



Artemis Monthly Distribution Fund

Class I accumulation units, GBP

MARKETING MATERIAL

99.68p

price at 31 Dec 2020

0.840%

ongoing charge

January 2021 (data as of 31 December 2020)

OBJECTIVE AND INVESTMENT POLICY

Objective	To generate monthly income, combined with some capital growth over a five year period.	
Investment policy	What the fund invests in	<ul style="list-style-type: none"> • 40% to 80% in bonds (of any credit quality). • 20% to 60% in company shares. • The fund may also invest in 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: <ul style="list-style-type: none"> • reduce risk • manage the fund efficiently.
	Where the fund invests	<ul style="list-style-type: none"> • Globally
	Industries the fund invests in	<ul style="list-style-type: none"> • Any
	Other limitations specific to this fund	<ul style="list-style-type: none"> • None
Investment strategy	<ul style="list-style-type: none"> • The fund is actively managed. • Bond returns are principally driven in four ways: <ul style="list-style-type: none"> - Investing globally in government bonds, Investment Grade and High Yield bonds - Adjusting the portfolio duration - Allocation between different credit ratings and different economic sectors - Security selection including different levels of seniority • When investing in corporate bonds, the manager seeks to invest in profitable and resilient companies with a robust business model offering an attractive risk-reward profile. • When investing in company shares, the manager selects companies which exhibit strong levels of free cashflow generation (cash that is left over after a company pays for its operating and capital expenditures which can be returned to investors through dividends and share buybacks) relative to other companies in the market, dividend distribution and dividend growth. 	
Benchmarks	<ul style="list-style-type: none"> • IA Mixed Investment 20-60% Shares 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

A word about risk – The Artemis Monthly Distribution Fund aims to provide a monthly income along with capital growth. To do so, it typically holds around 60% bonds and 40% equities. Blending the two offers some of the capital and income growth potential of equities, along with the greater predictability of bonds. Although bonds do tend to be less volatile than shares, investors should be aware that bond funds can also suffer losses.

Review of the market – Stockmarkets performed very well as a number of risks started to dissipate. First, the approval and start of the distribution of the vaccine for Covid-19 helped to restore confidence that the most severely affected parts of the economy may be able to recover. Second, the Brexit negotiations reached a conclusion. Third, the result of the US election was clarified more formally. This optimism, especially related to the vaccine, boosted shares. High-yield bonds (those that are judged by rating agencies to be higher risk) followed suit. Some commodity-related bonds performed particularly well, as oil (and other commodity) prices rose. Government bonds were volatile but ended the month broadly unchanged.

Fund moves – We have increased the fund's weighting to equities to around 47% (from our base level of 40%). Within bonds, we have been increasing exposure to potential beneficiaries of the vaccine. Air France is a new position, as is House of HR, an employment agency. We also further reduced our small position in US Treasuries.

Equities – Samsung, one of our largest holdings, rose by 21% in December. We bought into it last May. It has a commanding position in some of the most attractive areas of the tech hardware industry and its nascent business in wireless infrastructure should win market share as Huawei is pushed out of Western markets. Elsewhere, Siemens Energy continued to do well. Despite a weak December (down 8%), our longstanding holding in INWIT, a communications infrastructure company listed in Italy, delivered strong performance through 2020 returning 28%.

Outlook – Looking at the year ahead, we feel the main support for the bond markets will come from buying by central banks. Central banks won't turn this off in a hurry, but they will be looking to scale back when the economy allows. Government bonds may well come under pressure when this major prop to the market is being reviewed.

Although this could also be a negative for equity markets, in practice it should be mitigated by the risk of inflation rising. Inflationary pressures are inevitable from a resurging economy, assuming the vaccine works. Real assets such as equities and even – to a degree – high-yield bonds should give you some protection. Furthermore, government debt is so large that allowing some inflation will be helpful to inflate away the existing debt.

With this backdrop, longer-dated debt remains a concern. We are happy to retain a good proportion of investment-grade debt, currently 25%, but this is predominantly shorter-dated bonds. Our high-yield weightings are currently at 26%. The concern of course is that defaults will rise. However, at the moment, the implicit and explicit support from government measures is keeping defaults low.

Finally, in line with many of our competitors, we will cease including these commentaries in our monthly fund updates from next month. Instead, you'll be able to find our latest fund reviews in the 'investment insights' section of our website www.artemisfunds.com/insights.

