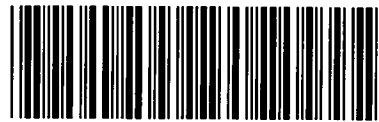


**ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2016**

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# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2016**

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# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M R J Tyndall (resigned 1 January 2016)

M J Murray (appointed 1 January 2016)

J E Dodd

### **REGISTERED OFFICE**

42 Melville Street

Edinburgh

EH3 7HA

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **STRATEGIC REPORT**

The directors present their strategic report for Artemis Strategic Asset Management Limited for the year ended 31 December 2016.

### **REVIEW OF THE BUSINESS**

The Company's principal activity is to act as an intermediate holding company within the Artemis group. The performance of Artemis Strategic Asset Management Limited depends solely on the distribution received from its subsidiary undertaking, Artemis Investment Management LLP.

### **RESULTS OF THE BUSINESS**

The audited financial statements for the year ended 31 December 2016 are set out on pages 7 to 14. The profit for the year was £45,075,000 (2015: £44,243,000) and was transferred to reserves. The directors approve the results for the year. A dividend was recommended to be paid in January 2017 and this is referred to in the directors' report on page 3.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Artemis group, which include those of the Company, are discussed in the annual report of Artemis Investment Management LLP (the main operating entity in the Artemis group) and do not form part of this report.

Approved by the Board of Directors  
and signed on behalf of the Board



M J Murray  
Director  
15 March 2017

# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for Artemis Strategic Asset Management Limited for the year ended 31 December 2016.

### **PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

Artemis Strategic Asset Management Limited is a company incorporated and domiciled in Scotland, registration number SC171550. As referred to in the strategic report, the Company is an intermediate holding company within the Artemis group and its future development is dependent on the level of distributions received from its subsidiary undertaking. There are no immediate changes envisaged in the operation of the group.

### **DIVIDENDS**

Dividends of £45,231,000 were paid during the year (2015: £43,323,000). These dividends were funded by a share of profits received from its subsidiary undertaking, Artemis Investment Management LLP.

### **POST BALANCE SHEET EVENT**

A dividend of £11,534,000 was recommended to be paid in January 2017. This was funded from a share of profits received from its subsidiary undertaking, Artemis Investment Management LLP, in January 2017.

### **DIRECTORS**

The directors of the Company who served during the year ended 31 December 2016 are listed on page 1.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the strategic report, directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 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.

# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

### **INDEPENDENT AUDITORS**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'M J Murray', with a stylized flourish at the end.

M J Murray  
Director  
15 March 2017

# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Artemis Strategic Asset Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matters prescribed by 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Lindsay Gardiner (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
15 March 2017



# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Income from group undertakings	4	56,365	55,479
<b>Profit on ordinary activities before interest and taxation</b>		<u>56,365</u>	<u>55,479</u>
Interest payable and similar charges		(3)	(2)
<b>Profit on ordinary activities before taxation</b>	3	<u>56,362</u>	<u>55,477</u>
Tax on profit on ordinary activities	5	(11,287)	(11,234)
<b>Profit for the financial year</b>		<u><u>45,075</u></u>	<u><u>44,243</u></u>

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and, accordingly, no Statement of Comprehensive Income is shown.

The current and prior year results have been derived wholly from continuing operations.

The notes on pages 11 to 14 form an integral part of these financial statements.

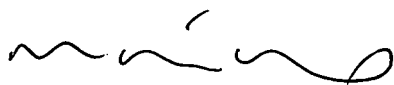
# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## STATEMENT OF FINANCIAL POSITION as at 31 December 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments	7	60,772	60,772
<b>Current assets</b>			
Debtors	8	14,418	14,637
Cash at bank and in hand		2,080	2,101
		<u>16,498</u>	<u>16,738</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(5,663)</u>	<u>(5,747)</u>
<b>Net current assets</b>		<u>10,835</u>	<u>10,991</u>
<b>Net assets</b>		<u><u>71,607</u></u>	<u><u>71,763</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	129	129
Share premium account		52,298	52,298
Capital redemption reserve		890	890
Profit and loss account		18,290	18,446
<b>Total shareholder's funds</b>		<u><u>71,607</u></u>	<u><u>71,763</u></u>

The notes on pages 11 to 14 form an integral part of these financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 15 March 2017.

Signed on behalf of the Board of Directors



M J Murray  
Director



J E Dodd  
Director

Company registration number: SC171550

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
<b>Balance at 1 January 2015</b>	129	52,298	890	17,526	70,843
Profit for the financial year	-	-	-	44,243	44,243
Total comprehensive income for the year	-	-	-	44,243	44,243
Dividends	-	-	-	(43,323)	(43,323)
<b>Balance at 31 December 2015</b>	129	52,298	890	18,446	71,763
Profit for the financial year	-	-	-	45,075	45,075
Total comprehensive income for the year	-	-	-	45,075	45,075
Dividends	-	-	-	(45,231)	(45,231)
<b>Balance at 31 December 2016</b>	129	52,298	890	18,290	71,607

Included in the income statement is £nil (2015: £nil) of profits which are not available for distribution as they are unrealised.

The notes on pages 11 to 14 form an integral part of these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 £000	2015 £000
<b>Net cash flows from operating activities</b>	-	-
Taxation	(11,374)	(10,617)
<b>Net cash generated from operating activities</b>	(11,374)	(10,617)
<b>Cash flows from investing activities</b>		
Income from group undertaking	56,584	54,537
<b>Net cash flow from investing activities</b>	56,584	54,537
<b>Cash flows from financing activities</b>		
Dividends paid	(45,231)	(43,323)
<b>Net cash flow from financing activities</b>	(45,231)	(43,323)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(21)	597
<b>Cash and cash equivalents at the beginning of the year</b>	2,101	1,504
<b>Cash and cash equivalents at the end of the year</b>	2,080	2,101

The notes on pages 11 to 14 form an integral part of these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### General information and basis of accounting

Artemis Strategic Asset Management Limited is a company domiciled in Scotland and incorporated under the Companies Act, registration number SC171550. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out on page 2.

