

# Artemis Positive Future Fund – April 2023

## LWM FUND SPOTLIGHT ARTEMIS POSITIVE FUTURE FUND

### INVESTMENT OBJECTIVE

To grow capital over a five year period by investing in companies which meet the manager's criteria for positive environmental and/or social impact. The Fund invests 80% to 100% in company shares and up to 20% in bonds, cash and near cash, other transferable securities, and other funds (up to 10%) managed by Artemis and third parties, money market instruments, and derivatives.

### INCEPTION DATE

6<sup>th</sup> April 2021

### FUND FACTSHEET

[https://www.morningstar.co.uk/uk/funds/sna\\_pshot/snapshot.aspx?id=F000016D6J](https://www.morningstar.co.uk/uk/funds/sna_pshot/snapshot.aspx?id=F000016D6J)

### MANAGEMENT

#### Manager Name

#### Start Date

Craig Bonthron

6<sup>th</sup> April 2021

Neil Goddin

6<sup>th</sup> April 2021

Jonathan Parsons

6<sup>th</sup> April 2021

Ryan Smith

6<sup>th</sup> April 2021

### RATIO DATA (1-year)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-17.50	1.82	-46.62	13.69	-24.26	56	48	16.42

### OTHER DATA

Benchmark	MSCI ACWI NR GBP
Fund Size	£27.30 million
Fees	0.90%

### BULL POINTS (PRO)

- Previously ran impact strategy at AEGON.
- 4 members of the team moved across from AEGON. Team has worked together for seven years.
- Continuity with previous strategy
- High conviction strategy.
- Positioned more towards small and mid-cap.

### BEAR POINTS (CONS)

- Poor performance.
- Short track record.
- Competitive space.
- Fund size.

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## FUND PERFORMANCE

Performance from 6<sup>th</sup> April 2021 – 31<sup>st</sup> March 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

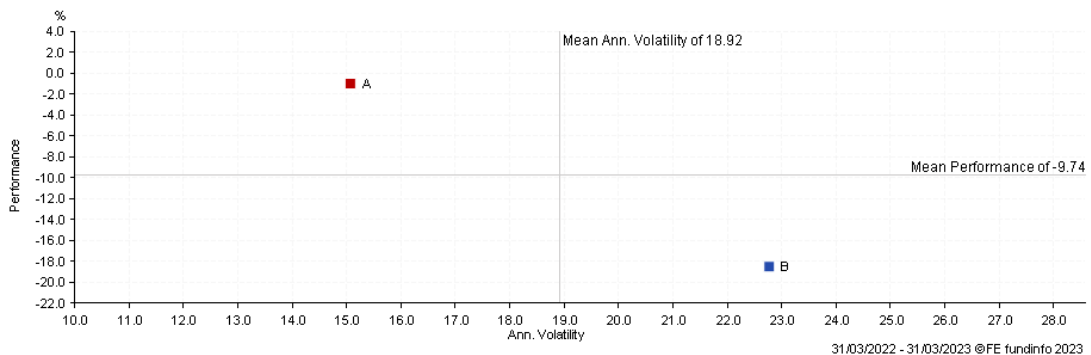


06/04/2021 - 31/03/2023 Data from FE.fundinfo2023

*Please 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.*

## VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



31/03/2022 - 31/03/2023 ©FE.fundinfo 2023

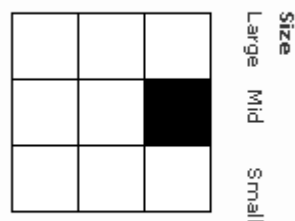
Key	Name	Performance	Annualised Volatility
■ A	MSCI World TR in GB	-0.99	15.07
■ B	Artemis - Positive Future I Acc GBP in GB	-18.48	22.77

# Artemis Positive Future Fund – April 2023

## MARKET CAP

### Morningstar Style Box®

Equity Style



Value Blend Growth

Style

**Avg Market Cap**

5.98 Bil

**Category Avg Market Cap**

4.25 Bil

**Index Avg Market Cap**

7.78 Bil

Size	Investment %	Cat. Average %	Index %
Giant	3.26	0.32	0.17
Large	16.18	3.59	8.81
Mid	46.79	41.94	68.79
Small	17.47	46.30	21.31
Micro	8.52	5.50	0.70