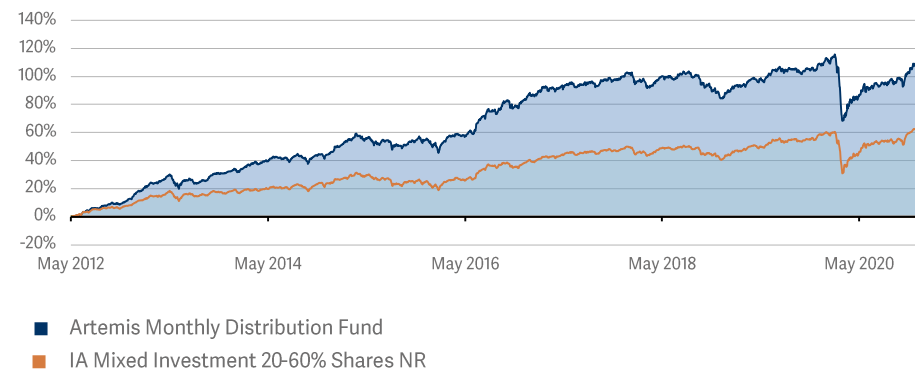
PERFORMANCE

Past performance is not a guide to the future

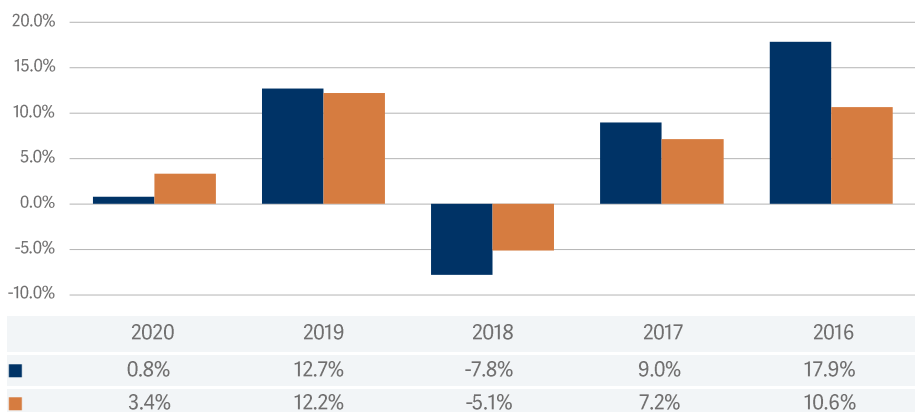
CUMULATIVE PERFORMANCE

	Since launch	5 yrs	3 yrs	1 yr	6 mo	3 mo	1 mo
Artemis Monthly Distribution	109.3%	34.5%	4.8%	0.8%	9.2%	7.1%	1.7%
IA Mixed Investment 20-60% Shares NR	63.5%	30.5%	10.0%	3.4%	8.2%	6.8%	2.0%

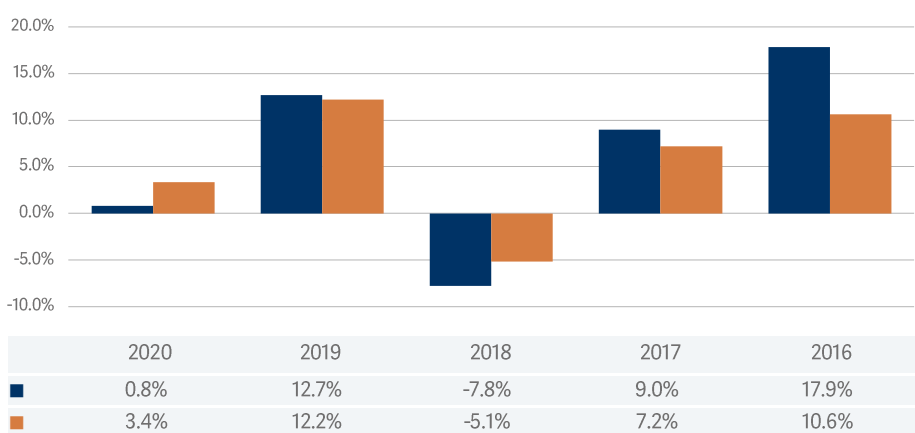
PERCENTAGE GROWTH



12 MONTHS TO 31 DECEMBER



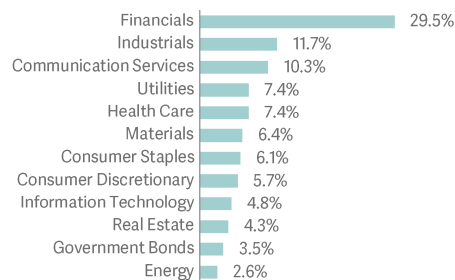
12 MONTHS TO 31 DECEMBER



Source: Lipper Limited from 21 May 2012 to 31 December 2020. 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.

