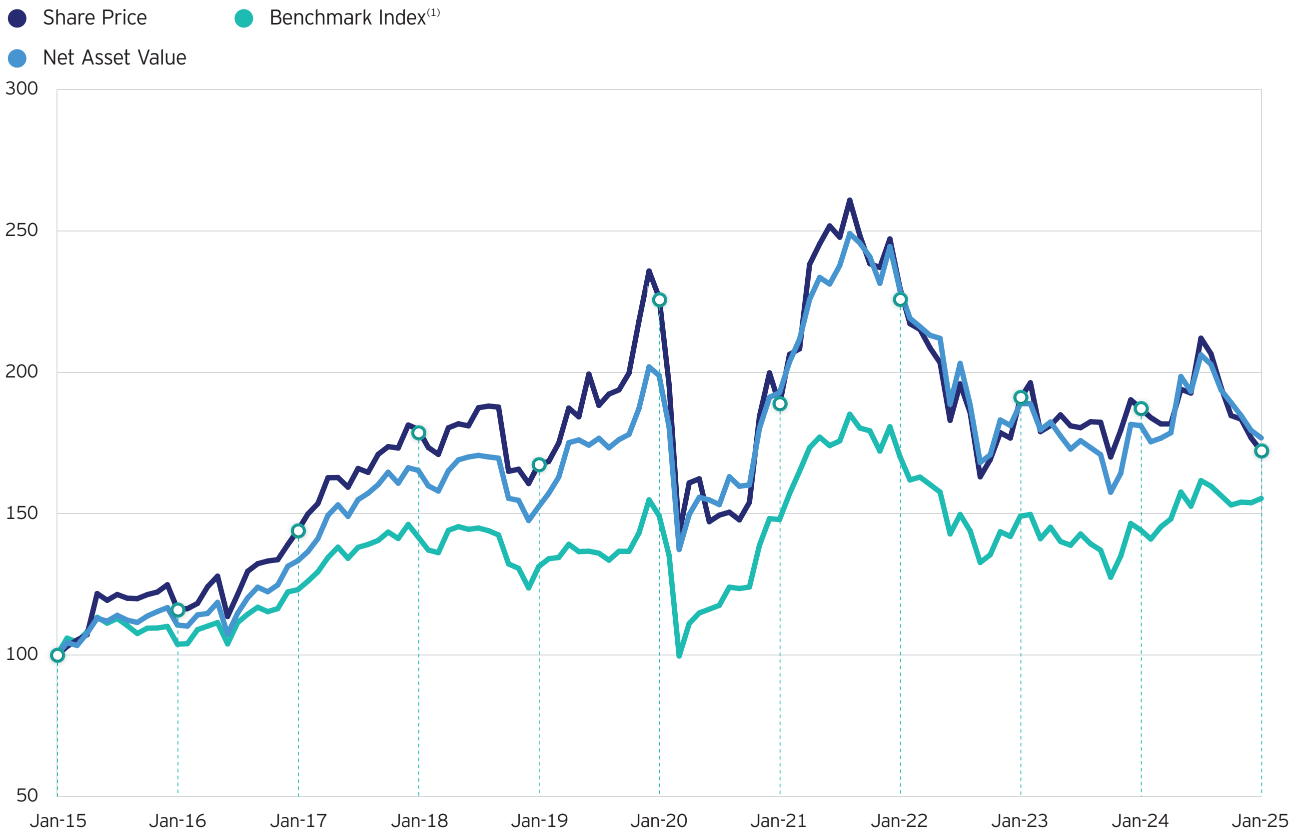
Industry Allocation of Portfolio vs Benchmark Index[2]

As at 31 January 2025



(1) Deutsche Numis Smaller Companies (excluding Investment Companies) Index was the benchmark of the Company up to 31 January 2022.
(2) Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index is the benchmark of the Company with effect from 1 February 2022.

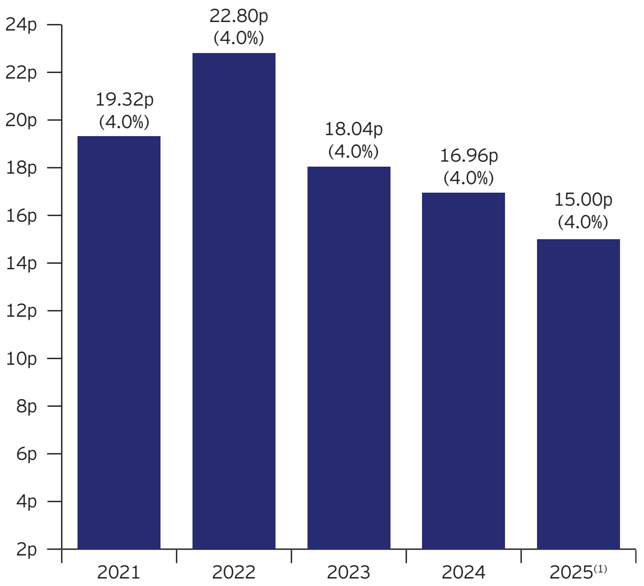
Ten Year Performance (total return, with dividends reinvested)
Figures have been rebased to 100 at 31 January 2015



(1) The Company's benchmark was the Deutsche Numis Smaller Companies (excluding Investment Companies) Index up to 31 January 2022. The Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index is the new benchmark of the Company effective from 1 February 2022.

Source: LSEG Data & Analytics.

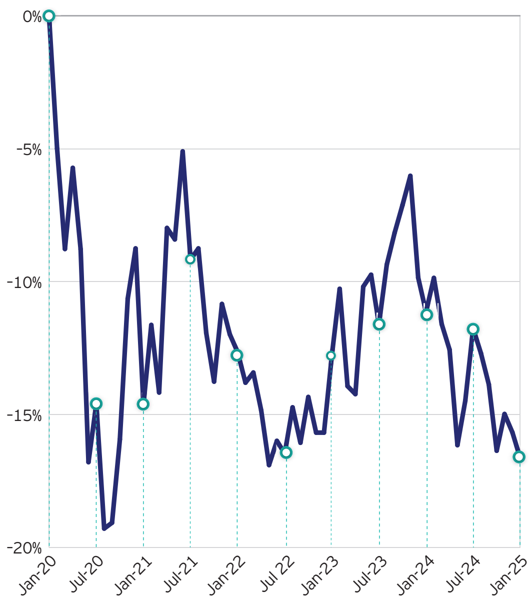
Five Year Dividend and Yield History



The dividends shown above are those declared in respect of each financial year, and are in pence per share. The figures shown in brackets are the annual dividend yields which are based on the dividend declared as a percentage of the year end share price.

(1) Excludes the one-off elective special dividend (return of capital) of 484.85p paid to shareholders on 8 October 2024.

Five Year Premium/(Discount) History



Source: LSEG Data & Analytics.

Chairman's Statement

Dear Shareholders,

The last year, and particularly the last six months, have not been good for UK smaller companies investment trusts and the Board has been unhappy with the performance that has been generated from your Company's portfolio.

The encouraging outperformance as reported in the last half-year statement did not continue throughout the remainder of the Company's year and it has instead fallen behind the benchmark.

During the year, the Board was active in challenging the investment manager about performance. However, in the summer, it reached the conclusion that your Company could benefit from a change of management team.

In the autumn, the Board interviewed a selection of investment managers with an objective to find one who had demonstrated an ability to manage a portfolio of investments in UK smaller companies in difficult market conditions, communicate with all existing shareholders and market to new retail shareholders. They also had to be prepared to back the Company with their own money.

One manager, Artemis, stood out. In December, the Board reached an agreement with Artemis to take over the running of your Company. The portfolio was handed over on 10 March 2025, after our financial year end.

Looking back

Invesco performance

The NAV total return for the portfolio over the year was -2.4%, which is an underperformance of 10.2 percentage points when compared with the benchmark index, Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index which returned +7.8% on the same basis.

The manager, Invesco, highlights the reasons for this underperformance in its report.

Return of capital by way of elective special dividend

During the year, the Company had begun to trade on a discount of over 10% and therefore, on 22 May 2024, the Board announced a proposed elective return of capital to be offered to all shareholders in respect of up to 10% of the Company's issued shares (excluding treasury shares), and at a 2.5% discount to net asset value. A circular was published providing context and options for shareholders. On 20 August 2024, your Board published the result of the elective special dividend offer, which was fully taken up. The special dividend was paid on 8 October 2024, resulting in 3,382,648 shares being cancelled for no consideration pursuant to the reduction of capital and an amount of £16,401,000 was paid to Shareholders who elected to receive the special dividend.

Dividends and Dividend Policy

The Company's regular dividend policy is to target a dividend yield of 4% of the year-end share price, paid from income earned within the portfolio and enhanced, as necessary, through the use of realised capital profits. In accordance with this policy, the Company has declared and paid three interim dividends of 3.85p which are in line with the amounts paid in 2023.

The Board has resolved that the Company will propose a final dividend payable in June 2025 of 3.45p per share to bring the total dividends paid for the year to 15.00p per share (2024: 16.96p). The final dividend will be payable on 12 June 2025, subject to shareholder approval, to shareholders on the register on 9 May 2025 and the shares will go ex-dividend on 8 May 2025. This represents all of the available revenue earned by the Company's portfolio over the year, equating to 90.68% of the dividend payment, with the remainder being paid from realised capital reserves.

Shareholders who hold shares on the main register and are residents of the UK, Channel Islands or Isle of Man have the opportunity to reinvest their dividend via the Dividend Reinvestment Plan ('DRIP'). Shareholders will need to submit an election by 16 May 2025. Further information can be found on the Company's webpage:
https://www.artemisfunds.com/futureleaders

Looking forward

The Board is enthusiastic, based on current and past performance, to let shareholders know that their Company is being managed by a top-quality investment team at Artemis, who took over the portfolio on 10 March 2025.

Artemis UK Future Leaders plc

Your Company has been renamed as Artemis UK Future Leaders plc with a stock exchange ticker of AFL. The new managers of your Company are Mark Niznik and William Tamworth.

Artemis's performance record

Mark, William and their team currently manage a UK smaller companies open-ended unit trust which over the year to the end of January 2025 produced positive performance of 9.1%. Over one year, three years, five and ten years, their performance has been consistently in the first quartile of their sector.

First-class communications with shareholders and an ability to find new investors

The Board was impressed by the ability and enthusiasm of the whole team at Artemis and in particular felt that shareholders would benefit from their ability to communicate with all investors, be they institutional, wealth managers or private individuals. Over the last year, the UK smaller companies sector saw significant net outflows, but Artemis was able to defy the trend and attract net new money to its smaller companies fund. During the last year, your Company has traded at a persistent discount of over 10% and one of the Board and managers' objectives is to reduce this so it is closer to net asset value.

The investment managers and the Artemis team as a whole have committed to invest a significant amount of their own money into your Company.

A reduction in the investment management fee

As part of the negotiations with Artemis, the investment management fee has been reduced from 0.75% of gross assets (before expenses) to 0.65% per annum on the first £50 million of the net assets (after expenses) of the Company. The balance above £50 million will be charged at a reduced rate of 0.55% per annum. Shareholders will therefore receive a reduced rate applied to a lower asset value (net assets). Artemis has also agreed to a nine-month fee holiday which will end on 10 December 2025. This fee holiday offsets the termination fee paid to Invesco in lieu of notice plus an additional five months where no management fees will be paid.

The main service providers to the Company have moved from The Bank of New York Mellon, London Branch to Northern Trust and due to the re-negotiated management fee the ongoing charges ratio of the Company is projected to fall from 1.03% to 0.84% per annum.

How your Company is being managed

For details on the change of strategy and how your Company is being managed, please see the Portfolio Managers' Report.

Artemis expect that the transition of the current investment portfolio to their own portfolio is likely to be completed in the first half of the year. They would like to introduce some modest gearing because they believe that the UK market is very undervalued and small companies are especially undervalued. Currently, Artemis are seeing lots of investment opportunities in this market. The normal operating position for gearing would be between 0 to 10% with a hard governance limit of 15%. This is consistent with the level of gearing employed by the previous managers.

The Company has historically made use of traditional forms of bank debt to achieve gearing, however, currently there is no gearing in place due to conditions in the lending market making funding more difficult and expensive to obtain. The Board believes that the best method for gearing the company is to use Contracts for Difference (CFDs), often referred to as Equity Swaps. The cost of using CFDs to increase investment exposure is currently lower than the cost of traditional borrowing, and approximately 0.45% less than the previous facility.

Annual General Meeting

The next AGM will be held in the offices of Artemis at 12.00 noon on Thursday 5 June. The Portfolio Managers will make a short formal presentation before a question and answer session. The presentation will be made available on the website after the meeting for those who can't attend.

The Board is proposing a modification to the Company's investment policy to enable the Manager to achieve gearing as described in the section above. A resolution to allow for increased derivatives use for the specific purpose of investment in CFDs for gearing, not shorting, will be included in the Notice of the Annual General Meeting on pages 59 to 62. The Board recommend the proposed change and believe this should be non controversial.

Outlook

The transition of your portfolio under the management of Artemis is well underway. The recent short-term volatility we have seen, because of global trade tensions, has provided the Portfolio Managers with a number of opportunities during this time. Further details on the Artemis investment outlook for UK smaller companies can be found in the Portfolio Managers' Report on page 10.

Mark and William have previously pointed out that UK small and mid-caps are seven years into a secular bear market (defined as an extended period in which stock price returns are significantly below the long-term average). Historically, buying after periods of such weak returns has resulted in strong future returns. We all believe that when confidence in UK companies begins to recover, then this will translate into a powerful recovery in the share prices of UK smaller companies.

On the subject of tariffs, they note that UK investors have become all too familiar with the concept of a 'political risk premium' ever since the vote to leave the EU. In contrast, the US has been blessed by a narrative of 'US exceptionalism'. The recent BofA Global Fund Manager Survey provided an early indication that investors are starting to reappraise this received wisdom with a reduction in exposure to US equities in favour of cheaper markets such as the UK. Given the dominance of the US in global equity weightings, it would only take a small realignment to have a meaningful impact on UK equity valuations.

I would like to thank you for your investment in the Company throughout this difficult period of performance and I hope to be able to provide a much more positive report to you at the end of this year.

Bridget Guerin
Chairman

28 April 2025

Portfolio Managers' Report

Q **What were the key influences on the market over the period?**

A It was a positive year for UK equities, with falling inflation and three cuts to base rates offsetting increased political uncertainty.

Labour won the general election in July, with a substantial majority of 172. Claims of a £22 billion "black hole" in the public finances and a downbeat assessment of the UK by the new government negatively affected both consumer and business sentiment. The Budget in October resulted in a significantly increased tax burden for businesses, particularly in the leisure and retail sectors, further affecting sentiment. AIM-listed stocks were hit hard after the inheritance tax benefit previously enjoyed by this area of the market was halved.

The change in leadership in the US caused further uncertainty for markets, with the incoming Trump administration signalling its intention to impose import tariffs on a range of countries and goods.

Q **How did the portfolio perform over the period?**

A The NAV total return for the portfolio over the period was -2.4%, an underperformance of 10.2 percentage points when compared with its benchmark, the Deutsche Numis Smaller Companies (excluding Investment Trusts) including AIM index, which returned +7.8% on the same basis.

Q **Which stocks contributed to and detracted from performance?**

A Financial administration business **JTC** (+25%) continued its impressive long-term record of organic growth. This was augmented with a number of acquisitions, notably in the US, where management sees a significant growth opportunity. Investment platform **AJ Bell** (+46%) benefitted from stronger stock markets, which boosted its fee income, and recovered as fears about the impact of new Consumer Duty regulations receded.

Keywords Studios (+46%) and **Alpha Financial Markets Consulting** (+36%) both received takeover approaches from private equity.

Defence company **Avon Protection** (+62%) benefitted from restructuring under its new management team. The business had previously lost it way but has significant recovery potential if margins return to historic levels.

The biggest detractor from performance in the period was veterinarian **CVS** (-41%). The shares fell following the commencement of a Competition and Markets Authority investigation into the sector triggered by rising vet bills.

Focusrite (-62%) is a music-technology business which experienced softer trading following a spike in demand during the pandemic. More recently, this has been exacerbated by destocking among its retail customers.

Film and TV equipment maker **Videndum** (-69%) had a tough year due to the impact of the Hollywood writers' strike. Demand fell for an extended period, leaving the business in a difficult financial position.

Jonathan Brown & Robin West
Portfolio Managers until 9 March 2025

Introducing your new portfolio managers Mark Niznik and William Tamworth

Mark has managed Artemis' 'UK smaller companies' strategy since joining the firm in 2007. He started his investment career in 1985 and has worked at firms including Invesco Perpetual and Standard Life.

William works alongside Mark in managing Artemis' 'UK smaller companies' strategy. Prior to joining Artemis in 2015, William worked at Liberum and Citigroup where he analysed small and mid-cap companies.

Having taken over on the 10 March we are currently in the process of repositioning the portfolio so it more closely reflects our investment strategy. It would be unwise to give details on individual stocks until we have finished building up and selling down our positions, but we expect to update you in due course.

Our Approach

The aim of your Company remains to invest in smaller companies quoted on the UK stock market. We are passionate believers in the 'small-cap premium'. This is the historic long-term outperformance of small caps over large caps of between 3% and 4% a year. Our aim is to:

1. Capture this small-cap premium;
2. Add further outperformance from picking stocks that beat the small-cap benchmark index (we have beaten this by 2% to 3% per annum over the ten years we have been working together); and
3. Reduce the level of risk in the portfolio.

We hope to achieve the third aim – reduce the level of risk – by constructing a portfolio of companies with diverse end markets. We also look to avoid highly indebted companies and prefer those with market-leading positions and attractive valuations.

A key tenet of our approach is our valuation discipline. It is easy to get carried away with a great growth story in this area of the stock market, which can lead to investors paying ever higher prices. In turn, this can result in elevated investor expectations that all too frequently prove impossible for the Company to live up to. Having a strong valuation discipline helps to protect investors from this risk.

Another area of focus will be on company cash generation. It is relatively easy for company management to target profits to impress investors. It is far more difficult to alter the amount of cash they have in the bank. By focussing on cashflow, we seek to reduce the risk of falling prey to financial engineering or accounting scams. More often, cashflow can be an important 'early warning' of tougher trading – management teams will often seek to protect earnings ahead of cashflow.

Finally, we intend to retain the long-term investment horizon of the Company. This is a sector that – as it is currently – can remain out of favour for a considerable period of time. But performance, when it comes, can be substantial and rapid. This requires investor patience to maximise the full value of the small-cap premium.

Outlook

Investor sentiment has taken a hit following increases to corporate taxes announced in the Budget. The fear now is stagflation: no economic growth and higher inflation as companies try to recoup additional national insurance costs by raising prices. However, we are optimistic. Why? There are three main reasons.

- **UK consumers** – Consumers are generally in good shape, with full employment and decent wage growth fuelling increased disposable income. Savings that were built up through Covid remain unspent, while household debt as a proportion of income is at a 17-year low. Although we acknowledge the risk of job losses as companies seek to recoup higher taxes by cutting costs, this is likely to be more than offset by rising consumer spending as confidence improves.
- **Businesses** – Corporate balance sheets are strong. Now the interest rate cycle has turned, companies have the capacity to invest and the ability to withstand a tough backdrop.
- **Politics** – Stability is important. The UK has a relatively centrist government with a large majority that is likely to remain in place until 2029. As the 2024 Budget was the last time the government can (credibly) blame the previous one for unexpected funding gaps, the emphasis must now shift to growth. There are already some tentative positive signs, for example with regard to planning, potential changes to mortgages and pension reforms.

