


# Artemis Monthly Distribution Fund I Inc

## GB00B6TK3R06

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

**Morningstar Category**  
 GBP Moderate Allocation

**Category Index**  
 Morningstar UK Moderate

**Total Assets**  
 976.10  
 Mil GBP

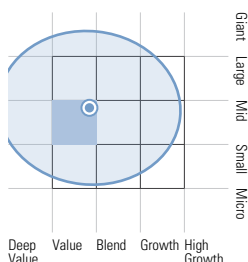
**Current Yield %**  
 5.16

**Inception Date**  
 21/05/12

**Domicile/Currency**  
 GBR/GBP

**Morningstar Rating**  
 ★★★★★

### Equity Style Map

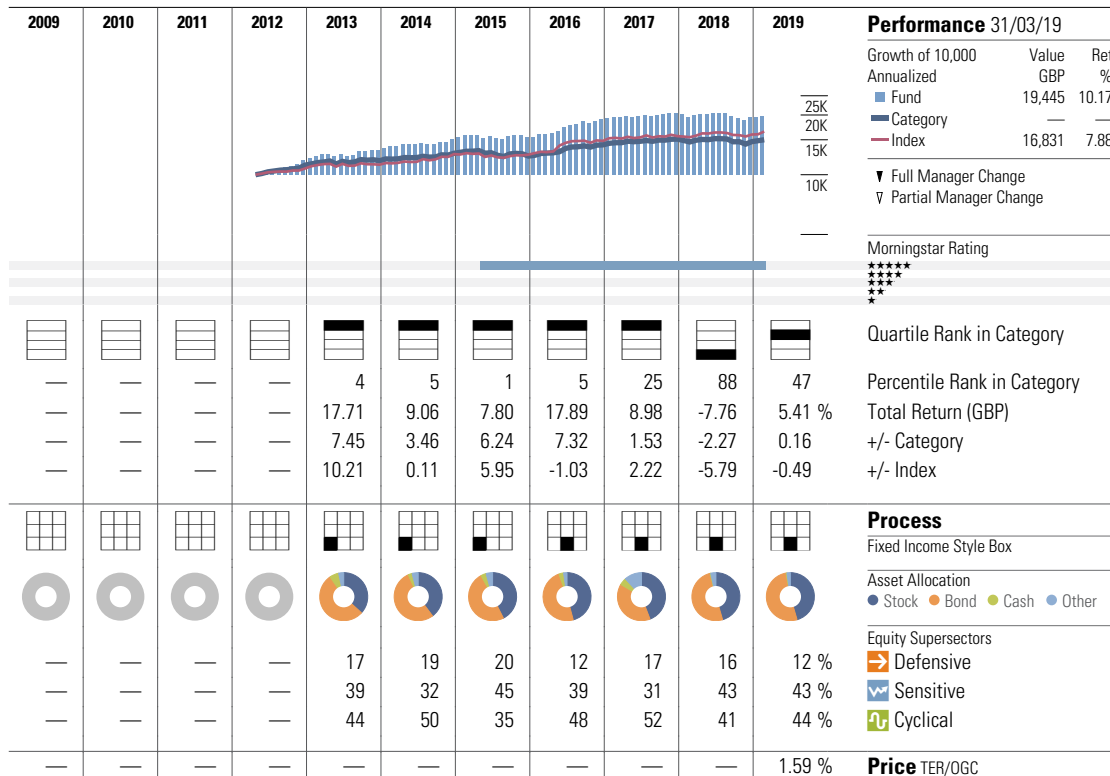


### People

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 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

The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

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.

# Morningstar Global Fund Report

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**Morningstar Analyst Rating**

	2017	2018	2019
 Gold			
 Silver			
 Bronze			
Neutral			
Negative			
Under Review			
Not Ratable			

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The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

**The Five (5) Pillars**

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.

**Morningstar Analyst Ratings**

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

**Gold**

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its 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). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

**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**

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

**Negative**

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**Under Review**

This designation means that a change that occurred with the fund or at the fund company requires further review to determine the impact on the rating.

**Not Ratable**

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