

# Artemis Monthly Distribution Fund



James Foster  
Fund manager, since  
launch



Jacob de Tusch-Lec  
Fund manager, since  
launch

Class I accumulation units, GBP

July 2019

Data as of 30 June 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

June brought a synchronised dovish shift in guidance from both the European Central Bank and the US Federal Reserve. The prospect of additional liquidity being injected into the financial system propelled prices of almost every asset class higher. Yields on German bunds pushed further into negative territory and the 10-year US Treasury yield broke below the 2% level. With expectations for future interest rates even lower than they were back in the summer of 2016, Austria managed to float a 100-year bond at a yield of just 1.17%.

It was riskier assets such as equities, however, which showed a real surge in performance. While corporate bonds also had a stellar month, returns from investment-grade bonds outstripped high-yield. That was mirrored in our fund: our best-performing bond holdings tended to be the better-quality names, while the weaker issuers languished a little. Oil-related bonds, for

instance, were weaker as oil prices dipped. In our equities, our recently established holding in Microsoft, the largest company in the world by market cap, continues to set new highs.

Ten years on from the financial crisis, central banks seem unable to create inflation despite ultra-loose monetary policy. In the short term, owners of assets (including us) welcome lower rates (and the prospect of additional QE in Europe) because they drive asset prices higher. Yet at the same time, this liquidity-fuelled rally is troubling: it is creating imbalances and inflating bubbles across multiple asset classes. It may be that a short, shallow recession is the only way to reset capital markets – and the global economy.

Our outlook is unchanged: we are gradually taking a more cautious stance, particularly with respect to our high-yield holdings. Activity

therefore, was modest. We bought private equity group Blackstone, whose share price is responding to the prospect of lower interest rates, more QE and rising real estate valuations. It is also benefiting from having begun the process of converting from a partnership to a traditional corporate structure (which completed on 1 July). On the bond side, we continue to reduce some of our more volatile positions including Tele Columbus, a German cable company.



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

## Composition

### Market sector split

Financials	26.2%
Communication Services	12.2%
Utilities	10.0%
Energy	9.6%
Industrials	8.3%
Consumer Discretionary	7.1%
Real Estate	5.8%
Government Bonds	5.2%
Materials	5.2%
Health Care	4.6%
Information Technology	2.5%
Consumer Staples	2.1%

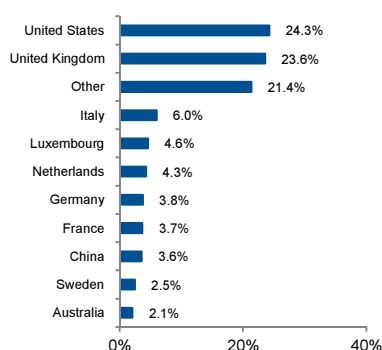
Source: Artemis as at 30 June 2019. Please note that figures may not add up to 100% due to rounding and the cash holding.

### Top five bond positions

US Treasury 3.125% 11/2028	2.1%
UK TSY 0.75% 07/2023	1.7%
US Treasury 2.625% 02/15/2029	1.4%
Tullow Oil 7% 2025	0.9%
DKT Finance Aps 7% 06/17/2023	0.7%

Source: Artemis as at 30 June 2019.

### Asset allocation by country



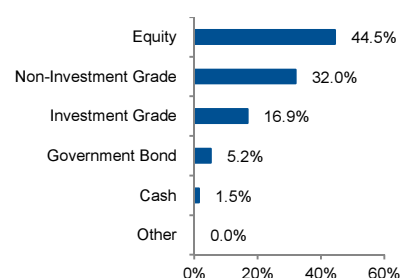
Source: Artemis as at 30 June 2019. Please note figures may not add up to 100% due to rounding.

### Top five equity positions

Geo Group	1.8%
Guangdong Investment	1.7%
Verizon Communications	1.6%
Enav	1.4%
Rai Way	1.4%

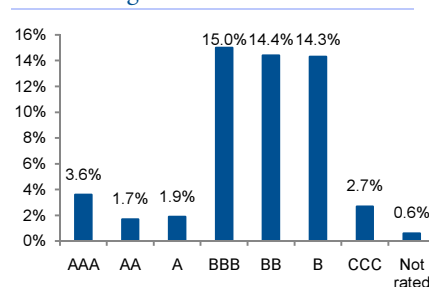
Source: Artemis as at 30 June 2019.

### Asset allocation



Source: Artemis as at 30 June 2019. Please note figures may not add up to 100% due to rounding.

### Bond rating allocation



Source: Artemis as at 30 June 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	101.6%	41.9%	23.4%	1.6%	9.4%

'Since launch' data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 30 June 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.

## Discrete performance to year end

	2018	2017	2016	2015	2014
12 months to 31 December	-7.8%	9.0%	17.9%	7.8%	9.0%

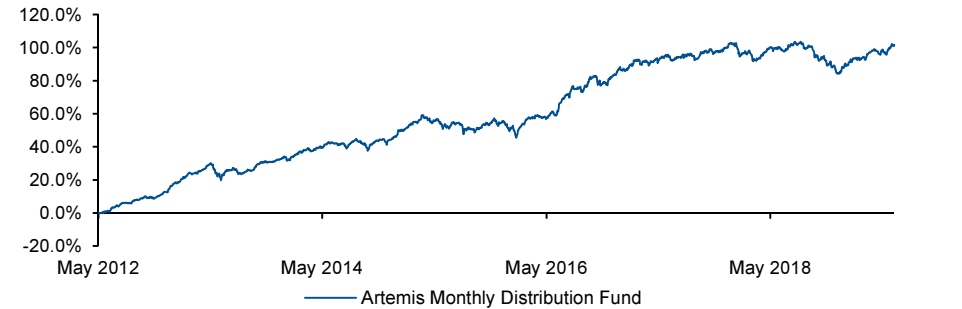
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested.

## Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 30 June	1.6%	3.1%	17.8%	7.8%	6.6%

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 30 June 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	B75F9Z6
ISIN	GB00B75F9Z67
Type	Accumulation
Class currency	GBP
Accumulation 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)	£979.3m

Source: Artemis as at 30 June 2019.

## Prices and yield

Mid price	96.01p
Historic yield	4.21%

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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