What's been missing? Confidence: consumer confidence, business confidence and investor confidence. But confidence can change quickly. Given the low starting point, we don't need a 'good' outlook, we just need one that is 'less bad' than feared. As confidence recovers, we expect increased consumer spending, a rebound in business investment and asset managers to start allocating money back to UK small caps. Given low valuations, we would expect that to translate into a powerful recovery.

With regards to the recent developments around tariffs it is impossible to be prescriptive as to the impact. For context, the fund derives the majority of its revenues from the UK (approximately 60%) with around 15% coming from the US. The UK is not a heavily export dependent economy and is more reliant on services than goods. The degree to which tariffs increase uncertainty, impact global growth and increase the chances of a UK recession, is likely to be more important than the direct consequences of the tariffs themselves on the portfolio (which we expect to be small). Currency movements will create winners as well as losers. In times of higher uncertainty the portfolio should benefit from our focus on companies with strong balance sheets. Historically small caps have proven to be nimble and have tended to bounce back strongly from periods of uncertainty.

Mark Niznik and William Tamworth
Portfolio Managers from 10 March 2025

Business Review

Purpose, Culture, Business Model and Strategy

Artemis UK Future Leaders plc is an investment company and its investment objective is set out below. The strategy the Board follows to achieve that objective, is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied. These are also set out below and have been approved by shareholders.

The Company's purpose is to generate returns for shareholders by investing their pooled capital to achieve the Company's investment objective through the application of its investment policy and with the aim of spreading investment risk.

As the Company has no employees, the business model the Company has adopted to achieve its objective has been to contract its operations to appropriate external service providers. The Board has oversight of the Company's service providers, and monitors them on a formal and regular basis. The Board has a collegiate culture and pursues its fiduciary responsibilities with independence, integrity and diligence, taking advice and outside views as appropriate and constructively challenging and interacting with service providers.

Up until 9 March 2025, the Company had contracted the services of Invesco Fund Managers Limited ('IFML'). IFML had delegated portfolio valuation, fund accounting and administrative services to The Bank of New York Mellon, London Branch. The Bank of New York Mellon (International) Limited ('BNYMIL') were the appointed depositary and custodian.

With effect from 10 March 2025, the Board has appointed Artemis Fund Managers Limited ('Artemis') as the Company's investment manager (the 'Manager') to manage the portfolio in accordance with the Board's strategy and under its oversight. The Portfolio Managers responsible for the day to day management of the portfolio are Mark Niznik and William Tamworth. The Northern Trust Company, London Branch, has been appointed as fund administration service provider. Northern Trust Investor Services Limited are now custody and depositary service provider and finally Northern Trust Secretarial Services (UK) Limited has assumed the role of Company Secretary.

Contractual arrangements remain in place with MUFG Corporate Markets (formerly known as Link Group) to act as registrar.

Investment Objective

The Company is an investment trust whose investment objective is to achieve long-term total returns for shareholders, primarily by investment in a broad cross-section of small to medium sized UK quoted companies.

Investment Policy

The portfolio primarily comprises shares traded on the London Stock Exchange and those traded on AIM. The Portfolio Managers can also invest in unquoted securities, though these are limited to a maximum of 5% of gross assets at the time of acquisition.

The Manager seeks to outperform its benchmark, the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested. As a result, the Manager's approach can, and often does, result in significant overweight or underweight positions in individual stocks or sectors compared with the benchmark. Sector weightings are ultimately determined by stock selection decisions. Risk diversification is sought through a broad exposure to the market, where no single investment may exceed 5% of the Company's gross assets at the time of acquisition. The Company may utilise index futures to hedge risk of no more than 10% and other derivatives (including warrants) of no more than 5%. In addition, the Company will not invest more than 10% in collective investment schemes or investment companies, nor more than 10% in non-UK domiciled companies. All these limits are referenced to gross assets at the time of acquisition.

Borrowings under this investment policy may be used to raise market exposure up to the lower of 30% of NAV and £25 million.

Amendment to the Investment Policy

The Board is seeking shareholder approval at the AGM to change the Company's investment policy to raise the upper limit of allowable derivatives use to 15%. A black-line version of the investment policy is shown below.

Investment Policy

The portfolio primarily comprises shares traded on the London Stock Exchange and those traded on AIM. The Portfolio Managers can also invest in unquoted securities, though these are limited to a maximum of 5% of gross assets at the time of acquisition. The Manager seeks to outperform its benchmark, the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested. As a result, the Manager's approach can, and often does, result in significant overweight or underweight positions in individual stocks or sectors compared with the benchmark. Sector weightings are ultimately determined by stock selection decisions. Risk diversification is sought through a broad exposure to the market, where no single investment may exceed 5% of the Company's gross assets at the time of acquisition. The Company may utilise index futures to hedge risk of no more than 10% and other derivatives (including warrants) of no more than ~~5%~~ 15%. In addition, the Company will not invest more than 10% in collective investment schemes or investment companies, nor more than 10% in non-UK domiciled companies. All these limits are referenced to gross assets at the time of acquisition. Borrowings under this investment policy may be used to raise market exposure up to the lower of 30% of NAV and £25 million.

Dividend Policy

The Company's dividend policy is to distribute all available revenue earned by the portfolio in the form of dividends to shareholders. In addition, the Board has approved the use of the Company's capital reserves to enhance dividend payments. Therefore, the total dividend, paid to shareholders on a quarterly basis, comprises income received from the portfolio, with the balance coming from realised capital profits. Whilst not guaranteed, in normal circumstances, the dividend for the year ending 31 January is calculated to give a yield of 4% based on the year end share price. It does not include any preliminary charges and investors may be subject to tax on dividends received.

Performance

The Board reviews performance by reference to a number of Key Performance Indicators which include the following:

- the movement in the NAV per share on a total return basis:

  Details on the movement in the NAV per share on a total return basis is provided in the Ten Year Total Return (with dividends reinvested) Performance table on page 5.

- the NAV and share price performance relative to the Benchmark Index and the peer group:

  The Board regularly reviews the Company's performance against the Benchmark Index and the peer group at each Board meeting. Information on the Company's performance can be found in the Chairman's Statement on page 7 and the Portfolio Managers' Report from page 9.

  The ten year record for the NAV and share price performance compared with the Company's Benchmark Index can be found on page 5.

- the discount/premium to NAV:

  The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which the shares trade. Further information on the Company's discount to NAV can be found in the Chairman's Statement on page 7 and the Five Year Discount History can be found on page 6.

- dividend per share:

  As stated above, the Company's stated dividend policy includes a target dividend yield of 4% of year end share price. Further information on the three interim dividends and proposed final dividend for the year ended 31 January 2025 are provided in the Chairman's Statement on page 7. The ten year historical record for dividends is shown on page 5.

- the ongoing charges:

  The ongoing administrative costs of operating the Company are encapsulated in the ongoing charges ratio, which is calculated in accordance with guidance issued by the Association of Investment Companies ('AIC'). The ongoing charges ratio provides a guide to the effect on performance of annual operating costs. The Board monitors the Company's expenditure at each Board meeting and on an annual basis the Board reviews an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers.

  The ongoing charges for the year ended 31 January 2025 was 1.03% (2024: 1.01%). The ongoing charges are expected to fall to approximately 0.84% following the change of Manager.

  The ten year historical record for ongoing charges is shown on page 5.

Results and Dividends

In the year ended 31 January 2025, the NAV total return was -2.4%, compared with a total return on the Benchmark Index of 7.8%, an underperformance of 10.2%. The discount at the year end was 16.6% (2024: 11.1%).

For the year ended 31 January 2025, three interim dividends of 3.85p per share were paid to shareholders in August and December 2024 and March 2025. Subject to shareholder approval, a final dividend of 3.45p per share will be paid on 12 June 2025 to shareholders on the register on 9 May 2025. This will give total dividends for the year of 15.00p (2024: 16.96p), representing a yield of 4.0% based on the share price as at 31 January 2025. Further details are provided in the Chairman's Statement on page 7. Of the total dividend (excluding elective special dividend), 90.7% (2024: 77.7%) was generated from revenue in the year. The remainder was funded from realised capital reserves and represents 0.3% (2024: 0.8% from realised capital reserves) of the year end net assets.

A return of capital was offered to Shareholders during the year ended 31 January 2025 in respect of up to 10% of the Company's issued shares (excluding treasury shares). The return of capital was proposed by way of an elective special dividend, where all shareholders had an opportunity to elect in respect of each share held. The value of the special dividend was an amount per share of 484.85p which represented 97.5% of the published unaudited NAV per share of 497.29p as at the net asset value certification date (being 6.00 p.m. on 17 September 2024). The special dividend was paid on 8 October 2024, resulting in 3,382,648 shares being cancelled for no consideration pursuant to the reduction of capital and an amount of £16,401,000 was paid to Shareholders who elected to receive the special dividend.

Financial Position and Borrowings

At 31 January 2025, the Company's net assets were valued at £137 million (2024: £161 million), comprising a portfolio of equity investments and net current assets, with £12.4 million borrowings (2024: £8.8 million).

Borrowings under the Company's investment policy were used to raise market exposure up to the lower of 30% of NAV and £25 million. At 31 January 2025, the Company had a bank facility with The Bank of New York Mellon under which borrowings were limited to the maximum of 30% of net assets and £20 million, whichever was the lower. The bank facility was available for gearing or settlement purposes and £12.4 million was drawn at the year end. The bank facility replaced the Company's £15 million overdraft facility during the year. Subsequent to the year end, the bank facility was fully re-paid with effect 26 February 2025 and the facility withdrawn.

Outlook, including the Future of the Company

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Portfolio Managers' Report. Details of the principal risks affecting the Company are set out under 'Principal Risks and Uncertainties' below.

Principal Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Most of these risks are market related and are similar to those of other investment trusts investing primarily in listed markets. The Audit Committee reviews the Company's risk control summary at each meeting, and as part of this process, gives consideration to identify emerging risks. Emerging risks, such as evolving cyber threat, geo-political tension and climate related risks, have been considered during the year as part of the Directors' assessment.

Principal Risk Description	Mitigating Procedures and Controls
Market (Economic) Risk Factors such as fluctuations in stock markets, interest rates and exchange rates are not under the control of the Board or the Portfolio Managers, but may give rise to high levels of volatility in the share prices of investee companies, as well as affecting the Company's own share price and the discount to its NAV. The risk could be triggered by unfavourable developments globally and/or in one or more regions, contemporary examples being the market uncertainty in relation to the wider political developments in Ukraine, the Middle East and the worldwide tariffs implemented by the USA.	The Directors have assessed the market impact of the ongoing uncertainty from the unfavourable developments globally through regular discussions with the Portfolio Managers and the Corporate Broker. The Company's current portfolio consists of companies listed on the main UK equity market and those listed on AIM. To a limited extent, futures can be used to mitigate against market (economic) risk, as can the judicious holding of cash or other very liquid assets. Futures are not currently being used.
Investment Risk The Company invests in small and medium-sized companies traded on the London Stock Exchange or on AIM. By their nature, these are generally considered riskier than their larger counterparts and their share prices can be more volatile, with lower liquidity. In addition, as smaller companies may not generally have the financial strength, diversity and resources of larger companies, they may find it more difficult to overcome periods of economic slowdown or recession.	The Portfolio Managers seek to mitigate risk through holding an economically diversified portfolio without concentrated macroeconomic bets. UK Smaller Companies in aggregate earn approximately 60% of their revenues from the domestic UK economy so the portfolio will be sensitive to both the UK macro economic outlook and sentiment towards the UK. Artemis' preference is to invest in companies with strong balance sheets and strong cash generation which should be relatively better positioned to withstand economic shocks. We like companies with market leading positions which tend to be better able to pass through price increases to mitigate cost inflation. The portfolio is constructed without reference to the benchmark. The weighting that a stock is given is a function of anticipated share price upside, the level of conviction and the riskiness of an investment. A single holding will typically not exceed 5% of the portfolio. The factor profile of the portfolio is also principally driven by bottom-up stock picking although our investment risk team generates factor analysis for the investment team to review on a regular basis. Sustainability analysis is a core part of our stock analysis in both assessing the opportunities and risks facing companies over the medium to long term. We identify key ESG metrics for each company and track the disclosure and trend of these. Disclosures by companies in the investment universe can often be poor, so this is an area we engage on. The Portfolio Managers remain cognisant at all times of the potential liquidity of the portfolio. There can be no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. The Board monitors the performance of the Company, giving due consideration to how the Manager has incorporated ESG considerations including climate change into their investment process. Further details can be found on pages 19 to 21. The Board also has guidelines in place to ensure that the Managers adhere to the approved investment policy. The continuation of the Manager's mandate is reviewed annually.
Shareholders' Risk The value of an investment in the Company may go down as well as up and an investor may not get back the amount invested.	The Board reviews regularly the Company's investment objective and strategy to ensure that it remains relevant, as well as reviewing the composition of the shareholder register, peer group performance on both a share price and NAV basis, and the Company's share price discount to NAV per share. The Board and the Manager maintain an active dialogue with the aim of ensuring that the market rating of the Company's shares reflects the underlying NAV; both share buy back and issuance facilities are in place to help the management of this process.

Principal Risk Description	Mitigating Procedures and Controls
Reliance on the Investment Manager and other Third-Party Service Providers The Company has no employees and the Board comprises non-executive directors only. The Company is therefore reliant upon the performance of third-party service providers for its executive function and service provisions. The Company's operational structure means that all cyber risk (information and physical security) arises at its third-party service providers, including fraud, sabotage or crime against the Company. The Company's operational capability relies upon the ability of its third-party service providers to continue working throughout the disruption caused by a major event such as the Covid-19 pandemic. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers, of which the Manager is the principal provider, are listed on page 64. The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Damage to the reputation of the Manager could potentially result in counterparties and third parties being unwilling to deal with the Manager and by extension the Company, which carries the Manager's name. This could have an adverse impact on the ability of the Company to pursue its investment policy successfully.	Third-party service providers are subject to ongoing monitoring by the Manager and the Board. During the year, the performance of all third-party providers was reviewed through formal and informal meetings. The Audit Committee reviews regularly the performance and internal controls of the Manager and all third-party providers through audited service organisation control reports, together with updates on information security, the results of which are reported to the Board. The Manager's business continuity plans were reviewed on an ongoing basis during the year and the Directors were satisfied that robust plans and infrastructure were in place to minimise the impact on its operations so that the Company can continue to trade, meet regulatory obligations, report and meet shareholder requirements. The Board received regular update reports from the Manager and the other third-party service providers on business continuity processes and had been provided with assurance from them all insofar as possible that measures are in place for them to continue to provide contracted services to the Company during the year.
Regulatory Risk The Company is subject to various laws and regulations by virtue of its status as an investment trust, its listing on the London Stock Exchange and being an Alternative Investment Fund under the UK AIFMD regime. A loss of investment trust status could lead to the Company being subject to corporation tax on the chargeable capital gains arising on the sale of its investments. Other control failures, either by the Manager or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.	The Manager reviews the level of compliance with tax and other financial regulatory requirements on a regular basis. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. During the year, the Manager's Compliance and Internal Audit team produced annual reports for review by the Company's Audit Committee. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 16 of this Annual Financial Report.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Company over a longer period than 12 months. The Company is an investment trust, a collective investment vehicle designed and managed for long term investment. While the appropriate period over which to assess the Company's viability may vary from year to year, the long term for the purpose of this viability statement is currently considered by the Board to be at least five years, with the life of the Company not intended to be limited to that or any other period.

The main risks to the Company's continuation are: insufficient liquidity to meet liabilities as they fall due; poor investment performance over an extended period; shareholder dissatisfaction through failure to meet the Company's investment objective; or the investment policy not being appropriate in prevailing market conditions. Accordingly, failure to meet the Company's investment objective, and contributory market and investment risks are deemed by the Board to be principal risks of the Company and are given particular consideration when assessing the Company's long term viability. Despite the current impact on global markets resulting from the ongoing political developments in Ukraine, Israel and Palestine, and the USA, the Directors remain confident, in light of recent changes, that the Company's investment strategy will continue to serve shareholders well over the longer term.

The investment objective of the Company has been substantially unchanged for many years. The 2015 amendment to the dividend policy gave some additional weight to targeting increased dividend income to shareholders. This change does not affect the total return sought or produced by the Manager but was designed to increase returns distributed to shareholders. The Board considers that the Company's investment objective remains appropriate. This is confirmed by contact with major shareholders.

Performance derives from returns for risk taken. The Report from Artemis on page 10 sets out their current investment strategy. There has been no material change in the Company's investment objective, however, an amendment to the investment policy is being proposed as detailed on page 11.

Demand for the Company's shares and performance are not things that can be forecast, but there are no current indications that either or both of these may decline substantially over the next five years so as to affect the Company's viability.

The Company is a closed end investment trust and can pursue a long term investment strategy and make use of gearing to enhance returns through investment cycles without the need to maintain liquidity for investor redemptions.

Based on the above analysis, including review of the revenue forecast for future years along with stress testing of the portfolio liquidity and dividend sensitivity analysis, the Directors confirm that they expect the Company will continue to operate and meet its liabilities, as they fall due, during the five years ending January 2030.

Duty to Promote the Success of the Company (s.172)

The Directors have a statutory duty under Section 172 of the Companies Act 2006 to promote the success of the Company whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers and others, and to have regard to their interests. The Company has no employees and no customers in the traditional sense and in accordance with the Company's nature as an investment trust, the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole. In doing so, it has due regard to the impact of its actions on other stakeholders including the Manager, other third-party service providers and the impact of the Company's operations on the community and the environment which are all taken into account during all discussions and as part of the Board's decision making.

The Board is committed to maintaining open channels of communication and engagement with stakeholders in a manner which they find most meaningful. The table below sets out how the Board engages with each of its key stakeholders:

Stakeholder	Key considerations and engagement
Shareholders	The Board endeavours to provide shareholders with a full understanding of the Company's activities and reports formally to shareholders each year by way of the Half-Yearly and Annual Financial Reports. This is supplemented by the daily publication of the net asset value of the Company's ordinary shares on the London Stock Exchange website, and monthly factsheets. Shareholders who attend the AGM can meet the Board and the Portfolio Managers and have the opportunity to hear directly from the Portfolio Managers and ask questions. For shareholders who are unable to attend the AGM, a video update from the Portfolio Managers will be available on the Company's website after the AGM. Shareholders can also visit the Company's website, https://www.artemisfunds.com/futureleaders to access copies of Half-Yearly and Annual Financial Reports, shareholder circulars, factsheets and Stock Exchange announcements. There is a regular dialogue between the Board, the Manager and institutional shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help to develop an understanding of their issues. Meetings between the Manager and institutional shareholders are reported to the Board, which monitors and reviews shareholder communications on a regular basis.
Manager & other key third-party service providers	The Board engages representatives of the Manager at every Board meeting and receives updates from the Portfolio Managers on a regular basis outside of these meetings. At every Board meeting the Directors receive an investor relations update from the Manager, which details any significant changes in the Company's shareholder register, shareholder feedback, as well as notifications of any publications or press articles. In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisers for support in meeting all relevant obligations. The Board, through the Manager, maintains regular contact with its key external service providers and receives regular reporting from them, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Board (through the Management Engagement Committee) formally assesses the third-party service providers' performance, fees and continuing appointment on an annual basis to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the financial reporting control environments in place at each service provider or following the change in Investment Manager and AIFM subsequent to the year end.
Investee Companies	On the Company's behalf the Investment Manager engages with investee companies, particularly in relation to ESG matters and shares held in the portfolio are voted at general meetings. An example of how the Manager engaged with an investee company during the year can be found on page 19.