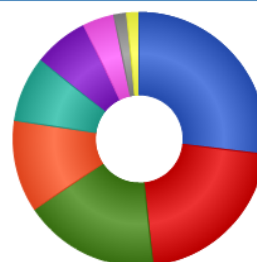
GBP | Investment as of 28 Feb 2023 | Category: Global Small/Mid-Cap Equity as of 28 Feb 2023 | Index: Morningstar Gbl SMID GR USD as of 31 Mar 2023 | Data is based on the long position of the equity holdings.

## SECTOR WEIGHTING

Sector Weightings as at January 31, 2023

Rank	Change	Name	%
1	►	HEALTHCARE & MEDICAL PRODUCTS	26.93
2	►	SERVICES	21.32
3	►	TELECOM, MEDIA & TECHNOLOGY	17.38
4	►	INDUSTRIALS	11.75
5	►	MONEY MARKET	8.30
6	►	HARDWARE	7.07
7	►	BIOTECHNOLOGY/MEDICAL	4.04
8	►	FOOD PRODUCERS	1.64
9	►	AUTOMOTIVE	1.59

▼ Faller ▲ Riser ► No Change ■ New Entry



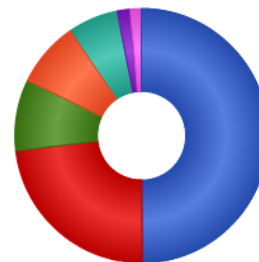
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## GEOGRAPHIC WEIGHTING

Region Weightings as at January 31, 2023

Rank	Change	Name	%
1		NORTH AMERICA	49.91
2	►	EUROPE EX UK	23.19
3	►	AUSTRALASIA	9.07
4	►	MONEY MARKET	8.30
5	►	UK	6.46
6	►	PACIFIC BASIN	1.64
7	►	JAPAN	1.44

▼ Faller    ▲ Riser    ► No Change    ■ New Entry



## HOLDINGS

Top 10 Holdings as at January 31, 2023

Rank	Change	Name	%	Sector Ranking*
1	▲	COCHLEAR	5.51	n/a
2	▼	AMPLIFON S.P.A.	4.99	n/a
3	►	DIASORIN S.P.A.	4.78	n/a
4	►	TOMRA SYSTEMS ASA	4.24	n/a
5	▲	PLANET FITNESS INC	3.70	n/a
6	▼	SOLAREEDGE TECHNOLOGIES INC	3.60	n/a
7	▲	IDP ED LTD	3.56	n/a
8	►	TETRA TECH, INC.	3.47	n/a
9	■	IQVIA HLDGS INC	3.37	n/a
10	▼	NIBE INDUSTRIER AB	3.37	n/a
<b>Total</b>			<b>40.59</b>	

\* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).



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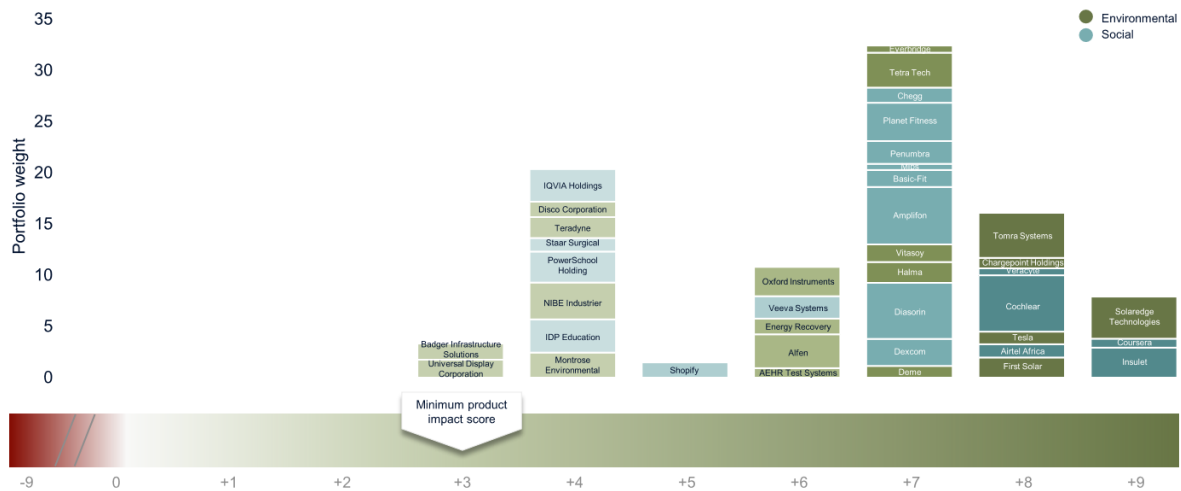
## LWM FUND ANALYSIS

