SHINING A LIGHT ON THE……
Artemis Global Income Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to achieve a rising income combined with capital growth primarily from a portfolio of equities selected on a global basis.

Inception Date	19 July 2010
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000O7HT

Management	
Manager Name	**Start Date**
Jacob de Tusch-Lec	19 July 2010
Sam Morley	30 April 2016
James Davidson	29 November 2018

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	26.13%
Large	35.46%
Medium	23.66%
Small	13.62%
Micro	1.13%

Top 10 Holdings		
Total number of holdings	89	
Assets in Top 10 Holdings	27.99%	
Name	**Sector**	**% of Assets**
Rai Way SpA	Communication Services	4.19%
Citigroup Inc	Financial Services	3.62%
General Motors Co	Consumer Cyclical	3.17%
Infrastrutture Wireless Italiane SpA	Communication Services	3.00%
Blackstone Group Inc	Financial Services	2.71%
Broadcom Inc	Technology	2.55%
Bank Leumi Le-Israel BM	Financial Services	2.51%
Aviva PLC	Financial Services	2.15%
Microsoft Corp	Technology	2.09%
Sanofi SA	Healthcare	2.00%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.68%
3-Yr Mean Return (average)	2.46%

FUND PERFORMANCE

Performance from 1st January 2014 to 31st January 2020:

	2014	2015	2016	2017	2018	2019	2020
Artemis Global Income Fund	13.33%	6.98%	22.64%	11.61%	-12.50%	16.16%	-2.61%
MSCI World	7.71%	0.15%	6.77%	16.27%	-9.13%	24.86%	-0.32%

Performance over 12 months, 3 years, 5 years, and since launch:

	1 year	3 years	5 years	Since launch
Artemis Global Income Fund	7.01%	7.56%	37.89%	192.03%
MSCI World	16.17%	29.90%	41.49%	127.87%

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….

The fund was launch in 2010 and had an excellent track record for the first five years but since then the performance has dipped and it has significantly underperformed the index. The team are acutely aware of this and accept that they have not always been in the right place. It has meant clearing out some of the underperforming stocks and moving away from pure value. In terms of value they accept that things have changed with technology, low interest rates and QE. There can no longer be an expectation that something will revert to its normal price.

They still believe that old economy companies can survive but it is about choosing the right companies. In terms of autos they think VW and GM will be winners but Japanese companies will not have the same success because they are in the wrong part of the market. Citigroup is a financial services business which has streamlined such that even in a low interest rate environment they can pay dividends.

The fund continues to focus on dividends and Jacob explained that income vs growth has significantly underperformed other asset classes.

Moving forward they have a new member of the team who has provided a fresh pair of eyes. They have sold some stocks, increased weightings to the US and increased the market cap to provide better liquidity. The performance has not come back yet, but they are confident it will. The fund continues to have three buckets – growth (more cyclical exposure), core (bond proxy type stocks) and special situations (risk bucket).

Some of the holdings include Blackstone Holding which operates in the Private Equity space and Sanofi which has had a difficult time, but the CEO seems to be turning the company around. Iberdrola is a Spanish company leading the way in renewable energy, and Rai Way is an Italian company operating broadcast towers.

We have invested in the fund in the past at a time the fund was significantly smaller, and now it has assets of over £2 billion. We wonder whether the size of the fund has also hindered performance. It does seem that a mix of factors including style, size and income have all contributed to the underperformance.

Having a fresh pair of eyes has helped them to reposition the fund without losing sight of the core focus of the strategy to deliver an income. We still believe Jacob is a quality manager, but five years of underperformance is hard to reverse.

In summary, this fund had an excellent start but as the fund grew the performance dipped. Clearly, they are keen to reverse its fortunes and adding to the team is part of that. If an investor believes in Jacob, then there is an argument that this is currently cheap and now would be a time to invest. However, despite the changes the performance hasn't reversed so waiting might be a good option. It is also worth adding there are lots of options in the market other than this one and investors may want to look at the wider market.