



# Artemis Monthly Distribution Fund

## Class I accumulation units, GBP

MARKETING MATERIAL

**92.57p**  
price at 31 Aug 2020

**0.840%**  
ongoing charge

September 2020 (data as of 31 August 2020)

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	To generate monthly income, combined with some capital growth over a five year period.	
<b>Investment policy</b>	<b>What the fund invests in</b>	<ul style="list-style-type: none"> <li>• 40% to 80% in bonds (of any credit quality).</li> <li>• 20% to 60% in company shares.</li> <li>• 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.</li> </ul>
	<b>Use of derivatives</b>	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> <li>• reduce risk</li> <li>• manage the fund efficiently.</li> </ul>
	<b>Where the fund invests</b>	<ul style="list-style-type: none"> <li>• Globally</li> </ul>
	<b>Industries the fund invests in</b>	<ul style="list-style-type: none"> <li>• Any</li> </ul>
	<b>Other limitations specific to this fund</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Investment strategy</b>	<ul style="list-style-type: none"> <li>• The fund is actively managed.</li> <li>• Bond returns are principally driven in four ways:               <ul style="list-style-type: none"> <li>- Investing globally in government bonds, Investment Grade and High Yield bonds</li> <li>- Adjusting the portfolio duration</li> <li>- Allocation between different credit ratings and different economic sectors</li> <li>- Security selection including different levels of seniority</li> </ul> </li> <li>• 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.</li> <li>• 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.</li> </ul>	
<b>Benchmarks</b>	<ul style="list-style-type: none"> <li>• IA Mixed Investment 20-60% Shares NR</li> </ul> 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.

### Bonds

A positive month for riskier assets, as concerns about the state of the post-Covid economy took a backseat to surprisingly resilient corporate earnings, optimism around vaccines and further signs of a successful return to normality in some aspects of daily life. In this environment, high-yield bonds (those issued by companies which credit rating agencies regard as less safe and so pose a greater risk to capital) were the unsurprising winners, while government bonds lost out.

With limited action in the new issue market, the fund's activity was focussed on further consolidating some of our holdings bought during the spring and trimming positions in bonds that had performed well. For example, in the depths of the crisis, Shell and BP both issued bonds at very attractive levels. We took some profits in these. We also sold some of our holdings in insurance companies.

### Equities

Global shares pushed higher in August. A weaker dollar helped, as did continued stimulus from governments and central banks.

The biggest contribution to the fund's performance came from Norwegian insurer Storebrand, after it announced strong second-quarter results. Healthcare stocks Bristol-Myers Squibb and Johnson & Johnson also made good contributions as investors focused on the search for a Covid-19 vaccine.

After multiple years of stellar performance, shares in Inwit, the Italian telecoms tower company, fell by almost 5% in August. Inwit has been in our portfolio for multiple years. But given its strong share-price performance we had been reducing our position. While small cells (access points covering small areas to help mobile phone coverage) will underpin its growth over the mid-term, the immediate growth trajectory has been a little slower than the market would have liked, weighing on performance.

### Outlook

What has become clearer over the last month or so is that many companies, perhaps surprisingly many, will be able to see themselves through to the 'other side' of this current period of disruption. Indeed, some companies have thrived over the last half year and will undoubtedly continue to do so as we move into the third quarter and beyond. The extraordinary share-price performance of the US tech giants is predicated on just such an assertion.

In corporate-bond markets, this has manifested in particularly strong recoveries for higher-quality bonds or those issued by companies in sectors like utilities, telecoms or packaging. As these bonds have returned to levels seen pre-Covid, investors have increasingly looked to those that have yet to fully recover. Undoubtedly there are opportunities here, but we remain very prudent.

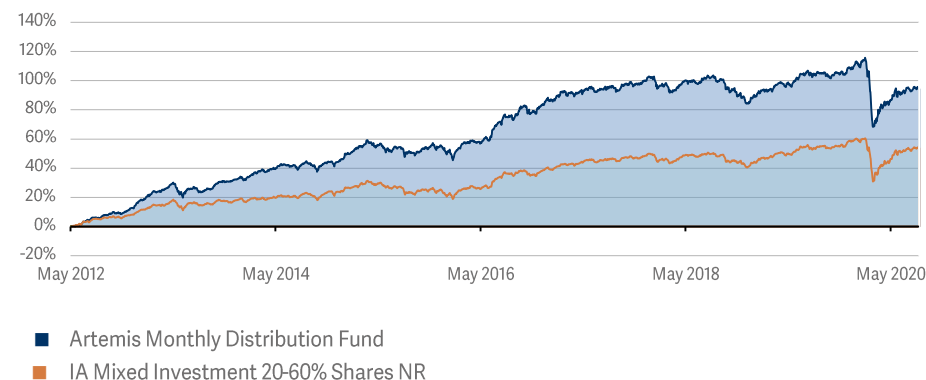
## PERFORMANCE

Past performance is not a guide to the future

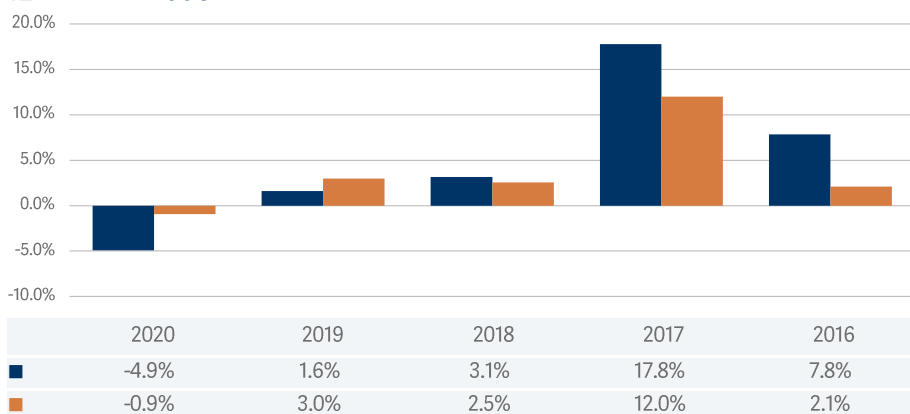
### CUMULATIVE PERFORMANCE

	Since launch	5 yrs	3 yrs	1 yr	6 mo	3 mo	1 mo
Artemis Monthly Distribution	94.4%	28.9%	-0.9%	-5.0%	-4.2%	2.5%	0.9%
IA Mixed Investment 20-60% Shares NR	53.9%	24.6%	5.1%	-0.2%	0.7%	3.3%	1.3%

