

# Notification to Investors

**① In this section capitalised terms have the meanings set out in the Glossary**

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30 June 2023

## **Proposed change of name, investment policy and strategy for Artemis European Sustainable Growth Fund**

Dear Investor,

We are writing to you as an investor in Artemis European Sustainable Growth Fund (the “Fund”) to explain the proposed changes to the Fund’s name, investment policy and strategy.

The changes described in this Investor Letter require unitholder approval. We therefore encourage you to read it as it contains important information about your investment and how you can have your say.

### ***What is changing?***

We are proposing to make the following changes:

- change the name of the Fund to “Artemis European Select Fund” to more clearly represent the Fund’s future investment strategy. We also plan to amend the Fund’s investment policy and strategy to remove the current focus on investing primarily in sustainable European companies.
- change to the Fund’s investment policy to allow the investment managers to use derivatives for investment purposes (to allow investment in derivatives to profit from falling or rising share prices in pursuit of the investment objective).
- Remove the current Fund-specific exclusions (negative screening) from the investment policy, allowing investment in a wider universe of industries and sectors.

However, there will be no change to the Fund’s investment objective – to grow capital over a five-year period – which will stay the same. The Fund will continue to have a relatively concentrated portfolio of between 30 and 60 stocks. There will also be no change to its comparator benchmarks – as currently, these will not restrict the management of the fund and will continue to be (i) the FTSE World Europe ex UK TR and (ii) the IA Europe Excluding UK NR.

Full details of the proposed changes to the Fund’s investment policy and strategy are set out in the Appendix of this letter.

### ***Why is Artemis making these changes?***

We believe that the proposed changes are in the best interests of clients, providing the widest flexibility for the fund managers to generate strong, competitive investment returns by primarily focusing on company valuations and other fundamental financial characteristics. We believe that this renewed focus will help to deliver the Fund's investment objective.

Following Laurent Millet's departure from Artemis at the end of 2022, Kartik Kumar has been appointed as a co-manager of the Fund alongside Veronica Perez-Campanero Antolin.

The proposed new name, "Artemis European Select Fund" is intended to more clearly represent the Fund's future investment strategy. The 'Select' investment strategy provides flexibility in terms of industry, sector, and market capitalisation. It is a high conviction, concentrated approach, without having a specific focus on sustainable investing. The Fund will be able to invest in companies from across the full spectrum of industries, sectors and geographies in European markets, providing a wider opportunity set for the fund managers to capitalise on.

The Fund's name and investment policy will closely align with three other Artemis funds: Artemis Global Select, Artemis US Select, and Artemis UK Select. This alignment will help facilitate research and ideas sharing across the four portfolios, giving access to wider investment insight. We believe that offering a European Select strategy is a natural extension to this range of 'Select' funds and provides a harmonised offering to existing and prospective investors.

The new investment policy will remove the Fund's current focus on investing primarily in sustainable European companies. Instead, the Fund will focus on investing in European companies with strong fundamental financial characteristics, where the manager believes there are clear competitive advantages. Opportunistic investments may be made in companies that are in recovery, or turnaround, sometimes known as special situations.

While sustainable investing will no longer be a core part of the Fund's investment strategy, the managers will continue to integrate Environmental, Social and Governance ("ESG") factors into their investment process to assess the sustainability of a business ("ESG integration"). The fund managers believe that the benefit of ESG integration is to provide additional insight into the balance of risk / reward and hence impact share price. However, please note that under the new investment policy, the Fund could invest in companies that are not considered sustainable. The fund managers use external data to inform their analysis and external analysis to challenge their thinking.

The Fund currently automatically excludes investments in certain industries. If the proposed changes are approved, these exclusions would no longer apply, meaning that the Fund could invest in the shares of companies involved in alcohol, gambling, weapons, tobacco, and fossil fuels if the fund managers consider this appropriate.

Currently the investment policy of the Fund only allows the use of derivatives (financial instruments whose value is derived from that of another investment) for the purposes of efficient portfolio management, including hedging. This means that the Fund may currently use derivatives in a cost-effective way to reduce risk, reduce costs or to generate additional capital or income for the Fund with a level of risk which is consistent with its risk profile. For example, if there is a large subscription into the Fund, derivatives can currently be used to allow the manager to gain exposure to the market more quickly than could be achieved by buying shares directly. However, we now propose to afford the fund managers the flexibility to also use derivatives for general investment purposes in the pursuit of the Fund's investment objective. For example, the fund managers would be able to use derivatives opportunistically to allow short selling of companies that they believe to be overvalued, with the aim of allowing the fund to profit from falling, as well as rising, share prices.

