



Artemis Income Fund

Class I accumulation units, GBP

MARKETING MATERIAL

406.07p

price at 30 Apr 2020

0.800%

ongoing charge

May 2020 (data as of 30 April 2020)

OBJECTIVE AND INVESTMENT POLICY

Objective	To grow both income and capital over a five year period.	
Investment Policy	What the fund invests in	80% to 100% in company shares. - Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: - reduce risk - manage the fund efficiently.
	Where the fund invests	- At least 80% in the United Kingdom - Up to 20% in other countries
	Industries the fund invests in	Any
	Other limitations specific to this fund	None
Investment strategy	- The fund is actively managed. - The manager believes that a company's free cashflow yield drives its valuation. - Accordingly, the fund focuses on companies' free cashflow yield by taking into account current and prospective dividends and the likelihood of the dividend being maintained in the future.	
Benchmarks	- FTSE All-Share Index TR A widely-used indicator of the performance of the UK stockmarket, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark. - IA UK Equity Income NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.	

INVESTMENT COMMENTARY

Share prices in the UK staged a notable rally in April, with the FTSE All-Share index rising by 4.9%. To a certain degree, this was thanks to tentative signs that the pandemic was being brought under control in Europe, heralding the prospect of lockdowns being eased.

Perhaps more tangible, however, was a raft of updates in which companies detailed how they are coping, operationally and financially, with the present dislocations. In general, the news was better than investors had feared.

A word about risk – and disappearing dividends

While the gains made in April were welcome, their magnitude was unusual. And as the sharp fall in share prices during March showed, investing in shares always carries risks.

Recent cancellations and deferrals of dividends, the annual or semi-annual payments through which companies share their cash profits with their shareholders, have also been instructive. During the good times, these payments can be an attractive source of income, particularly for investors in the UK, where dividends have historically been an important part of the 'total return' shareholders expect. But as this year has shown, these payments are not guaranteed and can evaporate during times of economic shock. Recent reports have understandably concentrated on dividend cancellations by some of the largest, better-known companies (such as Shell and HSBC). Such disappearing dividends have, however, been widespread across the market.

For income-seekers, Shell used to be one of the big daddies of the UK market. No more. Its dividend cut was not a huge surprise per se – but its extent was. Happily, our exposure here was minimal: we had progressively reduced the fund's exposure to the oil sector over the preceding six months.

Activity in April

We continued to sell some of our smaller, positions such as Tui, Glanbia and RSA Insurance, recycling that capital into existing positions such as Direct Line, Anglo American, Vodafone and BAT. We also initiated some new holdings. We will discuss these in future reports.

Our outlook

Overall, recent dividend retrenchments amount to a savage reduction in the income payments that UK companies will deliver to their shareholders in 2020. Yet while dividends will remain off the menu for those companies whose businesses are directly affected by the pandemic and lockdowns, we anticipate that many UK companies will be able to resume payments in 2021. This, we hope, will then build to a new normal in 2022, in which dividends are lower – but arguably more prudent than they were for the class of 2019.

