

Artemis Monthly Distribution Fund



James Foster
Fund manager, since
launch



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Fund manager, since
launch

Class I accumulation units, GBP

April 2019

Data as of 31 March 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

In March we saw a significant change in policy from the US Federal Reserve (the 'Fed'). Until relatively recently, interest rates in the US had been expected to rise by around another 1% or so over the next year. In March, however, the Fed revised its forecasts and now doesn't expect to raise rates until next year – and even this is treated with scepticism by the markets. There are some concerns that the Fed has been influenced by President Trump's interventions, but recent economic data has been weaker, perhaps justifying the move. The outlier in economic data is US wage inflation, which continues to edge higher.

Europe, meanwhile, is still blighted by very sluggish growth. The latest numbers suggest that the one-off factors that affected growth at the end of last year are more deep-rooted. Italy, France and Germany are all flirting with recession. Interest rate policy is being relaxed

again but there is little room for the European Central Bank to move.

Asset prices have responded to the more flexible policy on interest rates. This makes some sense with the market expecting the economic cycle to be extended. In March the oil price was the best performer, with equities and UK gilts following closely behind. High-yield bonds lagged but still posted a solid performance.

In the equity market, March saw a pronounced rotation back towards defensive sectors/bond proxies and the reliable 'growth compounders'. The only areas that really struggled were emerging-market bonds and banking shares (because of the effect of lower interest rates). As bond yields fall or turn negative, risk-averse investors seeking a real return must look elsewhere and these areas of the equity market

are the beneficiaries. In our portfolio, this has meant our holdings in more stocks with a high degree of visibility around earnings, such as Play Communications and Verizon, did well.

The expansion of the global economy is clearly slowing. Europe, in particular, has seen very poor growth numbers. Brexit is one excuse but probably not the primary factor. Policymakers are reaching the limits of what they can do and with Italian debt at such high levels new strains are likely to emerge there.

Markets are already factoring this in. German government bonds are again at negative yields, last seen in 2016. US government yields at 2.5% are more sensible, although hardly exciting. We are increasing our holdings here as we expect further relaxation of monetary policy.



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Composition

Market sector split

Financials	23.5%
Communication Services	13.5%
Energy	10.5%
Utilities	9.0%
Consumer Discretionary	7.2%
Industrials	7.1%
Government Bonds	6.4%
Materials	6.2%
Real Estate	5.5%
Health Care	4.2%
Information Technology	2.9%
Consumer Staples	1.7%

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

Top five equity positions

Verizon Communications	1.4%
Play Communications	1.4%
Enav	1.3%
Nobina	1.3%
Guangdong Investment	1.2%

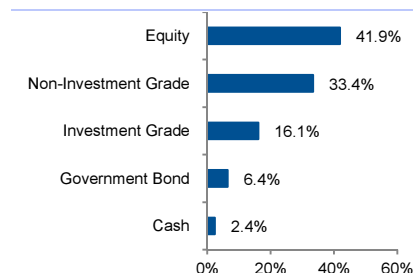
Source: Artemis as at 31 March 2019.

Top five bond positions

UK TSY 0.75% 07/2023	3.8%
US Treasury 3.125% 11/2028	2.0%
Tullow Oil 7% 2025	0.8%
DKT Finance Aps 7% 06/17/2023	0.7%
Gas Natural Fenosa Finance 4.125%	0.7%

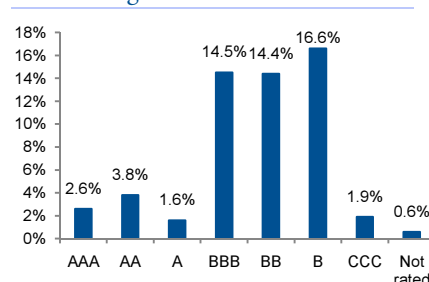
Source: Artemis as at 31 March 2019.

Asset allocation



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

Bond rating allocation



Source: Artemis as at 31 March 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	94.3%	40.5%	23.6%	0.9%	-3.0%

'Since launch' data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 March 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

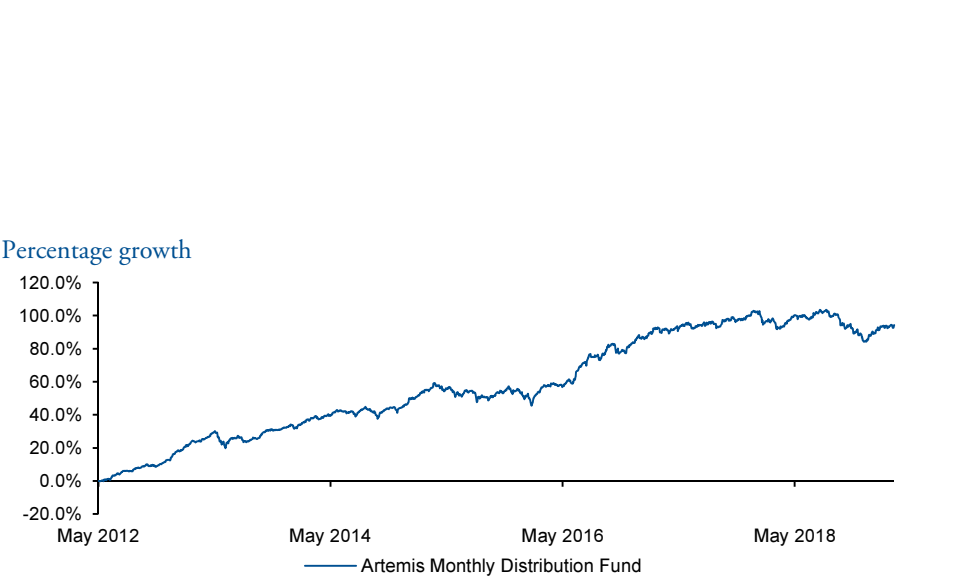
	2018	2017	2016	2015	2014
12 months to 31 December	-7.8%	9.0%	17.9%	7.8%	9.0%

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 31 March	0.9%	0.4%	22.0%	1.1%	12.5%

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.



Data from 21 May 2012. Source: Lipper Limited, mid to mid in sterling to 31 March 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)	£974.2m

Source: Artemis as at 31 March 2019.

Prices and yield

Mid price	92.52p
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

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.

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