Further detail on the Fund’s investment strategy is included in the proposed wording in the Appendix.

It is not expected that the risk profile of the Fund will materially change because of the proposed changes to the investment policy and strategy. However, the Fund’s ability to use derivatives for general investment purposes may mean that the Fund’s risk profile could change in the future.

### ***What are the next steps?***

The proposed changes require your approval. This is done via a unitholder vote using what is known as an ‘Extraordinary Resolution’ at an Investor Meeting. For the Extraordinary Resolution to pass, a majority in favour of 75% or more (by value) of votes cast is required, so it is important that you exercise your right to vote.

### ***When will the changes take place?***

If the proposed changes are approved by unitholder vote at an Investor Meeting, they will become effective on 14 August 2023 (the “Effective Date”) and apply to all unitholders of the Fund, even if they did not cast a vote at the Investor Meeting or voted against the proposed changes. If the proposed changes are not approved by unitholder vote they will not become effective, and the Fund will continue with the same name and continue to be managed in line with its existing investment policy and strategy.

### ***Summary of the key dates (UK time, unless stated otherwise)***

30 June 2023	The date on which this Investor Letter was posted to unitholders
12.00pm on 25 July 2023	The date at which a person must hold units in order to be eligible to vote (i.e. to qualify as an ‘Investor’)
10.00am on 30 July 2023	The date by which we must receive your Voting Form
10.00am on 1 August 2023	Investor Meeting
5.00pm on 1 August 2023	Results of Investor Meeting made available on <a href="http://www.artemisfunds.com">www.artemisfunds.com</a>
14 August 2023	Effective Date, if the Extraordinary Resolution is passed

## **Your options**

### **1. Vote:**

You have a right to vote on the proposed changes if you are an Investor and still hold units at 12pm on 25 July 2023. A Notice of the Investor Meeting is attached to this Investment Letter (and is marked Attachment 1). We encourage you to exercise your right to vote using the Voting Form attached to this letter (and marked Attachment 2) which must be returned to us by 10.00am on 30 July 2023. You can also exercise any of the options set out below.

## 2. Right to switch or redeem

If you do not wish to participate in the Investor Meeting or remain an investor after the Effective Date (if the proposed changes are approved), you are entitled to switch your units in the Fund for units/shares in another Artemis UK-domiciled fund, free of any transfer charges, in the same way as you may do at the moment, at any time prior to the Effective Date. Further details on Artemis funds can be found at [www.artemisfunds.com](http://www.artemisfunds.com) but investors should note that we cannot offer you advice about which fund you may wish to switch to, and we recommend that you consult with a professional adviser and read the Key Investor Information Document of any alternative fund before you choose to invest. You should note that other Artemis UK-domiciled funds may have different fees and/or minimum investment requirements to the Fund.

Alternatively, you can sell your units at any time prior to the Effective Date. No redemption charge will be applied. In accordance with the terms of the Prospectus, Artemis has the discretion to make a dilution adjustment to the price of your units on redemption. If you want to exercise either option prior to the Effective Date, please contact our Fund Service Centre on 0800 092 2051 (outside the UK +44 1133 604500).

**Please note that such a redemption or switch will be treated as a disposal of units for tax purposes and you may be liable to capital gains tax on any gains arising from the redemption or switch of your units. If you are in any doubt about your potential liability to tax, you should consult a professional adviser. Please note that Artemis will not be responsible for or pay any investor's personal tax liability arising from redemptions or switches.**

### **Costs and expenses**

All costs and expenses associated with convening and holding the Investor Meeting (including any adjournments of the Investor Meeting) and additional portfolio realignment costs incurred will be borne by Artemis.

If the proposed changes are voted through, changes may be made to the Fund's current portfolio, allowing the investment manager to align the portfolio with the proposed investment policy. We expect this could result in portfolio turnover of approximately 12% of NAV, with estimated transaction costs of less than 0.16%, including taxes, commissions and duties arising from the purchase and sale of assets. In practice, estimated transaction costs may be higher or lower as these will be dependent on market conditions and the portfolio at the time.

### **Action to be taken**

We believe that the proposed changes are in the best interest of investors and we recommend that you vote in favour of the resolution to be proposed at the Investor Meeting. We are not able to make

recommendations as to which option you should choose. You may wish to consider your options in consultation with a professional adviser.

