

SHINING A LIGHT ON THE..... Artemis Global Income Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to grow both capital and income over a five year period. The Fund invests 80%-100% in company shares and up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third party funds, money market instruments, and derivatives.

Inception Date	19 th July 2010
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0000007HT

Management	
Manager Name	Start Date
James Davidson	29 th November 2018
Jacob de Tusch-Lec	19 th July 2010

FUND PERFORMANCE

Performance from 1st January 2016 to 30th April 2021:

	2016	2017	2018	2019	2020	2021
Artemis Global Income Fund	22.64%	11.61%	-12.50%	16.16%	0.39%	13.55%
FTSE World Ex UK TR	30.42%	13.45%	-2.68%	23.10%	14.15%	8.48%

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

	1 year	3 years	5 years	Since Launch
Artemis Global Income Fund	38.98%	17.77%	60.24%	241.81%
FTSE World Ex UK TR	34.44%	50.88%	113.70%	289.01%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
9.43	-	114.13	136.53	55.56	1.34	-3.64	Value/Large

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	18.56%
3-Yr Mean Return (average)	5.60%

Investment Style Details	
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 5 Holdings (71 holdings)		
Exxon Mobil Corp	Energy	3.40%
Anglo American PLC	Basic Materials	3.15%
Blackstone Group Inc	Financial Services	2.91%
Zegona Communications PLC	Communication Services	2.87%
Simon Property Group Inc	Real Estate	2.54%

Top 5 Sectors	
Financial Services	22.94%
Industrials	13.95%
Technology	13.24%
Basic Materials	11.41%
Consumer Defensive	7.41%

Top 5 Regions	
US	60.85%
Eurozone	15.48%
United Kingdom	9.82%
Asia – Developed	4.30%
Europe ex Euro	3.73%

UPDATE....

We have followed this fund for several years, and in the past invested in it. The manager has a good reputation but he has had a tough few years as growth has outperformed value. His style is not as a value manager but to get the yield (income), this is the part of the market he is naturally pushed towards, and therefore this has been a headwind for the strategy really since it was launched.

The fund is slightly different to it's peers with around a third of the fund in mid-cap stocks and the balance in large and mega cap. It has been split it into three buckets:

Risk and special situations (26%) – this includes companies like CRH, Samsung and Covestro and is a mix of value and cyclical

Dividend growth (34%) – this includes companies like Deutsche Post, MetLife and Broadcom and is a mix of quality and cyclical

Core income (40%) – this includes companies like Simon Property Group, Nextera Energy Partners and CocaCola and is a mix of quality and value

LWM Consultants Ltd

The fund has moved towards the recovery phase. An example of this would be Simon Property Group who run property malls in the US. They have also reduced exposure to banks and higher exposure to materials.

We discussed ESG and this is not an ESG fund as income investing tends to be about the past. By that he means investing into mature businesses who no longer need the cash and can distribute that back to shareholders. But there has to be a balance and it is about investing in companies who are taking ESG seriously and avoiding the potential value traps, especially as banks are not willing to finance those companies who do not engage.

Examples would be Aperam, who concentrate on the production of stainless and speciality steel using scrap metal which ends up in products like dishwashers and washing machines. Other examples include Hyundai, Infineon Steel and Nextera. They will have names that perhaps people do not like, like Exxon, but in this example they believe they are doing the right things. The important point is that although this is not an ESG fund, you shouldn't fight ESG because this could be negative for performance.

He also feels that the world is changing in many ways – people will not come back to the office 5 days a week, parts of Wales are testing universal credit, there are higher wage pressures and therefore active management is key to navigate this. He also believes that 2020 was proof that old economy stocks can fight back, and he is confident that the tide is turning and that the fund is well positioned moving forward.

In summary, this aims to deliver returns where the income makes up part of that. It has been on the wrong side of the line as most global funds have been focused on growth stocks and therefore not holding these has meant that the fund has lagged in performance. These stocks do not tend to provide a dividend and therefore he is naturally driven to other parts of the market to deliver that income. He feels that old economy stocks are fighting back and although this is not an ESG fund, he believes in investing on the right side and avoiding the value traps. We believe Jacob is a good manager and this is a fund that we continue to monitor.

The source of information in this note has been provided by Artemis and is correct as at May 2021. 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.