

Artemis Monthly Distribution Fund



James Foster
Fund manager, since
launch



Jacob de Tusch-Lec
Fund manager, since
launch

Class I distribution units, GBP

August 2019
Data as of 31 July 2019

The fund's aims

The fund aims to achieve an income in addition to capital growth through an actively managed combination of global equities and bonds.

Fund update

The prospect of interest rate cuts in the US supported investors' appetite for risk in July. Weaker economic data from Europe helped, presaging even more accommodative policy by the European Central Bank. This helped both investment-grade and high-yield bond markets. While the FTSE 100 was one of the stronger equity markets, this was mostly because sterling weakened as a result of the UK's new prime minister threatening a 'no deal' Brexit. With 40% of the portfolio's exposure to overseas currencies unhedged, the fall in the pound has helped our performance in recent months.

Oil prices also fell, which negatively affected the bonds of oil-related issuers in the high-yield market. While US Treasuries were marginally weaker over the month, UK gilt prices were much stronger.

We have been reducing our holdings in some of our higher-risk bond positions as they have rallied. They included KCA (oil services), Shelf Drilling (oil exploration), Deutsche Pfandbriefbank (German bank) and Douglas Thomas Cook, which now faces restructuring (we had a minimal amount of our holding left by the time the restructuring was announced). There was lots of new issuance in July. We added new positions in bonds from Ithaca (oil exploration) and Pension Insurance Corporation.

Some of our larger equity positions performed well this month. The advent of 5G is hastening the drive towards the consolidation of TV and telecoms companies' towers networks. By sharing base stations, they can improve coverage while also reducing costs. Our Italian infrastructure stocks Inwit and Rai Way have

been among the beneficiaries – both in July and over the year to date. In terms of activity, we continued to nudge the fund's equity portfolio slightly more towards quality and defensiveness by adding to holdings such as Iberdrola and Sanofi.

Looking at investment-grade bond markets, the strong performance we have seen recently in anticipation of further quantitative easing seems slightly presumptuous. While further QE is likely, we shouldn't necessarily assume the ECB will follow the identical path as it did during previous rounds of easing. We remain cautious about the prospects for investment-grade debt and retain exposure to those areas not directly affected by quantitative easing – namely high-yield bonds and financials. Our exposure to insurance company bonds has been increasing and with Brexit looming, we remain cautious about UK banks.



Third party endorsements are not a recommendation to buy. For information, visit artemisfunds.com/endorsements.

Composition

Market sector split

Financials	27.7%
Communication Services	11.3%
Utilities	11.1%
Energy	9.8%
Industrials	8.8%
Consumer Discretionary	7.3%
Materials	5.2%
Real Estate	5.0%
Government Bonds	4.8%
Health Care	3.9%
Information Technology	2.2%
Consumer Staples	2.0%

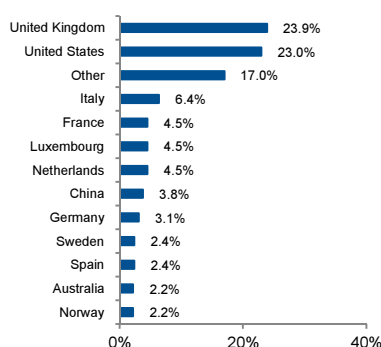
Source: Artemis as at 31 July 2019. Please note that figures may not add up to 100% due to rounding and the cash holding.

Top five bond positions

US Treasury 3.125% 11/2028	2.2%
US Treasury 2.625% 02/15/2029	1.5%
UK TSY 0.75% 07/2023	1.2%
Tullow Oil 7% 2025	0.9%
DKT Finance Aps 7% 06/17/2023	0.7%

Source: Artemis as at 31 July 2019.

Asset allocation by country



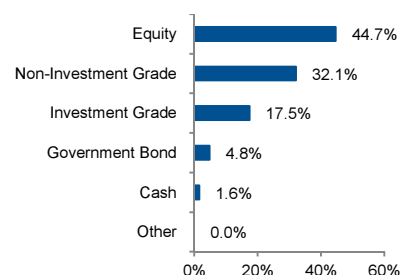
Source: Artemis as at 31 July 2019. Please note figures may not add up to 100% due to rounding.