The strategy was launched on 6<sup>th</sup> April 2021 and has just passed its two year track record. The team took over the Kames Sustainable Equity Fund in 2016 and transitioned this to an impact strategy before leaving and moving to Artemis. The team have worked together for seven years which is important when looking at a fund.

The strategy is looking to invest in those companies which are helping the transition to a cleaner world. They feel that too much is rested with how it is today but what they are looking for are those products which are going to change things. By the very nature of what they are looking for this really positions the fund towards small and mid-cap companies. The table below shows how they look at each company.

Framework	Intentionality	Additionality	Materiality		Product impact score
<b>Concept</b>	Alignment of mission with positive impact?	Disruption of an unsustainable system?	Significant impact if successful?	=	
<b>In-depth analysis</b>	<ul style="list-style-type: none"> <li>Clear mission and focus</li> <li>Authenticity</li> <li>Transparency</li> </ul>	<ul style="list-style-type: none"> <li>Innovative product</li> <li>Counter-positioned vs incumbents</li> <li>Disrupts existing market dynamics</li> </ul>	<ul style="list-style-type: none"> <li>Scale of challenge &amp; market size</li> <li>SDG alignment &amp; geographic focus</li> <li>Ability to scale</li> </ul>		

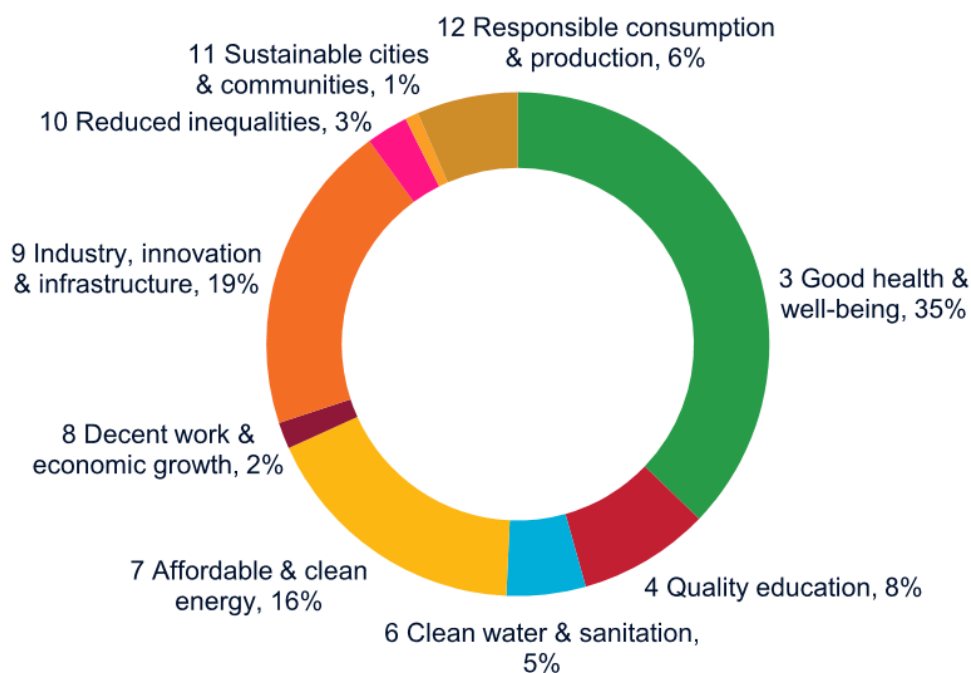
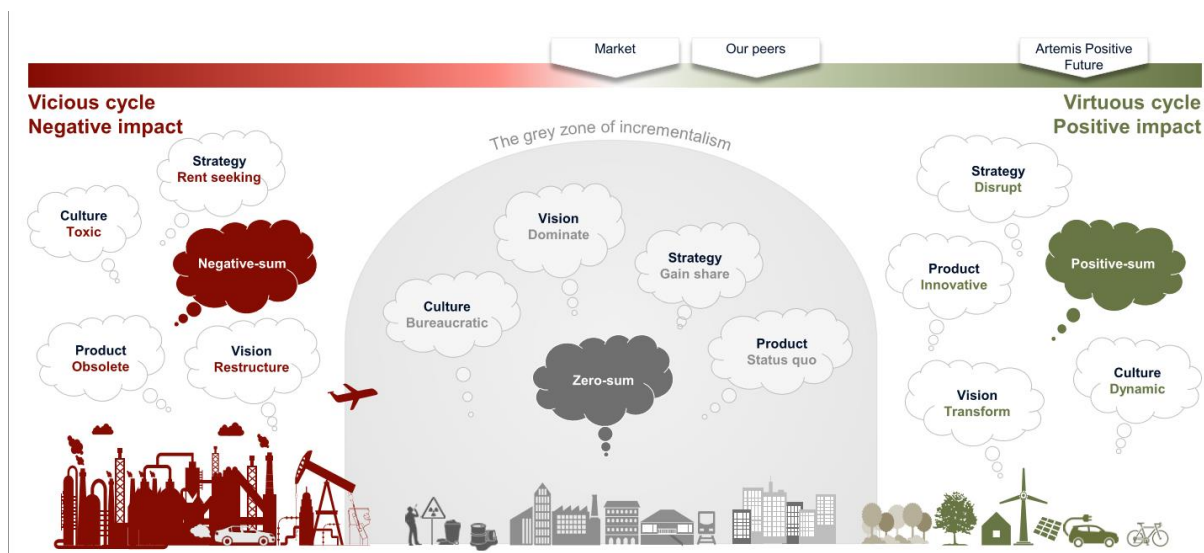
The minimum impact score for the strategy is +3. Below is a breakdown of current holdings:



The team are acutely aware that performance has been poor since it was launched. This is in part due to the focus on the smaller end of the market, which has been hit the hardest in the recent market correction, but also the fact that this is aimed at higher growth companies where valuations were perhaps too high. Some of these have come down by 45 to 35%.

They have learnt from this and have adopted a more cautious approach, whilst continuing to focus on the core aims of the strategy.