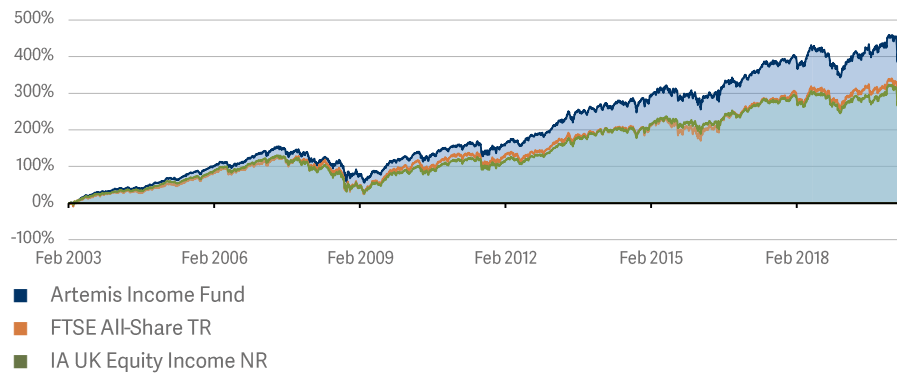
PERFORMANCE

Past performance is not a guide to the future

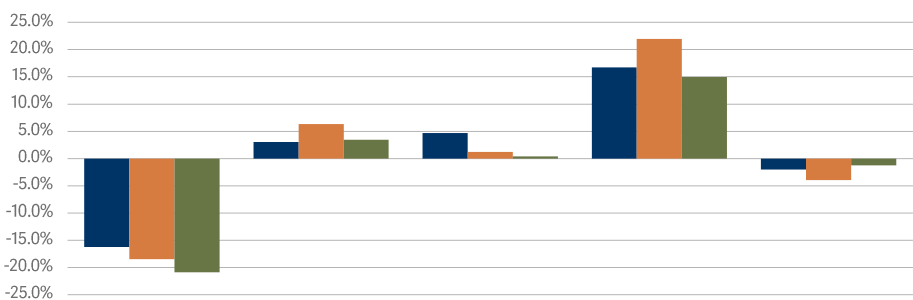
CUMULATIVE PERFORMANCE

	Since launch	5 yrs	3 yrs	1 yr	6 mo	3 mo	1 mo
Artemis Income Fund	340.7%	8.7%	-5.2%	-13.9%	-16.7%	-18.7%	6.3%
FTSE All-Share TR	240.9%	4.8%	-7.5%	-16.7%	-17.0%	-18.8%	4.9%
IA UK Equity Income NR	227.1%	0.0%	-11.7%	-16.6%	-16.5%	-20.0%	8.8%

PERCENTAGE GROWTH

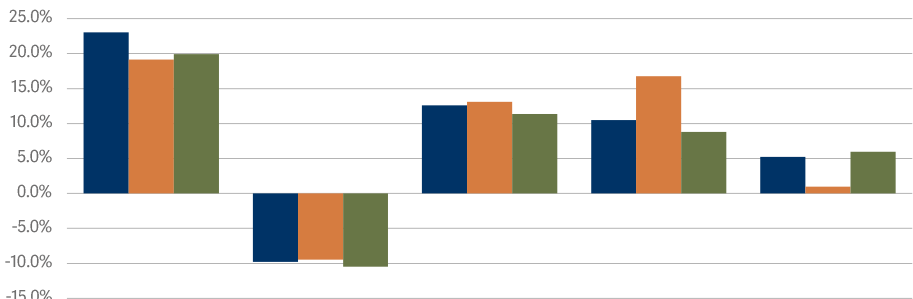


12 MONTHS TO 31 MARCH



	2020	2019	2018	2017	2016
Artemis Income Fund	-16.2%	3.0%	4.7%	16.7%	-2.0%
FTSE All-Share TR	-18.5%	6.4%	1.2%	22.0%	-3.9%
IA UK Equity Income NR	-20.8%	3.4%	0.4%	14.9%	-1.3%

12 MONTHS TO 31 DECEMBER



	2019	2018	2017	2016	2015
Artemis Income Fund	23.0%	-9.8%	12.6%	10.5%	5.2%
FTSE All-Share TR	19.2%	-9.5%	13.1%	16.8%	1.0%
IA UK Equity Income NR	19.9%	-10.5%	11.4%	8.8%	6.0%

Source: Lipper Limited from 3 February 2003 to 30 April 2020. Data prior to 7 March 2008 reflects class R accumulation GBP. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark.

COMPOSITION

TOP 10 HOLDINGS

GSK	5.0%
RELX Group	4.9%
3i	4.9%
Tesco	4.4%
London Stock Exchange	4.4%
Wolters Kluwer	3.2%
Smiths Group	3.1%
Legal & General	3.1%
Imperial Brands	3.1%
Phoenix Group	3.0%

Source: Artemis as at 30 April 2020.

MARKET SECTOR SPLIT

Financials	37.0%
Consumer Services	20.2%
Consumer Goods	9.8%
Healthcare	7.8%
Basic Materials	5.3%
Industrials	4.2%
Oil & Gas	3.7%
Telecommunications	2.7%
Utilities	2.1%
Technology	1.2%
Collective Investments	1.0%

Source: Artemis as at 30 April 2020. Please note that figures may not add up to 100% due to rounding and the cash holding.

