

# Artemis Monthly Distribution Fund

Class I distribution units, GBP



James Foster  
Fund manager, since launch



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Fund manager, since launch

January 2020

Data as of 31 December 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

As 2019 ended, the market overcame two of last year's biggest worries. The first surrounded the general election in the UK. Investors may not particularly like the Conservative Party's Brexit plans – but there was palpable relief that a Labour government led by Mr Corbyn did not materialise. Second, President Trump finally reached an understanding with the Chinese over trade, with the prospect of a 'phase one' deal moving a step closer.

Markets reacted positively to both developments, with the biggest gains coming from the riskiest assets: equities and high-yield bonds.

Set against that, government bonds struggled, as investors moved away from safe-haven assets. Helped by plentiful rounds of quantitative easing from the European Central Bank, investment-grade bonds markedly

outperformed government bonds. In the equity market, more economically-sensitive 'cyclical' stocks performed well in December as assessments of the prospects for the global economy continued to improve.

There may be a danger that investors have become a little over-optimistic. The populist trend in politics continues and the spending being proposed could prove inflationary. Higher inflation coupled with greater supply of government bonds may eventually undermine appetite for government bonds and starts to push yields higher. In our view, that makes high-yield corporate bonds a more attractive alternative. The risk here, of course, would be a rise in defaults. These have been exceptionally low for a long time and this would be worrying prospect should a recession emerge. For now, however, monetary policy is likely to support the economy and so keep a sharp rise in defaults at

bay.

So, all in all, for bond markets we would expect longer-term borrowing costs to rise more than short-term interest rates. Our favourite sectors of the bond market remain financials, particularly insurers. Balance sheets across the sector tend to be strong and remain constrained by the tighter regulations introduced in the wake of the financial crisis.



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

## Composition

### Market sector split

Financials	27.3%
Communication Services	11.9%
Utilities	10.4%
Industrials	10.1%
Consumer Discretionary	8.5%
Energy	8.2%
Health Care	5.7%
Government Bonds	5.5%
Real Estate	3.9%
Materials	3.4%
Information Technology	3.4%
Consumer Staples	1.8%

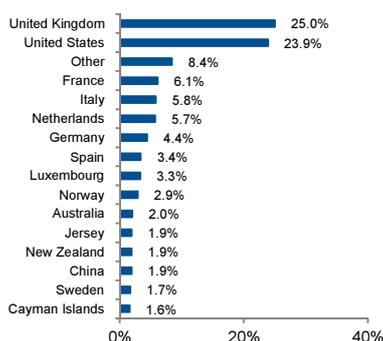
Source: Artemis as at 31 December 2019. Please note that figures may not add up to 100% due to rounding and the cash holding.

### Top five bond positions

US Treasury 3.125% 11/2028	2.1%
US Treasury 1.25% 08/31/2024	1.4%
Us Treasury 2.375% 05/15/2029	0.8%
Tullow Oil 7% 2025	0.7%
DKT Finance Aps 7% 06/17/2023	0.7%

Source: Artemis as at 31 December 2019.

### Asset allocation by country



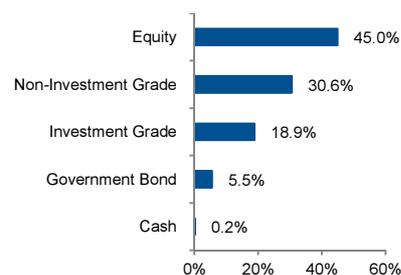
Source: Artemis as at 31 December 2019. Please note figures may not add up to 100% due to rounding.

### Top five equity positions

Blackstone Group	2.0%
Sanofi	1.7%
Rai Way	1.6%
Iberdrola	1.5%
Verizon Communications	1.5%

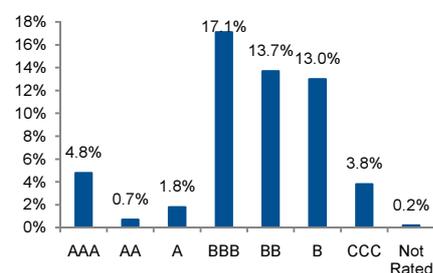
Source: Artemis as at 31 December 2019.

### Asset allocation



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

### Bond rating allocation



Source: Artemis as at 31 December 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	107.8%	43.9%	13.3%	12.7%	3.0%
IA Mixed Investment 20-60% Shares NR	58.2%	27.8%	14.1%	12.2%	3.7%
Position in sector	2/92	3/123	86/136	67/145	120/156
Quartile	1	1	3	2	4

'Since launch' data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 December 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. Benchmark shown is for comparison; further information can be found in the fund's Key Investor Information Document. This class may be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

### Discrete performance to year end

	2019	2018	2017	2016	2015
12 months to 31 December	12.7%	-7.8%	9.0%	17.9%	7.8%

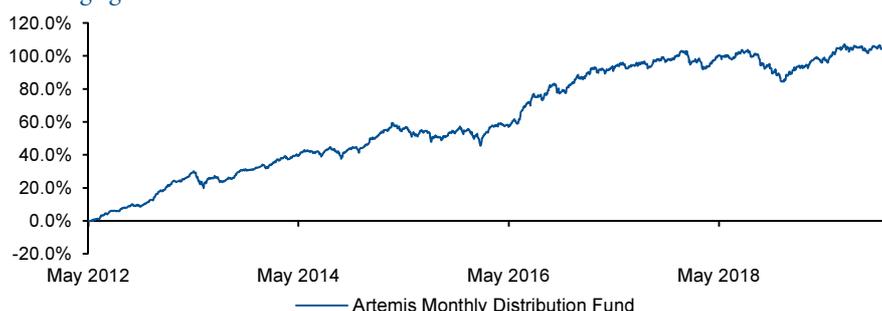
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested.

### Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 31 December	12.7%	-7.8%	9.0%	17.9%	7.8%

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 December 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)	£939.5m

Source: Artemis as at 31 December 2019.

### Prices and yield

Mid price	72.70p
Historic yield	3.96%

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](http://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. 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](http://artemisfunds.com/third-party-data).

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