Stakeholder	Key considerations and engagement
Association of Investment Companies ('AIC')	The Company is a member of the AIC, which looks after the interests of investment trusts and provides information to the market. Comprehensive information relating to the Company can be found on the AIC website. As a member of AIC, the Company is welcomed to comment on consultations and proposal documents on matters affecting the Company and annually to nominate and vote for future AIC board members.

Some of the key discussions and decisions the Board made during the year were:

- to provide shareholders the opportunity to vote for the continuation of the Company by implementing a triennial continuation vote policy with the next one being in 2027.
- to offer a one-off return of capital to Shareholders (paid on 8 October 2024) in respect of up to 10% of the Company's issued shares (excluding treasury shares) by way of an elective special dividend together with the cancellation of the shares on which the dividend is paid.
- to enter into a revolving credit facility, replacing the overdraft facility previously in place (repaid post year end).
- in line with the Company's dividend policy and subject to shareholder approval of the final dividend, the Board agreed to pay total dividends for the year ended 31 January 2025 of 15.00p per share. Dividends were paid from a combination of current year revenue and capital reserves. Factors the Board took into consideration in deciding the 2025 dividends included: shareholder expectations, revenue generated by the Company during the year, revenue forecasts for the current financial year and the capacity of the Company to pay dividends out of its reserves.
- to enter into an agreement to appoint Artemis Fund Managers Limited from 10 March 2025 following a review of the Company's investment management arrangements.

Environmental, Social and Governance ('ESG') Matters

The Board recognises that the most material way in which the Company can have an impact on ESG is through responsible ownership of its investments. The Board has appointed Artemis as Investment Manager, who engages actively with investee companies undertaking extensive evaluation and engagement on a variety of matters such as strategy, performance, risk, dividend policy, governance and remuneration. All risks and opportunities are considered as part of the investment process in the context of enhancing the long-term value of shareholders' investments. This will include matters relating to material environmental, human rights and social considerations that will ultimately impact the profitability of a company or its stock market rating and hence these matters are an integral part of Artemis' thinking as investors.

Further details are shown in the ESG Statement covering the approaches of both Managers on pages 19 to 21.

A greenhouse gas emissions statement is included in the Directors' Report on page 29.

Task Force for Climate-related Financial Disclosures ('TCFD')

Whilst TCFD is currently not applicable to the Company, the previous Manager has produced a product level report on the Company in accordance with the Financial Conduct Authority's ('FCA') rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures. These disclosures are intended to help meet the information needs of market participants, including institutional clients and consumers of financial products, in relation to the climate-related impact and risks of the Manager's TCFD in-scope business. The product level report on the Company is available on the Company's website.

Modern Slavery

The Company is an investment vehicle and does not provide goods or services in the normal course of business or have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Board Diversity

The Board considers diversity, including the balance of skills, knowledge, experience and gender amongst other factors when reviewing its composition and appointing new directors. The Board continues to recognise the importance of having a range of skilled and experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations.

In view of its relatively small size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will seek to meet the targets set out in the FCA's UK Listing Rule ('UKLR') 6.6.6R (9)(a), which are summarised below.

In accordance with UKLR 6.6.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity as at 31 January 2025, being the financial year end of the Company. The information included in the tables on the following page has been obtained following confirmation from the individual Directors. As shown in the tables, the Company did not meet the FCA gender and ethnic diversity targets as at 31 January 2025. Given its small size, which it considers appropriate, and the infrequency with which appointments are made, the Board is aware that achieving these targets is more challenging. It will be mindful of these targets when making any future appointments and will continue to take all matters of diversity into account as part of its succession planning.

Board Gender as at 31 January 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[A]	Percentage of executive management[A]
Men	3	75%	1[B]	n/a	n/a
Women	1[B]	25%	1[C]	n/a	n/a

A The Company does not disclose the number of directors in executive management as this is not applicable for an investment trust.
B Does not meet the target as set out in UKLR 6.6.6R (9)(a)(i).
C The position of Chairman is held by a woman and therefore this meets the target of 1 as set out in UKLR 6.6.6R (9)(a)(ii).

Board Ethnic Background as at 31 January 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management[A]	Percentage of executive management[A]
White British or other White (including minority-white groups)	4	100%	2	n/a	n/a
Minority ethnic	0[B]	0%	0	n/a	n/a

A The Company does not disclose the number of directors in executive management as this is not applicable for an investment trust.
B Does not meet the target as set out in UKLR 6.6.6R (9)(a)(iii).

There have been no changes since the year end that have affected the Company's ability to meet the targets set in UKLR 6.6.6R (9)(a).

The Strategic Report was approved by the Board of Directors on 28 April 2025.

Northern Trust Secretarial Services (UK) Limited
Corporate Company Secretary

Environmental, Social and Corporate Governance ('ESG')

A Recap of Invesco's Approach to ESG

Our focus as active fund managers is always on finding mispriced stocks and ESG integration underpins our investment process at every stage.

The incorporation of ESG into our investment process considers ESG factors as inputs into the wider investment process as part of a holistic consideration of the investment risk and opportunity. The core aspects of our ESG philosophy include: materiality; ESG momentum; and engagement.

- Materiality refers to the consideration of ESG issues that are financially material to the corporate or issuer we are analysing.
- The concept of ESG Momentum, or improving ESG performance over time, indicates the degree of improvement of various ESG metrics and factors and helps fund managers identify upside in the future. We find that companies which are improving in terms of their ESG practices may enjoy favourable financial performance in the longer term.
- Engagement is part of our responsibility as active owners which we take very seriously, and we see engagement with companies as an opportunity to encourage continual improvement. Dialogue with portfolio companies is a core part of the investment process for us. As such, we often participate in board level dialogue and are instrumental in giving shareholder views on management, corporate strategy, transparency, and capital allocation as well as wider ESG aspects.

The following example illustrates IFML's approach to ESG engagement during the year to 31 January 2025.

Engagement Example 1

- *Manufacturer of technology products and services for the aerospace, defence, and security markets*
- *Issues addressed: Remuneration Policy*

Issue

The engagement focussed on proposed changes to the company's remuneration policy which is due to be renewed at the 2025 AGM. There are two aspects to the proposed changes; firstly, an increase in the quantum of the long-term incentive plan (LTIP) and secondly, a change in the performance measures for the 2024/2025 LTIP awards.

Proposed Changes

The company was proposing to increase the maximum LTIP award to 175% of salary from 150% of salary for all Executive Directors. The company stated that the increase was in recognition of the growth in company's size since the last policy review and that it would enable the Committee to provide a market competitive remuneration opportunity to the Executive Directors at the same time as ensuring the Committee can manage the pay compression issues that are a feature of a growing company.

The second aspect was that the company was also proposing to introduce 'cash conversion' as a performance measure in the LTIP. The performance metrics used to determine vesting would include 'cash conversion' for 20% of the financial year 2024/25 award. Performance would continue to be measured against earnings per share (EPS) (40%, reduced from 50%), relative total shareholder return (TSR) versus the FTSE All Share Index (20%, reduced from 30%) and ESG (20%) (the ESG metrics would remain focussed on carbon emissions reduction). Achievement of the threshold performance targets would continue to result in 25% of each element vesting, rising to 100% for achieving the maximum target or better.

The rationale for the introduction of cash conversion into the LTIP was that it would align with the company's focus on the generation of cash during the investment phase in one particular part of their business and provide a clear focus on the efficient management of working capital as the company continues to grow.

Engagement

The Company consulted with key shareholders ahead of the AGM in order to receive feedback on their proposals. Within Invesco the Investment Advisory Team consulted with the fund managers before providing feedback to the company that their proposals were reasonable and the rationales were clear. During the period of engagement the Investment Association (IA) updated the Principles of Remuneration and as a result further modifications to the remuneration policy were proposed by the company including a reduction in bonus deferral from 40% to 20% for executive directors that have met their 200% of salary share ownership guidelines, and broadening of malus and clawback trigger events. Furthermore an adjustment to CFO's base salary was proposed as the remuneration committee believed the CFO's base salary to be materially below the market level. The proposal was to raise his salary by around 12% to bring it into line with the market. The Investment Advisory Team further consulted with the fund managers and again it was felt that all these proposals were reasonable given the growth of the company and the clear rationale that had been presented throughout the engagement process.

Outcome

The fund managers felt that all these proposals were reasonable given the growth of the company and the clear rationale that had been presented throughout the engagement process.

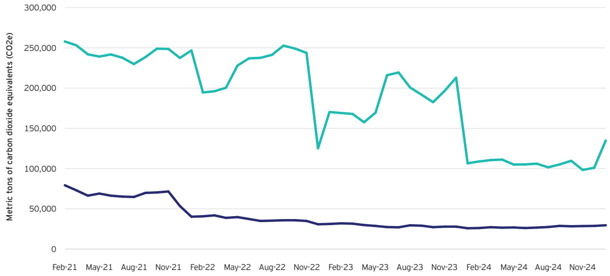
Update on the Portfolio's Climate Credentials

Climate change continues to be a strategic priority for Invesco, with a commitment to the Net Zero Asset Managers initiative. Companies' climate transition plans were common topic discussed in our ESG engagements over the last 12 months. As can be seen from the chart below, the portfolio's carbon intensity remains well below that of the benchmark index. Encouragingly, we have seen more net zero commitments from smaller companies, suggesting this portfolio's carbon intensity is likely to continue this lower trend.

Artemis UK Future Leaders plc (formerly Invesco Perpetual UK Smaller Companies Trust plc) – Carbon Time Series

ISS Scope 1+2 Emissions

- Artemis UK Future Leaders plc (formerly Invesco Perpetual UK Smaller Companies Trust plc)
- Deutsche Numis Smaller Companies + AIM (excluding Investment Companies)



Source: ISS as at 31 January 2025. Portfolio & Benchmark holdings from January 2021 to January 2025.

Voting Policy

We review AGM and EGM proposals taking into account our own knowledge of the companies in which our funds are invested, as well as the comments and recommendations of proxy research providers ISS, Glass Lewis and IVIS. In addition, Invesco provides proprietary proxy voting recommendations and publishes these recommendations via its PROXYintel platform.

All voting decisions remain with us as the fund managers, however, where we vote against an Invesco voting recommendation, the rationale for such decision is recorded and available on the platform.

Where there are situations of controversy or differing views between the consultants mentioned above, we will draw on the expertise of our internal ESG team for advice. There will be times when we will follow the recommendations made by proxy research providers but times where we disagree with the stance being taken.

Voting in line with management recommendations should not be seen as evidence of a lack of engagement or challenge on our part, but rather that we believe that the governance of the companies in which we are invested is appropriate for the size of the company, robust and worthy of support. There may be instances where we vote in support of management, but the ESG performance of the company is not perfect and issues have been identified. In this situation we would have been engaged with the company leading up to the vote and if necessary, would have raised concerns and likely given a time horizon or measure for improvement which, if not met, could lead to a vote against in the future. In that respect, our approach to governance is one of engagement and improvement. We do not expect companies to change overnight but we do expect continual review of governance processes and continued improvement.

Update on Company Voting

Artemis UK Future Leaders plc (formerly Invesco Perpetual UK Smaller Companies Trust plc) for the year ended 31 January 2025

No	Category	Total Number	Total %
1	Ballots Voted (Accepted & Rejected)	71	100.00
2	Ballots Voted (Accepted)	71	100.00
3	Ballots Against Management* Recommendations	8	11.26
4	Ballots Against IVZ Recommendations	40	53.52

*Management refers to the management of the investee company.

ESG & Stewardship at Artemis

Introduction

Artemis believes stewardship activities contribute to better performing companies and therefore returns for our clients. We assess a broad range of investment factors which can impact a company's value, including environmental, social and governance (ESG) drivers. We believe companies with good and/or improving performance on material ESG issues are shareholder-value enhancing. While individual investment strategies are distinctive, stewardship is a fundamental element of our approach across all Artemis investment strategies. This means each investment team selects, manages, and incorporates ESG factors in a way best suited to their specific investment strategy ensuring that ESG factors are not considered separately but are embedded in everything we do.

In recognition of our commitment to stewardship and ESG, we are a signatory to the Financial Reporting Council's UK Stewardship Code.

Approach to Stewardship

Our dedicated Stewardship team's role is to support and challenge approaches and to work with fund managers on a range of activities. These include ESG integration, engagement & voting, as well as participation in industry wide initiatives to develop and promote best practices internally and across the investment management industry.

At Artemis, ESG analysis and integration is the responsibility of each individual fund management team.

This means that their assessment of financial materiality – including that of ESG issues – may differ due to factors including investment approach, geographical focus, holding period, portfolio positioning and construction, and risk tolerance.

While this independence of thought is the basis of our approach, there are some overarching views on how ESG issues are integrated where this forms part of the investment process:

- We believe that the integration of material ESG factors into our investment process will **enhance returns** for clients over the long term
- We assess **material risks** from both a sector and company-specific perspective
- We use this risk assessment to **inform investment decision-making** and **prioritise engagement** with our investee companies
- We use **company meetings** as an opportunity to discuss the most material risks with companies' executive board members as well as periodic stand-alone meetings with dedicated sustainability managers and non-executive directors when appropriate
- We **document investment analysis and company engagement** and share these with the wider Artemis investment teams
- We can explain how factors which can be material such as companies' environmental performance and governance processes are **integrated into our investment decisions**

Strategy Stewardship Approach

This strategy aims to harness the superior growth potential of smaller companies, applying a disciplined bottom-up investment process focused on enduring, undervalued free cashflow.

Detailed financial research and company meetings identify between 60 and 90 growing businesses that the managers believe will produce excellent risk-adjusted returns over the longer term.

An assessment of the materiality of ESG factors on investment performance is our first step in our ESG integration process. Guided by the SASB framework, we then identify key ESG metrics for companies in the portfolio and track disclosure and the trend of these over time.

Disclosures by companies in the universe can often be poor, so this is an area we often engage on, and monitor through our internal ESG monitoring list for all stocks in the portfolio.

Companies are rated on a traffic light scale (Red/Amber/Green) for ESG risks and opportunities, as well as receiving a summary rating. This process has highlighted opportunities for engagement.

Risk Mitigation

Our view is that ESG factors are most pertinent in their contribution when creating the risk of a permanent loss of capital, usually through obsolescence, excessive leverage, misjudged investment value, misallocations of capital, and regulation.

We actively monitor ESG risks and opportunities primarily through our fundamental and bottom-up driven research process for monitoring existing and evaluating prospective investments. We frequently engage with management teams on strategy, capital allocation, incentive alignment and communication.

Voting – A Measured Approach

We vote on all of our holdings, unless restricted from doing so by local market practices, laws or regulations. Voting decisions are made by our fund managers, informed by their knowledge of the company concerned, any engagement activity, Artemis' voting policy and input from external research providers such as Institutional Shareholder Services (ISS). For us, voting forms an important part of our stewardship responsibilities and we will vote against management when we believe this will lead to a better outcome and is in the interests of our clients.

Engagement – Dialogue and Understanding

Engagement is a core element of our approach and one of the means we use to develop our understanding of companies, raise issues with management and monitor subsequent developments. This can include face-to-face meetings, telephone calls, emails and letters on topics including strategy, operational performance, governance, industry-specific issues and environmental and social factors.

Reporting – Meeting Our Client's Evolving Needs

ESG analysis continues to evolve and we are committed to meeting the specific reporting needs of our clients. On our website we share policies (Stewardship, Engagement, Voting), detailed voting reports and regular ESG insights. On an annual basis we publish our Stewardship Report which offers a detailed account of stewardship at Artemis including our firm's progress on key initiatives, case studies of both engagement and voting and descriptions of each strategy's ESG integration methods. We also publish TCFD reports at Entity-level and Fund-level.

Investments in Order of Valuation

AT 31 JANUARY 2025

Ordinary shares unless stated otherwise

Company	Sector	Market Value £'000	% of Portfolio
4imprint	Media	7,318	5.1
JTC	Investment Banking and Brokerage Services	7,181	5.0
Alfa Financial Software	Software and Computer Services	5,805	4.0
Hilton Food	Food Producers	5,503	3.8
Hill & Smith	Industrial Metals and Mining	5,373	3.7
AJ Bell	Investment Banking and Brokerage Services	4,654	3.2
Coats	General Industrials	4,498	3.1
Chemring	Aerospace and Defence	4,305	3.0
Advanced Medical Solutions[AIM]	Medical Equipment and Services	4,188	2.9
Hollywood Bowl	Travel and Leisure	4,099	2.8
Top Ten Holdings		**52,924**	**36.6**
Avon Technologies (formerly Avon Protection)	Aerospace and Defence	3,445	2.4
Serco	Industrial Support Services	3,351	2.3
Volution	Construction and Materials	3,179	2.2
discoverIE	Electronic and Electrical Equipment	2,851	2.0
Auction Technology	Software and Computer Services	2,757	1.9
The Gym	Travel and Leisure	2,738	1.9
Wickes	Retailers	2,725	1.9
GlobalData[AIM]	Media	2,561	1.8
Energean	Oil, Gas and Coal	2,532	1.8
Genuit	Construction and Materials	2,495	1.7
Top Twenty Holdings		**81,558**	**56.5**
CVS[AIM]	Consumer Services	2,490	1.7
Mitchells & Butlers	Travel and Leisure	2,487	1.7
Johnson Service[AIM]	Industrial Support Services	2,481	1.7
Brooks Macdonald[AIM]	Investment Banking and Brokerage Services	2,469	1.7
Aptitude Software	Software and Computer Services	2,439	1.7
Marshalls	Construction and Materials	2,397	1.7
Oxford Instruments	Electronic and Electrical Equipment	2,381	1.7
Tatton Asset Management[AIM]	Investment Banking and Brokerage Services	2,358	1.6
XP Power	Electronic and Electrical Equipment	2,354	1.6
Kainos	Software and Computer Services	2,178	1.5
Top Thirty Holdings		**105,592**	**73.1**
Young & Co's Brewery - Non-Voting[AIM]	Travel and Leisure	2,134	1.5
MJ Gleeson	Household Goods and Home Construction	2,095	1.5
Essentra	Industrial Support Services	2,082	1.4
GB Group[AIM]	Software and Computer Services	1,957	1.4
Savills	Real Estate Investment and Services	1,943	1.4
Future	Media	1,939	1.3
VP	Industrial Transportation	1,804	1.3
Robert Walters	Industrial Support Services	1,729	1.2
Workspace	Real Estate Investment Trusts	1,660	1.2
Severfield	Construction and Materials	1,541	1.1
Top Forty Holdings		**124,476**	**86.4**

Company	Sector	Market Value £'000	% of Portfolio
Midwich[AIM]	Industrial Support Services	1,539	1.1
Dunelm	Retailers	1,421	1.0
M&C Saatchi[AIM]	Media	1,413	1.0
Jadestone Energy[AIM]	Oil, Gas and Coal	1,408	1.0
NIOX[AIM]	Medical Equipment and Services	1,404	1.0
Treatt	Chemicals	1,266	0.9
Ricardo	Construction and Materials	1,218	0.8
CLS	Real Estate Investment and Services	1,148	0.8
Secure Trust Bank	Banks	1,125	0.8
RWS[AIM]	Industrial Support Services	1,098	0.8
Top Fifty Holdings		**137,516**	**95.6**
Churchill China[AIM]	Household Goods and Home Construction	1,027	0.7
FDM	Industrial Support Services	976	0.7
Next Fifteen Communications[AIM]	Media	833	0.6
Topps Tiles	Retailers	803	0.6
Videndum	Industrial Engineering	724	0.5
Learning Technologies[AIM]	Software and Computer Services	619	0.4
Focusrite[AIM]	Leisure Goods	605	0.4
YouGov[AIM]	Media	435	0.3
Genus	Pharmaceuticals and Biotechnology	335	0.2
Thruvision[AIM]	Electronic and Electrical Equipment	47	-
Top Sixty Holdings		**143,920**	**100.0**
Total Investments: (60)		**143,920**	**100.0**

[AIM] Investments quoted on AIM.

