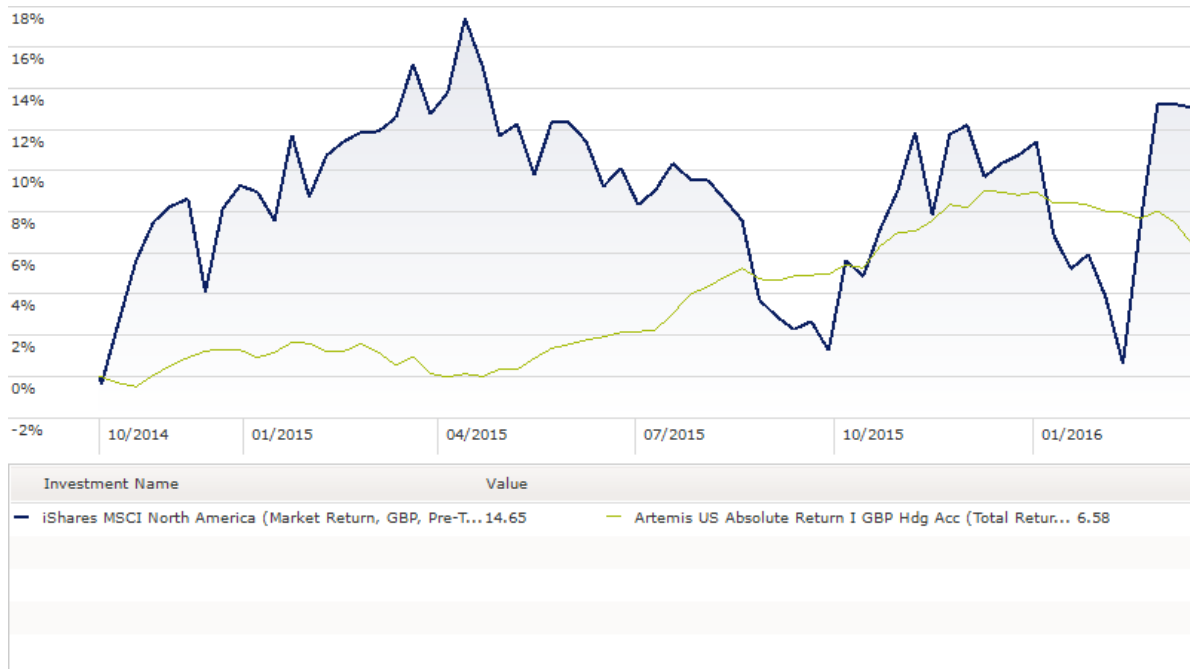


**SHINING A LIGHT ON.....  
ARTEMIS US ABSOLUTE RETURN FUND**

**Update....**

This is a new fund launched in October 2014 but the team in its entirety came from Threadneedle where they had an excellent track record. Comparing to the benchmark the fund appears to underperform but the important aspect of the fund is to provide exposure to the market without the volatility. The chart below shows this:



Over 12 months to the end of February the fund returned 6.38% vs the Index which returned 1.15% but with volatility of 4% vs the Index which was 12.42%. Effectively this fund can either act as a blend with other US Funds or for investors wanting exposure but less risk. The target is to deliver high mid digit returns with mid-single digit volatility.

It adopts a long / short strategy which basically means he looks to buy long equities that he expects to increase in value and sell short equities that are expected to decrease in value. As an example Jet Blue Airways had for some time very little upside but a lot of downside risk and therefore was an unattractive investment. A recent change in management meant that the potential for upside was good with the downside, low and therefore opportunities arise to invest.

Other areas of interest include those with creative destruction. So for example, Amazon that has focused on growing the business rather than profitability and in doing so is damaging established businesses like Walmart, Macys etc. Another is Airbnb which is providing an alternative to hotel rooms which no-one could have predicted five years ago again causing creative destruction. Then there are new comers like Uber where their cash flow far exceeds their losses and this has an impact on car rental businesses etc. So it's looking at all of this and seeing how he can make money for investors without creating too much risk (as we saw with Blue Airways).

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He finally added that at a time of low returns and greater volatility this is where he feels the fund can shine and he believes that his performance to date demonstrates this.

In summary this is a fund with a short track record at Artemis but with a good track record at Threadneedle. When the Threadneedle team moved it was the whole team and this makes a big difference. This fund may sit well against other US funds to provide downside protection, or it might work well as a standalone investment where investors believe returns will be muted moving forward.

### Fund performance

Performance from launch (27 October 2014 to 16 March 2016)

	2014	2015	2016
<b>Artemis US Absolute Return Fund</b>	1.25%	7.65%	-2.22%
<b>iShares MSCI North America ETF</b>	9.07%	2.17%	2.88%

Performance over 12 months and since launch:

	1 Year	Since Launch
<b>Artemis US Absolute Return Fund</b>	5.81%	6.58%
<b>iShares MSCI North America ETF</b>	0.54%	14.65%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

*The source of information in this note has been provided by Artemis and is correct as at March 2016. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision.*