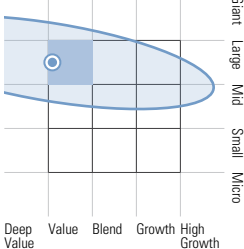


















Artemis High Income Fund QR Inc

GB0006838097

Morningstar Analyst Rating
 Silver
 28 Jun 2016
 22:00, UTC-0500

Morningstar Category	Category Index	Total Assets	Current Yield %	Inception Date	Domicile/Currency	Morningstar Rating
—	—	1,183.17 Mil GBP	6.23	26/05/95	GBR/GBP	★★★★★

Equity Style Map	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Performance 30/04/17
												Growth of 10,000 Annualized Value GBP 16,718 Ret % 5.10 Fund Category Index Full Manager Change Partial Manager Change Morningstar Rating Quartile Rank in Category Percentile Rank in Category Total Return (GBP) +/- Category +/- Index
People Alex Ralph 02/14 Total Named Managers 1	66	—	1	—	68	1	3	47	15	53	8	
	-1.44	-27.07	31.75	10.21	-1.97	22.31	13.15	4.76	1.59	7.13	3.56 %	
	—	—	—	—	—	—	—	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	
Morningstar Pillars Process  Positive Performance  Positive People  Positive Parent  Positive Price  Neutral												Process Fixed Income Style Box Asset Allocation Stock Bond Cash Other Equity Supersectors Defensive Sensitive Cyclical
	23	15	36	12	17	10	13	22	27	29	21 %	
	31	28	27	35	32	31	20	26	31	38	35 %	
	46	57	37	53	52	59	67	52	42	33	44 %	
	1.32	1.33	1.34	1.33	1.31	1.32	—	—	—	—	1.32 %	Price TER/OGC

Analyst View

Ashis Dash, CFA, Associate Director

We retain our conviction here despite changes in the fund's management team.

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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>

28 Jun, 2016 | This fund remains a compelling long-term offering for investors looking for a high-yielding fund.

Alex Ralph took over as lead manager here in July 2015. She is responsible for the fixed-income investments within the fund and had been named a comanager in March 2014 in light of her increasing involvement with the strategy since joining Artemis in 2005. Experienced UK equity investor Adrian Frost, who previously managed the fund from September 2002 to July 2015, will be in charge of the equity portion after comanager Adrian Gosden's departure at the end of June 2016. Frost's experience, along with support from UK income manager Nick Shenton, eases our concerns around Gosden's exit. More importantly, the fixed-income team, responsible for the fund's over 80% exposure to bonds, remains intact. We are also reassured by Ralph's experience in the space having successfully comanaged Artemis Strategic Bond, which has a Morningstar Analyst Rating of Silver, since its launch in June 2005.

The fund is managed primarily to sustain an enhanced running yield. As with Artemis' other income funds, the managers employ a largely bottom-up approach. They look for issuers offering high yields but with a high probability of

meeting their coupon/principal/dividend payments as well. Within fixed income, this leads to a bias towards high yield and subordinated bonds, especially within financials. The equity allocation is driven by the relative attractiveness of yields offered by equities against the bond portfolio.

The fund's long-term performance has been remarkable with its three-, five-, and 10-year returns, both absolute and risk-adjusted, ranking within its Morningstar Category's top quintile. But its bias towards higher-yielding assets also entails higher risk, as reflected by the fund's above-average volatility and higher maximum draw-down. Although the team is small compared with some peers, the strong combination of experienced managers, an approach apt for the fund's income objective, and below-median fees drive our faith in the fund's long-term outperformance potential. It therefore retains its Silver rating.

Morningstar Global Fund Report

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Morningstar Analyst Rating

	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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