The percentage of the portfolio by value invested in AIM stocks at the year end was 21.6% (2024: 29.9%). There were 19 AIM stocks held at the year end, representing 31.7% of the 60 stocks (2024: 24 AIM stocks held representing 36.4% of the 66 stocks held).

2

Governance

Directors

Bridget Guerin

Joined the Board on 8 May 2018 and became Chairman on 8 June 2023. She has spent almost 40 years in the investment industry and has held senior positions as marketing director at Ivory & Sime and Schroders, where she was responsible for the launch and support of several investment trusts. She was also managing director of Matrix Money Management Limited. She is a non-executive director of STS Global Income & Growth Trust plc. Bridget is Chairman of York Racecourse and is a non-executive director of Beverley Racecourse.

Mike Prentis

Joined the Board on 22 February 2021. Mike has 34 years of investment management experience, most recently at BlackRock where he was a Fund Manager and Managing Director. For many years he managed funds investing in listed UK small and mid cap companies. These funds included BlackRock Smaller Companies Trust plc (2002 to 2019) and BlackRock Throgmorton Trust plc (2008 to 2018), both now FTSE250 constituents. He was Head of the BlackRock UK Small and Mid Cap Equities Team (2015 to 2017). Previously, he worked in private equity, mainly helping to put together management buyouts; he was a Local Director for 3i Group plc. Mike qualified as a Chartered Accountant with Peat Marwick Mitchell (now KPMG). He is also Senior Independent Director and Chairman of the Remuneration Committee at Central Asia Metals plc.

Graham Paterson

Joined the Board on 15 October 2019 and was appointed as Chairman of the Audit Committee on 11 June 2020. He is an investment and financial services professional with over 20 years' experience in the private equity industry. A Chartered Accountant, Graham was one of the founding partners of SL Capital Partners LLP (formerly Standard Life Investments (Private Equity) Ltd), where he was a partner and board member until 2010. During his 13 years at SL Capital, he was one of the managers of Standard Life Private Equity Trust plc and was a member of the advisory boards to a number of leading private equity fund managers. In 2013, Graham co-founded TopQ Software Ltd which was acquired by eVestment Inc (now part of NASDAQ Inc) in 2015. Graham is a non-executive director of Baillie Gifford US Growth Trust plc, The Income & Growth VCT plc and Diaceutics Plc. He is also non-executive chairman of Datactics Limited.

Simon Longfellow

Joined the Board on 1 July 2023. Simon co-founded Steps to Investing Limited which launched in 2020 and also runs marketing consultancy Neo Strategic Marketing. Until 2019, he was the Head of Investment Trust Marketing at Janus Henderson Investors, focusing on marketing investment trusts to retail investors. Simon is currently the independent director of Electric and General Investment Fund and a non-executive director of CT Global Managed Portfolio Trust plc, and a director of Neo Strategic Marketing Limited.

All Directors are non-executive, are considered independent and are members of the Audit, Management Engagement, Marketing and Nomination Committees.

Directors' Report

Introduction

The Directors present their report for the year ended 31 January 2025.

Business and Status

The Company was incorporated and registered in England and Wales on 7 May 1987 as a public limited company, registered number 02129187. It is an investment company as defined by Section 833 of the Companies Act 2006 and operates as an investment trust within the meaning of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs have approved the Company's status as an investment trust and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain such approval.

Corporate Governance

The Corporate Governance Statement set out on page 33 is included in this Directors' Report by reference.

The Board

All directors are non-executive and all are regarded by the Board as independent of the Company's Manager. The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company.

Brief biographical details of members of the Board are shown on page 25.

When considering the independence of directors, the Board takes into account their experience and whether a director is independent in character and judgement. The Board considers that all directors are independent of the Company's Manager.

Chairman

The Chairman of the Board is Bridget Guerin, and she has been a member of the Board since May 2018 and Chairman since June 2023. Bridget is an independent non-executive director with no conflicting relationships.

Senior Independent Director

The Senior Independent Director is Mike Prentis. He is available to shareholders if they have concerns which contact through the normal channels of Chairman or Manager has failed to resolve or for which such contact is inappropriate. No such issues were raised during the year.

Board Responsibilities

The Board has overall responsibility for the Company's affairs. The Directors are equally responsible under United Kingdom law for promoting the success of the Company and for the proper conduct of the Company's affairs taking into consideration the likely consequences of any decision in the long-term; the need to foster business relationships with its Manager and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly between shareholders of the Company. This is reported in the Business Review section of the Strategic Report on pages 11 to 18. The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company and has a zero tolerance approach towards the criminal facilitation of tax evasion. In addition, the Board is responsible for ensuring that the Company's policies and activities are in the interests of the Company's shareholders and that the interests of creditors and suppliers to the Company are properly considered. The long-term success of the Company is promoted by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed.

The schedule of matters reserved for decision by the Board is available at the registered office of the Company and on the Company's website. The main responsibilities include: setting the Company's strategy, and its investment objective and policies; ensuring that the Company's obligations to shareholders and others are understood and complied with; approving accounting policies and dividend policy; managing the capital structure; reviewing investment performance; approving loans and borrowing; and assessing risk and overseeing its mitigation. The Board also seeks to ensure that shareholders are provided with sufficient information, in order to understand the balance between risk and reward to which they are exposed by holding the Company's shares, through the portfolio details given in the Half-Yearly and Annual Financial Reports, factsheets and daily NAV disclosures.

The Board meets on a regular basis at least four times each year. Additional meetings are arranged as necessary. Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Manager on the current investment position and outlook, strategic direction, performance versus stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory changes, industry best practice and other issues.

To enable the Directors of the Board to fulfil their roles, the Manager ensures that all Directors have timely access to all relevant management, financial and regulatory information.

There is an agreed procedure for Directors, if thought necessary in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £10,000, having first consulted with the Chairman.

The Board as a whole undertakes annually the responsibilities for remuneration. The remuneration of Directors and their shareholdings are reported on in more detail in the Directors' Remuneration Report on pages 36 to 38.

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Committees

The Board has four committees: the Audit Committee, Nomination Committee, Management Engagement Committee, and Marketing Committee. Each Committee has written terms of reference, which clearly define each Committee's responsibilities and duties. The terms of reference of each Committee are available for inspection at the AGM, at the registered office address of the Company and also available via the Company's website.

Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 34 and 35, which is included in this Directors' Report by reference.

Management Engagement Committee

The Board is considered small for the purposes of the AIC Code and therefore the Management Engagement Committee comprises the entire Board under the chairmanship of Mike Prentis. The Committee meets annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager.

During the year, the Committee reviewed the performance of Jonathan Brown and Robin West, the former Portfolio Managers, against the Company's benchmark and peer group as well as the administration services including company secretarial services provided by Invesco Asset Management Limited ('IAML'). In addition, investment management fees were reviewed against those in the peer group and other comparative products.

As announced to the market on 19 December 2024, following a review of the Company's investment management arrangements, the Board entered into a conditional agreement to appoint Artemis Fund Managers Limited as the Company's investment manager. The change became effective on 10 March 2025.

Marketing Committee

The Marketing Committee's overall purpose is to oversee the sales and marketing efforts to refresh and expand the Company's shareholder base. The Committee is responsible for: reviewing marketing plans, budgets, results of initiatives and coverage by different channels; appointing and reviewing the arrangements and service levels provided by any third-party appointed to assist in marketing and sales activities.

All Directors are members of the Marketing Committee under the chairmanship of Simon Longfellow. During the year, Simon held regular informal meetings with IFML's marketing representatives to discuss marketing activity proposals including budget; the Company's website; and to consider the engagement of a marketing agency.

The Committee met once during the year to discuss the proposals from the regular informal meetings and to review the sales and marketing reports from IFML.

Nomination Committee

The Nomination Committee is responsible for identifying and nominating to the Board suitable candidates taking into consideration any identified requirements and the following: the ability of any new director to devote sufficient time to the Company to carry out his or her own duties effectively; and the benefits of diversity (including gender). All Directors are members of the Nomination Committee under the chairmanship of Bridget Guerin. The Committee meets at least once a year to review the Board's size, composition and structure, and to ensure an appropriate balance of skills, experience, independence and knowledge of the Company. The Committee will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and that diversity forms part of the Committee's deliberations. Further details on Board diversity are on page 17.

The Committee met once during the year to review succession planning and Board evaluation. During the year the Committee reviewed the performance of the Chairman, the Board and its sub-committees. Succession planning was also reviewed taking into consideration the skills and tenure of the Directors.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company, via the Company's website and will also be available at the AGM.

Appointment, Re-election and Tenure of Directors

New Directors are appointed by the Board, following recommendation by the Nomination Committee. The Articles of Association require that a Director shall be subject to election at the first AGM after appointment and re-election at least every three years thereafter. However, the Board has resolved that all Directors shall stand for annual re-election at the AGM.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are frequently updated throughout their term in office on industry and regulatory matters. The Manager and the Board have formulated a programme of induction training for newly appointed Directors. They have also put arrangements in place to address ongoing training requirements of Directors which include briefings from key members of the Manager's staff and ensure that Directors can keep up to date with regulation, best practice and the changing risk environment.

A Director's tenure of office will normally be for up to nine years, except that the Board may determine otherwise if it is considered that the continued service on the Board of an individual Director is in the best interests of the Company and its shareholders. The Chairman's tenure of office will also normally be for up to nine years, except that the Board may determine otherwise if it is considered that the continued service on the Board of a Chairman, who has in addition served a period of time as a Director, is in the best interests of the Company and its shareholders. In such circumstances, the Chairman may serve up to an aggregate 12 years as an officer of the Company.

Board, Committee and Directors' Performance Appraisal

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit Committee and individual Directors. The performance of the Board, its Committees and individual Directors has been assessed during the year in terms of:

- attendance at Board and Committee meetings;
- the ability of Directors to make an effective contribution to the Board and Committees created by the diversity of skills, knowledge and experience each Director brings to meetings; and
- the Board's ability to challenge independently the Manager's recommendations, to suggest areas of debate and to set the future strategy of the Company.

For the year under review, the Board conducted its performance evaluation through formal questionnaires and discussion between the Directors and the Chairman/Senior Independent Director respectively. The performance of the Chairman is evaluated annually, with discussion of her performance led by the Senior Independent Director. The employment of an external consultant, Lintstock Limited, for the purposes of performance evaluation was last carried out in 2021 and shall be considered by the Board at a future date.

The results of the most recent evaluation concluded that the Chairman, Board and Committees of the Board are effective, as are individual Directors. The Directors continue to provide a good range of experience and backgrounds and continue to make valuable contributions and demonstrate commitment to their respective roles and in the Board's considered view, all Directors were independent.

Attendance at Board and Committee Meetings

All Directors are considered to have a good attendance record at Board and Committee meetings of the Company. The following table sets out the number of Directors' meetings (including Committee meetings) held during the year ended 31 January 2025 and the number of meetings attended by each Director.

Meetings:	Board	Audit Committee	Management Engagement Committee	Marketing Committee	Nomination Committee
Number of meetings held	6	3	1	1	1
Meetings Attended:					
Bridget Guerin	6/6	3/3	1/1	1/1	1/1
Simon Longfellow	6/6	3/3	1/1	1/1	1/1
Graham Paterson	6/6	3/3	1/1	1/1	1/1
Mike Prentis	5/6(1)	3/3	1/1	1/1	1/1

(1) An ad hoc Board meeting had been held at short notice and Mike Prentis was unable to attend due to a longstanding personal commitment. However, Mike did provide feedback on the meeting papers in order that his views could be taken into account in his absence.

Directors

Directors' Interests in Shares

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 37.

Disclosable Interests

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. The Company has entered into a Deed of Indemnity with each Director, as expanded upon below.

Conflicts of Interest

The Articles of Association of the Company give the Directors authority to approve conflicts and potential conflicts of interest, and safeguards apply. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate.

The Directors have declared any potential conflicts of interest to the Company. The Register of Potential Conflicts of Interests is kept at the registered office of the Company. It is reviewed regularly by the Board and Directors are obliged to advise the Company Secretary as soon as they become aware of any potential conflicts of interest.

Directors' Indemnities and Insurance

The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against its Directors. In addition, deeds of indemnity have been executed on behalf of the Company for each of the Directors under the Company's Articles of Association. Subject to the provisions of UK legislation, these deeds provide that the Directors may be indemnified out of the assets of the Company in respect of liabilities they may sustain or incur in connection with their appointment.

Internal Controls and Risk Management

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

The Audit Committee, on behalf of the Board, has established an ongoing process for identifying and undertaking a robust assessment of the risks and emerging risks to which the Company is exposed by reference to a risk control summary, which maps the risks, mitigating controls in place, and monitoring and reporting of relevant information to it. The Audit Committee reviews, at least annually, the effectiveness of the Manager's system of internal controls, including financial, operational and compliance and risk management systems. The Company's system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve the Company's objective, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Audit Committee confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from their review. There are no significant failings or weaknesses that have occurred throughout the year ended 31 January 2025 and up to the date of this Annual Financial Report.

The Audit Committee reviews financial reports and performance against revenue forecasts, stock market indices and the Company's peer group. In addition, the Manager and custodian maintain their own systems of internal controls and the Audit Committee receives annual reports from the Internal Audit and Compliance departments of the Manager. A formal report from the depositary is reviewed at the year end audit committee; this report sets out the results of the depositary's monitoring throughout the year, including safeguarding of assets and their valuation, and monitoring of cash balances and net asset values. Formal System and Organisation Controls ('SOC1') reports are also produced on the internal controls and procedures in place for custodial, investment management and accounting activities, and these are reviewed annually by the Audit Committee.

Going Concern

The financial statements have been prepared on a going concern basis.

The portfolio of investments is comprised entirely of quoted securities and the ongoing charges are 1.03% of net assets. As at 26 February 2025, the bank facility was fully re-paid and the facility withdrawn.

The Directors consider that the Company has adequate resources to continue in operational existence for a period until 30 April 2026, being taken as at least 12 months after signing the balance sheet. In making this assessment, the Directors took into account the liquidity of the portfolio, income forecasts, the Company's ability to meet all of its liabilities and ongoing expenses as they fall due. In addition, these factors were also considered under various stress-test scenarios and the Directors were satisfied that the Company is a going concern.

The Manager

During the year and up to 9 March 2025, IFML was the appointed Manager and the Company's Alternative Investment Fund Manager ('AIFM'). IFML is an associated company of IAML. IAML managed the Company's investments under delegated authority from IFML. The Directors had delegated to IFML the responsibility for the day-to-day investment management activities of the Company.

IFML also provided full administration, company secretarial and accounting services to the Company, ensuring that the Company complied with all legal, regulatory and corporate governance requirements. IFML additionally maintained complete and accurate records of the Company's investment transactions and portfolio and all monetary transactions from which IFML prepared Half-Yearly and Annual Financial Reports on behalf of the Company.

With effect from 10 March 2025, Artemis Fund Managers Limited was appointed as the Company's investment manager (the 'Manager').

Investment Management Agreement ('IMA')

IFML provided investment and administration services to the Company under an agreement dated 22 July 2014 and as amended on 17 April 2015, 10 September 2015 and 6 September 2019. A base management fee was payable monthly in arrears and was calculated at the rate of 0.75% per annum by reference to the Company's gross funds under management.

On 18 December 2024, the Company provided notice to terminate the appointment of IFML as the Company's AIFM, company secretary and administrator.

Company Secretary

During the year and up to 9 March 2025, the Board had direct access to the advice and services of IAML who were responsible for ensuring that the Board and Committee procedures were followed and that applicable rules and regulations are complied with. The Company Secretary was also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. Finally, the Company Secretary was responsible for advising the Board, through the Chairman, on all governance matters.

With effect from 10 March 2025, Northern Trust Secretarial Services (UK) Limited were appointed as the Company's corporate company secretary.

Stewardship

The Board considers that the Company has a responsibility as a shareholder to encourage that high standards of Corporate Governance are maintained in the companies in which it invests. The Company's stewardship functions have been delegated to the Manager who exercises the Company's voting rights on an informed and independent basis. To the extent that voting rights and exercisable votes are cast it is with a view to supporting high standards of corporate governance. The Manager's approach to corporate governance and the UK Stewardship Code can be found on pages 20 and 21 and on the Manager's website at www.artemisfunds.com, together with a copy of the Manager's Stewardship Policy and the Manager's global proxy voting policy.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half-Yearly and Annual Financial Reports, which aim to provide shareholders with a full understanding of the Company's activities and their results. This information is supplemented by the daily publication of the NAV on the London Stock Exchange website, and the monthly factsheets. At each AGM, a presentation is normally made by the Portfolio Managers following the formal business of the meeting and shareholders have the opportunity to communicate directly with the whole Board. All shareholders are normally encouraged to attend the AGM. For those unable to attend in person, a video update from the Portfolio Managers will be available on the Company's website after the AGM.

Shareholders wishing to lodge questions in advance of the AGM are invited to do so, either on the reverse of the proxy card or in writing to the Company Secretary at the correspondence address given on page 64.

Shareholders can also visit the Company's website in order to access Company specific information, including: the Half-Yearly and Annual Financial Reports; portfolio managers' video updates; pre-investor information; Key Information Documents ('KIDs'); any shareholder circulars; proxy voting results; factsheets; and Stock Exchange announcements. Shareholders can also access various Company reviews and information, such as an overview of UK equities and the Company's share price.

The Board have been working with the Manager's marketing team to develop an enhanced marketing and communications strategy for the company to help bolster the engagement with shareholders.

Communication with the Board of Directors

There is a clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary has no express authority to respond to enquiries addressed to the Board and all communications, other than junk mail, are redirected to the Chairman for her response.

There is also regular dialogue between the Manager and individual major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop an understanding of their issues and concerns. Regular insights from the Portfolio Managers will be published on the website throughout the year.

Greenhouse Gas Emissions

The Company has no employees or property, it does not combust any fuel or operate any facility. The Company does not purchase electricity, heat, steam or cooling for its own use. Accordingly, the quantifiable amount of carbon dioxide equivalent produced by the Company annually is zero tonnes. All services are outsourced on a fee basis that is independent of any energy expended on its behalf and it is not practical, or required, for the Company to attempt to quantify emissions in respect of such proxy energy use.

Share Capital

Capital Structure

At 31 January 2025, the Company's issued share capital consisted of 30,373,362 ordinary shares and 19,453,074 treasury shares.

During the year, the Board undertook a return of capital to shareholders in respect of up to 10% of the Company's issued shares (excluding treasury shares) by way of an elective special dividend together with the cancellation of the shares on which the dividend was paid. A total of 3,382,648 shares were cancelled.

Additionally, the Company had bought back into treasury 70,919 ordinary shares at an average price of 400.24p.

To enable the Board to take action to deal with any significant overhang or shortage of shares in the market, it seeks approval from shareholders each year for the authority to buy back and to issue shares.

Restrictions

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Voting

At a general meeting of the Company, every shareholder has one vote on a show of hands and, on a poll, one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

Substantial Shareholders

The Company has been notified of the following holdings of 3% and over of the Company's share capital carrying unrestricted voting rights:

Fund Manager/Registered Holder	As at 31 March 2025 Shares	%	As at 31 January 2025 Shares	%
Hargreaves Lansdown, stockbrokers (EO)	3,767,134	12.40	3,691,868	12.15
1607 Capital Partners	3,404,178	11.21	3,195,736	10.52
Interactive Investor (EO)	2,974,369	9.79	3,127,964	10.30
West Yorkshire PF	1,954,020	6.43	1,954,020	6.43
Royal London Asset Management	1,940,489	6.39	1,940,489	6.39
Charles Stanley	1,243,130	4.09	1,421,757	4.68
AJ Bell, stockbrokers (EO)	1,160,887	3.82	1,074,023	3.54

(EO: Execution Only)

Disclosure Required by UK Listing Rule 6.6.4

The above rule requires listed companies to report certain information in a single identifiable section of their Annual Financial Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard for the year to 31 January 2025.

