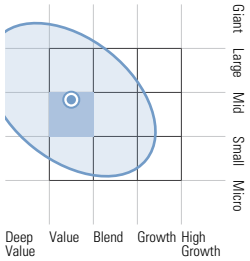
Artemis UK Special Situations Fund I Acc

GB00B2PLJQ03

Morningstar Analyst Rating
Bronze
11 Dec 2017 00:00, UTC-0600

Morningstar Category	Category Index	Total Assets	Current Yield %	Inception Date	Domicile/ Currency	Morningstar Rating
UK Flex-Cap Equity	FTSE AllSh TR GBP	911.13 Mil GBP	—	07/03/08	GBR/GBP	★★★

Equity Style Map

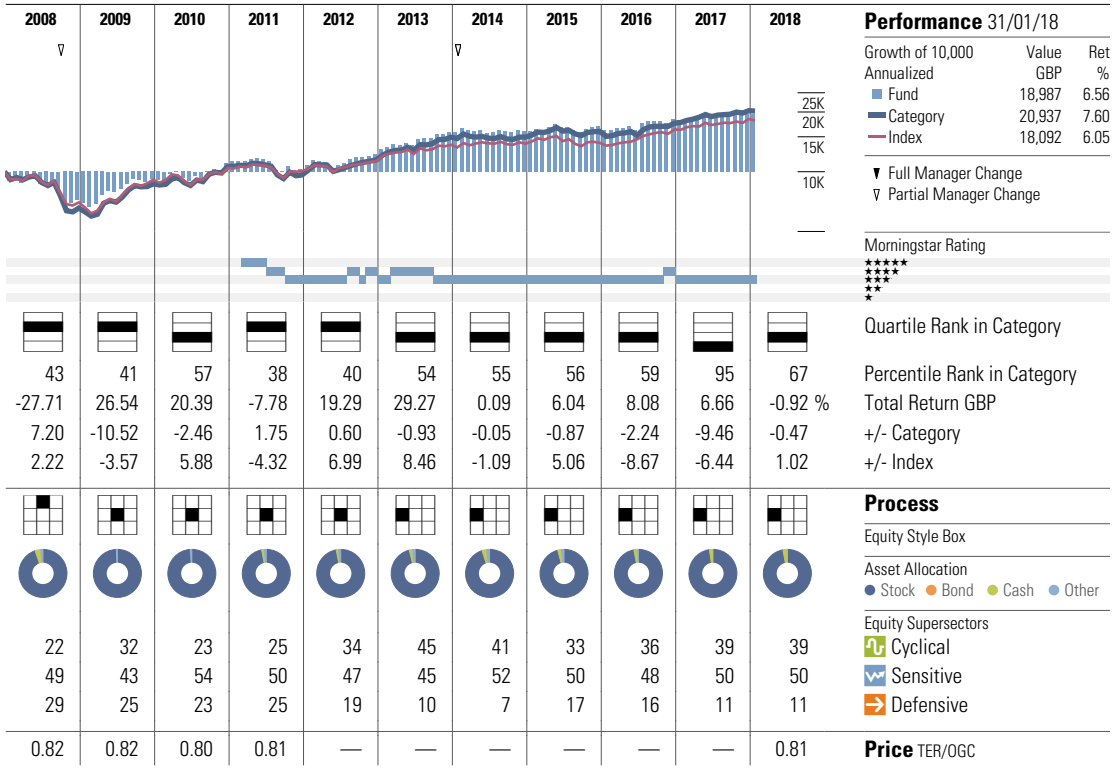


People

Derek Stuart	03/00
Andy Gray	01/14
Total Named Managers	2

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Positive
Price	Positive



Performance 31/01/18

Growth of 10,000 Annualized	Value GBP	Ret %
Fund	18,987	6.56
Category	20,937	7.60
Index	18,092	6.05

▼ Full Manager Change
▽ Partial Manager Change

Morningstar Rating

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
											Quartile Rank in Category
43	41	57	38	40	54	55	56	59	95	67	Percentile Rank in Category
-27.71	26.54	20.39	-7.78	19.29	29.27	0.09	6.04	8.08	6.66	-0.92 %	Total Return GBP
7.20	-10.52	-2.46	1.75	0.60	-0.93	-0.05	-0.87	-2.24	-9.46	-0.47	+/- Category
2.22	-3.57	5.88	-4.32	6.99	8.46	-1.09	5.06	-8.67	-6.44	1.02	+/- Index

Process

Equity Style Box

Asset Allocation
Stock Bond Cash Other

22	32	23	25	34	45	41	33	36	39	39	Cyclical
49	43	54	50	47	45	52	50	48	50	50	Sensitive
29	25	23	25	19	10	7	17	16	11	11	Defensive

Equity Supersectors

0.82	0.82	0.80	0.81	—	—	—	—	—	—	0.81	Price TER/OGC

Analyst View

Samuel Meakin, Analyst

We still believe the fund has merit.

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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

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11 Dec, 2017 | Despite underperformance in recent years, we retain a positive opinion of this fund.

The fund has been managed by Derek Stuart since its inception in early 2000. Stuart has around 25 years of industry experience and has managed various UK equity mandates, from equity income to mid- and small caps, during his career. He is supported by comanager Andy Gray, who joined Stuart on this mandate in 2013 and also manages the Artemis VCT. The managers have additional support in the form of dedicated analyst Neil Haddow, who joined the team in 2016. The expansion of the team and the structure that Gray has brought to the process are both viewed as positives.

The managers seek out-of-favour stocks and companies undergoing internal change, the potential for which is unrecognised by the market. The focus on self-help and turnaround situations leads the fund to have a value bias relative to the index and peers in the UK Flex-Cap Equity Morningstar Category. The portfolio also features a mid- and small-cap bias. Although Stuart has stuck to the self-help philosophy throughout his tenure, there have been some changes to the structure of the portfolio over time, such as the steady reduction of small caps since the early years.

Stuart has built a significant margin of outperformance versus the FTSE All-Share Index and the category average over the entirety of his tenure, but a large proportion of these active returns came in the first few years of the fund's life when it had a larger small-cap allocation. Returns over more-recent time periods have been less impressive. However, our attribution analysis indicates that, when accounting for the fund's value style bias relative to the broader category average, the managers have continued to demonstrate positive stock selection over this period.

While Stuart's investment style has often been out of favour in the recent past, the evidence of positive stock selection within a value universe leads us to believe that the strategy continues to have the potential to deliver for investors over the long term. The fund therefore retains a Morningstar Analyst Rating of Bronze.

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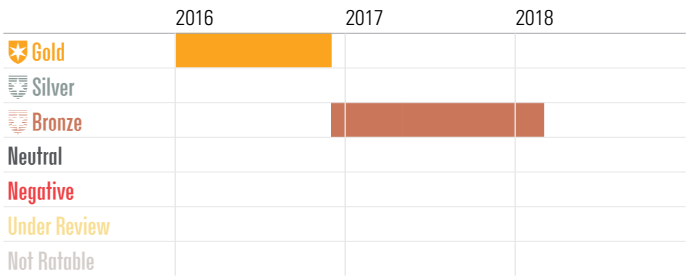
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People

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.

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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.

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