

Artemis Funds (Lux) – US Extended Alpha



William Warren
Fund manager, since
launch

Class I accumulation shares, USD

February 2020

Data as of 31 January 2020

The fund's aims

The fund aims to achieve long-term capital growth by investing in the shares of companies listed, quoted or traded in the United States of America.

Fund update

This fund combines a traditional long portfolio of US stocks with a number of short positions. A short position is when an investor borrows a share or other financial instrument (for a fee) and then sells it. The investor does this in the expectation that the price will fall and the share or position can be bought back at a lower price later, thus making a profit. The investor then returns the borrowed shares. Conversely, a 'long position' is the purchase of a similar asset in the belief that its price will rise, with the aim of making a gain from the increase.

US equities started the month well. Companies reported fourth-quarter profits that were generally better than expected. A further boost came from the cooling of tensions over trade between China and the US and the signing of a 'phase one' trade deal between the two countries in mid-January.

Later in the month came news of the outbreak of coronavirus in China. Concerns about the spread of the virus and its impact on global supply chains – and so on growth in the global economy – mounted. This wiped out the market's early gains and the S&P 500 index ended the month more or less flat.

The fund outperformed the benchmark over January. Our holdings in Microsoft and Norfolk Southern performed well after announcing strong results. Having relatively little invested in the energy sector (and specifically not holding Exxon) also helped returns. Shares in oil companies fell as concerns grew about a slowdown in the global economy. As investors sought safe havens, our holding in gold miner Franco Nevada made a good contribution. Apple also performed well – its results were better than investors had expected.

Meanwhile, economic data in the US continues to be relatively stable. Employment figures are positive and there is still no sign of inflation. While fourth-quarter earnings are confirming the good health of US companies, we remain cautious about the impact of coronavirus.

Composition

Top 10 long holdings

Microsoft	7.6%
Apple	5.2%
Alphabet	5.1%
Amazon	3.0%
Liberty Broadband	3.0%
Berkshire Hathaway	2.5%
Visa	2.3%
Facebook	2.3%
Norfolk Southern Railway	2.2%
Comcast A	2.2%

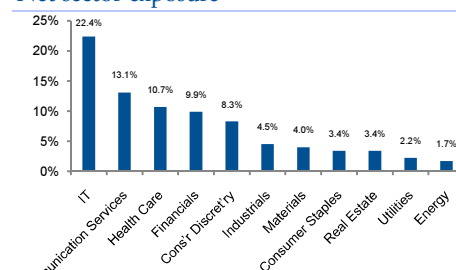
Source: Artemis as at 31 January 2020.

Top 10 shorts by sector

Communication Services	-0.9%
Industrials	-0.6%
Information Technology	-0.5%
Industrials	-0.4%
Consumer Staples	-0.4%
Information Technology	-0.4%
Consumer Staples	-0.4%
Industrials	-0.3%
Information Technology	-0.3%
Financials	-0.3%

Source: Artemis as at 31 January 2020.

Net sector exposure



Source: Artemis as at 31 January 2020. Please note figures may not add up to 100% due to rounding.

Fund exposure

	Long	Short	Net	Gross
Large > \$20 bn	88.3%	-8.3%	80.0%	96.6%
Mid	13.3%	-9.3%	4.0%	22.6%
Small < \$2 bn	0.1%	-0.5%	-0.4%	0.6%
Total	101.7%	-18.1%	83.6%	119.8%

Source: Artemis as at 31 January 2020.

Performance

Cumulative performance

	Since launch	5 years	3 years	1 year	6 months
Artemis Funds (Lux) – US Extended Alpha	102.6%	92.3%	54.1%	24.0%	9.9%
S&P 500 TR	83.2%	79.2%	50.3%	21.7%	9.3%

Data prior to 6 November 2018 constitutes simulated past performance as it reflects performance of another Artemis fund following the same investment strategy as this fund. Source: Artemis/Lipper Limited. All figures show total returns with dividends reinvested.

