

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

**AT A GLANCE**

<b>Investment Objective</b>	
The fund aims to achieve an above average level of income, together with the prospect of rising income and some capital growth over the longer term.	

<b>Inception Date</b>	26 May 1995
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0GBR04C7V">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0GBR04C7V</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Alex Ralph	1 February 2014

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	45.29%
Large	28.39%
Medium	26.32%
Small	0.00%
Micro	0.00%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	118	
<b>Assets in Top 10 Holdings</b>	18.24%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
United Kingdom (Government Of) 1.75%	-	5.94%
Legal & General Group PLC	Financial Services	1.79%
Pgh Cap 6.625%	-	1.63%
Nordea Bank AB	Financial Services	1.60%
Rbs Cap Tr li FRN	-	1.38%
Imperial Brands PLC	Consumer Defensive	1.27%
Amer Movil Sab	-	1.22%
Rwe Ag	-	1.20%
Aberforth Split Level Income Ord/Inc	-	1.12%
Aberdeen Asset Mgt 7%	-	1.10%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	4.75%
<b>3-Yr Mean Return (average)</b>	6.48%

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## FUND PERFORMANCE

Performance from 1 February 2014 to 31 October 2017:

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Artemis High Income Fund</b>	4.82%	2.74%	8.46%	7.95%
<b>Vanguard Global Bond Index</b>	6.36%	1.25%	3.51%	2.03%

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

	<b>1 year</b>	<b>3 years</b>	<b>Since fund manager tenure</b>
<b>Artemis High Income Fund</b>	9.63%	20.72%	26.10%
<b>Vanguard Global Bond Index</b>	0.37%	8.56%	13.74%

*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 has a track record going back to 1998; Alex Ralph took on the management in 2014 and has delivered strong performance since then. The fund predominately holds bonds, but has a small weighting to equities to achieve a high level of income; currently 5.49% (although this has reduced recently).

The fund has a bias towards financials because Alex believes these yield more than corporates, and is certainly the space to inhabit now. As an example, Just Retirement has delivered a total return of 35% over the last 12 months. Financials have benefited the fund performance, as has high yield and specific stock selection.

Detractors to performance include IKKS, New Look, BT Equity and Centrica Equity. IKKS has rallied in recent weeks.

In the UK the collapse in currency gave a short-term boost to the economy, but exports have not come through as expected. Firms aren't investing because they don't know the final outcome. Consumers are starting to struggle; house prices are coming down in London and this will likely flow out across the rest of the UK. The rise in rates has happened despite all the indicators showing the economy is weak; but it became a question of credibility.

In the US, Trump's bipartisan approach may provide some upside potential. Elections in Europe have lessened political risks. Going into 2018 (with the exception of the UK), the global economy looks to be in good shape. Inflation is more under control in the US and Europe.

Alex believes the current world is perfect for credit with low default rates. In the fund they always think about yield vs risk. Alex will not chase the market and buy for the sake of it. She is looking for yield but not at any price-and this has meant the yield has come down slightly.

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Financials remain a good area of investment especially banks like AMZ, Lloyds, HSBC, Barclays, ING and Societe Generale. She also likes US high yield.

Examples of holdings increased are RWE, EDF, Societe Generale, Lloyds, Just Retirement, Topaz, Constellium and Vista Jet.

In summary, for those seeking income this may be a fund to consider. This invests primarily in bonds with a small weighting to equities. The yield is good and volatility is low, but investors need to be aware that the yield has come down which is a reflection that it is becoming harder to deliver a healthy income.

*The source of information in this note has been provided by Artemis and is correct as at November 2017. 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.*