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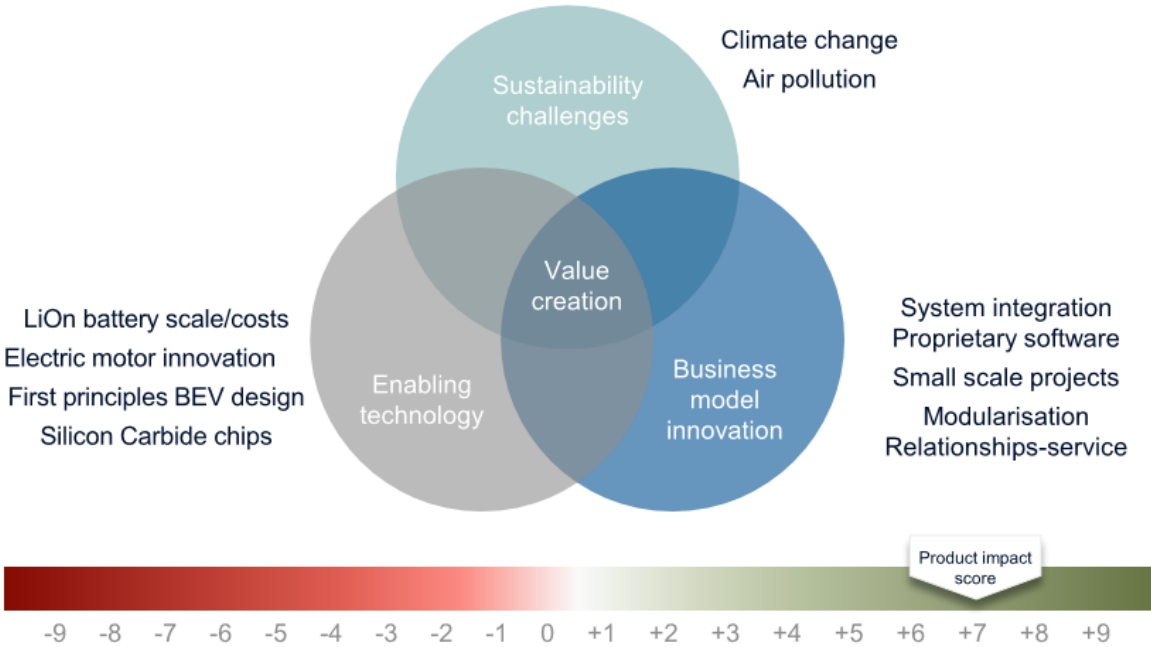
In terms of companies, around 9% are not profitable. This has come down as they have moved to a more cautious approach. Many of the strategies they hold they have held for many years and therefore they want to be long term holders and be part of the change.

They are also careful not to chase what they class as “moment” stocks. So, for example they wouldn’t hold Tesla, but they would consider a company which supplies to the electric car industry. They have holdings in companies which deliver turbines by sea because they are the only company which has the ships to do this. They also have investments in telecoms in Africa where payments are made by phone and therefore have a great impact on people’s lives.

An example stock would be Alfen NV whose products cover smart grid solutions, EV charging equipment and energy storage systems.

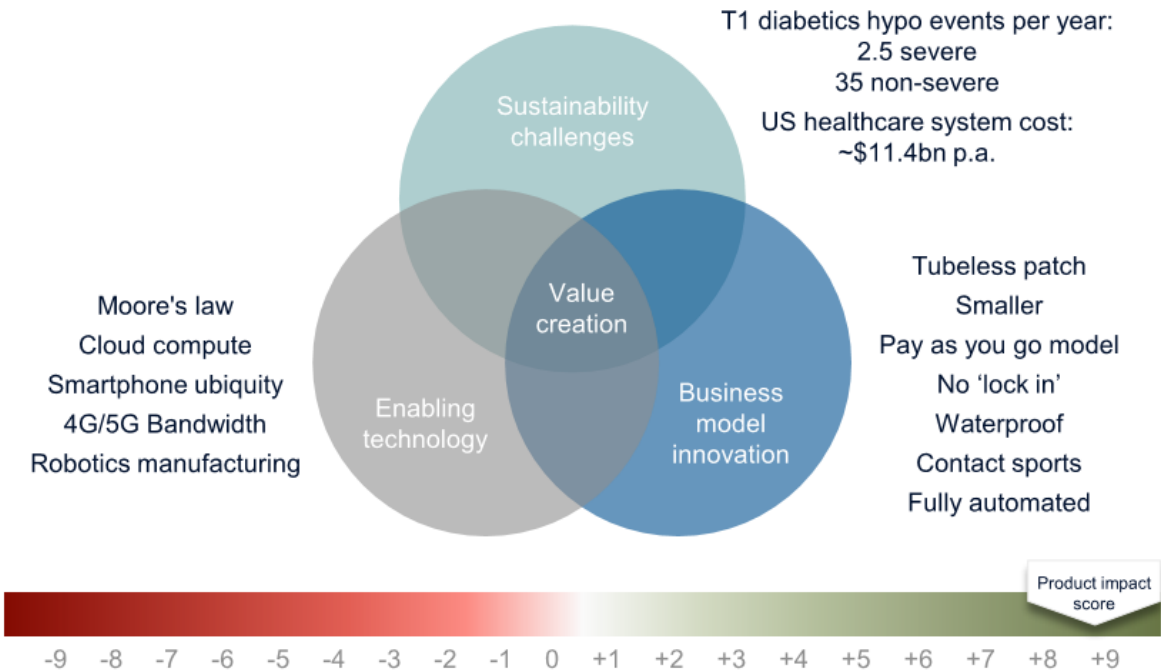
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**Transformative positive impact**  
Alfen estimates its technology reduced GHG emissions by 2.2m tons in 2021



Another example is Insulet who produce automated insulin delivery for better outcomes and lower healthcare costs.

