

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

**AT A GLANCE**

Investment Objective
The objective of the Fund is to grow both capital and income over a five year periods. 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.

<b>Inception Date</b>	6 <sup>th</sup> June 2000
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000003U78">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000003U78</a>

Management	
Manager Name	Start Date
Adrian Frost	1 <sup>st</sup> January 2002
Nick Shenton	1 <sup>st</sup> October 2012
Andy Marsh	1 <sup>st</sup> February 2018

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2016 to 30<sup>th</sup> April 2021:

	2016	2017	2018	2019	2020	2021
<b>Artemis Income Fund</b>	9.67%	11.75%	-10.47%	22.11%	-7.44%	8.72%
<b>FTSE All Share</b>	16.75%	13.10%	-9.47%	19.17%	-9.82%	9.70%

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

	1 year	3 years	5 years	Since launch
<b>Artemis Income Fund</b>	26.50%	7.18%	36.97%	468.83%
<b>FTSE All Share</b>	25.95%	7.68%	39.92%	162.26%

*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
3.52	72.40	99.37	100.08	44.44	1.05	-0.14	Value/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	17.32%
3-Yr Mean Return (average)	2.34%

Investment Style Details	
Giant	13.32%
Large	39.20%
Medium	32.12%
Small	6.88%
Micro	0.36%

Top 5 Holdings (45 equity holdings)		
3i Ord	-	6.14%
London Stock Exchange Group PLC	Financial Services	4.65%
Tesco PLC	Consumer Defensive	4.37%
Anglo American PLC	Basic Materials	4.06%
Smiths Group PLC	Industrials	3.46%

Top 5 Sectors	
Financial Services	28.52%
Communication Services	20.24%
Consumer Defensive	13.30%
Basic Materials	9.83%
Healthcare	6.11%

## UPDATE....

This was a brief update with the team. The fund is managed by a team of three with no analysts and no hierarchy. Each holding is debated between the team with constant challenging and an ability to adapt to change.

They believe in cash flow first, dividend second with a focus on total return. Since launch 70% of the return has come from the income. They are aware that they have dividend pressures but this has started to improve this year.

There is an argument that inflation is a bet against technology, however they think there are structural changes which could impact. These include costs of becoming more environmentally and socially aware, reversal of globalisation and cost of de-carbonising the world.

With these structural changes in mind, they have increased weightings to miners because of both structural demand pressures and in the short-term supply issues.

They are also positive for the UK for several reasons. Firstly, there has been a shift from growth to value, which favours the UK. Secondly the UK has been out of favour for some time and was about 3% of the global index. This has recently increased to 4% which is a big increase. Thirdly valuations compared to international counterparts are cheap.

As an example, Next is a digital survivor who is unappreciated by the market, trading on 16 times earnings vs shopify which is trading on 240 times earnings. Burberry is on a recovery path and trading on 25 times earnings vs LVMH which is trading on 33 times.

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Other examples are Sage, trading at 24 times vs Intuit at 40 times, Relx at 19 times vs MSCI at 44 times and Pearson at 22 times vs Chegg at 50 times.

In summary, this team have worked closely for several years and they believe the tide is turning in favour of the UK and that this will favour their strategy. They believe there are structural changes which will mean increased inflation and they are taking advantage of this by increasing areas like miners. They are also long-term holders and believe the process and stability will benefit investors over the long term.

*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.*