Before you make your decision, we recommend that you read the rest of this Investor Letter (and in particular the Appendix) and its attachments, as these contain important information about the proposed changes.

Please ensure that you complete and return the Voting Form attached (and marked Attachment 2) no later than 10.00am (UK time) on 30 July 2023.

### **Updated documents**

If the proposed changes are approved at the Investor Meeting, the changes will take effect on the Effective Date and Fund documents will be updated accordingly. Revised copies of the Fund's prospectus and KIIDs will be available on our website at [www.artemisfunds.com](http://www.artemisfunds.com) from the Effective Date, and on request.

### **Further information**

If you are uncertain about the contents of this letter, we recommend that you consult a financial adviser.

If you would like further information or have any questions about the information in this letter or would like further information, please contact our Fund Service Centre on 0800 092 2051 (outside the UK +44 1133 604500) between 8:00am and 6:00pm (Monday to Friday) or by e-mail at [artemisenquiries@ntrs.com](mailto:artemisenquiries@ntrs.com).

Yours faithfully,



**Greg Jones**  
**Director**  
**For and on behalf of Artemis Fund Managers Limited**

## Appendix

### *Proposed changes to the Fund's investment policy and strategy*

#### The Fund's current investment policy and strategy

<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>80% to 100% in company shares.</li> <li>Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	<p>The fund may use derivatives for efficient portfolio management purposes to:</p> <ul style="list-style-type: none"> <li>reduce risk</li> <li>manage the fund efficiently.</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>At least 80% in Europe (excluding the United Kingdom)</li> <li>Up to 20% in other countries.</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>Any, except for those excluded at the sub-industry level below.</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>Shares in the following types of company (held either directly or indirectly via derivatives) are automatically excluded: <ul style="list-style-type: none"> <li>Alcohol: companies which derive more than 10% revenue from alcoholic beverages;</li> <li>Tobacco: companies which derive more than 10% revenue from tobacco;</li> <li>Gambling: companies which derive more than 10% of revenue from gambling;</li> <li>Nuclear power: companies which derive revenue from nuclear based power generation;</li> <li>Weapons: companies: <ul style="list-style-type: none"> <li>involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons); or</li> <li>which produce or sell civilian firearms; or</li> <li>which manufacture armaments, nuclear weapons or associated strategic products;</li> </ul> </li> <li>Fossil fuels: companies which have reserves or engage in power generation or production related to thermal coal, oil or gas;</li> <li>Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption</li> </ul> </li> </ul>
<b>Investment strategy</b>		<ul style="list-style-type: none"> <li>The fund is actively managed.</li> <li>A number of companies are removed from the investment universe at the outset of the investment process using the criteria set out in the investment policy above.</li> <li>The manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile.</li> <li>The manager assesses the quality of environmental, social and governance (ESG) processes and seeks to invest in companies that use their resource efficiently, invest in their business, and build contingent assets that will eventually contribute to cash flows over time. The manager believes that growth of cash flows and capital are a consequence of the company's sustainable practices across the organisation. Consequently, the manager does not typically invest in companies with track record of cash flow and/or capital growth if the company exhibits material sustainability weaknesses. Detailed assessment of the sustainability practices of companies is undertaken using proprietary and third-party research.</li> <li>The manager takes a holistic view of a company's sustainability processes. Whenever relevant and material, this view includes: an analysis of a company's purpose; the impact of the products or services it sells; its sustainability governance; carbon intensity and plans to reduce Greenhouse Gas Emission targets; relationship with suppliers; waste management and recycling efforts; product quality and safety; customer</li> </ul>