Individual Savings Accounts ('ISA')

The ordinary shares of the Company are qualifying investments under applicable ISA regulations.

Business of the Annual General Meeting ('AGM')

The following summarises resolutions of the forthcoming AGM of the Company, which is to be held on 5 June 2025 at 12.00pm. The notice of the AGM and related notes can be found on pages 59 to 62. All resolutions are ordinary resolutions unless otherwise identified. The Board encourages shareholder participation at AGMs and for those shareholders unable to attend the AGM in person you are strongly encouraged to lodge your vote either electronically via the Registrar's online portal, contacting your platform provider, or using a Form of Proxy to appoint the Chairman of the AGM as your proxy to vote on your behalf.

Resolution 1 is for members to receive and consider this Annual Financial Report ('AFR'), including the financial statements and auditor's report.

Resolution 2 is to approve the Directors' Remuneration Policy. The Directors' Remuneration Policy is set out on page 36 of this AFR.

Resolution 3 is to approve the Annual Statement and Report on Remuneration. It is mandatory for listed companies to put their Annual Statement and Report on Remuneration to an advisory shareholder vote. The Annual Statement and Report on Remuneration is set out on page 36 of this AFR.

Resolution 4 is to approve the final dividend of 3.45p for the year ended 31 January 2025.

Resolutions 5 to 8 are to elect and re-elect Directors. Biographies of the Directors can be found on page 25.

The directors will stand for re-election by shareholders at the AGM. The Board has determined that each of the Directors is independent, continues to perform effectively and demonstrates commitment to their role. Their balance of knowledge and skills combined with their diversity and business experience makes a major contribution to the functioning of the Board and its Committees. Bridget Guerin had a long executive career in the investment management industry with investment trust experience and has brought her broad sector and marketing experience to the Board. Graham Paterson is a chartered accountant with extensive experience in the fields of private equity and other early stage investment vehicles. Mike Prentis has extensive experience as a fund manager in the investment trust sector and asset management industry. Simon Longfellow has specialist experience of marketing investment trusts and communicating effectively with shareholders.

Resolution 9 is to re-appoint Ernst & Young LLP ('EY') as auditor to the Company.

Resolution 10 is to authorise the Audit Committee to determine the auditor's remuneration.

Resolution 11 That the proposed investment policy set out on page 11 and is hereby adopted as the investment policy of the Company to the exclusion of the existing investment policy of the Company.

Special Business

Resolution 12 is an ordinary resolution to renew the Directors' authority to allot shares. Your Directors are asking for authority to allot new ordinary shares up to an aggregate nominal value of £607,467 (10% of the Company's issued share capital (excluding Treasury Shares) at 25 April 2025). This will allow Directors to issue shares within the prescribed limits should opportunities to do so arise that they consider would be in shareholders' interests. This authority will expire at the AGM in 2026 or 15 months following the passing of this resolution, if earlier.

Special Resolution 13 is a special resolution to renew the authority to disapply pre-emption rights. Your Directors are asking for authority to issue new ordinary shares for cash up to an aggregate nominal value of £607,467 (10% of the Company's issued share capital (excluding Treasury Shares) as at 25 April 2025), disapplying pre-emption rights. This will allow shares to be issued to new shareholders without them first having to be offered to existing shareholders, thus potentially broadening the shareholder base of the Company. This authority will not be exercised at a price below NAV (with debt at fair value) and will expire at the AGM in 2026 or 15 months following the passing of this resolution, if earlier.

Special Resolution 14 is to renew the authority for the Company to purchase its own shares. Your Directors are seeking authority for the purchase of up to 14.99% (being 4,552,967 ordinary shares) of the Company's issued ordinary share capital (excluding Treasury Shares) as at 25 April 2025, subject to the restrictions referred to in the notice of the AGM. This authority will expire at the AGM in 2026 or 15 months following the passing of this resolution, if earlier. Your Directors are proposing that shares bought back by the Company either be cancelled or, alternatively, held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will only take place on terms that are in the best interests of shareholders. The current authority to buy back shares expires at the 2025 AGM.

Special Resolution 15 is to permit the Company to hold general meetings (other than annual general meetings) on at least 14 clear days notice, which is the minimum notice period permitted by the Companies Act 2006. The Company must otherwise give at least 21 clear days notice unless two conditions are met. The first condition is that the Company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 clear days to 14 clear days, hence this resolution being proposed. It is intended that this flexibility will be used only where the Board believes it is in the interests of shareholders as a whole.

The Directors have carefully considered all the resolutions proposed in the notice of AGM and, in their opinion, consider them all to be in the best interests of shareholders as a whole. The Directors therefore recommend that shareholders vote in favour of each resolution, as will the Directors in respect of their own shareholdings. It is recommended that proxy votes are submitted to the Company's Registrar as soon as possible either by proxy form or via electronic voting. Details of this can be found on pages 61 and 62.

By order of the Board

Northern Trust Secretarial Services (UK) Limited
Corporate Company Secretary

50 Bank Street
Canary Wharf
London
E14 5NT

28 April 2025

The Company's Corporate Governance Framework

The Board and Committees

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that, as an Investment Company, it has no employees and outsources investment management and Company Secretarial to the Manager and administration to the Manager and other external service providers.

The Board

Chairman - Bridget Guerin

Senior Independent Director - Mike Prentis

Two additional non-executive directors

Key responsibilities:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent effective controls which enable risk to be assessed and managed;
- to challenge constructively and scrutinise performance of all outsourced activities; and
- to set the remuneration policy of the Company.

Audit Committee

Chairman: Graham Paterson

Members: All directors

Key objectives:

- to oversee the risk and control environment and financial reporting; and
- to review other service providers, including the auditor.

Management Engagement Committee

Chairman: Mike Prentis

Members: All directors

Key objective:

- to review regularly the management contract and the performance and remuneration of the Manager.

Marketing Committee

Chairman: Simon Longfellow

Members: All directors

Key objective:

- to oversee the sales and marketing efforts to refresh and expand the Company's shareholder base.

Nomination Committee

Chairman: Bridget Guerin

Members: All directors

Key objectives:

- to review regularly the Board's structure and composition; and
- to make recommendations for any changes or new appointments.

Corporate Governance Statement

FOR THE YEAR ENDED 31 JANUARY 2025

The Board is committed to maintaining high standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code'). The AIC Code addresses the principles set out in the UK Corporate Governance Code 2018 ('UK Code'), as well as setting out additional provisions on issues that are of specific relevance to investment trusts.

The AIC Code is available from the Association of Investment Companies (www.theaic.co.uk). The UK Code is available from the Financial Reporting Council ('FRC') website (www.frc.org.uk).

The Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the UK Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of Artemis UK Future Leaders plc, it being an externally managed investment company with no executive employees and in view of the Manager having an internal audit function. The Company has therefore not reported further in respect of these provisions.

Information on how the Company has applied the principles of the AIC Code and the UK Code is provided in the Directors' Report as follows:

The composition and operation of the Board and its committees are detailed on page 27 and 34 in respect of the Audit Committee.

The Company's approach to internal control and risk management is detailed on page 28.

The contractual arrangements with, and assessment of, the Manager are summarised on page 28.

The Company's capital structure and voting rights are summarised on pages 28 and 29.

The most substantial shareholders in the Company are listed on page 30.

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 27. There are no agreements between the Company and its directors concerning compensation for loss of office.

Powers to issue or buy back the Company's shares, which are sought annually, and any amendments to the Company's Articles of Association require a resolution to be passed by shareholders.

By order of the Board

Northern Trust Secretarial Services (UK) Limited
Corporate Company Secretary

50 Bank Street
Canary Wharf
London
E14 5NT

28 April 2025

Audit Committee Report

FOR THE YEAR ENDED 31 JANUARY 2025

I am pleased to report on the range of work that the Audit Committee has undertaken and the judgements it has exercised during the year. The Committee meets at least three times in the year. It continues to support the Board in fulfilling its oversight responsibilities, reviewing financial reporting, operation of the system of internal controls and management of risk, the audit process and the Company's process for monitoring compliance with laws and regulations.

The Audit Committee is chaired by me, Graham Paterson and the other members throughout the year were Bridget Guerin, Simon Longfellow and Mike Prentis. The Chairman of the Board is a member of the Committee to ensure that she is kept fully informed of all matters that arise and to bring her financial services experience to the Committee. The Committee members consider that collectively they have substantial recent and relevant financial experience to fulfil their roles. The Committee as a whole has competence relevant to the sector. A separate risk committee has not been established and the operation of risk management processes and controls is overseen by the Audit Committee.

The Audit Committee's responsibilities include, but are not limited to:

- evaluation of the effectiveness of the internal controls and risk management systems, including reports received on the operational controls of the Company's service providers and the Manager's whistleblowing arrangements;
- consideration of the Half-Yearly and Annual Financial Reports prepared by the Manager, of the appropriateness of the accounting policies applied and of any financial judgements and key assumptions therein, together ensuring compliance with relevant statutory and listing requirements;
- advising the Board on whether the Committee believes that the Annual Financial Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy; and
- managing the relationship with the external auditor, including evaluation of their reports and the scope, effectiveness, independence and objectivity of their audit, as well as their appointment, re-appointment, remuneration and removal.

Representatives of the Manager's Compliance and Internal Audit Departments attend at least one meeting each year. Representatives of the external auditor, EY, attend two Committee meetings. One at which the audit plan is presented and discussed and the other at which the Company's draft Annual Financial Report is reviewed and are given the opportunity to speak to Committee members without the presence of representatives of the Manager.

The audit programme and timetable are drawn up and agreed with the auditor in advance of the end of the financial period and matters for audit focus are discussed and agreed. The auditor ensures that these matters are given particular attention during the audit process and reports on them, and other matters as required, in their report to the Committee. This report, together with reports from the Manager, the Manager's Internal Audit and Compliance departments and the depositary form the basis of the Audit Committee's consideration and discussions with the various parties, prior to approval and signing of the financial statements.

Principal Matters Considered by the Committee

During the year, the Committee discharged its responsibilities by monitoring, reviewing and, where necessary, challenging. Whilst going concern and viability of the Company are reviewed by the Audit Committee as part of the consideration of the Half-Yearly and Annual Financial Reports, these matters are determined by the Board. The principal matters considered and how these were addressed are shown in the following table.

Principal Matters Considered	How Addressed
Accuracy of the portfolio valuation encompassing proof of existence and ownership of all the portfolio holdings.	Actively traded listed investments are valued using stock exchange bid prices provided by third party pricing vendors, in accordance with the accounting policy of the Company. IFML performed reconciliations between the portfolio holdings shown in the accounting records and those held by The Bank of New York Mellon (International) Limited ('BNYMIL') as former depositary and custodian. The Committee took comfort from the regular oversight reports received from IFML, and the ongoing monitoring by BNYMIL as depositary of assets, including both their ownership and valuations. The Committee also reviewed System and Organisation Controls ('SOC1') Reports received from its third party service providers covering the processes and systems relevant to the recording, reconciliation and valuation of investments.
Income recognition	Revenue projections were monitored during the year to ensure income is complete and correctly accounted for, with emphasis on any special dividends and their classification as either revenue or capital. The Committee also reviewed SOC1 Reports received from its third party service providers covering the processes and systems relevant to the recording of income.

Principal Matters Considered	How Addressed
Viability and going concern	The Committee scrutinised assumptions around the viability and going concern statements set out on page 15, especially factors behind investment performance, macro inflation and geo-political disruption and the Company's working capital and financial resources, to satisfy itself of the Company's resilience over the five-year time frame.

These matters were discussed with IFML, Artemis and the auditor and were satisfactorily addressed through consideration of reports provided by, and discussed with, IFML, Artemis and the auditor at the conclusion of the audit process. There were no significant matters arising from the audit that needed to be brought to the Board's attention.

Consequently, and following a thorough review process of the Company's 2025 Annual Financial Report, the Audit Committee advised the Board that the report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Review and Re-appointment of the External Auditor

EY was appointed as the Company's external auditor in 2019 following a tender exercise. Following a rotation of audit partner undertaken at the conclusion of the 2024 year end audit, Jennifer Rogan was appointed as the Company's audit partner at the start of the financial year.

Under auditor rotation regulations, an audit tender needs to be undertaken every ten years, the next being in 2029. If successful during this tender process, and re-appointed, EY could continue as external auditor for a further ten years until 2039.

The Committee evaluated the independence, performance and effectiveness of the external auditor and the competitiveness of its fee during the year to 31 January 2025. This included discussions with the Manager, IFML and review of the audit planning, execution and reporting, the quality of the audit work and the auditor's independence. Having completed the assessment, the Committee concluded that all the results were satisfactory and recommended to the Board their continuing appointment. EY has indicated its willingness to continue in office and accordingly a resolution to re-appoint EY and for the Audit Committee to determine their remuneration will be put to shareholders at the forthcoming AGM.

Policy on non-audit services

In accordance with the FRC's Ethical Standards, the Company's policy prohibits the majority of non-audit services and requires all non-audit services which are closely linked to the audit itself or required by law or regulation to be approved in advance by the Audit Committee. Prior to any engagement, the Audit Committee would consider whether the skills and experience of the auditor make them a suitable supplier of such services and ensure that there is no threat to objectivity and independence in the conduct of the audit as a result.

No fees were paid or payable to the auditor for non-audit services in the year under review (2024: £nil).

Internal Controls and Risk Management

Details of the Company's internal control and risk management, and the work undertaken by the Audit Committee with respect to them are set out on page 34.

Internal Audit

The Company, being an externally managed investment company, does not have its own internal audit function. However, it places reliance on the reports it receives from the Manager's Internal Audit department.

Committee Evaluation

The Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under 'Board, Committee and Directors' Performance Appraisal' on page 27.

Graham Paterson
Chairman of the Audit Committee

28 April 2025

Directors' Remuneration Report

FOR THE YEAR ENDED 31 JANUARY 2025

The Board presents this Remuneration Report which has been prepared under the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013 and in accordance with the Listing Rules of the Financial Conduct Authority. Ordinary resolutions for the approval of the Directors' Remuneration Policy (binding) and the Annual Statement and Report on Remuneration (advisory) will be put to shareholders at the AGM.

The Company's auditor is required to audit certain sections of the disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The independent auditor's opinion is included on pages 41 to 45.

Remuneration Responsibilities

The Board has resolved that a remuneration committee is not appropriate for a company of this size and nature. Remuneration is therefore regarded as part of the Board's responsibilities to be addressed at least annually. All Directors are non-executive and all participate in meetings of the Board at which Directors' remuneration is considered.

Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders at the AGM on 6 June 2024.

The policy is that the remuneration of Directors should be fair and reasonable in relation to that of other comparable investment trust companies and be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board taking into account the views, where appropriate, of shareholders. Remuneration levels should properly reflect time incurred and responsibility undertaken. Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum currently dictated by the Company's Articles of Association is £200,000 in aggregate per annum.

The level of remuneration paid to Directors is reviewed annually, although such review will not necessarily result in any changes. The same level of remuneration will apply to any new appointments.

Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at board and general meetings and committees. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the Company and its Directors concerning compensation for loss of office.

Discretionary fees per day are payable to Directors for any additional work undertaken on behalf of the Company, which is outside their normal duties. Any such extra work undertaken is subject to prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to prior approval of the Chairman of the Audit Committee.

The Board may amend the level of remuneration paid to Directors within the parameters of the Directors' Remuneration Policy.

The Company has no employees and consequently has no policy on the remuneration of employees.

Annual Statement on Directors' Remuneration

The following Directors' fee levels applied from 1 February 2024 to 31 July 2024: Chairman £38,500; Audit Committee Chairman £31,000; and other Directors £26,500.

Following the year ended 31 January 2024, Directors' fees were reviewed by the Board based on information provided by the then Manager, IFML, and industry research on the level of fees paid to the Directors of the Company's peers and within the Investment Trust industry generally. It was agreed to apply the following Directors' fees from 1 August 2024: Chairman £41,000; Audit Committee Chairman £33,000; Marketing Committee Chairman £30,000 and other Directors £28,000. Discretionary fees are set at £1,250 per day. No Discretionary payments were made in the year, nor in the previous year.

During the year, Directors' fees were again reviewed by the Board based on information from the same sources stated above. It was agreed that the current level of remuneration remained appropriate for the year ending 31 January 2026.

There were no other major decisions on directors' remuneration or any other changes to the remuneration paid to each individual director in the year under review. An external remuneration consultant was not used.

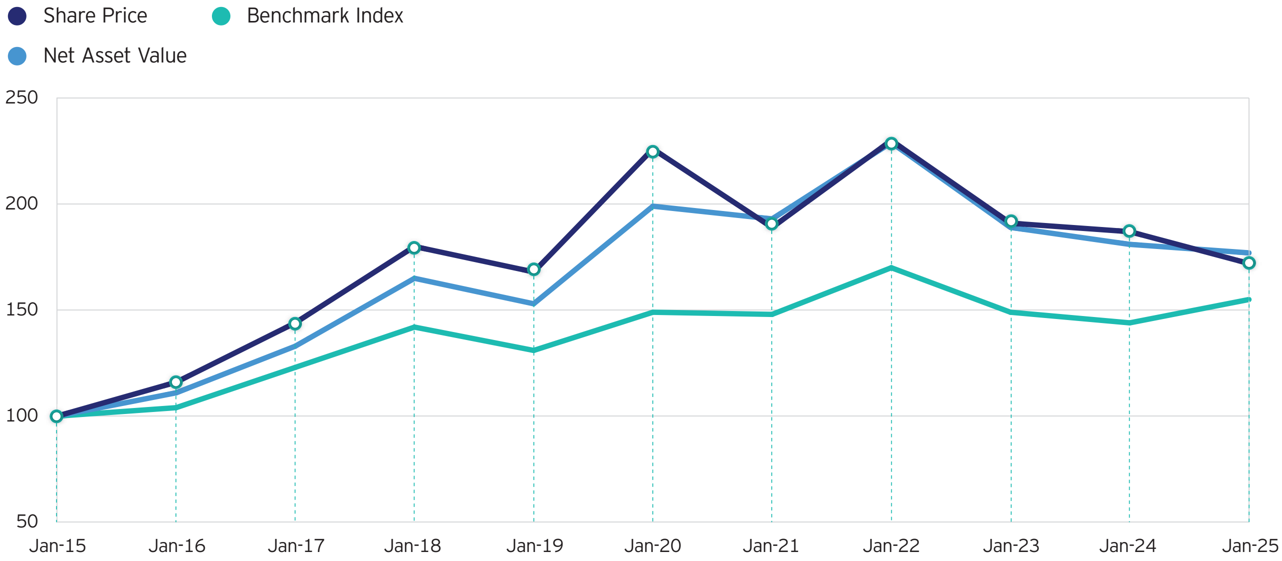
Report on Remuneration for the Year Ended 31 January 2025

Your Company's Performance

The graph on the next page plots the total return to ordinary shareholders compared with the total return of the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index with dividends reinvested (the Benchmark Index) over the ten years to 31 January 2025.

Total Return of Share Price, Net Asset Value and Benchmark Index

Figures have been rebased to 100 at 31 January 2015.



Source: LSEG Data & Analytics.

Single Total Figure of Remuneration for the Year (Audited)

The single total figure of remuneration for each Director who served during the year is detailed below, together with the prior year comparative.

