

# Artemis Pan-European Absolute Return Fund



Paul Casson  
Fund manager, since  
launch

Class I accumulation shares, USD hedged

June 2018

Data as of 31 May 2018

## The fund's aims

The fund aims to achieve a positive return over the longer term, notwithstanding changing market conditions, investing principally in the shares of companies listed, quoted or traded in Europe, including the UK.

## Fund update

Your fund's net asset value (NAV) rose during May even as European equity markets struggled to make headway. Indeed, in the latter half of the month, most indices suffered precipitous falls due to developments in Italian – and global – politics. At times it seemed to be a race to see which could collapse fastest: investors' confidence or German bund yields. We haven't seen this kind of rush for safety for some time. It demonstrates quite clearly that nobody should become complacent during periods of tightening by central banks. Economic and inflation data releases confirmed our belief that monetary policy will continue to tighten, still led by the US Federal Reserve.

Energy was the most favourable exposure for the fund during the month. Oil prices rose again, reaching \$76 per barrel – a level few thought possible a matter of months ago. Our larger and less volatile long positions in Royal

Dutch and Statoil (which has now been renamed Equinor; Norway seems to prefer to pretend it isn't an oil company) did well, as did exploration company Tullow Oil. All three have performed their way to being large holdings. We took some profits here to recycle into other opportunities in the sector at a later date. Premier Oil was the largest percentage gainer for the fund and contributed nicely, despite being a smaller position (due to liquidity reasons). All of our oil services companies rose and energy remains the fund's biggest net long exposure.

Historically, whenever investors have panicked about European equities they have focused their selling attention on banks. This time was no different and our long positions in the sector suffered. At the same time, we were able to book significant profits in Italian financial shorts alongside our short in an asset manager. The

net result was a drag from the financial sector – but nothing too damaging. In fact, in early June we were able to add to holdings in the sector at what we believed to be temporarily distressed prices.

Elsewhere in the short book, our limited bets against technology companies cost us an element of performance. But this was offset by profits in a number of consumer and industrial companies. We have initiated new shorts in the industrials area, where we see signs of inventory correction and weaker production statistics which could have an impact on demand.

## Composition

### Top 10 long holdings

Statoil UK	3.9%
Royal Dutch Shell	3.8%
Vodafone Group	3.7%
Tesco	3.4%
CRH	3.3%
Deutsche Telekom	3.2%
ITV	3.1%
Imperial Brands	3.0%
Ryanair	2.9%
Fresenius SE	2.9%

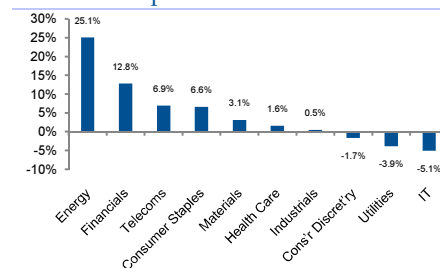
Source: Artemis as at 31 May 2018.

### Top 10 shorts by sector

Financials	-2.2%
Consumer Discretionary	-2.2%
Materials	-2.1%
Information Technology	-2.1%
Consumer Staples	-2.0%
Industrials	-2.0%
Utilities	-2.0%
Consumer Discretionary	-2.0%
Utilities	-2.0%
Industrials	-1.9%

Source: Artemis as at 31 May 2018.

### Net sector exposure



Source: Artemis as at 31 May 2018.

### Fund exposure

	Long	Short	Net	Gross
Large > £3.5 billion	70.7%	-41.7%	29.0%	112.3%
Mid	19.4%	-2.4%	17.0%	21.9%
Total	90.1%	-44.1%	46.0%	134.2%

Source: Artemis as at 31 May 2018.

## Performance

### Cumulative performance

	Since launch	3 years	1 year	6 months	3 months
Artemis Pan-European Absolute Return Fund	28.2%	18.8%	3.0%	0.6%	0.7%
LIBOR USD 3 month	2.8%	2.6%	1.4%	0.8%	0.5%

'Since launch' data from 27 October 2014. Source: Lipper Limited, mid to mid in US dollars to 31 May 2018. All figures show total returns with dividends reinvested.