Top five equity positions

Guangdong Investment	1.9%
Blackstone Group	1.9%
Geo Group	1.6%
Enav	1.4%
Rai Way	1.4%

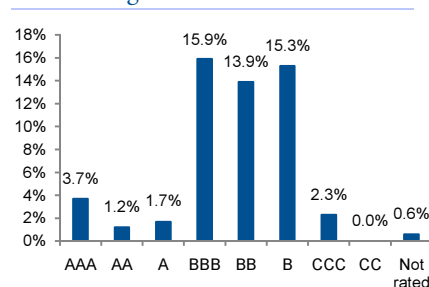
Source: Artemis as at 31 July 2019.

Asset allocation



Source: Artemis as at 31 July 2019. Please note figures may not add up to 100% due to rounding.

Bond rating allocation



Source: Artemis as at 31 July 2019. Please note that figures may not add up to 100% due to rounding and the equity and cash holdings.

Performance

Cumulative performance

	Since launch	5 years	3 years	1 year	6 months
Artemis Monthly Distribution	107.0%	46.2%	20.7%	2.6%	8.4%
IA Mixed Investment 20-60% Shares NR	55.8%	28.9%	16.2%	4.0%	7.6%
Position in sector	2/89	4/117	15/132	101/141	54/141
Quartile	1	1	1	3	2

'Since launch' data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 July 2019. All figures show total returns with dividends reinvested. Sector is IA Mixed Investment 20-60% Shares NR. From 4 February 2019, this fund changed from a dual-priced to single-priced basis; historic performance is unaffected.

Discrete performance to year end

	2018	2017	2016	2015	2014
12 months to 31 December	-7.8%	9.0%	17.9%	7.8%	9.1%

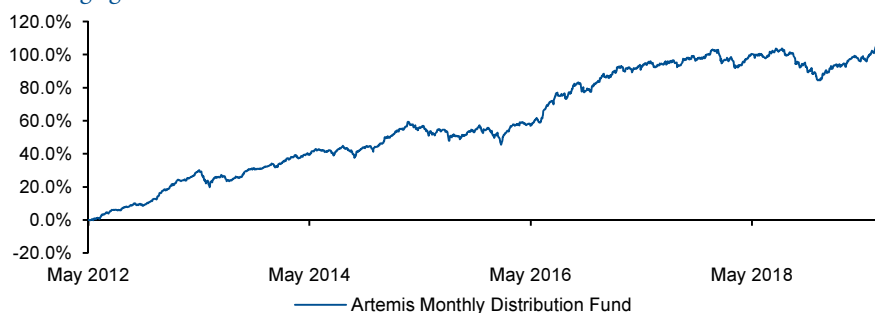
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested.

Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 30 June	1.6%	3.2%	17.8%	7.9%	6.6%

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.

Percentage growth



Data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 July 2019. All figures show total returns with dividends reinvested. From 4 February 2019, this fund changed from a dual-priced to single-priced basis; historic performance is unaffected.

Key facts

Fund type	Unit trust
Focus	Income
Asset class	Multi-Asset
Regional focus	Global
IA sector	IA Mixed Investment 20-60% Shares NR
SEDOL	B6TK3R0
ISIN	GB00B6TK3R06
Type	Distribution
Class currency	GBP
Distribution date	Monthly
Valuation point (UK business days)	12:00
Year end	31 December
Fund launch date	21 May 2012
Class launch date	21 May 2012
Class launch price	47.98p
SRRI	4
Fund size (mid basis)	£994.4m

Source: Artemis as at 31 July 2019.

Prices and yield

Mid price	73.44p
Historic yield	4.15%

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market 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	0.840%

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.

Risks and important information

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information Document and Costs and Charges Information document, which are 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 payment of income is not guaranteed.

The fund may invest in emerging markets, which can involve greater risk than investing in developed markets. In particular, more volatility (sharper rises and falls in unit/share prices) can be expected.

The fund may 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 fund may invest in fixed-interest securities. These are issued by governments, companies and other entities and pay a fixed level of income or interest.

These payments (including repayment of capital) are subject to credit risks. Meanwhile, the market value of these assets will be particularly influenced by movements in interest rates and by changes in interest-rate expectations.

The fund may invest in higher yielding bonds, which may increase the risk to your capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of your investment.

The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.

Because one of the key objectives of the fund is to provide income, the annual management charge is taken from capital rather than income. This can reduce the potential for capital growth.

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