	2025 Fees £	2025 Taxable Benefits[1] £	2025 Total £	2024 Fees £	2024 Taxable Benefits[1] £	2024 Total £
Bridget Guerin - Chairman[2]	39,750	223	39,973	34,226	465	34,691
Graham Paterson - Chairman of the Audit Committee	32,000	4,540	36,540	31,000	2,034	33,034
Mike Prentis	27,250	-	27,250	26,500	398	26,898
Simon Longfellow[3]	28,250	-	28,250	15,458	-	15,458
Jane Lewis[4]	-	-	-	13,677	1,506	15,183
Total	127,250	4,763	132,013	120,861	4,403	125,264

(1) Taxable benefits relate to the grossed up costs of travel.
(2) Appointed as the Chairman on 8 June 2023.
(3) Appointed to the Board on 1 July 2023. From 1 August 2024 appointed Marketing Committee Chairman.
(4) Retired on 8 June 2023.

Directors' Shareholdings and Share Interests (Audited)

The beneficial interests of the Directors in the ordinary share capital of the Company are shown below:

	31 January 2025	31 January 2024
Bridget Guerin[1]	16,746	5,472
Simon Longfellow	2,411	-
Graham Paterson	4,500	4,500
Mike Prentis	18,104	8,943

(1) Bridget Guerin has a non-beneficial interest in 1,588 ordinary shares via a connected person.

Save as aforesaid, no Director had any other interests, beneficial or otherwise, in the shares of the Company during the year.

No changes to these holdings have been notified up to the date of this report.

Directors hold shares in the Company at their discretion and, although share ownership is encouraged, no guidelines have been set.

Relative Importance of Spend on Pay

The following table compares the remuneration paid to the Directors with aggregate distributions to shareholders for the year to 31 January 2025. Although this disclosure is a statutory requirement, the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment trust with an objective of providing shareholders with long-term total return.

	2025 £'000	2024 £'000	Change £'000	Change %
Aggregate Directors' Remuneration	132	125	7	5.6%
Aggregate Dividends	4,691	5,737	(1,046)	(18.2%)

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' remuneration for the past three years.

	Year ended 31 January 2025 Fees %	Year ended 31 January 2024 Fees %	Year ended 31 January 2023 Fees %
Graham Paterson	+3.2	+5.1	+5.4
Bridget Guerin	+3.2	+52.5[1]	+5.2
Mike Prentis	+2.8	+5.0	+5.2
Simon Longfellow	+6.6[2]	n/a	n/a
Jane Lewis	n/a	n/a[3]	+5.0

(1) Assumed role of Chairman on 8 June 2023. As at the year ended 31 January 2024, the role paid a higher fee of £38,500 per annum.

(2) Appointed to the Board on 1 July 2023. From 1 August 2024 appointed Marketing Committee Chairman which paid a higher fee of £30,000 per annum.

(3) Retired on 8 June 2023.

Voting at Last Annual General Meeting

At the Annual General Meeting of the Company held on 6 June 2024, resolutions approving the Directors' Remuneration Policy and the Annual Statement and Report on Remuneration were passed. The votes cast (including votes cast at the Chairman's discretion) were as follows.

	For	Votes against	Withheld
Directors' Remuneration Policy	99.33%	0.67%	115,130
Annual Statement and Report on Remuneration	99.53%	0.47%	107,319

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 28 April 2025.

Signed on behalf of the Board of Directors

Bridget Guerin
Chairman

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Financial Report in accordance with United Kingdom applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare financial statements in accordance with UK-adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- present additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing the Strategic Report, a Corporate Governance Statement, a Directors' Remuneration Report and a Directors' Report that comply with the law and regulations.

The Directors of the Company each confirm to the best of their knowledge, that:

- the financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- this Annual Financial Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces; and
- they consider that this Annual Financial Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of Directors

Bridget Guerin
Chairman

28 April 2025

3

Financial

Independent Auditor’s Report

To the Members of Artemis UK Future Leaders plc

Opinion

We have audited the financial statements of Artemis UK Future Leaders plc (“the Company”) for the year ended 31 January 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 20, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company’s affairs as at 31 January 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (‘ISAs (UK)’) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (‘FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company’s going concern assessment process by engaging with the Directors and the Company Secretary to determine the factors that were considered in their assessment.
- Inspecting the directors’ assessment of going concern, including the revenue forecast and liquidity assessment, for the period to 30 April 2026 which is at least 12 months from the date the financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, applied to the revenue forecast. We considered the appropriateness of the methods used to be able to make an assessment for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company’s assessment of the liquidity of investments held and evaluated the Company’s ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- Reviewing the Company’s going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for the period to 30 April 2026 which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

Overview of our audit approach

Key audit matters	■ Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income ■ Risk of incorrect valuation or ownership of the investment portfolio
Materiality	■ Overall materiality of £1.37 million (2024: £1.61 million) which represents 1% of net asset value

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on page 12 in the principal and emerging risks section, which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK-adopted international accounting standards. We also challenged the directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 34 in the Audit Committee Report and as per the accounting policy set out on page 50). The total revenue for the year to 31 January 2025 was £4.90 million (2024: £5.09 million), consisting primarily of dividend income from listed equity investments. The Company received five special dividends amounting to £0.26 million, all of which were classified as revenue (2024: £0.51 million classified as revenue and £0.49 million classified as capital). There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures. For 100% of dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share obtained from an independent data vendor. We agreed a sample of dividend receipts to bank statements. Where dividends are received or accrued in foreign currency, we translated the amount into the reporting currency of the Company using exchange rates sourced from an independent data vendor. For 100% of dividends accrued, we reviewed the investee company announcement to assess whether the dividend obligation arose prior to 31 January 2025 and agreed the receipts to post year end bank statements, where received.	The results of our procedures identified no material misstatements in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	To test completeness of recorded income, we verified that all expected dividends for each investee company held during the year have been recorded as income with reference to investee company announcements obtained from an independent data vendor. For 100% of investments held during the year, we reviewed the type of dividends paid with reference to an external data vendor to identify those which were special and compared those identified to management's special dividend listing. We have identified five special dividends received during the year, all classified as revenue. For the one special dividend above our testing threshold, and a sample of the special dividends below our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distributions.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 34 in the Audit Committee Report and as per the accounting policy set out on page 49). The valuation of the investment portfolio at 31 January 2025 was £143.92 million (2024: £169.48 million) consisting of listed investments. The Company's investment portfolio consists of main market and AIM listed equity investments which are held at fair value through profit or loss in line with the Company's accounting policy. The incorrect valuation of the investment portfolio, including incorrect application of exchange rates, could have a significant impact on the financial statements. In addition, there is a risk of misappropriation of assets and unsecured ownership of the investment portfolio.	**We performed the following procedures:** We obtained an understanding of the processes and controls surrounding investment valuation and legal title of listed investments by performing walkthrough procedures. For 100% of investments in the portfolio, we compared the market prices to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed around the year end and verified that the listed price is a valid fair value through review of trading activity. We compared the Company's investment holdings at 31 January 2025 to an independent confirmation received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1.37 million (2024: £1.61 million), which is 1% (2024: 1%) of net asset value. We believe that net asset value provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £1.02 million (2024: £1.21 million). We have set performance materiality at this percentage due to the fact there have been no misstatements in prior periods.

Revenue Testing Threshold

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.21 million (2024: £0.22 million), being 5% of the revenue profit before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.07 million (2024: £0.08 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 28;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 15;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 28;
- Directors' statement on fair, balanced and understandable set out on page 39;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 13 and 14;

- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 28; and
- The section describing the work of the audit committee set out on pages 34 and 35.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK-adopted international accounting standards, the Companies Act 2006, the UK Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies ('AIC'), The AIC Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and company secretary and review of board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on the 1 August 2019 to audit the financial statements for the year ending 31 January 2020 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 January 2020 to 31 January 2025.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jennifer Rogan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

28 April 2025

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 JANUARY

	Notes	Year ended 31 January 2025 Revenue £'000	Year ended 31 January 2025 Capital £'000	Year ended 31 January 2025 Total £'000	Year ended 31 January 2024 Revenue £'000	Year ended 31 January 2024 Capital £'000	Year ended 31 January 2024 Total £'000
Loss on investments held at fair value	9	-	(4,673)	(4,673)	-	(11,138)	(11,138)
Income	2	4,902	-	4,902	5,088	491	5,579
Investment management fees	3	(189)	(1,072)	(1,261)	(182)	(1,029)	(1,211)
Other expenses	4	(370)	(466)	(836)	(424)	(3)	(427)
Loss before finance costs and taxation		4,343	(6,211)	(1,868)	4,482	(11,679)	(7,197)
Finance costs	5	(89)	(501)	(590)	(23)	(130)	(153)
Loss before taxation		4,254	(6,712)	(2,458)	4,459	(11,809)	(7,350)
Taxation	6	-	-	-	-	-	-
Loss after taxation		4,254	(6,712)	(2,458)	4,459	(11,809)	(7,350)
Return per ordinary share	7	13.02p	(20.54)p	(7.52)p	13.18p	(34.91)p	(21.73)p

The total columns of this statement represent the Company's statement of comprehensive income, prepared in accordance with UK-adopted international accounting standards. The loss after taxation is the total comprehensive loss. The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the year.

Statement of Changes in Equity

	Notes	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 January 2023		10,642	22,366	3,386	137,004	1,517	174,915
Total comprehensive loss for the year		-	-	-	(11,809)	4,459	(7,350)
Dividends paid	8	-	-	-	(2,048)	(4,122)	(6,170)
At 31 January 2024		10,642	22,366	3,386	123,147	1,854	161,395
Total comprehensive loss for the year		-	-	-	(6,712)	4,254	(2,458)
Dividends paid	8	-	-	-	(1,278)	(4,328)	(5,606)
Shares bought back and held in treasury	12	-	-	-	(286)	-	(286)
Special dividend paid	8,12	(677)	-	677	(16,401)	-	(16,401)
At 31 January 2025		9,965	22,366	4,063	98,470	1,780	136,644

The accompanying accounting policies and notes are an integral part of these financial statements.

Balance Sheet

	Notes	As at 31 January 2025 £'000	As at 31 January 2024 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	143,920	169,481
Current assets			
Other receivables	10	2,839	932
Cash and cash equivalents		2,472	-
		5,311	932
Total assets		149,231	170,413
Current liabilities			
Other payables	11	(12,587)	(9,018)
		(12,587)	(9,018)
Total assets less current liabilities		136,644	161,395
Net assets		136,644	161,395
Capital and reserves			
Share capital	12	9,965	10,642
Share premium	13	22,366	22,366
Capital redemption reserve	13	4,063	3,386
Capital reserve	13	98,470	123,147
Revenue reserve	13	1,780	1,854
Total shareholders' funds		136,644	161,395
Net asset value per ordinary share			
Basic and diluted	14	449.88p	477.12p

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2025.

Signed on behalf of the Board of Directors

Bridget Guerin
Chairman

The accompanying accounting policies and notes are an integral part of these financial statements.

Statement of Cash Flows

	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Cash flow from operating activities		
Loss before taxation	(2,458)	(7,350)
Add back finance costs	590	153
Adjustments for:		
Purchase of investments	(19,030)	(32,646)
Sale of investments	37,995	21,263
	18,965	(11,383)
Loss on investments held at fair value	4,673	11,138
Increase in receivables	(32)	(51)
Increase in payables	20	8
Net cash inflow/(outflow) from operating activities	21,758	(7,485)
Cash flow from financing activities		
Finance cost paid	(590)	(153)
Dividends paid – note 8	(5,606)	(6,170)
(Decrease)/increase in bank overdraft	(8,753)	8,753
Bank facility drawdown	12,350	-
Shares bought back and held in treasury	(286)	-
Special dividend paid – note 8	(16,401)	-
Net cash (outflow)/inflow from financing activities	(19,286)	2,430
Net increase/(decrease) in cash and cash equivalents	2,472	(5,055)
Cash and cash equivalents at start of the year	-	5,055
Cash and cash equivalents at the end of the year	2,472	-
Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:		
Cash held at custodian	52	-
Invesco Liquidity Funds plc – Sterling, money market fund	2,420	-
Cash and cash equivalents	2,472	-
Cash flow from operating activities includes:		
Dividends received	4,825	5,523
Interest received	5	3

As the Company did not have any long term debt at both the current and prior year ends, no reconciliation of the financial liabilities position is presented.

The accompanying accounting policies and notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Principal Accounting Policies

Accounting policies describe the Company's approach to recognising and measuring transactions during the year and the position of the Company at the year end.

The principal accounting policies adopted in the preparation of these financial statements together with the approach to recognition and measurement are set out below. These policies have been consistently applied during the current year and the preceding year, unless otherwise stated.

The financial statements have been prepared on a going concern basis on the grounds that the Company's investment portfolio is sufficiently liquid and significantly exceeds all balance sheet liabilities, there are no unrecorded commitments or contingencies. The disclosure on going concern on page 28 in the Directors' Report provides further detail. The Directors believe the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as and when they fall due for a period until at least 30 April 2026.

(a) Basis of Preparation

(i) Accounting Standards Applied

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of investments which for the Company are quoted bid prices for investments in active markets at the Balance Sheet date and therefore reflect market participants' view of climate change risk and in accordance with the applicable UK-adopted international accounting standards. The standards are those that are effective at the Company's financial year end.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies in July 2022, is consistent with the requirements of UK-adopted international accounting standards, the Directors have prepared the financial statements on a basis compliant with the recommendations of the SORP. The supplementary information which analyses the statement of comprehensive income between items of a revenue and a capital nature is presented in accordance with the SORP.

The Directors have considered the impact of climate change on the value of the listed investments that the Company holds. In the view of the Directors, as the portfolio consists of listed equities, their market prices should reflect the impact, if any, of climate change and accordingly no adjustment has been made to take account of climate change in the valuation of the portfolio in these financial statements.

(ii) Critical Accounting Estimates and Judgements

The preparation of the financial statements may require the Directors to make estimations where uncertainty exists. It also requires the Directors to make judgements, estimates and assumptions, in the process of applying the accounting policies. There have been no significant judgements, estimates or assumptions for the current or preceding year.

(b) Foreign Currency and Segmental Reporting

(i) Functional and Presentation Currency

The financial statements are presented in Sterling, which is the Company's functional and presentation currency and the currency in which the Company's share capital and expenses are denominated, as well as a majority of its assets and liabilities.

(ii) Transactions and Balances

Foreign currency assets and liabilities are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currency, are translated into Sterling at the rates of exchange ruling on the dates of such transactions, and profit or loss on translation is taken to revenue or capital depending on whether it is revenue or capital in nature. All are recognised in the statement of comprehensive income.

(iii) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity and debt securities, issued by companies operating and generating revenue mainly in the UK.

(c) Financial Instruments

(i) Recognition of Financial Assets and Financial Liabilities

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(ii) Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

(iii) Derecognition of Financial Liabilities

The Company derecognises financial liabilities when its obligations are discharged, cancelled or expired.

(iv) Trade Date Accounting

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

(v) Classification of Financial Assets and Financial Liabilities

Financial assets

The Company classifies its financial assets as measured at amortised cost or measured at fair value through profit or loss on the basis of both: the entity's business model for managing the financial assets; and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost include cash and debtors.

A financial asset is measured at fair value through profit or loss if its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ('SPPI') on the principal amount outstanding or it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. The Company's equity investments are classified as fair value through profit or loss as they do not give rise to cash flows that are SPPI.

Financial assets held at fair value through profit or loss are initially recognised at fair value, which is usually the transaction price and are subsequently valued at fair value.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted bid prices at the balance sheet date.

Financial liabilities

Financial liabilities, including borrowings through the bank facility or formerly the bank overdraft, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, where applicable.

(d) Cash and Cash Equivalents

Cash and cash equivalents include any cash held at custodian and approved depositories as well as holdings in Invesco Liquidity Funds plc – Sterling, a triple-A rated money market fund. Cash and cash equivalents are defined as cash itself or being readily convertible to a known amount of cash and are subject to an insignificant risk of change in value with original maturities of three months or less.

(e) Income

All dividends are taken into account on the date investments are marked ex-dividend; other income from investments is taken into account on an accruals basis. Where the Company elects to receive scrip dividends (i.e. in the form of additional shares rather than cash), the equivalent of the cash dividend foregone is recognised as income in the revenue account and any excess in value of the shares received over the amount of the cash divided recognised in capital. Deposit interest is taken into account on an accruals basis. Special dividends representing a return of capital are allocated to capital in the statement of comprehensive income and then taken to capital reserves. Dividends will generally be recognised as revenue however all special dividends will be reviewed, with consideration given to the facts and circumstances of each case, including the reasons for the underlying distribution, before a decision over whether allocation is to revenue or capital is made.

(f) Expenses and Finance Costs

All expenses and finance costs are accounted for in the statement of comprehensive income on an accruals basis.

The investment management fee and finance costs (including those related to the bank facility or formerly the bank overdraft) are allocated 85% to capital and 15% to revenue. This is in accordance with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the portfolio.

Investment transaction costs such as brokerage commission and stamp duty are recognised in capital in the statement of comprehensive income. Expenses incurred as a result of the special elective dividend and change of investment manager have been recognised as capital in the statement of comprehensive income. All other expenses are allocated to revenue in the statement of comprehensive income.

(g) Taxation

Tax represents the sum of tax payable, withholding tax suffered and deferred tax. Tax is charged or credited in the statement of comprehensive income. Any tax payable is based on taxable profit for the year, however, as expenses exceed taxable income no corporation tax is due. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered probable that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the liability is settled or the asset realised.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

(h) Dividends

Dividends are not accrued in the financial statements, unless there is an obligation to pay the dividends at the balance sheet date. Proposed final dividends are recognised in the financial year in which they are approved by the shareholders.

2. Income

This note shows the income generated from the portfolio (investment assets) of the Company and income received from any other source.

	2025 £'000	2024 £'000
Income from investments:		
UK dividends	4,533	4,443
UK special dividends	262	511
Overseas dividends	102	131
Deposit interest	5	3
Total income	4,902	5,088

No special dividends have been recognised in capital during the year (2024: £491,000).

Overseas dividends include dividends received on UK listed investments where the investee company is domiciled outside of the UK.

3. Investment Management Fee

This note shows the fees due to the Manager. These are made up of the management fee calculated and paid monthly and, for the previous year. This fee is based on the value of the assets being managed.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	189	1,072	1,261	182	1,029	1,211

Details of the investment management and secretarial agreement are given on page 29 in the Directors' Report.

At 31 January 2025, £93,000 (2024: £106,000) was accrued in respect of the investment management fee.

4. Other Expenses

The other expenses of the Company are presented below; those paid to the Directors and auditor are separately identified.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration(i)	132	-	132	125	-	125
Auditor's fees(ii):						
- for audit of the Company's annual financial statements	51	-	51	49	-	49
Other expenses(iii)	187	466	653	250	3	253
	370	466	836	424	3	427

(i) The Director's Remuneration Report provides further information on Directors' fees.

(ii) Auditor's fees include expenses but excludes VAT. The VAT is included in other expenses.

(iii) Other expenses include:

- £12,500 (2024: £11,800) of employer's National Insurance payable on Directors' remuneration. As at 31 January 2025, the amounts outstanding on employer's National Insurance on Directors' remuneration was £1,100 (2024: £1,000), the amounts outstanding for Directors' fee was £11,200 (2024: £10,400).
- custodian transaction charges of £1,700 (2024: £3,100). These are charged to capital.
- broker, registrar, legal and print costs in connection with the special dividend of £422,800 (2024: nil). These were charged to capital.
- legal costs in connection with the change of Investment Manager £42,000 (2024: nil). These were charged to capital.

