SHINING A LIGHT ON THE……
Artemis Global Emerging Markets Fund

AT A GLANCE

Investment Objective
The fund aims to achieve long-term returns through a combination of capital growth and income principally from companies listed, quoted and/or traded in emerging markets or which are headquartered or have a significant part of their activities in emerging markets.

Inception Date	8th April 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VHE6

Management	
Manager Name	**Start Date**
Raheel Altaf	8th April 2015
Peter Saacke	8th April 2015

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	55.54%
Large	26.03%
Medium	15.92%
Small	3.51%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	102	
Assets in Top 10 Holdings	23.83%	
Name	**Sector**	**% of Assets**
China Construction Bank Corp H	Financial Services	3.28%
Tencent Holdings Ltd	Technology	3.10%
Samsung Electronics Co Ltd	Technology	2.98%
Ping An Insurance (Group) Co. of Chin	Financial Services	2.65%
Naspers Ltd Class N	Technology	2.44%
Shinhan Financial Group Co Ltd	Financial Services	1.98%
LG Chem Ltd	Basic Materials	1.94%
Vale SA	Basic Materials	1.88%
PJSC Lukoil ADR	Energy	1.87%
Bank Of China Ltd H	Financial Services	1.71%

Volatility Measurements	
3-Yr Std Dev (volatility)	15.66%
3-Yr Mean Return (average)	13.65%

FUND PERFORMANCE

Performance from 8th April 2015 to 30th April 2018:

	2015	2016	2017	2018
Artemis Global Emerging Markets Fund	-19.33%	37.72%	26.04%	-0.43%
iShares MSCI EM ETF	-20.10%	33.56%	24.43%	-1.44%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since Launch
Artemis Global Emerging Markets Fund	16.19%	43.43%	39.43%
iShares MSCI EM ETF	13.22%	30.86%	30.86%

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.

UPDATE….

This is a relatively new fund having just reached its 3rd year anniversary. It was launched at a really difficult time; in 2015 there were worries over China and the continued strength of the dollar. The markets seem to have bottomed in 2016 and now are starting to outperform developed markets. Valuations are not as cheap as they were, but they feel that earnings growth will drive valuations higher.

During this period the fund has been able to outperform both in up and down markets. The managers were keen to point out that they have been able to protect on the downside but not at expense of the upside capture. I guess our only comment on this is that the fund has only marginally dropped less than the index but over 3 years the fund has outperform the index.

The managers believe that the success behind the fund is driven by stock picking and not by countries. They believe they have a process in place that they have developed over several years and has a proven track record of success.

The types of companies they like include Geely (Chinese Car Manufacturer), Sunny Optical Technology, Top Glove (Malaysian Rubber Glove Manufacturer) and TatNeft (Russian Energy Company). They are overweight energy in Russia as they feel the valuations are cheap and in China they favour construction, utilities and financials.

They are underweight India, feeling companies are overvalued, but they are waiting for opportunities to arise. They are finding opportunities within China A Shares, and frontier economies like Vietnam and Kenya.

In terms of challenges they believe there will always be challenges in emerging markets especially political risk, but these challenges have been overcome in the past and will be overcome again. Much of the perceived risk must be put against better growth prospects and cheaper valuations.

In terms of the holdings they are currently trading at a 27% discount to the market and this they believe is where they stand out. They believe they have a contrarian approach, rigorous stock screening and manager insight which will deliver strong outperformance over the long term.

One question we would have on this approach and statement by the managers is that the number of holdings is high compared to many emerging market funds. This would suggest that there is less conviction in the stock picking. Equally the top ten holdings are low in percentage terms. On the flip side this could be to provide downside protection, but investors might be uncomfortable with this approach as it seems to go against everything they have said.

In Summary, the first three years have delivered strong performance. It is difficult to identify whether this is luck or skill as this is a period when emerging markets have staged a strong recovery. The manager seems contradictory in that the indication is that it is about stock picking and being different but there seems to be no conviction with a higher number of holdings and the top ten being only around 23% of the portfolio.

The source of information in this note has been provided by Artemis and is correct as at April 2018. 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. We would also recommend that you receive advice before following up on any decision.