

**ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2017**

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# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2017**

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# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M J Murray  
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 2017.

### **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 2017 are set out on pages 8 to 15. The profit for the financial year was £49,610,000 (2016: £45,075,000) and was transferred to reserves. The directors approve the results for the year. A dividend was recommended to be paid in January 2018 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 Artemis 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  
14 March 2018

# **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 2017.

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

Artemis Strategic Asset Management Limited is a private company limited by shares. It was incorporated, and is domiciled, in Scotland with 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 £48,193,000 were paid during the year (2016: £45,231,000). These dividends were funded by a share of profits received from the Company's subsidiary undertaking, Artemis Investment Management LLP.

### **POST BALANCE SHEET EVENT**

A dividend of £12,952,000 was recommended to be paid in January 2018. This was funded from a share of profits received from the Company's subsidiary undertaking, Artemis Investment Management LLP, in January 2018.

### **DIRECTORS**

The directors of the Company who served during the year ended 31 December 2017 are listed on page 1.

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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 read 'M J Murray', with a stylized, wavy line extending from the end.

M J Murray  
Director  
14 March 2018

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

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

### Report on the financial statements

#### Opinion

In our opinion, Artemis Strategic Asset Management Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the income statement for the year then ended, the statement of financial position as at 31 December 2017, the statement of changes in equity for the year then ended, and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

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.



# **ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED**

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Lindsay Gardiner (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
14 March 2018

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Distribution from group undertakings	3	61,437	56,365
<b>Profit before interest and taxation</b>		61,437	56,365
Interest payable and similar expenses		-	(3)
<b>Profit before taxation</b>	4	61,437	56,362
Tax on profit	5	(11,827)	(11,287)
<b>Profit for the financial year</b>		49,610	45,075

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 12 to 15 form an integral part of these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## STATEMENT OF FINANCIAL POSITION As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	7	60,772	60,772
<b>Current assets</b>			
Debtors	8	16,039	14,418
Cash at bank and in hand		2,063	2,080
		<u>18,102</u>	<u>16,498</u>
<b>Current liabilities</b>	9	<u>(5,850)</u>	<u>(5,663)</u>
<b>Net current assets</b>		<u>12,252</u>	<u>10,835</u>
<b>Total assets less current liabilities</b>		<u>73,024</u>	<u>71,607</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		19,707	18,290
<b>Total shareholders' funds</b>		<u>73,024</u>	<u>71,607</u>

The notes on pages 12 to 15 form an integral part of these financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 14 March 2018.

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 2017

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
<b>Balance at 1 January 2016</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
Profit for the financial year	-	-	-	49,610	49,610
Total comprehensive income for the year	-	-	-	49,610	49,610
Dividends	-	-	-	(48,193)	(48,193)
<b>Balance at 31 December 2017</b>	129	52,298	890	19,707	73,024

Included in the income statement is £nil (2016: £nil) of profits which are not available for distribution as they are unrealised.

The notes on pages 12 to 15 form an integral part of these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS For the year ended 31 December 2017

	2017 £000	2016 £000
<b>Cash flows from operating activities</b>	-	-
Taxation	(11,640)	(11,374)
<b>Net cash generated from operating activities</b>	<u>(11,640)</u>	<u>(11,374)</u>
<b>Cash flows from investing activities</b>		
Income from group undertaking	59,816	56,584
<b>Net cash generated from investing activities</b>	<u>59,816</u>	<u>56,584</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(48,193)	(45,231)
<b>Net cash used in financing activities</b>	<u>(48,193)</u>	<u>(45,231)</u>
<b>Net decrease in cash and cash equivalents</b>	(17)	(21)
<b>Cash and cash equivalents at the beginning of the year</b>	2,080	2,101
<b>Cash and cash equivalents at the end of the year</b>	<u>2,063</u>	<u>2,080</u>

The notes on pages 12 to 15 form an integral part of these financial statements.

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

### 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

Year ended 31 December 2017

### 3. DISTRIBUTION FROM GROUP UNDERTAKINGS

During the year the Company received distributions of £61,437,000 (2016: £56,365,000) from Artemis Investment Management LLP.

At the year end, the Company had a receivable amount due from Artemis Investment Management LLP of £16,039,000 (2016: £14,418,000) in relation to a contractually agreed allocation of income.

### 4. PROFIT BEFORE TAXATION

The audit fee for the Company of £2,420 (2016: £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.

### 5. TAX ON PROFIT

	2017 £000	2016 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	11,827	11,272
Adjustment in respect of previous years	-	15
	<u>11,827</u>	<u>11,287</u>
Tax on profit	<u>11,827</u>	<u>11,287</u>

The tax assessed for the year is equal to (2016: equal to) the standard rate of corporation tax in the UK.

	2017 £000	2016 £000
<b>Reconciliation of tax charge</b>		
Profit before taxation	<u>61,437</u>	<u>56,362</u>
Tax charge on profit at 19.25% (2016: 20%)	11,827	11,272
Adjustment in respect of previous years	-	15
	<u>11,827</u>	<u>11,287</u>
Tax charge for the year	<u>11,827</u>	<u>11,287</u>

### 6. ORDINARY DIVIDENDS PAID

	2017 £000	2016 £000
Dividends on ordinary shares	<u>48,193</u>	<u>45,231</u>

Dividends of £259.20, £266.01, £277.76 and £280.02 per share were paid in January, April, July and October 2017 respectively (2016: £262.32, £242.03, £259.20 and £252.89 per share in January, April, July and October).

# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 7. INVESTMENTS

	2017 £000	2016 £000
Investment in subsidiary undertaking	<u>60,772</u>	<u>60,772</u>

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

	2017 £000	2016 £000
Amounts owed by group undertakings	<u>16,039</u>	<u>14,418</u>

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

### 9. CURRENT LIABILITIES

	2017 £000	2016 £000
Corporation tax	<u>5,850</u>	<u>5,663</u>

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

	2017 £000	2016 £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	<u>1,315</u>	<u>1,315</u>
	<u>1,446</u>	<u>1,446</u>



# ARTEMIS STRATEGIC ASSET MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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

	2017 £000	2016 £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 £48,193,000 (2016: £45,231,000) to its parent company, Artemis Asset Management Limited (see note 6).

The Company received income of £61,437,000 (2016: £56,365,000) 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 £16,039,000 (2016: £14,418,000) (see note 8).

### 13. SUBSEQUENT EVENTS

A dividend of £12,952,000 was recommended to be paid in January 2018. This was funded from a share of profits received from the Company's subsidiary undertaking, Artemis Investment Management LLP, in January 2018.