Artemis Global Income Fund

Class I accumulation units, GBP

Jacob de Tusch-Lec
Fund manager, since launch

Sam Morley
Analyst, since April 2016

James Davidson
Analyst, since December 2018

January 2020
Data as of 31 December 2019

The fund's aims

The fund aims to achieve a rising income combined with capital growth from a wide range of investments. The fund will mainly invest in global equities but may have exposures to fixed interest securities. We will not be restricted in our choice of investments, regardless of size of the company, the industry it trades in or the geographical split of the portfolio.

Fund update

In sterling terms, our fund returned 2.1% in December versus a 1.1% return from the MSCI AC World Index. The gains in the final month of the year rounded out a good 2019 for every major equity market. The S&P 500 and the NASDAQ recorded their best annual performance since 2013. The European market, meanwhile, had its best year since 2000.

The factors underpinning December's gains included: central banks continuing to expand their balance sheets; the UK general election bringing greater clarity to the political situation; and the US and China moving towards a 'phase one' agreement on trade.

Over the last one to two years, the global economy has experienced a 'soft patch'. While there was no outright recession, there has been a slowdown in manufacturing. Amid that, however, consumer spending held up well, especially in the US. So the global economy managed to muddle through. In recent months, the consensus view among investors has increasingly become that renewed monetary stimulus by central banks could mean that the global business cycle has bottomed out – that the economy is exiting its soft patch.

As assessments of the prospects for the global economy continued to improve, more economically-sensitive 'cyclical' stocks performed well in December.

Set against that, many of the names that had done so well over the previous couple of years – particularly 'momentum' and 'growth' stocks – underperformed. (During periods of slower growth, the predictable earnings of companies whose sales are less responsive to fluctuations in the wider economy – so-called 'growth' stocks – become more attractive. That growth loses some of its scarcity premium when conditions in the wider economy improve).

While this change in the market's sentiment was not quite a fully blown rotation, it helped the fund, which has a bias away from growth stocks and towards more economically sensitive 'value' stocks (companies whose share prices are lower relative to their underlying earnings).

Given the market's new appetite for more economically-sensitive stocks, it was not a surprise that Borr Drilling, the international drilling contractor, rose by almost 30%.

We bought this stock in the expectation that, after a long hiatus, the world's major oil companies would need to start spending more on drilling offshore to replenish their reserves.

Composition

Top ten holdings

Rai Way	4.8%
Citigroup Inc	4.6%
General Motors	3.5%
Broadcom	3.0%
Blackstone Group	2.5%
AXA	2.4%
INWIT	2.3%
China Resources Cement	2.2%
Sanofi	2.1%
Anhui Conch Cement	2.1%

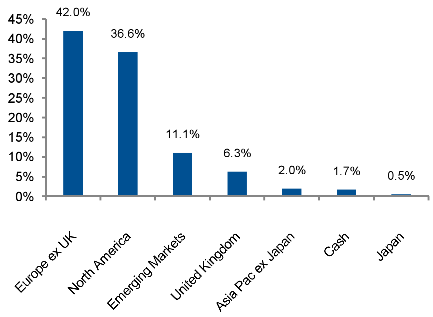
Source: Artemis as at 31 December 2019.

Market sector split

Financials	26.7%
Communication Services	11.6%
Information Technology	11.6%
Industrials	11.2%
Materials	10.0%
Energy	8.7%
Consumer Discretionary	6.8%
Health Care	6.7%
Utilities	2.7%
Real Estate	1.9%
Consumer Staples	0.5%

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

Geographic breakdown



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

Performance

Cumulative performance

	Since launch	5 years	3 years	1 year	6 months
Artemis Global Income	193.1%	48.1%	13.4%	16.2%	3.9%
MSCI AC World NR GBP	181.6%	76.2%	32.6%	21.7%	4.6%
IA Global Equity Income NR	145.3%	58.8%	24.1%	19.2%	4.0%

'Since launch' data from 19 July 2010. Source: Lipper Limited, mid to mid in sterling to 31 December 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. Benchmarks shown are 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

	2019	2018	2017	2016	2015
12 months to 31 December	16.2%	-12.5%	11.6%	22.5%	6.6%

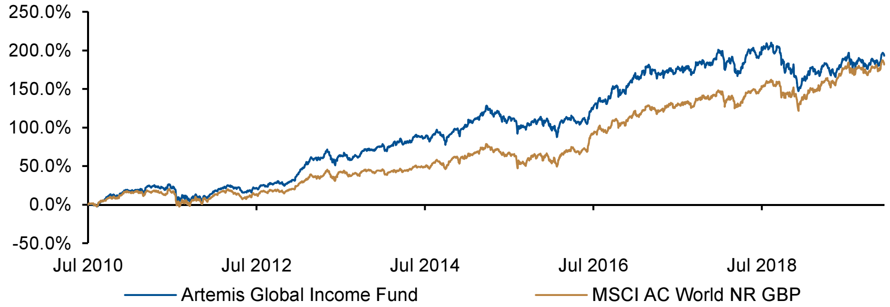
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested.

Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 31 December	16.2%	-12.5%	11.6%	22.5%	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 19 July 2010. Source: Lipper Limited, mid to mid in sterling to 31 December 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	Equity
Regional focus	Global
IA sector	IA Global Equity Income NR
SEDOL	B5ZX1M7
ISIN	GB00B5ZX1M70
Type	Accumulation
Class currency	GBP
Accumulation date	31 March, 30 September
Valuation point (UK business days)	12:00
Year end	31 July
Fund launch date	19 July 2010
Class launch date	19 July 2010
Class launch price	50p
SRRI	5
Fund size (mid basis)	£2,513.1m

Source: Artemis as at 31 December 2019.

Prices and yield

Mid price	139.38p
Historic yield	3.12%

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	0.825%

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 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 invest in the shares of small and medium-sized companies. Shares in smaller companies carry more risk than larger, more established companies because they are often more volatile and, under some circumstances, harder to sell. In addition, information for reliably determining the value of smaller companies – and the risks that owning them entails – can be harder to come by.

Because one of the key objectives of the fund is to provide income, some or all of the annual management charge is taken from capital rather than income. This can reduce the potential for capital growth.

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