Discrete performance to year end

	2019	2018	2017	2016	2015
12 months to 31 December	28.5%	-3.1%	23.6%	9.4%	9.7%

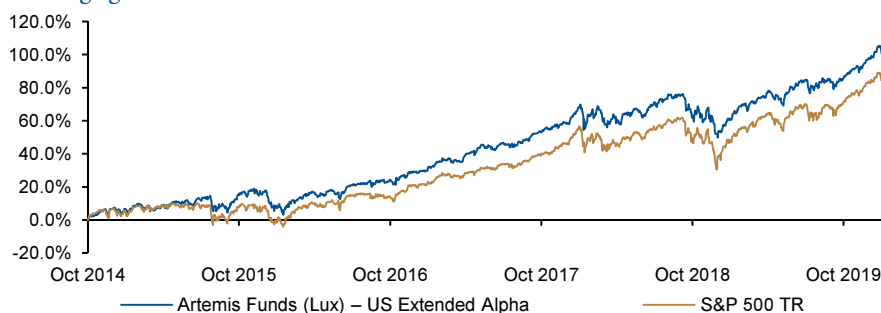
Please remember that past performance is not a guide to the future. Source as per cumulative performance table above. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 31 December	28.5%	-3.1%	23.6%	9.4%	9.7%

Please remember that past performance is not a guide to the future. Source as per cumulative performance table above. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

Percentage growth



Data prior to 6 November 2018 constitutes simulated past performance as it reflects performance of another Artemis fund following the same investment strategy as this fund. Source: Artemis/Lipper Limited. All figures show total returns with dividends reinvested.

Key facts

Fund type	SICAV
Focus	Capital growth
Asset class	Equity
Regional focus	USA
SEDOL	BGYHYY0
ISIN	LU1893893708
Type	Accumulation
Class currency	USD
Accumulation date	31 December
Valuation point	16:00 CET
Year end	31 October
Fund launch date	6 November 2018
Class launch date	6 November 2018
Class launch price	\$1.0000
SRRI	5
Fund size (mid basis)	\$1,083.8m

Source: Artemis as at 31 January 2020.

Price

Mid price	\$1.2322
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Source: Artemis as at 31 January 2020.

Charges

Initial charge	0%
Fund management fee	0.910%
Performance fee	20%

The fund management fee is shown as at the date of the Key Investor Information Document (KIID) where it is described as the 'ongoing charge'. A performance fee is charged only when the share price outperforms the fund's benchmark index by a minimum percentage. A full explanation of the fund's charges can be found in the KIID.

Risks and important information

THIS INFORMATION IS FOR INVESTMENT PROFESSIONALS ONLY. IT IS NOT FOR USE WITH OR BY PRIVATE INVESTORS.

The fund is a sub-fund of Artemis Funds (Lux) a Luxembourg domiciled open-ended investment company (SICAV) which is a UCITS fund. The Management Company of the SICAV is FundRock Management Company S.A. The Global Distributor and Investment Manager is Artemis Investment Management LLP. The fund issues, redeems and exchanges shares of different classes. The fund is registered in Austria, France, Germany, Italy, Luxembourg, Norway, Spain, Switzerland and the UK. Such registrations are subject to applicable local laws and regulations and some sub-funds and/or share classes may not be available in all jurisdictions. Shares in the fund may not be offered to the public in any other jurisdiction and this document must not be issued or distributed other than in circumstances which do not constitute an offer to the public and are in accordance with local laws and regulations. This document is issued for information purposes only and does not constitute the giving of investment advice nor does it constitute or form part of any offer or invitation to purchase, sell or subscribe for any investments or the solicitation of any offer or invitation, nor does it, or the fact of its publication, form the basis of, or can it be relied on, in connection with any contract therefore. Nothing contained in this document constitutes investment, legal, tax or other advice and it is not to be relied on in making an investment or other decision.

Subscriptions to a sub-fund may only be made on the basis of the current prospectus and the relevant Key Investor Information Document ("KIID") and Costs and Charges Information document, as well as the latest annual or interim reports.

Before subscribing you should read the Prospectus which includes important information about the risks associated with the fund.

The aforementioned documents can be obtained free of charge from the Global Distributor's website at artemisfunds.com, and/or its registered office at Cassini House, 57 St James's Street, London, SW1A 1LD and/or:

- in Austria: Erste Bank der Oesterreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Austria
- in France: CACEIS Bank France SA, 1-3 Place Valhubert, 75013 Paris.
- in Germany: German Fund Information Service UG (Haftungsbeschränkt), Zum Eichhagen 4, 21382 Brietlingen, Germany
- in Luxembourg: J.P. Morgan Bank Luxembourg SA, 6C route de Treves, L-2633 Sennengerberg, Luxembourg
- in Spain: Allfunds Bank SA, Estafeta, 6, La Moraleja, Complejo Plaza de la Fuente, Alcobendas 28109, Madrid
- in Switzerland: RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich which acts as the Swiss representative and paying agent.

The fund will use derivatives to meet its investment objective, to protect the value of the fund, to reduce

costs and with the aim of profiting from falling prices. The costs and benefits of currency hedging transactions will apply to hedged shares.

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