

# Artemis US Extended Alpha Fund



Stephen Moore  
Fund manager, since  
launch



Class R accumulation shares, USD

January 2019

Data as of 31 December 2018

## 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

US equities experienced wild swings in December. The S&P 500 ended the month down 9% in US dollar terms with the result that the US market ended the year 4.4% lower. Fears of an economic slowdown mounted and the market questioned the appropriateness of raising interest rates. November's payroll data showed solid gains in employment and wage inflation ran at 3%, as it had in October. This coincided with a pick-up in productivity which kept unit labour costs low. And while consumer spending remains strong, indicators showed confidence had declined slightly.

Liquidity in the market deteriorated as the year ended. By sector, banks were hit particularly hard. Having little exposure to them helped the fund's performance. In technology, the top contributors included semi-conductor company Broadcom, which reported strong quarterly results. We also benefited from our long

position in Alphabet and from being underweight in Apple. Even before announcing its profit warning in January, Apple suffered from negative announcements from some of its suppliers, indicating that sales of iPhones were weakening. This, in turn, added to concerns about escalating trade disputes with China. On the negative side, Delta Air Lines announced disappointing guidance on earnings. Over the month, we added further exposure to healthcare through pharmaceutical stocks (Pfizer and Johnson & Johnson) and health insurers (Cigna).

Liquidity in the market should improve from here. Valuations, meanwhile, are looking more attractive and we expect earnings for the fourth quarter to be good on the whole. But fundamentals are likely to deteriorate meaningfully in 2019 and we suspect conditions in the market will weaken.



Third party endorsements are not a recommendation to buy. For information, visit [artemisfunds.com/endorsements](http://artemisfunds.com/endorsements).

## Composition

### Top 10 long holdings

Microsoft	7.1%
Alphabet	4.9%
Berkshire Hathaway	4.1%
US Treasury 2.75% 2028	3.1%
Unitedhealth Group	3.0%
Xilinx	2.9%
Zoetis Inc	2.8%
Pfizer	2.8%
Comcast A	2.6%
Broadcom	2.3%

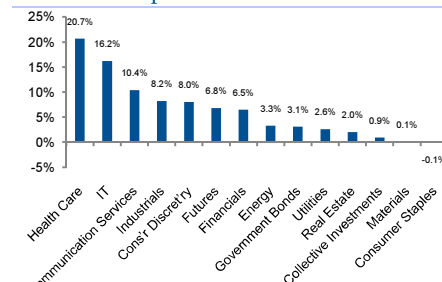
Source: Artemis as at 31 December 2018.

### Top 10 shorts by sector

Information Technology	-1.0%
Consumer Discretionary	-0.7%
Information Technology	-0.7%
Financials	-0.7%
Information Technology	-0.6%
Information Technology	-0.6%
Financials	-0.6%
Information Technology	-0.5%
Industrials	-0.5%
Consumer Staples	-0.4%

Source: Artemis as at 31 December 2018.

### Net sector exposure



Source: Artemis as at 31 December 2018.

### Fund exposure

	Long	Short	Net	Gross
Large > \$20 bn	83.4%	-14.4%	69.0%	97.8%
Mid	24.8%	-11.5%	13.3%	36.3%
Small < \$2 bn	8.4%	-1.9%	6.5%	10.3%
Total	116.5%	-27.8%	88.7%	144.3%

Source: Artemis as at 31 December 2018.

## Performance

### Cumulative performance

	Since launch	1 year	6 months	3 months	1 month
Artemis US Extended Alpha Fund	32.1%	-2.6%	-5.0%	-11.7%	-6.8%
S&P 500 TR	27.9%	-4.4%	-6.9%	-13.5%	-9.0%

Please remember that past performance is not a guide to the future. 'Since launch' data from 1 April 2016. Source: Lipper Limited, mid to mid in US dollars to 31 December 2018. All figures show total returns with dividends reinvested.

### Discrete performance to year end

	2018	2017	2016	2015	2014
12 months to 31 December	-2.6%	22.3%	n/a	n/a	n/a

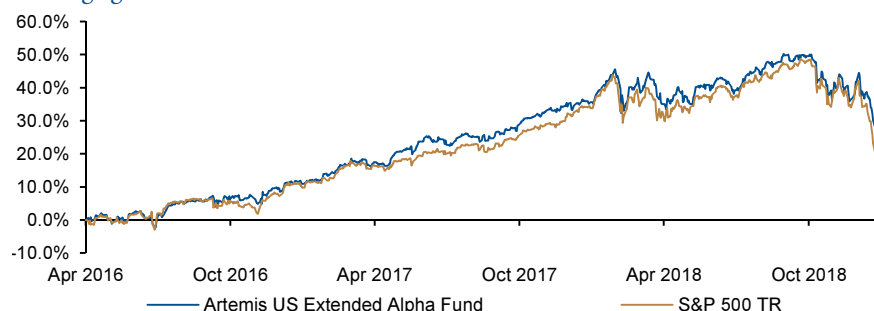
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in US dollars. All figures show total returns with dividends reinvested. As the share class was launched on 1 April 2016, complete five year performance data is not yet available. Returns may vary as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

### Discrete performance to quarter end

	2018	2017	2016	2015	2014
12 months to 31 December	-2.6%	22.3%	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 US dollars. 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 US dollars to 31 December 2018. 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	BMMV5D2
ISIN	GB00BMMV5D29
Type	Accumulation
Class currency	USD
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	100c
SRRI	5
Fund size (mid basis)	\$1,811.1m

Source: Artemis as at 31 December 2018.

### Prices and yield

Mid price	132.10c
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	0%
Ongoing charge	1.57%
Performance fee	20%

The ongoing charge includes the annual management charge of 1.5% 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

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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.
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- in Sweden from MFEX Mutual Funds Exchange AB, Grev Turegatan 19, Box 5378, SE-102 49 Stockholm.
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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 costs and benefits of currency hedging transactions will apply to hedged shares.

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

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