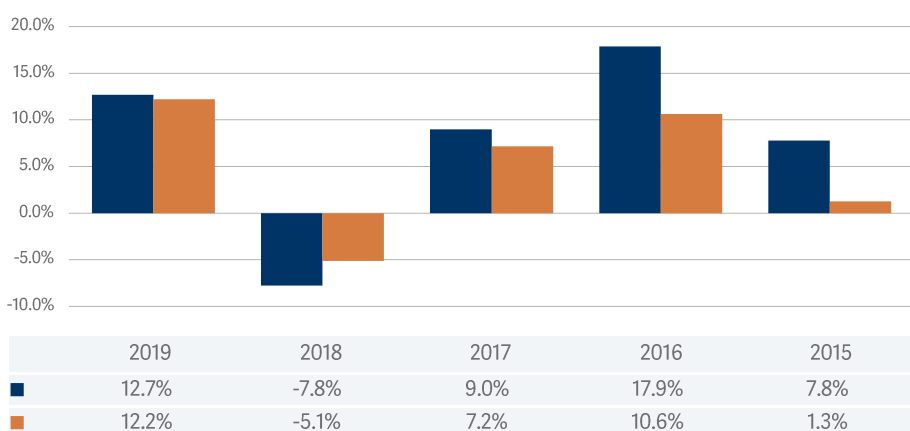
### PERCENTAGE GROWTH



### 12 MONTHS TO 30 JUNE



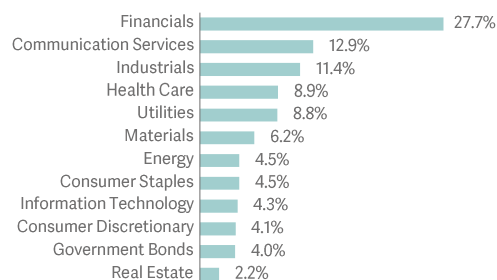
### 12 MONTHS TO 31 DECEMBER



Source: Lipper Limited from 21 May 2012 to 31 August 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.

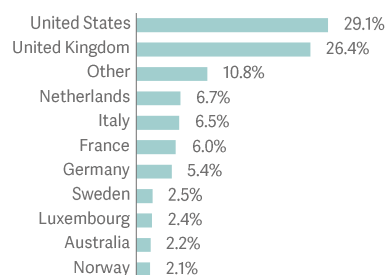
## COMPOSITION

### MARKET SECTOR SPLIT



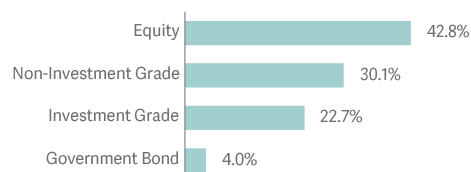
Source: Artemis as at 31 August 2020. Figures may not add up to 100% due to rounding and cash holdings.

### ASSET ALLOCATION BY COUNTRY



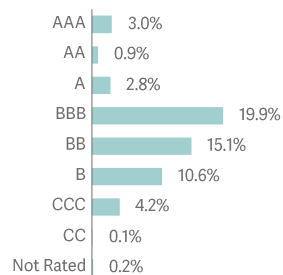
Source: Artemis as at 31 August 2020. Figures may not add up to 100% due to rounding and cash holdings.

### ASSET ALLOCATION BY ASSET CLASS



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

### BOND RATING ALLOCATION



Source: Artemis as at 31 August 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	1.8%
US Treasury 3.125% 11/2028	1.2%
UK TSY (5% 2025)	0.9%
Crystal Almond SARL 4.25% 10/15/2024	0.8%
DKT Finance Aps 7% 06/17/2023	0.8%

Source: Artemis as at 31 August 2020.

### TOP FIVE EQUITY POSITIONS

Nextera Energy Partners	2.3%
Nobina	2.3%
Coca-Cola	2.2%
Rai Way	1.9%
AGNC Investment	1.7%

Source: Artemis as at 31 August 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](http://www.artemisfunds.com) or [www.fundinfo.com](http://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

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*The fund is an authorised unit trust scheme. For further information, visit [www.artemisfunds.com/unittrusts](http://www.artemisfunds.com/unittrusts).*

*Visit [www.artemisfunds.com/glossary](http://www.artemisfunds.com/glossary) for an explanation of investment terms.*

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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	£761.5m

Source: Artemis as at 31 August 2020.

## PRICE AND YIELD

Price	92.57p
Historic yield	3.68%

Source: Artemis as at 31 August 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
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Source: Morningstar, as at 31 August 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 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
29 Nov 2019	02 Dec 2019	31 Jan 2020	0.2415p
31 Oct 2019	01 Nov 2019	31 Dec 2019	0.2701p
30 Sep 2019	01 Oct 2019	29 Nov 2019	0.2304p
31 Aug 2019	01 Sep 2019	31 Oct 2019	0.2789p

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

