

# Artemis European Growth Fund Institutional Class

## GB00B2PLJD73

Morningstar Analyst Rating

Bronze

15 Aug 2017  
15:00, UTC-0500
**Morningstar Category**  
Europe ex-UK Large-Cap Equity

**Category Index**  
MSCI Europe Ex UK NR EUR

**Total Assets**  
195.86  
Mil GBP

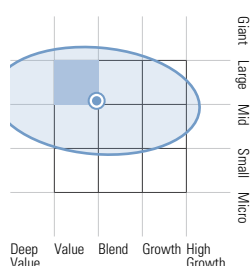
**Current Yield %**  
—

**Inception Date**  
07/03/08

**Domicile/Currency**  
GBR/GBP

**Morningstar Rating**  
★★★

### Equity Style Map

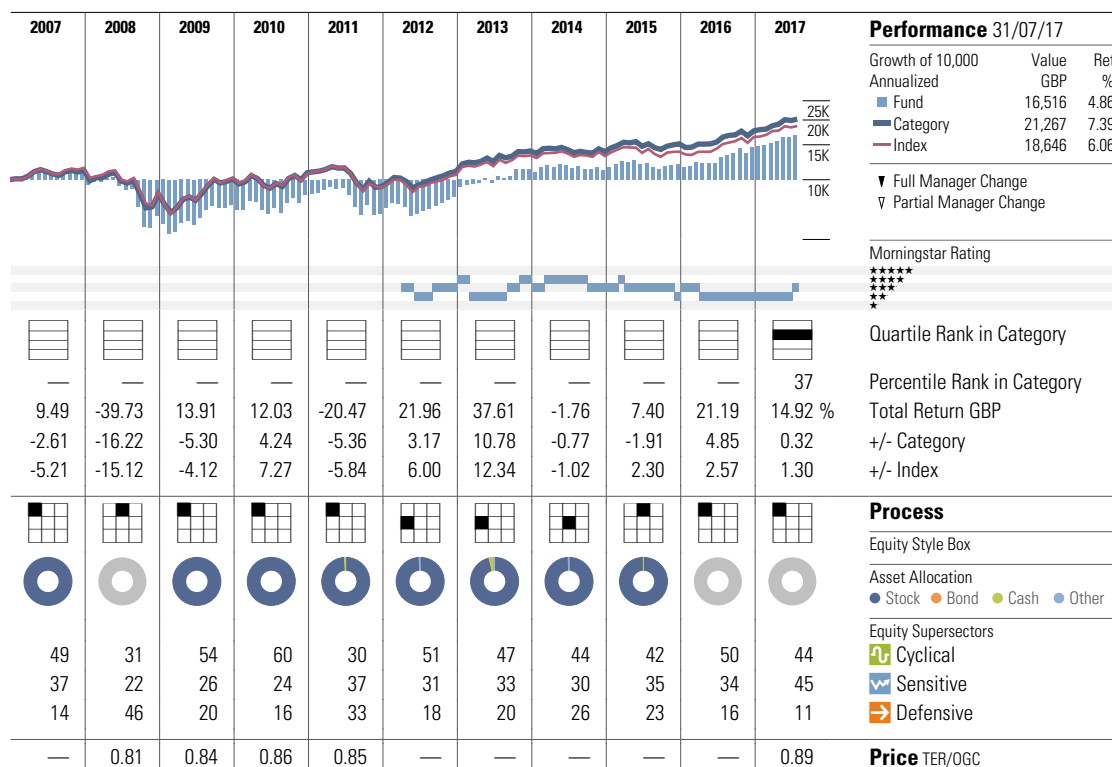


### People

Philip Wolstencroft	03/01
Peter Saacke	12/02
<b>Total Named Managers</b>	<b>2</b>

### Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Positive
Price	Neutral



### Analyst View

Jonathan Miller, Director

## We believe this quant-led fund is capable of adding value over the long term.

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### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

15 Aug, 2017 | This fund remains a solid choice for investors who can stomach some bumpiness. Fund managers Philip Wolstencroft and Peter Saacke have been at the helm since 2001 and 2002, respectively. The duo previously worked together at Merrill Lynch where Wolstencroft developed the SmartGARP quant strategy used here. They continually look to inputs that can enhance the process and we think highly of the managers and the experience they bring to the fund.

The quant model does not differ wildly from others of its kind, but it is well thought-out. The approach combines fundamental data with trends in market behaviour. It ranks companies based on factors including macro trends, fund manager sentiment, and bottom-up metrics, including value and growth factors, with earnings revisions having the highest weighting. As with many quant-led strategies, the fund can struggle during market inflection points when the model fails to recognise a secular shift in the market.

This was a case in point during the global sell-off in 2008 and during the height of the European debt crisis in 2011, where there was significant underperformance. However, despite these losses, we continue to believe the process and personnel behind this fund are capable of

adding value over time. Indeed, the fund has outperformed its benchmark by a decent margin since its launch in 2001, and it has delivered strong results in the periods we have expected it to, including its solid benchmark-relative outperformance in 2012, 2013 as well as in more recent years.

The fund has generally held around one third in mid-caps, as well as having some small-cap exposure, so the tailwind from these areas has tended to help contribute to the fund's strong showing when markets are experiencing upward momentum. We continue to believe in the potential for long-term outperformance, but its propensity to substantially underperform at market inflections makes it more suitable for investors who can tolerate sizable short-term losses and whose time horizons are long enough to ride out substantial downdrafts. The fund retains its Morningstar Analyst Rating of Bronze.

# Morningstar Global Fund Report

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	2015	2016	2017
 Gold			
 Silver			
 Bronze			
Neutral			
Negative			
Under Review			
Not Ratable			

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The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

### The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

#### People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

#### Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

#### Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

#### Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

#### Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

**Morningstar Analyst Ratings**

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

**Gold**

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

**Silver**

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

**Bronze**

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

**Neutral**

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

**Negative**

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

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**Under Review**

This designation means that a change that occurred with the fund or at the fund company requires further review to determine the impact on the rating.

**Not Ratable**

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