

Artemis US Absolute Return Fund

Class I accumulation shares, CHF hedged



Stephen Moore
Fund manager, since launch



January 2019

Data as of 31 December 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 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, we benefited from our long position in Alphabet. We also benefited from our short position in a prominent technology company. Negative announcements

from Asian component suppliers indicated that sales of smartphones 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 long exposure to healthcare through pharmaceutical stocks (Pfizer) 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.



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Composition

Top 10 long holdings

US Treasury 2.75% 2028	2.2%
Microsoft	2.1%
Treasury Bill 0% 10/10/2019	2.0%
Xilinx	1.8%
Berkshire Hathaway	1.7%
Unitedhealth Group	1.6%
Alphabet	1.6%
Zoetis Inc	1.5%
Anthem	1.3%
Comcast A	1.2%

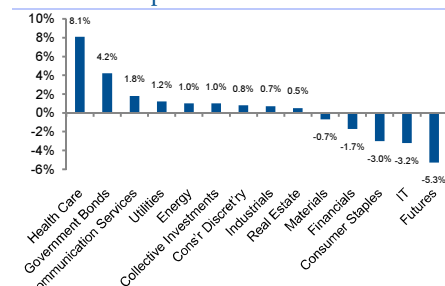
Source: Artemis as at 31 December 2018.

Top 10 shorts by sector

Futures	-5.3%
Information Technology	-1.2%
Information Technology	-1.0%
Financials	-1.0%
Information Technology	-0.9%
Information Technology	-0.8%
Consumer Staples	-0.8%
Information Technology	-0.8%
Financials	-0.7%
Communication Services	-0.6%

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	34.8%	-20.5%	14.3%	55.3%
Mid	11.9%	-14.5%	-2.6%	26.5%
Small < \$2 bn	1.4%	-7.7%	-6.4%	9.1%
Total	48.1%	-42.8%	5.3%	90.9%

Source: Artemis as at 31 December 2018.

Performance

Cumulative performance

	Since launch	1 year	6 months	3 months	1 month
Artemis US Absolute Return Fund	3.2%	1.0%	1.7%	0.5%	0.0%
LIBOR CHF 3 month	-2.0%	-0.8%	-0.4%	-0.2%	-0.1%

'Since launch' data from 1 April 2016. Source: Lipper Limited, mid to mid in Swiss francs 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	1.0%	2.1%	n/a	n/a	n/a

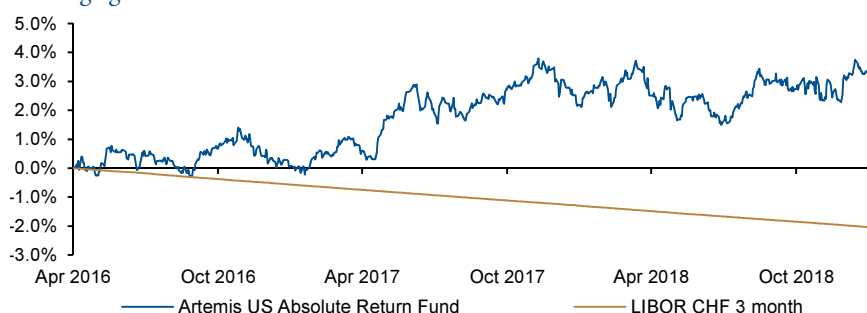
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in Swiss francs. All figures show total returns with dividends reinvested. As the share class was launched on 1 April 2016, complete five year performance data is not yet available. Returns may vary 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	1.0%	2.1%	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 Swiss francs. 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 Swiss francs to 31 December 2018. All figures show total returns with dividends reinvested.

Key facts

Fund type	OEIC
Focus	Capital growth
Asset class	Absolute return
Regional focus	USA
IA sector	IA Targeted Absolute Return NR
SEDOL	BYSZ048
ISIN	GB00BYSZ0482
Type	Accumulation
Class currency	CHF
Accumulation date	30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	27 October 2014
Class launch date	1 April 2016
Class launch price	100c
SRRI	3
Fund size (mid basis)	CHF978.1m

Source: Artemis as at 31 December 2018.

Prices and yield

Mid price	103.24c
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	0.86%
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). 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

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- 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.
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