

Artemis Monthly Distribution Fund



James Foster
Fund manager, since
launch



Jacob de Tusch-Lec
Fund manager, since
launch

Class I accumulation units, GBP

September 2019
Data as of 31 August 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

August was a volatile month in which government bonds produced large, positive returns while equities struggled. High-yield bonds fell somewhere between the two: higher-quality names tended to perform well but weak oil prices weighed on oil-related issuers.

The political backdrop remains fraught. President Trump's trade tariffs threaten to provoke a slowdown in the global economy. This encouraged the US yield curve to invert, which can be an indicator of impending recession.

With more quantitative easing forecast, yields on European government debt have fallen to unprecedented lows. The German economy already seems to be contracting, and its 10-year yields are now minus 0.7%. Yields across much of the rest of the Europe – including Spain and Portugal – have turned negative too.

This would have been inconceivable only a few years ago.

Emerging market bonds and equities were the month's biggest negatives, with Argentina and Hong Kong suffering the most. With political deadlock intensifying, Brexit-related uncertainty weighed heavily on sterling. This has also adversely impacted the FTSE 100 index despite many of its constituents being international businesses.

Within the bond component of the portfolio we have been reducing some of the riskier positions such as Just Group, Deutsche Pfandbriefbank, Eurofins, Vallourec and Whitbread. On the other hand, we have also been increasing our exposure to Tesco bonds (recently upgraded), UK gilts and US Treasuries. Burford Capital's shares came under attack from short-seller Muddy Waters.

This also affected Burford's bonds and we reduced the fund's exposure to them. We are, however, confident that there is no threat to Burford's solvency and we expect the bonds to recover given time.

On the equity side, the biggest detractors from returns in August were sensible yet cyclical names such as GM and Citigroup. Our energy names – such as Tenaris – were hurt by weakness in the oil price. On a more positive note, we made money in infrastructure (Spark New Zealand, Ferrovial and Iberdrola). Given that bond yields had fallen to unprecedented lows, it was not entirely surprising that stocks whose fortunes are somewhat linked to the direction of the bond market did well.



Third party endorsements are not a recommendation to buy. For information, visit artemisfunds.com/endorsements.

Composition

Market sector split

| | |
|------------------------|-------|
| Financials | 24.0% |
| Utilities | 12.1% |
| Communication Services | 11.7% |
| Industrials | 9.9% |
| Energy | 8.5% |
| Consumer Discretionary | 7.0% |
| Government Bonds | 5.8% |
| Real Estate | 5.6% |
| Health Care | 5.1% |
| Materials | 4.2% |
| Information Technology | 2.5% |
| Consumer Staples | 2.2% |

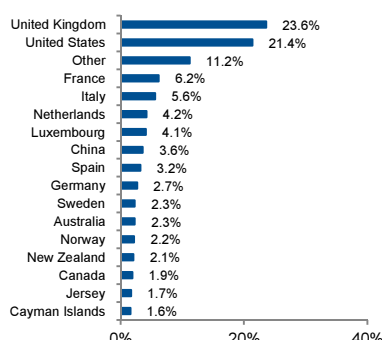
Source: Artemis as at 31 August 2019. Please note that figures may not add up to 100% due to rounding and the cash holding.

Top five bond positions

| | |
|-------------------------------|------|
| US Treasury 3.125% 11/2028 | 2.3% |
| US Treasury 2.625% 02/15/2029 | 1.6% |
| US Treasury 2.375% 05/15/2029 | 0.9% |
| Tullow Oil 7% 2025 | 0.9% |
| DKT Finance Aps 7% 06/17/2023 | 0.7% |

Source: Artemis as at 31 August 2019.

Asset allocation by country



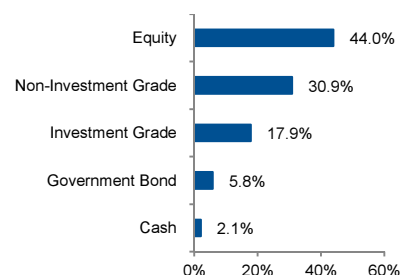
Source: Artemis as at 31 August 2019. Please note figures may not add up to 100% due to rounding.

Top five equity positions

| | |
|------------------------|------|
| Blackstone Group | 2.0% |
| Guangdong Investment | 2.0% |
| Sanofi | 1.9% |
| Enav | 1.6% |
| Verizon Communications | 1.5% |

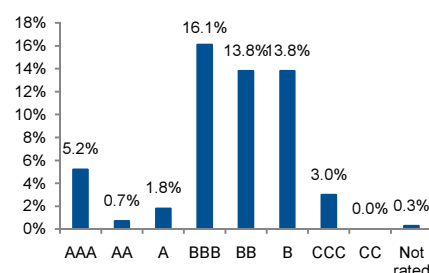
Source: Artemis as at 31 August 2019.

Asset allocation



Source: Artemis as at 31 August 2019. Please note figures may not add up to 100% due to rounding.

Bond rating allocation



Source: Artemis as at 31 August 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 | 104.6% | 43.0% | 16.4% | 1.3% | 6.3% |
| IA Mixed Investment 20-60% Shares NR | 54.2% | 25.9% | 13.1% | 3.0% | 5.4% |

'Since launch' data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 August 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. Benchmark shown is for comparison: further information can be found in the fund's Key Investor Information Document. This class may be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

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% |

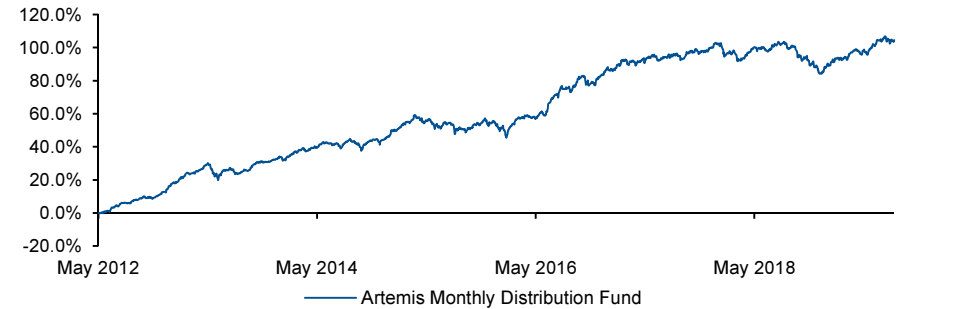
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested.

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 31 August 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) | £967.3m |

Source: Artemis as at 31 August 2019.

Prices and yield

| | |
|----------------|--------|
| Mid price | 97.44p |
| Historic yield | 4.14% |

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. 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.

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