**Transformative positive impact**  
Zero hypoglycaemic events and >15% increase time in optimal glucose range during the Omnipod 5 pivotal trial



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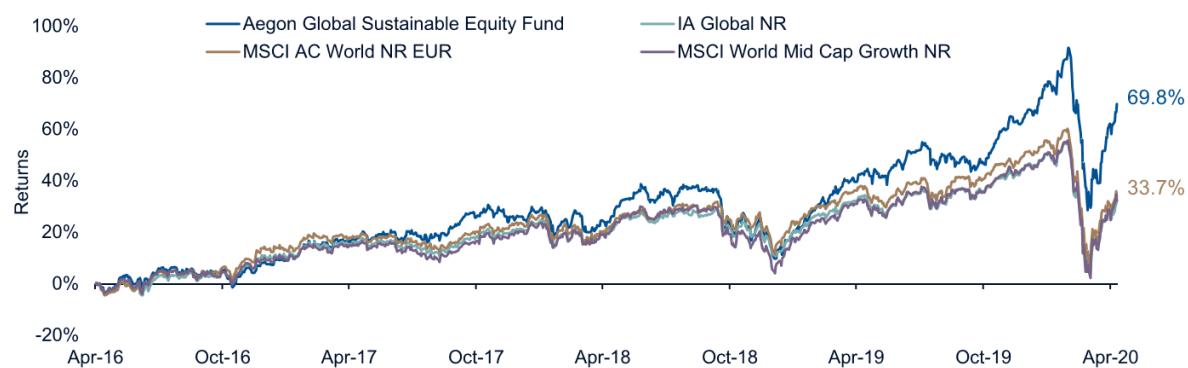
There are a greater number of “responsible” and “impact” strategies coming to market. The team have built an impact portfolio, first at Kames and now at Artemis, over several years and perhaps the timing has not been in their favour. The performance track record since launch may deter investors as might the fund size.

This is probably slightly different to other strategies in that it is focused on the higher growth companies and the smaller and mid-cap part of that market. Its closest competitors are Montanaro and AEGON (which was the old Kames Fund they managed). They have less than 10% crossover with Montanaro. There is a higher crossover with AEGON as we would expect.

Overall, the main names we would point to are Impax, Ninety One and Regnan. With little crossover this could be an interesting blend. The fact that many of the companies are profitable is important, and now that they are cheap, when the recovery comes this fund could do well from this.

For investors wanting to invest in companies which are delivering solutions towards meaningful change, this is a strategy to consider. There are others but this does seem true to its stated aims. The time of the launch was clearly unfortunate but perhaps that is a good thing. They have a track record and it is worth leaving with the chart below. From our side we would want to continue to engage with the team and see how things progress over the next 12 months.

### Prior performance record



	1 year %	2 years %	3 years %	4 years %	Since launch %
Aegon Global Sustainable Equity Fund	18.9	37.0	45.2	72.1	69.8
MSCI AC World NR EUR	-2.8	10.1	13.3	37.2	33.7
IA Global NR	-1.3	9.5	13.9	34.9	32.4

Past performance is not a guide to the future. Source: Lipper Limited, class B accumulation units in EUR from 21 April 2016 to 30 April 2020. All figures show total returns with dividends and/or income reinvested, net of all charges. Information shows prior performance of the Aegon Global Sustainable Equity Fund for Craig Bonthron and Neil Goddin as fund managers, Ryan Smith as ESG research oversight from 21 April 2016 to 30 April 2020. Jonathan Parsons joined as support manager from 1 January 2018 to 30 April 2020.

**The source of information in this note has been provided by Artemis and is correct as of April 2023. 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.**



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