ASSET ALLOCATION

Large cap	76.9%
Mid cap	16.1%
Cash	5.1%
Collective Investments	1.0%
Small cap	0.9%

Source: Artemis as at 30 April 2020. Please note figures may not add up to 100% due to rounding.

RISK CONSIDERATIONS

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information which is available, along with the fund's Prospectus, from www.artemisfunds.com or www.fundinfo.com.

The fund is exposed to the following risks:

Market volatility risk	The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
Currency risk	The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.
Income risk	Although the fund aims to pay a regular income, the payment of income and its level is not guaranteed.
Credit risk	Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
Higher-yielding bonds risk	The fund may invest in higher-yielding bonds, which may increase the risk to 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 the fund.
Charges from capital risk	Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

OTHER INFORMATION

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information which is available, along with the fund's Prospectus from www.artemisfunds.com or www.fundinfo.com.

The fund is an authorised unit trust scheme. For further information, visit www.artemisfunds.com/unittrusts.

Visit www.artemisfunds.com/glossary for an explanation of investment terms.

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 www.artemisfunds.com/third-party-data.

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Any forward-looking statements are based on Artemis' current expectations and projections and are subject to change without notice.

Issued by Artemis Fund Managers Ltd which is authorised and regulated by the Financial Conduct Authority.

FUND DATA

INVESTMENT TEAM



Adrian Frost
Fund manager,
since January
2002



Nick Shenton
Fund manager,
since October
2012



Andy Marsh
Fund manager,
since February
2018

KEY FACTS

Fund type	Unit trust
Asset class	Equity
Focus	Income
Regional focus	United Kingdom
SEDOL	B2PLJH1
ISIN	GB00B2PLJH12
Fund launch date	6 June 2000
Class launch date	7 March 2008
Class launch price	204.84p
Class currency	GBP
Valuation point (UK business days)	12:00
Year end	30 April
Accumulation/distribution date	31 December, 30 June
Fund size	£4,232.5m

Source: Artemis as at 30 April 2020.

PRICE AND YIELD

Price	406.07p
Historic yield	4.84%

Source: Artemis as at 30 April 2020. The historic yield reflects distributions declared over the past 12 months as a percentage of the price. Investors may be subject to tax on their distributions.

CHARGES

Initial charge	0%
Ongoing charge	0.800%

The ongoing charge covers the annual operating expenses of running the fund and is shown as at the date of the Key Investor Information Document, where further information about the fund's charges can be found.

RISK AND REWARD PROFILE



The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund may have risen and fallen in the past due to movements in markets, currencies and interest rates). It may not be a reliable indication of the future risk profile of the fund.

RATINGS AND AWARDS

Morningstar Bronze

Source: Morningstar, as at 30 April 2020. Morningstar category™: UK Equity Income. For more information visit artemisfunds.com/endorsements. Third party endorsements are not a recommendation to buy.

DISTRIBUTION HISTORY

Record date	Ex-dividend date	Payment date	Distribution
31 Oct 2019	31 Dec 2019	01 Nov 2019	10.2471p
30 Apr 2019	28 Jun 2019	01 May 2019	11.2630p
31 Oct 2018	31 Dec 2018	01 Nov 2018	8.6592p
30 Apr 2018	29 Jun 2018	01 May 2018	10.3746p
31 Oct 2017	29 Dec 2017	01 Nov 2017	8.2579p
28 Apr 2017	30 Jun 2017	02 May 2017	8.5246p
31 Oct 2016	31 Dec 2016	01 Nov 2016	8.1447p
30 Apr 2016	30 Jun 2016	01 May 2016	8.2221p
31 Oct 2015	31 Dec 2015	01 Nov 2015	6.2935p
30 Apr 2015	30 Jun 2015	01 May 2015	7.3723p

Source: Artemis. Distribution is per unit/share. For accumulation classes, distributions are reinvested and reflected in the price. Maximum last 10 distributions shown.