These financial statements have been prepared under the historic cost convention (modified to include certain items at fair value), and in accordance with Financial Reporting Standard 102 (FRS 102) and with the Companies Act 2006.

These financial statements present information about the Company as an individual undertaking and not about its Group. The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Affiliated Managers Group, Inc.

The financial statements are presented in pound sterling.

#### Going concern

The directors have assessed the Company's ability to continue as a going concern and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### Investments

Investments in subsidiaries are stated at cost less accumulated impairment. At each balance sheet date an assessment is undertaken to determine if there is any indication of impairment of subsidiaries. If there is an indication of impairment, an estimate of the recoverable amount is made. Any impairment is taken to the income statement.

Revenue is generated from the Company's investment in Artemis Investment Management LLP. This is recognised on a monthly basis as income through the income statement.

#### Dividends

Dividend receivables and liabilities are only recognised when the dividends have been declared and approved.

### 2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The directors consider that there are no accounting estimates that have been made or sources of uncertainty in the current year that would have a material effect on these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee for the Company of £2,000 (2015: £2,000) was borne by Artemis Investment Management LLP. No fees were paid to the auditors in respect of non audit services for the current or prior year.

No directors received remuneration for services to the Company in the current or prior year directly from the Company. The directors were also members of Artemis Investment Management LLP during the year.

There were no employees during the current year or prior year. All service contracts are with Artemis Investment Management LLP.

### 4. INCOME FROM GROUP UNDERTAKINGS

During the year the company received income of £56,365,000 (2015: £55,479,000) from Artemis Investment Management LLP.

At the year end, the Company had a receivable amount due from Artemis Investment Management LLP of £14,418,000 (2015: £14,637,000) in relation to a contractually agreed allocation of income.

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £000	2015 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	11,272	11,234
Adjustment in respect of previous years	15	-
	<u>11,287</u>	<u>11,234</u>
Tax on profit on ordinary activities		
	<u>11,287</u>	<u>11,234</u>

The tax assessed for the year is higher than (2015: equal to) the standard rate of corporation tax in the UK.

#### Reconciliation of tax charge

Profit on ordinary activities before taxation	56,362	55,477
	<u>56,362</u>	<u>55,477</u>
Tax charge on profit on ordinary activities at 20% (2015: 20.25%)	11,272	11,234
Adjustment in respect of previous years	15	-
	<u>11,287</u>	<u>11,234</u>
Tax charge for the year		
	<u>11,287</u>	<u>11,234</u>

### 6. ORDINARY DIVIDENDS PAID

	2016 £000	2015 £000
Dividends on ordinary shares	45,231	43,323
	<u>45,231</u>	<u>43,323</u>

Dividends of £262.32, £242.03, £259.20 and £252.89 per share were paid in January, April, July and October 2016 respectively (2015: £241.60, £239.95, £246.82 and £245.18 per share in January, April, July and October).

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 7. FIXED ASSET INVESTMENTS

	2016 £000	2015 £000
Investment in subsidiary undertaking	60,772	60,772

The investment represents the capital contribution by the Company to Artemis Investment Management LLP. This entitles the Company to a proportion of the income generated by Artemis Investment Management LLP.

The directors consider the value of the investment to be supported by that entity's underlying assets.

### 8. DEBTORS

	2016 £000	2015 £000
Amount owed by group undertakings	14,418	14,637

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Corporation tax	5,663	5,747

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 10. CALLED UP SHARE CAPITAL

	2016 £000	2015 £000
<b>Authorised</b>		
Ordinary shares of £1 each	46	46
0% redeemable preference shares of £1 each	85	85
7% redeemable preference shares of £1 each	1,315	1,315
	1,446	1,446

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 10. CALLED UP SHARE CAPITAL (CONTINUED)

	2016 £000	2015 £000
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	44	44
0% redeemable preference shares of £1 each	85	85
	<u>129</u>	<u>129</u>

The 0% redeemable preference shares do not carry any right to receive a dividend. The 7% redeemable preference shares carry a right to receive a fixed non-cumulative preferential dividend of 7% per annum. Both classes of redeemable preference shares are redeemable by the Company at par at any time. Neither class of redeemable preference shares has any entitlement to vote at general meetings of the Company.

There is a single class of ordinary shares for which there are no restrictions on the distribution of dividends and the repayment of capital.

### 11. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Artemis Asset Management Limited, which is incorporated and registered in Scotland. A copy of that Company's financial statements is available from the Company Secretariat, 42 Melville Street, Edinburgh, EH3 7HA.

The Company's ultimate parent undertaking which presents group financial statements in which the Company is included is Affiliated Managers Group, Inc., a company incorporated in the USA. These group financial statements are available from Affiliated Managers Group, Inc., 777 South Flagler Drive, West Palm Beach, Florida 33401, USA.

### 12. RELATED PARTY TRANSACTIONS

The Company paid dividends of £45,231,000 (2015: £43,323,000) to its parent company, Artemis Asset Management Limited (see note 6).

The Company received income of £56,365,000 (2015: £55,479,000) from its subsidiary undertaking, Artemis Investment Management LLP. At the year end, the Company had a net balance due from Artemis Investment Management LLP of £14,418,000 (2015: £14,637,000) (see note 4).

### 13. SUBSEQUENT EVENTS

A dividend of £11,534,000 was recommended to be paid in January 2017. This was funded from a share of profits received from its subsidiary undertaking, Artemis Investment Management LLP, in January 2017.