

Artemis US Extended Alpha Fund



Stephen Moore
Fund manager, since
launch



Class I accumulation shares, GBP hedged

December 2017
Data as of 30 November 2017

The fund's aims

The fund aims to achieve long-term capital growth by investing in the shares of companies listed, quoted or traded in the United States of America.

Fund update

Economic data continued to be positive in November, with confidence indicators reaching new highs. Employment figures were exceptionally strong, signalling further tightening in the labour market. Talks on tax reform gained momentum, boosting the shares of companies that currently pay high amounts of tax. And as the US Federal Reserve noted "solid" economic growth, the market began to anticipate an increase in interest rates.

The fund generated a positive return but lagged the S&P 500. Our holdings in technology, which had performed very strongly earlier in the year, weakened over the month. Semiconductor-related stocks (Micron, Lam Research and Applied Materials) were all affected by the sell-off in companies that pay lower taxes. The story was similar for Oracle and Facebook.

exposure to Cintas, a leading supplier of uniforms. It should be a beneficiary of tax reform. Discount retailer Burlington also performed well. It confirmed the positive trends for discounters in what remains a challenging retail market in the US. Churchill Downs (sports betting and gaming) surged on the news that it was selling videogame developer Big Fish. Zoetis (animal health) also performed well on the back of good results.

Tax reform is set to structurally benefit the US economy and will likely lead to a short-term boost in capital investment. But this is just one dynamics at work. The ongoing withdrawal of liquidity by central banks, which has been key to supporting asset prices, is likely to have a larger impact.

On the positive side, the fund benefited from



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Composition

Top 10 long holdings

Alphabet	3.9%
Facebook	3.7%
Microsoft	3.7%
Applied Materials Inc	3.6%
Berkshire Hathaway	3.3%
Lam Research	3.1%
Cintas Corp	3.0%
Raytheon	2.3%
Micron Technology	2.3%
T-Mobile US	2.2%

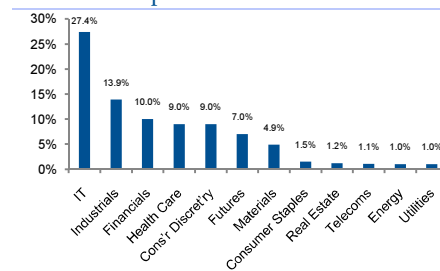
Source: Artemis as at 30 November 2017.

Top 10 shorts by sector

Consumer Discretionary	-1.2%
Information Technology	-1.0%
Information Technology	-0.7%
Financials	-0.7%
Telecommunication Services	-0.5%
Consumer Discretionary	-0.5%
Telecommunication Services	-0.4%
Information Technology	-0.4%
Financials	-0.4%
Consumer Discretionary	-0.4%

Source: Artemis as at 30 November 2017.

Net sector exposure



Source: Artemis as at 30 November 2017.

Fund exposure

	Long	Short	Net	Gross
Large > \$20 bn	70.3%	-11.9%	58.5%	82.2%
Mid	34.1%	-12.1%	22.1%	46.2%
Small < \$2 bn	7.9%	-1.5%	6.4%	9.3%
Total	112.3%	-25.4%	86.9%	137.7%

Source: Artemis as at 30 November 2017.

Performance

Cumulative performance

	Since launch	1 year	6 months	3 months	1 month
Artemis US Extended Alpha Fund	33.7%	21.8%	8.3%	6.3%	1.5%
S&P 500 TR (Hedged to GBP)	30.1%	21.4%	10.1%	7.2%	2.9%

'Since launch' data from 1 April 2016. Source: Lipper Limited, mid to mid in sterling to 30 November 2017. All figures show total returns with dividends reinvested.

Discrete performance to year end

	2016	2015	2014	2013	2012
12 months to 31 December	n/a	n/a	n/a	n/a	n/a

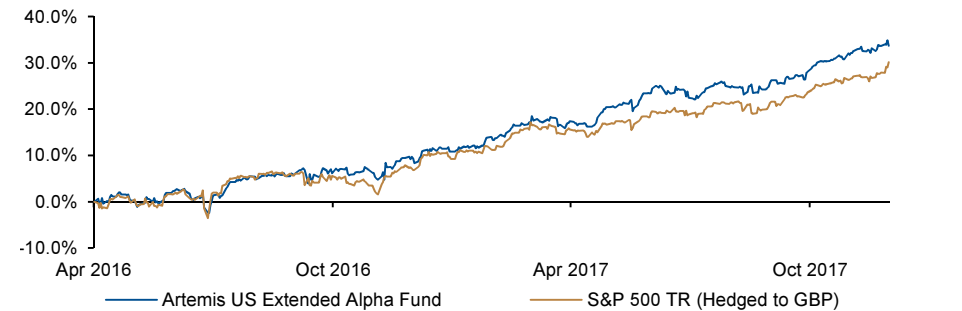
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the share class was launched on 1 April 2016, complete five year performance data is not yet available. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

Discrete performance to quarter end

	2017	2016	2015	2014	2013
12 months to 30 September	20.7%	n/a	n/a	n/a	n/a

Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the share class was launched on 1 April 2016, 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 1 April 2016. Source: Lipper Limited, mid to mid in sterling to 30 November 2017. All figures show total returns with dividends reinvested.

Key facts

Fund type	OEIC
Focus	Capital growth
Asset class	Equity
Regional focus	USA
IA sector	IA North America NR
SEDOL	BYSZ015
ISIN	GB00BYSZ0151
Type	Accumulation
Class currency	GBP
Accumulation date	30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	19 September 2014
Class launch date	1 April 2016
Class launch price	100p
SRRI	5
Fund size (mid basis)	£1,115.1m

Source: Artemis as at 30 November 2017.

Prices and yield

Mid price	133.68p
Historic yield	0.00%

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	1.00%
Ongoing charge	0.86%
Performance fee	20%

The initial charge is currently waived. 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). A performance fee is charged only when the share price outperforms the fund's benchmark index by a minimum percentage. A full explanation of the fund's charges can be found in the KIID.

Risks and important information

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information Document, which is available, along with the fund's Prospectus, from artemisfunds.com.
The value of any investment, and any income from it, can rise and fall with movements in stockmarkets, currencies and interest rates. These can move irrationally and can be affected unpredictably by diverse factors, including political and economic events. This could mean that you won't get back the amount you originally invested.
The fund's past performance should not be considered a guide to future returns.
The fund will use derivatives (financial instruments whose value is linked to the expected price movements of an underlying asset) for investment purposes, including taking long and short positions, and may use borrowing from time to time. It may also invest in derivatives to protect the value of the fund, reduce costs and/or generate additional income. Investing in derivatives also carries risks, however. In the case of a 'short' position, for example, where the fund aims to profit from falling prices, if the price of the underlying asset rises in value, the fund will lose money.
The costs and benefits of currency hedging transactions will apply to hedged shares.
Artemis Fund Managers Limited is entitled to a performance fee calculated as 20% of any

outperformance of the share class against the S&P500 index. The performance fee is accrued daily but only charged at the end of the fund's financial year if conditions are met. Any underperformance will be carried forward into the next financial year and must be recovered before any performance fee can be paid. Third parties (including FTSE and Morningstar) whose data may be included in this document do not accept any liability for errors or omissions. For information, visit artemisfunds.com/third-party-data.
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