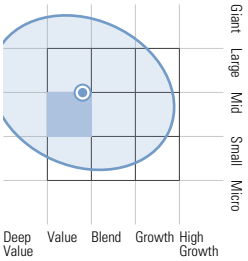
Artemis Monthly Distribution Fund I Inc

GB00B6TK3R06

Morningstar Analyst Rating
Silver
7 Mar 2018 00:00, UTC-0600

Morningstar Category	Category Index	Total Assets	Current Yield %	Inception Date	Domicile/ Currency	Morningstar Rating
GBP Moderate Allocation	Morningstar UK Moderate	846.29 Mil GBP	6.06	21/05/12	GBR/GBP	★★★★★

Equity Style Map

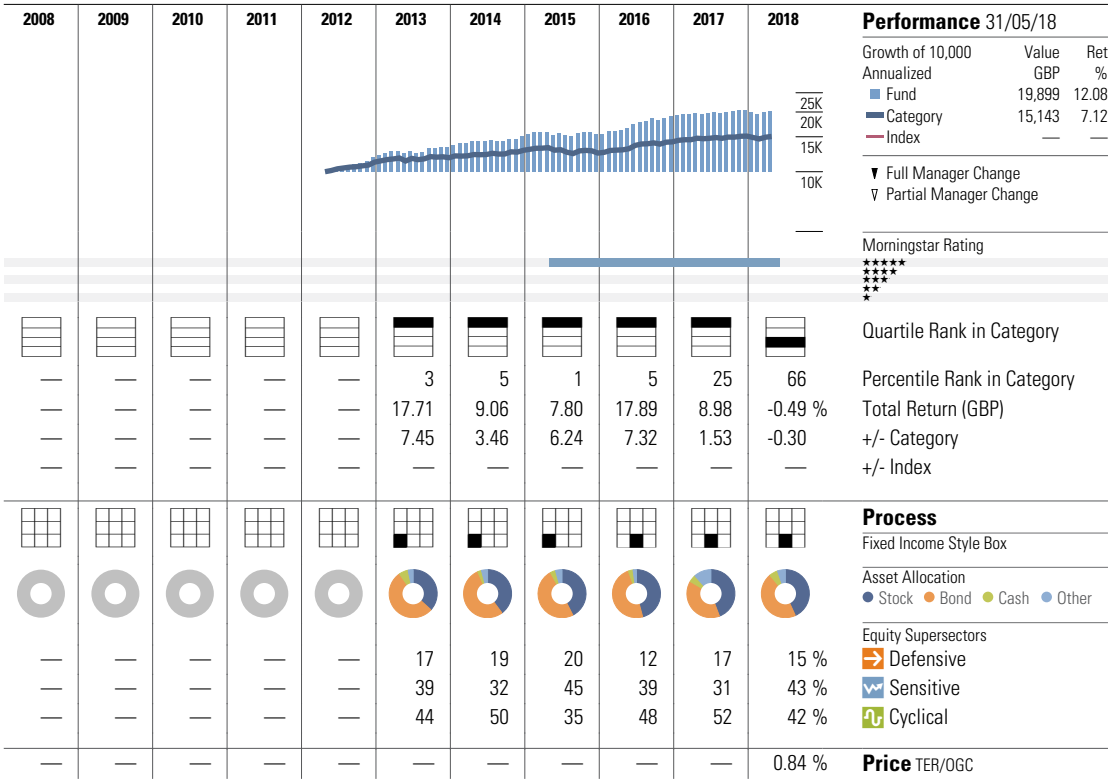


People

Jacob de Tusch Lec	05/12
James Foster	05/12
Total Named Managers	2

Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive



Analyst View

Randal Goldsmith, Senior Analyst

Strong choice for investors seeking income from a globally diversified equity and bond fund.

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Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

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07 Mar, 2018 | Artemis Monthly Distribution is a strong choice for investors seeking income from a globally diversified equity and bond fund.

The fund is managed by James Foster and Jacob de Tusch-Lec; both are experienced and have strong track records. They work together here, adapting the approaches of their own funds to meet this fund's income requirement. It is invested in bonds and equities broadly in proportion to its benchmark split, 60% iBox £ non Gilts and 40% MSCI AC World, and is rebalanced following any significant drifts using the fund's cash flows.

The managers' main focus is on security selection in their respective parts while working together to ensure the fund meets its regular monthly distribution mandate. The focus on security selection over asset allocation plays to the managers' strengths, particularly in equities where De Tusch-Lec has proved his stock-picking skills within Artemis Global Income, which ranks at the top of its Global Equity Income Morningstar Category over the past five years. On the fixed-interest side, Foster gives a bit more attention to top-down positioning, drawing on his lengthy, successful experience as a strategic bond-fund manager. He takes account of the equities portfolio positioning after discussion with De Tusch-Lec, making adjustments accordingly. He recently took the portfolio's bond portion to a slightly negative duration (while keeping it positive in the Artemis Strategic Bond fund, which has a Morningstar Analyst Rating of Silver) because he was aware of the core equity-income holdings' interest-rate sensitivity.

Similar cooperative adjustments made by the managers have proved successful in the past (it sits at the top of its Moderate Allocation Morningstar Category from inception to the end of January 2018). We have conviction in the approach's repeatability, which is reinforced by the size of monthly distribution (GBP 740 million at the end of January 2018 with around GBP 300 million in equities), giving De Tusch-Lec more freedom than in Artemis Global Income (over GBP 4 billion) to take advantage of his best smaller-cap ideas, which he has continued to do. We have upgraded the fund to a Morningstar Analyst Rating of Silver.

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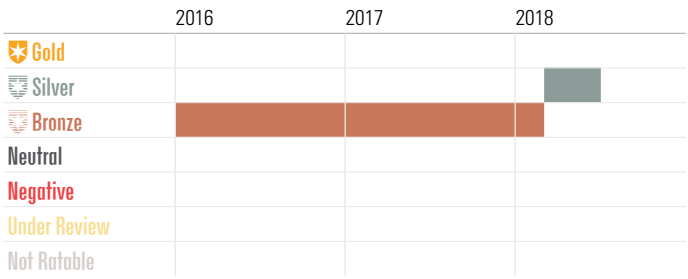
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Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

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Silver
Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze
Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/ or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral
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Negative
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