5. Finance Costs

Finance costs arise on any borrowing facilities the Company has.

	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Bank facility fee	1	7	8	-	-	-
Bank overdraft facility fee	-	-	-	1	6	7
Interest on bank facility	51	286	337	-	-	-
Overdraft interest	37	208	245	22	124	146
	89	501	590	23	130	153

6. Taxation

As an investment trust the Company pays no tax on capital gains and, as the Company invested principally in UK equities, it has little overseas tax. In addition, no deferred tax is required to provide for tax that is expected to arise in the future due to differences in accounting and tax bases.

(a) Tax charge

	2025 £'000	2024 £'000
Overseas taxation	-	-

(b) Reconciliation of tax charge

	2025 £'000	2024 £'000
Loss before taxation	(2,458)	(7,350)
Theoretical tax at the current UK Corporation Tax rate of 25% (2024: 24.03%)	(615)	(1,766)
Effects of:		
- Non-taxable UK dividends	(1,102)	(1,036)
- Non-taxable UK special dividends	(65)	(241)
- Non-taxable overseas dividends	(24)	(24)
- Non-taxable loss on investments	1,168	2,676
- Excess of allowable expenses over taxable income	521	390
- Disallowable expenses	117	1
Tax charge for the year	-	-

(c) Factors that may affect future tax changes

The Company has cumulative excess management expenses of £48,030,000 (2024: £45,945,000) that are available to offset future taxable revenue.

A deferred tax asset of £12,007,000 (2024: £11,486,000) at 25% (2024: 25%) has not been recognised in respect of these expenses since the Directors believe that there will be no taxable profits in the future against which the deferred tax assets can be offset.

The Finance Act 2021 increases the UK Corporation Tax rate from 19% to 25% effective 1 April 2023. The Act received Royal Assent on 10 June 2021. Deferred tax assets and liabilities on balance sheets prepared after the enactment of the new tax rate must therefore be re-measured accordingly, so as a result the deferred tax asset has been calculated at 25%.

7. Return per Ordinary Share

Return per ordinary share is the amount of gain or loss generated for the financial year divided by the weighted average number of ordinary shares in issue.

	2025 Revenue	2025 Capital	2025 Total	2024 Revenue	2024 Capital	2024 Total
Return £'000	4,254	(6,712)	(2,458)	4,459	(11,809)	(7,350)
Return per ordinary share	13.02p	(20.54)p	(7.52)p	13.18p	(34.91)p	(21.73)p

The returns per ordinary share are based on the weighted average number of shares in issue during the year of 32,686,825 (2024: 33,826,929).

8. Dividends on Ordinary Shares

The Company paid four dividends in the year – three interims and a final.

The final dividend shown below is based on shares in issue at the record date or, if the record date has not been reached, on shares in issue on the date the balance sheet is signed. The third interim and final dividends are paid after the balance sheet date.

	2025 Pence	2025 £'000	2024 Pence	2024 £'000
Dividends paid from revenue in the year:				
Third interim (prior year)	3.85	1,302	3.75	1,269
Final (prior year)	1.63	553	0.74	249
First interim	3.85	1,302	3.85	1,302
Second interim	3.85	1,171	3.85	1,302
Total dividends paid from revenue	13.18	4,328	12.19	4,122
Dividends paid from capital in the year:				
Final (prior year)	3.78	1,278	6.05	2,048
Total dividends paid from capital	3.78	1,278	6.05	2,048
Total dividends paid in the year	16.96	5,606	18.24	6,170

	2025 Pence	2025 £'000	2024 Pence	2024 £'000
Dividends payable in respect of the year:				
First interim	3.85	1,302	3.85	1,302
Second interim	3.85	1,171	3.85	1,302
Third interim	3.85	1,170	3.85	1,302
Final	3.45	1,048	5.41	1,831
	15.00	4,691	16.96	5,737

The third interim dividend of 3.85p per share, in respect of the year ended 31 January 2025, was paid to shareholders on 7 March 2025. The Company's dividend policy was changed in 2015 so that dividends will be paid firstly from current year revenue and any revenue reserves available, and thereafter from capital reserves. The amount payable in respect of the year is shown below:

	2025 £'000	2024 £'000
Dividends in respect of the year:		
– from revenue reserve	4,254	4,459
– from capital reserve	437	1,278
	4,691	5,737

Dividend payable from the capital reserve of £437,000 (2024: capital reserve of £1,278,000) as a percentage of year end net assets of £136,644,000 (2024: £161,395,000) is 0.3% (2024: 0.8%). The Company has £112,136,000 (2024: £128,237,000) of realised distributable capital reserves at the year end.

	2025 Pence	2025 £'000	2024 Pence	2024 £'000
Capital returns paid in the year:				
Special Dividend	484.85	16,401	–	–
	484.85	16,401	–	–

A return of capital was offered to Shareholders during the year ended 31 January 2025, in respect of up to 10% of the Company's issued shares (excluding treasury shares). The return of capital was proposed by way of an elective special dividend, where all shareholders had an opportunity to elect in respect of each share held. The value of the special dividend of 484.85p was an amount per share which represented 97.5% of the published unaudited NAV per share of 497.29p as at the net asset value certification date (being 6.00 p.m. on 17 September 2024). The special dividend was paid on 8 October 2024, resulting in 3,382,648 shares being cancelled for no consideration pursuant to the reduction of capital and an amount of £16,401,000 was paid to Shareholders who elected to receive the special dividend.

9. Investments Held at Fair Value Through Profit and Loss

The portfolio is made up of investments which are listed or traded on a primary stock exchange or AIM. Profit and losses in the year include:

- **realised, usually arising when investments are sold; and**
- **unrealised, being the difference from cost on those investments still held at the year end.**

	2025 £'000	2024 £'000
Investments listed on a primary stock exchange	112,854	118,717
AIM quoted investments	31,066	50,764
	143,920	169,481
Opening valuation	169,481	172,643
Movements in year:		
Purchases at cost	18,982	29,720
Sales proceeds	(39,870)	(21,744)
Loss on investments in the year	(4,673)	(11,138)
Closing valuation	143,920	169,481
Closing book cost	157,586	174,572
Closing investment unrealised loss	(13,666)	(5,091)
Closing valuation	143,920	169,481

The transaction costs amount to £68,000 (2024: £90,000) on purchases and £20,000 (2024: £12,000) for sales. These amounts are included in determining the loss on investments held at fair value as disclosed in the Statement of Comprehensive Income.

The Company received £39,870,000 (2024: £21,744,000) from investments sold in the year. The book cost of these investments when they were purchased was £35,968,000 (2024: £24,989,000) realising a gain of £3,902,000 (2024: loss of £3,245,000). These investments have been revalued over time and until they were sold any unrealised profits/losses were included in the fair value of the investments.

10. Other Receivables

Other receivables are amounts which are due to the Company, such as monies due from brokers for investments sold and income which has been earned (accrued) but not yet received.

	2025 £'000	2024 £'000
Amounts due from brokers	2,404	529
Overseas withholding tax recoverable	-	30
Income tax recoverable	-	4
Prepayments and accrued income	435	369
	2,839	932

11. Other Payables

Other payables are amounts which must be paid by the Company, and include any amounts due to brokers for the purchase of investments, interest in respect of the bank facility or amounts owed to suppliers (accruals), such as the Manager and auditor.

The bank facility provided a specific amount of capital, up to £20 million, over a specified period of time (two years). Unlike a term loan, the revolving nature of the bank facility allowed the Company to drawdown, repay and re-draw loans.

	2025 £'000	2024 £'000
Amounts due to brokers	-	48
Bank facility	12,350	-
Bank overdraft	-	8,753
Accruals	237	217
	12,587	9,018

During the year to 31 January 2025 the Company's £15 million overdraft facility was replaced with a new uncommitted £20 million sterling two year revolving credit facility (the 'bank facility') with The Bank of New York Mellon. Interest on the bank facility was payable based on the Adjusted Reference Rate (principally SONIA in respect of loans drawn) plus a facility fee of 0.05% per annum on the total amount of the facility. The bank facility covenants were based on the lower of 30% of net asset value and £20 million and required total assets to not fall below £50 million. Subsequent to the year end, the bank facility was fully re-paid with effect 26 February 2025 and the facility withdrawn.

12. Share Capital

Share capital represents the total number of shares in issue, including shares held in treasury.

(a) Allotted, called-up and fully paid

	2025		2024	
	Number	£'000	Number	£'000
Allotted, called-up and fully paid				
Ordinary shares of 20p each	30,373,362	6,075	33,826,929	6,765
Treasury shares of 20p each	19,453,074	3,890	19,382,155	3,877
	49,826,436	9,965	53,209,084	10,642

(b) Share movements

	2025		2024	
	Ordinary shares	Treasury shares	Ordinary shares	Treasury shares
Number of shares of 20p each at start of year	33,826,929	19,382,155	33,826,929	19,382,155
Special dividend paid	(3,382,648)	-	-	-
Shares bought back and held in treasury	(70,919)	70,919	-	-
Carried forward	30,373,362	19,453,074	33,826,929	19,382,155

During the year to 31 January 2025, the Company bought back into treasury, 70,919 (2024: none) ordinary shares at a total cost of £286,000 (2024: nil). 3,382,648 shares were cancelled as part of the Special Dividend paid 8 October 2024. No shares have been bought back into treasury since 31 January 2025.

13. Reserves

This note explains the different reserves attributable to shareholders. The aggregate of the reserves and share capital (see previous note) make up total shareholders' funds.

The share premium arises whenever shares are issued at a price above the nominal value plus any issue costs. The capital redemption reserve maintains the equity share capital and arises from the nominal value of shares repurchased and cancelled. The share premium and capital redemption reserve are non-distributable.

Capital investment gains and losses are shown in note 9, and form part of the capital reserve. The revenue reserve shows the net revenue retained after payment of dividends. The capital (to the extent that it constitutes realised profits) and revenue reserves are distributable by way of dividend. In addition, the capital reserve is also distributable by way of share buy backs.

14. Net Asset Value per Ordinary Share

The Company's total net assets (total assets less total liabilities) are often termed shareholders' funds and are converted into net asset value per ordinary share by dividing by the number of shares in issue.

The net asset value per share and the net asset values attributable at the year end were as follows:

	Net asset value per ordinary share		Net assets attributable	
	2025 Pence	2024 Pence	2025 £'000	2024 £'000
Ordinary shares	449.88	477.12	136,644	161,395

Net asset value per ordinary share is based on net assets at the year end and on 30,373,362 (2024: 33,826,929) ordinary shares, being the number of ordinary shares in issue (excluding treasury) at the year end.

15. Risk Management, Financial Assets and Liabilities

Financial instruments comprise the Company's investment portfolio as well as any cash, borrowings, other receivables and other payables.

Financial Instruments

The Company's financial instruments comprise its investment portfolio (as shown on pages 22 and 23), cash, borrowings, other receivables and other payables that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

Risk Management Policies and Procedures

The Directors have delegated to the Manager the responsibility for the day-to-day investment activities of the Company as more fully described in the Directors' Report.

As an investment trust the Company invests in equities and other investments for the long-term, so as to meet its investment policy (incorporating the Company's investment objective). In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. Those related to financial instruments include market risk, liquidity risk and credit risk.

The main risk that the Company faces arising from its financial instruments is market risk – this risk is reviewed in detail below. Since the Company invests mainly in UK equities traded on the London Stock Exchange, liquidity risk and credit risk are not significant. Liquidity risk is minimised as the majority of the Company's investments comprise a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary. In addition, a bank facility (formerly overdraft facility) provided short-term funding flexibility.

Credit risk encompasses the failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered, and cash balances. Counterparty risk is minimised by using only approved counterparties. The Company's ability to operate in the short-term may be adversely affected if the Company's custodian suffers insolvency or other financial difficulties. The appointment of a depositary has substantially lessened this risk. The Board reviews the custodian's annual controls report and the Manager's management of the relationship with the custodian. This was The Bank of New York Mellon (International) Limited, an A-1+ rated financial institution, until 9 March 2025. From 10 March 2025 the custodian was changed to Northern Trust Investor Services Limited, a similarly rated institution. Cash balances are limited to a maximum of 2.5% of net assets with any one deposit taker, with only approved deposit takers being used. A maximum of 4.0% of net assets with The Bank of New York Mellon (International) Limited and a maximum of 7.5% of net assets for holdings in the Invesco Liquidity Funds plc – Sterling, a triple-A rated money market fund, were allowed during the period to 9 March 2025. Post transition, a maximum of 4.0% of net assets is allowed to be placed with Northern Trust Investor Services Limited with a further 10% maximum allowed to be invested in the Northern Trust Global Funds plc - Sterling money market fund.

Market Risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Company's Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance. The Company may utilise hedging instruments to manage market risk. Gearing is used to enhance returns, however, this will also increase the Company's exposure to market risk and volatility.

1. Currency Risk

   The exposure to currency risk is considered minor as the Company's financial instruments are mainly denominated in Sterling. At the current and preceding year end, the Company held no foreign currency investments or cash, although a small amount of dividend income was received in foreign currency.

   During this and the previous year, the Company did not use forward currency contracts to mitigate currency risk.

2. Interest Rate Risk

   Interest rate movements will affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings. When the Company has cash balances, they are held in variable rate bank accounts yielding rates of interest dependent on the base rate of the Custodians, The Bank of New York Mellon (International) Limited (until 9 March 2025) and Northern Trust Investor Services Limited (from 10 March 2025). Additionally, holdings in Invesco Liquidity Funds plc – Sterling and Northern Trust Global Funds plc - Sterling are both subject to interest rate changes.

   The Company had an uncommitted bank facility up to a maximum of 30% of the net asset value of the Company or £20 million (2024: uncommitted bank overdraft facility up to a maximum of 30% of the net asset value of the Company or £15 million), whichever was the lower; the interest rate was charged at a margin over the Bank of England base rate. The Company used the facility when required, at levels that were approved and monitored by the Board.

   At the year end £12.4 million of the bank facility was drawn down (2024: £8.8 million overdraft facility drawn). Based on the maximum amount that can be drawn down at the year end under the bank facility of £20 million (2024: overdraft facility of £15 million), the effect of a +/– 3.25% (2024: +/– 3.25%) in the interest rate would result in an increase or decrease to the Company's statement of comprehensive income of £650,000 (2024: £488,000). Subsequent to the year end, the bank facility was fully re-paid with effect 26 February 2025 and the facility withdrawn.

   The Company's portfolio is not directly exposed to interest rate risk.

3. Other Price Risk

   Other price risks (i.e. the risk of changes in market prices, other than those arising from interest rates or currency) may affect the value of the investments.

   Management of Other Price Risk

   The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a formal basis the Manager's compliance with the Company's stated objectives and policies and to review investment performance.

   The Company's portfolio is the result of the Manager's investment process and as a result is not correlated with the Company's benchmark or the markets in which the Company invests. Therefore, the value of the portfolio will not move in line with the market but will move as a result of the performance of the company shares within the portfolio.

   If the value of the portfolio fell by 10% at the balance sheet date, the loss after tax for the year would increase by £14 million (2024: loss after tax for the year would increase by £16 million). Conversely, if the value of the portfolio rose by 10%, the loss after tax would decrease (2024: loss after tax would decrease) by the same amount.

   Concentration of exposure to market price risk

   There is a concentration of exposure to the UK, though it should be noted that the Company's investments may not be entirely exposed to economic conditions in the UK, as many UK listed companies do much of their business overseas.

Fair Values of Financial Assets and Financial Liabilities

The financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends receivable, accrued income, due to brokers, accruals, cash at bank and borrowings).

Fair Value Hierarchy Disclosures

All of the Company's investments are in the Level 1 category as set out in IFRS 13, the three levels of which follow:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

16. Maturity Analysis of Contractual Liability Cash Flows

The contractual liabilities of the Company are shown in note 11 and comprise amounts due to brokers and accruals. All are paid under contractual terms. The bank facility (formerly bank overdraft) was repayable upon demand. For amounts due to brokers, this will generally be the purchase date of the investment plus two business days; accruals would generally be due within three months.

17. Capital Management

The Company's capital, or equity, is represented by its net assets which are managed to achieve the Company's investment objective set out on page 11.

The main risks to the Company's investments are shown in the Strategic Report under the 'Principal Risks and Uncertainties' section on pages 12 to 14. These also explain that the Company is able to gear and that gearing will amplify the effect on equity of changes in the value of the portfolio.

The Board can also manage the capital structure directly since it determines dividend payments and has taken the powers, which it is seeking to renew, to buy-back shares, either for cancellation or to be held in treasury, and to issue new shares or sell shares held in treasury.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by s1158 Corporation Tax Act 2010 and by the Companies Act 2006, respectively, and with respect to the availability of the bank facility (formerly bank overdraft facility) and by the terms imposed by the lender. The Board regularly monitors, and has complied with, the externally imposed capital requirements. This is unchanged from the prior year.

Total equity at 31 January 2025, the composition of which is shown on the Balance Sheet on page 47, was £136,644,000 (2024: £161,395,000).

18. Contingencies, Guarantees and Financial Commitments

Liabilities the Company is committed to honour but which are dependent on a future circumstance or event occurring would be disclosed in this note if any existed.

There were no contingencies, guarantees or other financial commitments of the Company as at 31 January 2025 (2024: nil).

19. Related Party Transactions and Transactions with Manager

A related party is a company or individual who has direct or indirect control or who has significant influence over the Company.

Under UK-adopted international accounting standards the Company has identified the Directors as related parties. The Directors' remuneration and interests have been disclosed on page 37 with additional disclosure in note 4. No other related parties have been identified.

Details of the Manager's services and fees are disclosed in the Directors' Report on page 29 and in note 3.

20. Post Balance Sheet Events

On 10 March 2025, Artemis Fund Managers Limited ("Artemis") was appointed as the Company's Investment Manager and AIFM. The following changes have also taken effect:

- the Company's name changed to Artemis UK Future Leaders plc on 12 March 2025;
- the Company's registered office has changed to 50 Bank Street, Canary Wharf, London E14 5NT;
- the Company's fund administration service provider has changed to The Northern Trust Company;
- the Company's custody and depositary service provider has changed to Northern Trust Investor Services Limited;
- the Company's corporate secretary has changed to Northern Trust Secretarial Services (UK) Limited;
- the Company's website changed to https://www.artemisfunds.com/futureleaders

On 26 February 2025 the bank facility was fully re-paid and the facility withdrawn.

4

Shareholder

Notice of Annual General Meeting

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Artemis UK Future Leaders plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

NOTICE IS GIVEN that the Annual General Meeting ('AGM') of Artemis UK Future Leaders plc will be held at the offices of Artemis Fund Managers Limited at Cassini House, 57 St James's Street, London SW1A 1LD at 12.00 noon on 5 June 2025 for the following purposes:

Ordinary Business

1. To receive and consider the Annual Financial Report for the year ended 31 January 2025.
2. To approve the Directors' Remuneration Policy.
3. To approve the Annual Statement and Report on Remuneration for the year ended 31 January 2025.
4. To approve the final dividend of 3.45p for the year ended 31 January 2025.
5. To re-elect Bridget Guerin as a Director of the Company.
6. To re-elect Graham Paterson as a Director of the Company.
7. To re-elect Mike Prentis as a Director of the Company.
8. To re-elect Simon Longfellow as a Director of the Company.
9. To re-appoint the auditor, Ernst & Young LLP.
10. To authorise the Audit Committee to determine the auditor's remuneration.
11. To approve the Investment Policy of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 12 will be proposed as an ordinary resolution and resolutions 13 to 15 as special resolutions:

Authority to Allot Shares

12. That:

    the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 as amended from time to time prior to the date of the passing of this resolution (the 'Act') to exercise all powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares up to an aggregate nominal amount (within the meaning of Sections 551(3) and (6) of the Act) of £607,467, this being 10% of the Company's issued ordinary share capital (excluding Treasury Shares) as at 25 April 2025, such authority to expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier unless the authority is renewed or revoked at any other general meeting prior to such time, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted, or rights to be granted, after such expiry as if the authority conferred by this resolution had not expired.