	<p>satisfaction; employee health, safety and well-being; ethical behaviour; company culture; employee diversity; fair tax policies; data privacy; cyber-security; quality of the governance body; and management incentivisation. The material sustainability elements vary from company to company. For example, resource intensity and carbon emissions are much more important for industrial companies than service or software companies. Company purpose and corporate culture, employee well-being and diversity tend to be more important for service companies than industrial ones. The manager systematically looks into all of these areas but focuses on material sustainability, key performance indicators and corporate practices. The manager selects companies believed to be best-in-class in material sustainability areas; a company stock is not purchased where there are serious concerns on material sustainability processes/indicators.</p> <ul style="list-style-type: none"><li>• The manager takes a three-to-five year view on investments and believes in the power of compounding returns.</li><li>• The end result is a portfolio of companies that the manager believes to be 'best in class' with the ability to grow earnings and cash flows. The fund is concentrated, typically investing in 30 to 40 companies at any time.</li><li>• Engagement with company management of existing and potential companies in the portfolio is a fundamental element of the fund's investment process. Having a concentrated portfolio enables regular, meaningful interactions with the companies. The manager monitors the ESG factors of the portfolio companies on an ongoing basis and votes accordingly, unless restricted to do so. If it is the manager's opinion that there has been a persistent deterioration of sustainability practices within an investee company, even if the financial key performance indicators remain strong, the manager will review whether the company should remain in the portfolio and, if decided to no longer hold the investment, the fund will seek to realise its investment as soon as practicable taking into account the best interests of investors.</li></ul>
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**Proposed wording for the Fund’s investment policy and strategy**

<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 80% to 100% in company shares.</li> <li>• Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.</li> </ul>
	<b>Use of derivatives</b>	<ul style="list-style-type: none"> <li>• The fund may use derivatives                             <ul style="list-style-type: none"> <li>○ for investment purpose to achieve the fund objective, including by taking long and short positions</li> <li>○ to produce additional income or growth</li> <li>○ for efficient portfolio management purposes to reduce risk and manage the fund efficiently.</li> </ul> </li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• At least 80% in Europe (excluding the United Kingdom)</li> <li>• Up to 20% in other countries.</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Investment strategy</b>		<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• The manager pursues a fundamental equity strategy with the following investment process:                             <ul style="list-style-type: none"> <li>• Bottom-up research and financial analysis is conducted to assess business models, prospective returns and risk</li> <li>• The manager has a long-term investment horizon when assessing companies</li> <li>• The manager focuses on businesses with competitive advantages (conditions or circumstances that put a company in a superior business position relative to its peers) that are expected to continue into the future</li> <li>• Opportunistic investments may be made in companies that are in recovery, need re-financing or are suffering from investor indifference (also known as ‘special situations’) and turnarounds</li> <li>• Engagement with management teams on capital allocation and governance</li> </ul> </li> <li>• The end result is a concentrated portfolio, typically 30-60 holdings, depending on opportunity set and the manager’s conviction.</li> </ul>



## *Glossary*

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<b>“Artemis”</b>	Artemis Fund Managers Limited as the manager of the Fund
<b>“Fund”</b>	Artemis European Sustainable Growth Fund
<b>“Effective Date”</b>	14 August 2023, if the Extraordinary Resolution is passed
<b>“Extraordinary Resolution”</b>	The resolution that “the proposed changes to Artemis European Sustainable Growth Fund, as set out in the Investor Letter dated 30 June 2023, are hereby approved.”
<b>“Investor Meeting”</b>	the extraordinary general meeting of unitholders described in the meeting notice
<b>“Meeting Notice”</b>	the meeting notice labelled “Attachment 1” calling attention to the extraordinary general meeting of Investors at 10:00am on 1 August 2023
<b>“Voting Form”</b>	the voting form included as Attachment 2

# Attachment 1

## *Notice of meeting of investors of Artemis European Sustainable Growth Fund*

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This document notifies you that Artemis Fund Managers Limited (the “Manager”) will hold an extraordinary general meeting of the unitholders of Artemis European Sustainable Growth Fund.

The meeting will be held at Cassini House, 57 St James’s Street, London SW1A 1LD on 1 August 2023 at 10.00am (UK time).

### **Extraordinary resolution:**

THAT, the proposed changes to Artemis European Sustainable Growth Fund, as set out in the Investor Letter dated 30 June 2023, are hereby approved.