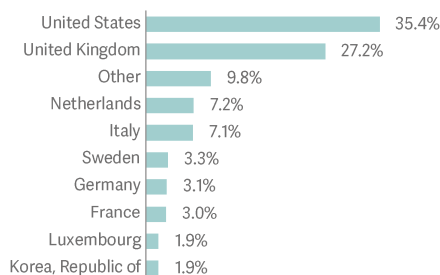
COMPOSITION

MARKET SECTOR SPLIT



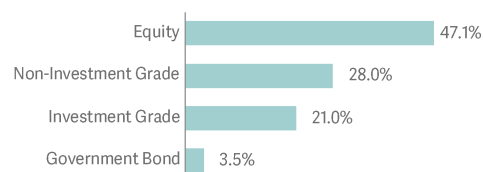
Source: Artemis as at 31 December 2020. Figures may not add up to 100% due to rounding and cash holdings.

ASSET ALLOCATION BY COUNTRY



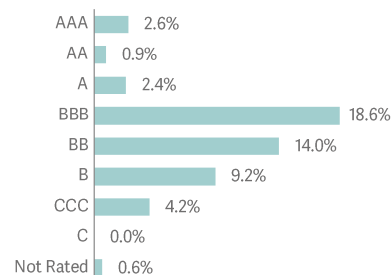
Source: Artemis as at 31 December 2020. Figures may not add up to 100% due to rounding and cash holdings.

ASSET ALLOCATION BY ASSET CLASS



Source: Artemis as at 31 December 2020. Figures may not add up to 100% due to rounding.

BOND RATING ALLOCATION



Source: Artemis as at 31 December 2020. Figures may not add up to 100% due to rounding and cash holdings.

TOP FIVE BOND POSITIONS

US Treasury 1.25% 08/31/2024	1.9%
UK TSY (5% 2025)	0.9%
Assura plc 3% 2028	0.7%
US Treasury 3.125% 11/2028	0.7%
Western Power Distribution 3.5% 10/16/2026	0.7%

Source: Artemis as at 31 December 2020.

TOP FIVE EQUITY POSITIONS

Rai Way	2.8%
Nobina	2.7%
Nextera Energy Partners	2.6%
Coca-Cola	2.0%
Anglo American	1.9%

Source: Artemis as at 31 December 2020.

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.
Emerging markets risk	Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.
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	Because one of the key objectives of the fund is to provide income, the fund charges are taken from capital. This may constrain capital growth or erode capital.

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.


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FUND DATA

INVESTMENT TEAM



James Foster
Fund manager,
since launch



Jacob de Tusch-Lec
Fund manager,
since launch

KEY FACTS

Fund type	Unit trust
Asset class	Multi-Asset
Focus	Income
Regional focus	Global
SEDOL	B75F9Z6
ISIN	GB00B75F9Z67
Type	Accumulation
Fund launch date	21 May 2012
Class launch date	21 May 2012
Class launch price	47.98p
Class currency	GBP
Valuation point (UK business days)	12:00
Year end	31 December
Accumulation date	Monthly
Fund size	£725.8m

Source: Artemis as at 31 December 2020.

PRICE AND YIELD

Price	99.68p
Historic yield	3.32%

Source: Artemis as at 31 December 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	0.840%

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 Silver

Source: Morningstar, as at 30 December 2020. Morningstar category™: GBP Moderate Allocation. For more information visit [artemisfunds.com/endorsements](https://www.artemisfunds.com/endorsements). Third party endorsements are not a recommendation to buy.

DISTRIBUTION HISTORY

Record date	Ex-dividend date	Payment date	Distribution
30 Nov 2020	01 Dec 2020	29 Jan 2021	0.2750p
31 Oct 2020	01 Nov 2020	31 Dec 2020	0.1865p
30 Sep 2020	01 Oct 2020	30 Nov 2020	0.2206p
31 Aug 2020	01 Sep 2020	30 Oct 2020	0.2372p
30 Jun 2020	01 Jul 2020	28 Aug 2020	0.3271p
30 Apr 2020	01 May 2020	30 Jun 2020	0.2433p
31 Mar 2020	01 Apr 2020	29 May 2020	0.2949p
29 Feb 2020	01 Mar 2020	30 Apr 2020	0.3065p
31 Jan 2020	01 Feb 2020	31 Mar 2020	0.2371p
31 Dec 2019	02 Jan 2020	28 Feb 2020	0.2490p

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

