

Artemis Funds (Lux) – Short-Dated Global High Yield Bond



Stephen Baines
Fund manager, since launch



David Ennett
Fund manager, since launch



Jack Holmes
Fund manager, since 1 December 2019

Class I accumulation shares, EUR hedged

April 2020

Data as of 31 March 2020

The fund's aims

The fund aims to generate a return greater than the Secured Overnight Financing Rate, after the deduction of costs and charges, over rolling three-year periods, through a combination of income and capital growth.

Fund update

Review of the market – High-yield bond markets fell significantly as the coronavirus disease (Covid-19) began to spread rapidly across Europe and North America. Western governments, reacting to the outbreak less effectively than we had anticipated, found themselves with no option other than to implement draconian restrictions on freedom of movement. These will have significant implications for businesses across a wide range of industries.

In addition to the impact of Covid-19, the oil market (which makes up a large proportion of the high-yield market) experienced a significant change following an announcement from Saudi Arabia that it intends to compete aggressively for market share by cutting prices. Coupled with a sharp fall in demand due to the economic downturn, this led to a collapse in the oil price. We believe this represents a fundamental shift

in the economics of the energy industry, and will lead to diminished cashflows for many energy companies.

Performance this month – The fund fell by 13.3% in US dollar terms, and similarly for sterling and euro share class holders.

The major drags on performance this month were bonds issued by companies involved in the automotive, energy, leisure and transportation sectors. These are all areas where companies are likely to experience lower profits for any period where virus-related shutdowns are in place. For most companies, we think these bonds could quickly regain much of their losses on news that the outbreak is being contained.

A warning about risk – This fund invests in high-yield bonds. These are bonds issued by

companies which credit rating agencies regard as less safe and so pose a greater risk to capital. As a result, they pay a higher coupon (the regular payment made to holders of the bond). By analysing the prospects of companies who issue these bonds, the fund manager aims to find the right balance between risk and reward.

Fund moves – We took quick action in the fund to cut risk by selling some lower-rated bonds. We also sold bonds involved in the US energy sector immediately after the announcement from Saudi Arabia. We took advantage of lower prices in the market to add to a range of bonds.

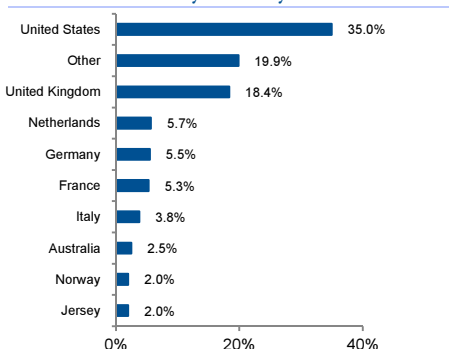
Composition

Top 10 holdings

TalkTalk 3.875% 02/20/2025	1.7%
International Game Tech 6.25% 02/15/2022	1.6%
Techem Verwaltungsgesell 2% 07/15/2025	1.5%
Qwest Corp 6.75% 12/01/2021	1.5%
FMG Resources Aug 2006 5.125% 05/15/2024	1.4%
Algeco Global Finance 8% 02/15/2023	1.4%
Ford Motor Credit Co 3.157% 08/04/2020	1.4%
APX Group 7.625% 09/01/2023	1.4%
HCA 5.875% 05/01/2023	1.4%
LHC Three 4.125% 2024	1.4%

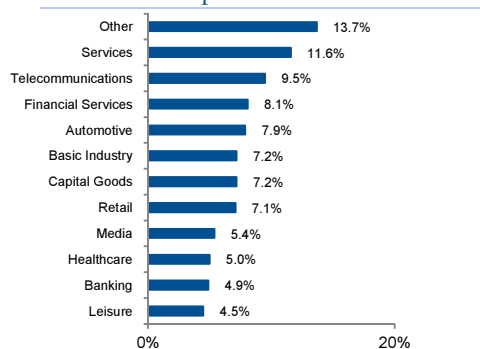
Source: Artemis as at 31 March 2020.

Asset allocation by country



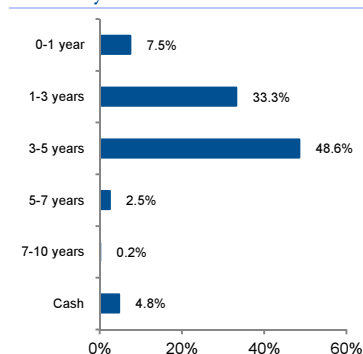
Source: Artemis as at 31 March 2020. Please note figures may not add up to 100% due to rounding.

Market sector split



Source: Artemis as at 31 March 2020. Please note that figures may not add up to 100% due to rounding and the cash holding.

Maturity breakdown



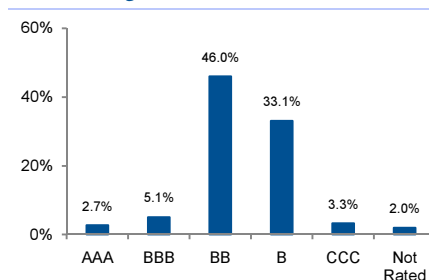
Source: Artemis as at 31 March 2020. Please note that figures may not add up to 100% due to rounding.

Currency exposure

US Dollar	49.3%
Euro	29.5%
British Pound	13.3%
Total	92.1%

Source: Artemis as at 31 March 2020. The aim is that once hedged the currency exposure will be close to 100% USD. Please note figures may not add up to 100% due to rounding and the cash holding.

Bond rating allocation



Source: As at 31 March 2020. Please note that figures may not add up to 100% due to rounding and cash holding.

Performance

Under European financial services marketing regulations, we are not permitted to provide information about the performance of this fund until 12 months after its launch date.

You may be able to obtain performance information from third parties.

Key facts

Fund type	SICAV
Focus	Income
Asset class	Bond
Regional focus	Global
SEDOL	BK58WF7
ISIN	LU1988889744
Type	Accumulation
Class currency	EUR
Accumulation date	31 March, 30 June, 30 September, 31 December
Valuation point	16:00 CET
Year end	31 October
Fund launch date	20 June 2019
Class launch date	20 June 2019
Class launch price	€1.0000
SRRI	3
Effective duration	1.1
Fund size (mid basis)	€134.5m

Source: Artemis as at 31 March 2020.

Price

Mid price	€0.8550
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Source: Artemis as at 31 March 2020.

Charges

Initial charge	0%
Fund management fee	0.410%

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 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). For further information, visit www.artemisfunds.com/sicav.

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