### **Artemis Fund Managers Limited**

as Manager of Artemis European Sustainable Growth Fund

Issued on 30 June 2023

### **Notes:**

1. A unitholder who is entitled to attend and vote at the Investor Meeting can appoint someone to attend the meeting as their representative and vote instead of them (a proxy). The proxy does not need to be unitholder.
2. A form of proxy (labelled ‘**Voting Form**’) is attached and unitholders are requested to complete and return it by email to [legal@artemisfunds.com](mailto:legal@artemisfunds.com) so that it arrives not less than 48 hours before the time appointed for the holding of the meeting. Forms of proxy will only be valid if properly and fully completed in accordance with the instructions on the form and accompanying notes.
3. In the case of joint unitholders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint unitholders and for this purpose seniority will be determined by the order in which the names stand in the register of unitholders.
4. The minimum number of participants (quorum) for a meeting of unitholders is any two unitholders attending in person, or represented by proxy.
5. If, within half an hour from the appointed time of the Investor Meeting, a quorum is not present, then the Investor Meeting will be adjourned to a date not less than seven days following the date for which the Investor Meeting was originally convened. Notice will be given of the date and time of the adjourned meeting and, if at that meeting a quorum is not present within fifteen minutes from the time appointed for the adjourned meeting, then one unitholder entitled to be counted in a quorum shall constitute a quorum. The Voting Form shall remain valid for any adjourned meeting.
6. The Trustee has appointed Stephen Morris, Head of Product, Artemis Investment Management LLP, or, failing him, a duly authorised representative of Artemis, to be chairperson for the Investor Meeting and any adjournment. In the event of (i) a tied vote at the Investor Meeting; or (ii) the Investor Meeting being duly convened with a quorum present but at which no

investors vote, the chairperson will be entitled to a casting vote. It is expected that any such casting vote would be exercised in favour of the resolution.

7. A unitholder entitled to more than one vote does not have to use any or all of their votes or cast all of their votes in the same way.
8. The majority required for the passing of the extraordinary resolution is 75 percent or more (weighted by investment value) of the total of votes cast (whether for or against the resolution).
9. At the meeting, the vote will be taken by poll. On a poll, each unit's voting rights is determined by that unit's price in relation to the total price of all units.

# Attachment 2

## *Voting Form*

① Please read the notes on the following page

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This voting form (or form of proxy) is for use at the meeting of unitholders of Artemis European Sustainable Growth Fund to be held at Cassini House, 57 St James's Street, London SW1A 1LD on 1 August 2023 at 10.00am (UK time).

Before filling in this form read the Investor Letter dated 30 June 2023 and the notes on the next page.

**Name(s)** (See Note 6)

**Address(es)** (See Note 6)

**Client Account Number**

**Your proxy**

Tick the appropriate box to choose your representative (proxy) for the meeting and at any adjournments of it (see Note 1):

**The meeting  
Chairperson (default)**

 

**The person named  
below**

 

**Representative's name and address**

**Vote**

Tick the appropriate box to indicate how your representative (proxy) should vote in respect of the resolution.

In respect of the resolution set out in the meeting notice, I direct my representative (proxy) to vote as follows (see Notes 2 and 3).

**For the resolution**

 

**Against the resolution**

 

Please complete and return this voting form to us by email to [legal@artemisfunds.com](mailto:legal@artemisfunds.com) no later than 10.00am (UK time) on 30 July 2023. Please read the Notes carefully.

**Signature(s)** (see Notes 4, 5 and 6)

**Date**

## Notes:

To participate in the Investor Meeting, this Voting Form must be properly completed and received no later than 10.00am (UK time) on 30 July 2023.

If you do not return this form (or do not complete it properly), your representative (proxy) will not be able to vote on your behalf, and your vote may not count.

Please return a digitally signed or scanned copy of the completed Voting Form by email to [legal@artemisfunds.com](mailto:legal@artemisfunds.com).

1. Please indicate whether you wish to appoint the meeting chairperson or another person as your representative (proxy) for the Investor Meeting and any adjourned meeting. The person you choose does not need to be a unitholder but must attend the Investor Meeting to represent you. If you do not make a selection, by default the chairperson will be appointed as your proxy.
2. Please indicate how you wish to vote in relation to the resolution. If this form is signed and returned without instructions for voting, the representative (proxy) is able to vote or abstain from voting as they see fit.
3. Voting on the resolution will be by a 'poll' and your rights to vote relate to the value your units bear in proportion to all of the units in issue. You do not have to use all of your voting right or vote them all in the same way. If you want to vote 100% of your units in a certain way, please tick the applicable for or against box. If you want to split your votes, please write the number of units you wish to vote in the applicable for or against box.
4. If this Voting Form is signed under an authority, we can only validate it if you provide the authority.
5. A body corporate (such as a company) must execute this Voting Form under seal or have it signed by an officer (who is authorised in writing to sign it).
6. In the case of joint unitholders, please ensure that all signatures and all names and addresses are included in the Voting Form.

Use of this Voting Form does not prevent a unitholder from attending the Investor Meeting and voting. However, in all other cases, a Voting Form may be revoked only with the consent of Artemis.