Disapplication of Pre-emption Rights

13. That:

    the Directors be and are hereby empowered, in accordance with Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 (1), (2) and (3) of the Act) for cash, either pursuant to the authority given by resolution 12 set out above or (if such allotment constitutes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) otherwise, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

    (a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise);

    (b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £607,467, this being 10% of the Company's issued ordinary share capital (excluding Treasury Shares) as at 25 April 2025; and

(c) to the allotment of equity securities at a price not less than the net asset value per share (as determined by the Directors), and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier unless the authority is renewed or revoked at any other general meeting prior to such time, but so that this power shall allow the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after such expiry as if the power conferred by this resolution had not expired; and so that words and expressions defined in or for the purposes of Part 17 of the Act shall bear the same meanings in this resolution.

Authority to Make Market Purchases of Shares

14. That:

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its issued ordinary shares of 20p each in the capital of the Company ('Shares').

PROVIDED ALWAYS THAT:

(a) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued ordinary shares (excluding Treasury Shares), this being 4,552,967 as at 25 April 2025;

(b) the minimum price which may be paid for a Share shall be 20p;

(c) the maximum price which may be paid for a Share must not be more than the higher of: (i) 5% above the average of the mid-market values of the Shares for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade in the Shares and the highest then current independent bid for the Shares on the London Stock Exchange;

(d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);

(e) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, unless the authority is renewed or revoked at any other general meeting prior to such time;

(f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

(g) any Shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of Sections 724 to 731 of the Act and any applicable regulations of the United Kingdom Listing Authority, be held (or otherwise dealt with in accordance with Section 727 or 729 of the Act) as treasury shares.

Period of Notice Required for General Meetings

15. THAT the period of notice required for general meetings of the Company (other than AGMs) shall be not less than 14 clear days.

Dated this 28 April 2025
By order of the Board

Northern Trust Secretarial Services (UK) Limited
Corporate Company Secretary

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. However, if you appoint the Chairman of the AGM as your proxy, this will ensure that your votes are cast in accordance with your wishes. If any other person is appointed as your proxy, they may not be able to attend the meeting to vote on your behalf. In order to be valid an appointment of proxy must be returned by one of the following methods:

   - via MUFG Corporate Markets website www.signalshares.com; or
   - via Vote+ (see note 4); or
   - via Proxymity (see note 5); or
   - in hard copy form by post, by courier or by hand to the Company's registrars, MUFG Corporate Markets (formerly known as Link Group), PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

   and in each case to be received by the Company not less than 48 hours before the time of the meeting. Shareholders wishing to appoint a proxy should therefore appoint the Chairman of the AGM.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any changes of instructions to proxies through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. A form of appointment of proxy is enclosed. Appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction or appointing a proxy via Proxymity) does not prevent a member from attending and voting at this meeting.

   To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged at the office of the Company's registrars, MUFG Corporate Markets (formerly known as Link Group), PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL, by not later than 12.00 noon on 3 June 2025.

4. LinkVote+ is a free app for smartphone and tablet provided by MUFG Corporate Markets (the company's registrar). It offers shareholders the option to submit a proxy appointment quickly and easily online, as well as real-time access to their shareholding records. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

   Apple App Store

   Google Play

   Your vote must be lodged by 12.00 noon on 3 June 2025 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

5. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please visit www.proxymity.io. Your proxy must be lodged by no later than 48 hours before the time of the Annual General Meeting in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

6. Unless otherwise indicated on the Form of Proxy, CREST voting, Proxymity or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

7. If you hold your shares through a platform or nominees, you will need to contact them and ask them to appoint you as a proxy in respect of your shares in order to attend, speak and vote at the AGM.

8. A person entered on the Register of Members at close of business on 3 June 2025 ('a member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Members 48 hours before the time fixed for the adjourned meeting.

9. The Terms of Reference of the Audit Committee, the Management Engagement Committee, the Marketing Committee and the Nomination Committee and the Letters of Appointment for Directors will be available for inspection by request to the Company Secretary.

10. A copy of the Articles of Association are available for inspection by request to the Company Secretary.

11. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the shareholder as to the exercise of voting rights.

    The statement of the above rights of the shareholders in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

13. Any member attending the AGM, should this be permitted by government restrictions at the time, has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

14. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

15. As at 25 April 2025 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 30,373,362 ordinary shares of 20p each carrying one vote each.

16. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.artemisfunds.com/futureleaders

17. Shareholders should note that it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006 (the 'Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act (in each case) that the members propose to raise at the relevant AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

18. The following documents may be inspected at the registered office of the Company during business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) from the date of this Notice of AGM to the date of the AGM and will be available for inspection at the AGM, if appropriate, from 11.45am on 5 June 2025 until the conclusion of the meeting:

    - copies of the letters of appointment of the Non-Executive Directors; and
    - the Current Articles.

    The Current Articles are available to view on the Company's website https://www.artemisfunds.com/futureleaders.

Shareholder Information

Company History

The investment trust was launched in March 1988 (formerly known as Berry Starquest plc). Perpetual took over the management of the investment trust on 1 March 1994. On 13 June 2002, the investment trust's name changed to Invesco Perpetual UK Smaller Companies Investment Trust plc. Artemis assumed management of the trust on 10 March 2025, whereby the Company's name was changed, on 12 March 2025, to Artemis UK Future Leaders plc.

Net Asset Value ('NAV') Publication

The NAV of the Company is calculated by the Manager on a daily basis and is notified to the Stock Exchange on the following business day. An estimated NAV is also published daily in the newspapers detailed under Share Price Listings.

How to invest in the Company

The Company's shares are listed and traded on the London Stock Exchange and can be bought or sold through a stockbroker.

Investor Warning

The Company, Artemis and the Registrar would never contact members of the public to offer services or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA consumer helpline on 0800 111 6768 and Action Fraud on 0300 123 2040.

Further details for reporting frauds, or attempted frauds, can be found below.

Website

Information relating to the Company can be found on the Company's section of the Manager's website, which can be located at https://www.artemisfunds.com/futureleaders.

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated in to, nor do they form part of this Annual Financial Report.

Financial Calendar

The Company publishes information according to the following calendar:

Announcements	
Annual Financial Report	April
Half-Yearly Financial Report	October
Year End	31 January
Dividends Payable	
1st interim	September
2nd interim	December
3rd interim	March
Final	June
Annual General Meeting	June

Annual General Meeting

The Annual General Meeting will be held at 12.00 noon on 5 June 2025 at Cassini House, 57 St James's Street, London SW1A 1LD.

General Data Protection Regulation ('GDPR')

The Company has a privacy notice which sets out what personal data is collected and how and why it is used. The privacy notice can be found at https://www.artemisfunds.com/futureleaders or a copy can be obtained from the Company Secretary whose correspondence address is found on the next page.

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers/report-scam-unauthorised-firm.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

FCA FINANCIAL CONDUCT AUTHORITY

Principal Service Providers

Registered Office and Company Number

50 Bank Street
Canary Wharf
London
E14 5NT
Website: https://www.artemisfunds.com/futureleaders
Email: artemisukfutureleaders@ntrs.com

Registered in England and Wales
Number 02129187

Investment Manager and Alternative Investment Fund Manager

Artemis Fund Managers Limited
Cassini House
57 St James's Street
London SW1A 1LD

☎ 0800 092 2051
Email: investor.support@artemisfunds.com

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.

Company Secretary

Northern Trust Secretarial Services (UK) Limited
Company Secretarial Contact: Tracey Spevack

Artemis Client Services

Sales Support 0800 092 2051
Facsimile 020 7399 6498
Fund Service Centre 0800 092 2051
Facsimile 020 7643 3708

Independent Auditor

Ernst & Young LLP
3rd Floor
144 Morrison Street
Edinburgh EH3 8EB

Depositary, Custodian and Banker (until 9 March 2025)

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

Administrator (from 10 March 2025)

The Northern Trust Company, London Branch
50 Bank Street
Canary Wharf
London E14 5NT

Banker & Custodian (from 10 March 2025)

The Northern Trust Company, London Branch
50 Bank Street
Canary Wharf
London E14 5NT

Depositary (from 10 March 2025)

Northern Trust Investor Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

Corporate Broker

JPMorgan Cazenove
25 Bank Street
London E14 5JP

Registrars

MUFG Corporate Markets (formerly known as Link Group)
Central Square
29 Wellington Street
Leeds LS1 4DL

☎ 0371 664 0300

If you hold your shares directly as a paper share certificate and not through an investment platform or savings scheme and have queries relating to your shareholding you should contact the company's Registrar, MUFG Corporate Markets, via email on shareholderenquiries@cm.mpms.mufg.com or on: ☎ 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider.

MUFG Corporate Markets provides an on-line and telephone share dealing service for paper share certificates to existing shareholders who are not seeking advice on buying or selling. This service is available at dealing.cm.mpms.mufg.com or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm Monday to Friday (excluding Bank Holidays in England and Wales).

Shareholders holding paper share certificates can also access their holding details via the Investor Centre app or the website at uk.investorcentre.mpms.mufg.com. MUFG Corporate Markets is the business name of MUFG Corporate Markets (UK) Limited.

Alternatively, you can also buy and sell shares yourself through a wide variety of 'execution-only' investment platforms – where you make the investment decisions and your shares are held electronically in an account on your behalf. These tend to be cheaper than holding paper share certificates and also mean you don't need to worry about losing your certificate.

Most investment platforms allow you to manage your investment trust holdings online, as well as access to a wide range of investment options, however, platforms generally charge fees for holding and trading shares.

Manager's Website

Information relating to the Company can be found on the Company's section of the Manager's website, which can be located at https://www.artemisfunds.com/futureleaders.

The contents of websites referred to in this document, or accessible links within those websites, are not incorporated into, nor do they form part of, this financial report.

Glossary of Terms and Alternative Performance Measures

Alternative Performance Measure ('APM')

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the year ended 31 January 2025 and 2024. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

Benchmark (or Benchmark Index)

A market index, which averages the performance of companies in any sector, giving a good indication of any rises or falls in the market. The benchmark used in these accounts is the Deutsche Numis Smaller Companies + AIM (excluding Investment Companies) Index, with dividends reinvested.

Capital dividend as a percentage of year end net assets (APM)

The percentage of year end net assets represented by a payment from revenue reserves and capital reserves to fund the annual dividend payable in respect of the year.

		2025[1] £'000	2024 £'000
Dividends paid from capital in respect of the year:			
First interim		-	-
Second interim		-	-
Third interim		-	-
Final		437	1,278
	a	437	1,278
Net Assets	b	136,644	161,395
Capital dividend as a percentage of year end net assets	c = a/b	0.3%	0.8%

(1) Excludes the one-off elective special dividend (return of capital) of 484.85p paid to shareholders on 8 October 2024.

(Discount)/Premium (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value ('NAV') of that share. Conversely, premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this Annual Financial Report the discount is expressed as a percentage of the net asset value per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

		2025	2024
Share price	a	375.00p	424.00p
Net asset value per share (note 14)	b	449.88p	477.12p
Discount	c = (a-b)/b	(16.6)%	(11.1)%

Dividend Yield (APM)

The annual dividend payable expressed as a percentage of the year end share price.

		2025[1]	2024
Dividends per share payable in respect of the year (note 8)	a	15.00p	16.96p
Share price	b	375.00p	424.00p
Dividend Yield	c = a/b	4.0%	4.0%

(1) Excludes the one-off elective special dividend (return of capital) of 484.85p paid to shareholders on 8 October 2024.

Gearing (APM)

The gearing percentage reflects the amount of borrowings that a company has invested. This figure indicates the extra amount by which net assets, or shareholders' funds, would move if the value of a company's investments were to rise or fall. A positive percentage indicates the extent to which net assets are geared; a nil gearing percentage, or 'nil', shows a company is ungeared. A negative percentage indicates that a company is not fully invested and is holding net cash as described below.

There are several methods of calculating gearing and the following has been used in this report:

Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets. As at 31 January 2025 the Company had gross borrowings of £12,350,000 (2024: £8,753,000).

		2025 £'000	2024 £'000
Bank facility		12,350	-
Bank overdraft facility		-	8,753
Gross borrowings	a	12,350	8,753
Net asset value	b	136,644	161,395
Gross gearing	c = a/b	9.0%	5.4%

Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

		2025 £'000	2024 £'000
Bank facility		12,350	-
Bank overdraft facility		-	8,753
Less: cash and cash equivalents		(2,472)	-
Net borrowings	a	9,878	8,753
Net asset value	b	136,644	161,395
Net gearing	c = a/b	7.2%	5.4%

Maximum Authorised Gearing

This reflects the maximum authorised borrowings of a company taking into account both any gearing limits laid down in the investment policy and the maximum borrowings laid down in covenants under any borrowing facility and is calculated as follows:

		2025 £'000	2024 £'000
Maximum authorised borrowings as laid down in:			
Investment policy:			
- lower of 30% of net asset value; and	a = 30% x e	40,993	48,419
- £25 million	b	25,000	25,000
Bank facility covenants: lower of 30% of net asset value and £20 million	c	20,000	15,000
(31 January 2024: bank overdraft facility covenants: lower of 30% of net asset value and £15 million)			
Maximum authorised borrowings (d = lower of a, b and c)	d	20,000	15,000
Net asset value	e	136,644	161,395
Maximum authorised gearing	f = d/e	14.6%	9.3%

Leverage

Leverage, for the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), is not synonymous with gearing as defined above. In addition to borrowings, it encompasses anything that increases the Company's exposure, including foreign currency and exposure gained through derivatives. Leverage expresses the Company's exposure as a ratio of the Company's net asset value. Accordingly, if a Company's exposure was equal to its net assets it would have leverage of 100%. Two methods of calculating such exposure are set out in the AIFMD, gross and commitment. Under the gross method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure (see page 69 for further detail on leverage at year end).

Market Capitalisation

Is calculated by multiplying the stockmarket price of an ordinary share by the number of ordinary shares in issue.

Net Asset Value ('NAV')

Also described as shareholders' funds, the NAV is the value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The NAV per share is calculated by dividing the net asset value by the number of ordinary shares in issue (excluding shares held in treasury). For accounting purposes assets are valued at fair (usually market) value and liabilities are valued at amortised cost (their repayment – often nominal – value).

Ongoing Charges Ratio (APM)

The ongoing administrative costs of operating the Company are encapsulated in the ongoing charges ratio, which is calculated in accordance with guidance issued by the AIC. The calculation incorporates charges allocated to capital in the financial statements as well as those allocated to revenue, but excludes non-recurring costs, transaction costs of investments, finance costs, taxation, and the costs of buying back or issuing shares. The ongoing charges ratio is the aggregate of these costs expressed as a percentage of the daily average net asset value reported in the year.

		2025 £'000	2024 £'000
Investment management fee		1,261	1,211
Other expenses		836	427
Less: costs in relation to custody dealing charges and one-off legal and professional costs		(466)	(35)
Total recurring expenses	a	1,631	1,603
Average daily net assets	b	158,051	158,683
Ongoing charges ratio %	c = a/b	1.03%	1.01%

Return

The return generated in a period from the investments including the increase and decrease in the value of investments over time and the income received.

Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid together with the rise or fall in the share price or NAV. In this Annual Financial Report these return figures have been sourced from LSEG Data & Analytics who calculate returns on an industry comparative basis. The figures calculated below are one year total returns, however the same calculation would be used for three, five and ten year total returns where quoted in this report, taking the respective NAVs and Share Prices period for the opening and closing periods and adding the impact of dividend reinvestments for the relevant periods.

Net Asset Value Total Return (APM)

Total return on net asset value per share, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

2025		Net Asset Value	Share Price
As at 31 January 2025		449.88p	375.00p
As at 31 January 2024		477.12p	424.00p
Change in year	a	-5.7%	-11.6%
Impact of dividend reinvestments(1)	b	3.3%	3.6%
Total return for the year	c = a+b	-2.4%	-8.0%

2024		Net Asset Value	Share Price
As at 31 January 2024		477.12p	424.00p
As at 31 January 2023		517.09p	451.00p
Change in year	a	-7.7%	-6.0%
Impact of dividend reinvestments(1)	b	3.6%	4.2%
Total return for the year	c = a+b	-4.1%	-1.8%

(1) Total dividends paid during the year of 16.96p (2024: 18.24p) reinvested at the NAV or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if the NAV or share price rises.

Benchmark

Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

Volatility

Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. It is a statistical measure of the dispersion of returns for a given security or market index measured by using the standard deviation or variance of returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Alternative Investment Fund Manager (‘AIFM’) and the Alternative Investment Fund Managers Directive (the ‘AIFMD’, the Directive)

Artemis Fund Managers Limited (“AFML”) was appointed by the Company as AIFM with effect from 10 March 2025. In accordance with the Directive, the Company qualifies as an Alternative Investment Fund (‘AIF’).

Details of the Company’s strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the Company before they invest, are available on the Company’s website. Any material changes to this information is required to be reported in the Company’s Annual Report. There have been no material changes to this information in the year to 31 January 2025. The change of AIFM and Investment Manager, effective from 10 March 2025, have been disclosed in this Annual Report.

In addition, the Directive requires information in relation to the Company’s leverage (both ‘gross’ and ‘commitment’ – see Glossary on page 66) and the remuneration of the Company’s AIFM to be made available to investors.

Accordingly:

- the leverage calculated for the Company at its year end was 106% for both gross and commitment (2024: both 105%). The limits the AIFM has set for the Company remain unchanged at 250% and 200%, respectively;
- the AIFM remuneration paid for the year to 31 December 2024, relating to the period when IFML was AIFM, is set out below.

IFML Remuneration in respect of performance year 2024

Remuneration policy

IFML does not employ any direct staff. All staff involved in the AIF related activities of IFML are employed and paid by various entities of the Invesco Ltd. Group.

The aggregate total remuneration of Invesco staff involved in AIF related activities of IFML in respect of performance year 2024 (1 January 2024 to 31 December 2024) is £1.43 million of which £0.90 million is fixed remuneration and £0.53 million is variable remuneration. The number of beneficiaries apportioned to AIFMD activities is 7.

IFML has identified individuals considered to have a material impact on the risk profile of IFML or the AIF it manages (“Identified Staff”), who include board members of IFML, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The aggregate total remuneration paid to the Identified Staff of IFML for AIF related activities for the performance year 2024 (1 January 2024 to 31 December 2024) is £0.44 million of which £0.19 million is paid to Senior Management and £0.25 million is paid to other Identified Staff. Please note that remuneration for AIFMD Identified Staff includes remuneration for staff employed by delegates.

Artemis Remuneration Policy

Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary AFML. Details of the group remuneration policies are available on Artemis’ website at www.artemisfunds.com. Remuneration levels are set to attract, retain and motivate talented partners and staff and align the long term interests of partners and staff with those of our clients.

The remuneration policies which apply to all partners and staff across the group are overseen by the Remuneration Committee. The members of the Remuneration Committee are all nonexecutive officers. The Remuneration Committee is responsible for setting and overseeing the implementation of Artemis’ remuneration policy, including approving the remuneration of partners and other senior staff. The Remuneration Committee will regularly review the remuneration policy to ensure it remains appropriate. The Remuneration Committee considers inputs from Artemis’ Risk and Compliance function when reviewing remuneration issues, including any risk adjustments or controls considered necessary.