### Discrete performance to year end

	2017	2016	2015	2014	2013
12 months to 31 December	6.5%	5.4%	14.0%	n/a	n/a

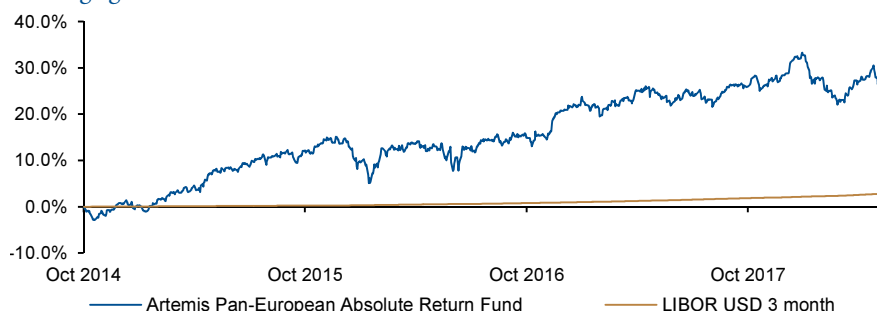
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in US dollars. All figures show total returns with dividends reinvested. As the share class was launched on 27 October 2014, complete five year performance data is not yet available. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

### Discrete performance to quarter end

	2018	2017	2016	2015	2014
12 months to 31 March	0.1%	9.0%	8.9%	n/a	n/a

Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in US dollars. All figures show total returns with dividends reinvested. As the share class was launched on 27 October 2014, complete five year performance data is not yet available. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

### Percentage growth



Data from 27 October 2014. Source: Lipper Limited, mid to mid in US dollars to 31 May 2018. All figures show total returns with dividends reinvested.

### Key facts

Fund type	OEIC
Focus	Capital growth
Asset class	Absolute return
Regional focus	Europe
IA sector	IA Targeted Absolute Return NR
SEDOL	BMMV4K2
ISIN	GB00BMMV4K21
Type	Accumulation
Class currency	USD
Accumulation date	30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	14 July 2014
Class launch date	27 October 2014
Class launch price	100c
SRRI	4
Fund size (mid basis)	\$297.5m

Source: Artemis as at 31 May 2018.

### Prices and yield

Mid price	128.23c
Historic yield	0.13%

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

### Charges

Initial charge	0%
Ongoing charge	0.93%
Performance fee	20%

The ongoing charge includes the annual management charge of 0.75% and is shown as at the date of the Key Investor Information Document (KIID), where a full explanation of the fund's charges can be found. A performance fee is charged as 20% of any outperformance of the share class against the greater of the LIBOR 3 month index or zero. A full explanation of the fund's charges can be found in the KIID.

### Risks and important information

THIS INFORMATION IS FOR INVESTMENT PROFESSIONALS ONLY. IT IS NOT FOR USE WITH OR BY PRIVATE INVESTORS.

The fund is a sub-fund of Artemis Investment Funds ICVC which is a UCITS fund incorporated with limited liability under the laws of England and Wales and organised as an open-ended investment company with variable capital (or "ICVC"). The ICVC is managed by Artemis Fund Managers Ltd. Artemis Investment Management LLP acts as the investment adviser to the ICVC. The ICVC issues, redeems and exchanges shares of different classes. The ICVC is registered in Austria, Denmark (for professional investors only), Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland and the UK. Such registrations are subject to applicable local laws and regulations and some sub-funds and/or share classes may not be available in all jurisdictions. Shares in the funds may not be offered to the public in any other jurisdiction and this document must not be issued or distributed other than in circumstances which do not constitute an offer to the public and are in accordance with local laws and regulations.

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- in Austria from Erste Bank der Oesterreichischen Sparkassen AG, Graben 21, 1010 Wien, Oesterreich.
- in France from CACEIS Bank France SA, 1-3 Place Valhubert, 75013 Paris.
- in Germany from Zeidler Legal Services, Bettinastrasse 48, 60325 Frankfurt am Main.
- in Ireland from Bridge Consulting Limited, 33 Sir Rogerson's Quay, Dublin 2.
- in Luxembourg from Caceis Bank Luxembourg, 5, allée Scheffer, L-2520 Luxembourg.
- in Spain from Allfunds Bank SA, Estafeta, 6, La Moraleja, Complejo Plaza de la Fuente, Alcobendas 28109, Madrid.
- in Sweden from MFEX Mutual Funds Exchange AB, Grev Turegatan 19, Box 5378, SE-102 49 Stockholm.
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There is no guarantee that the fund will achieve a positive return over the longer term or any other time period and

investors' capital is at risk.

The fund will use derivatives to meet its investment objective, to protect the value of the fund, to reduce costs and with the aim of profiting from falling prices.

The fund may hold large cash deposits.

The costs and benefits of currency hedging transactions will apply to hedged shares.

Artemis Fund Managers Limited is entitled to a performance fee per share.

The additional expenses of the fund are currently capped at 0.25%. This has the effect of capping the ongoing charge for the class I shares issued by the fund at 1% and for the class R shares at 1.75%. Artemis reserves the right to remove the cap without notice.

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