



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

**Class I accumulation shares, GBP hedged**

MARKETING MATERIAL

£0.9626

price at 31 Jul 2020

0.410%

ongoing charge

August 2020 (data as of 31 July 2020)

## OBJECTIVE AND INVESTMENT POLICY

<b>Objective</b>	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.
<b>Investment policy</b>	<ul style="list-style-type: none"> <li>The fund is actively managed.</li> <li>The fund will invest at least 80% in short-dated high-yield bonds which: <ul style="list-style-type: none"> <li>have a residual maturity of less than five and a half years;</li> <li>have an average duration, across all of the bonds held by the fund, between zero and two years; and</li> <li>either (a) have been given a credit rating of: (i) Ba1 or lower by Moody's; (ii) BB+ or lower by Standard &amp; Poor's; (iii) BB+ or lower by Fitch; or (b) have not been rated but which the manager believes would, if they were rated, be given a comparable credit rating.</li> </ul> </li> <li>The fund can invest in bonds of any type of issuer (for example government or corporates) with no restriction on economic or geographic areas.</li> <li>The fund intends to hedge its base currency against the currencies in which the underlying assets of the fund are denominated. There may be certain currency exposures where it is impractical or not cost-effective to apply the portfolio hedge, but the intention is that the fund will operate a target hedge ratio of 100%.</li> <li>In the event that any bonds held by the fund are subject to a restructuring process, the fund will be permitted to invest in new bonds or equity securities issued as part of the reorganisation process.</li> </ul> <p>The fund may also invest in:</p> <ul style="list-style-type: none"> <li>Up to 10% of its net asset value in asset-backed securities and mortgage-backed securities and/or distressed/defaulted bonds.</li> <li>Derivatives and other techniques for investment, hedging and for efficient portfolio management. The fund's derivatives may include, but are not limited to, contracts for difference, futures, options, swaps and forward currency contracts.</li> <li>Money market instruments, cash and near cash, subject to the limits set out in the investment restrictions.</li> <li>Other collective investment schemes, up to a maximum of 10% of the fund's net asset value.</li> </ul>
<b>Benchmark information</b>	<ul style="list-style-type: none"> <li>Secured Overnight Financing Rate (SOFR)</li> </ul> <p>The benchmark is a point of reference against which the performance of the fund may be measured. Management of the fund is not restricted by this benchmark. The deviation from the benchmark may be significant and the portfolio of the fund may at times bear little or no resemblance to its benchmark.</p>

## INVESTMENT COMMENTARY

### A warning about risk

This fund invests in high-yield bonds that are close to maturity, the point at which the bond is redeemed for face value. High-yield bonds are issued by companies that credit rating agencies regard as less safe and so pose a greater risk to capital. In compensation, they pay us a higher coupon (the regular payments companies make to their bondholders). By analyzing the prospects of companies who issue these bonds, we try to find the right balance between risk and reward.

### Performance in July

The Fund returned 2.1% (in US dollar terms) during July, which was well ahead of the cash target (+0.0%).

### As yields on government bonds fall...

The current combination of government bond markets receiving continued support from the Federal Reserve and expectations that short-term interest rates will remain low provides a positive backdrop for corporate bonds – including our high-yield bonds.

Better quality 'BB'-rated bonds led the market higher in July. This is a segment of the high-yield market in which investors can harvest useful additional yield but, should the economy underperform expectations, face less risk of material losses compared to lower-rated bonds.

### Two positives: Bombardier and McLaren

Two of the biggest contributors to performance this month performed well for company-specific reasons. Transportation manufacturer Bombardier received clearance from the EU to proceed with the sale of its rail division to Alstom for \$8.2bn. Meanwhile, supercar manufacturer McLaren resolved a disagreement with its bondholders by securing a cash injection from its shareholders.

### A negative: Europcar

The key negative contributor in July was car rental firm Europcar. It has been relying heavily on state support since the outbreak of Covid-19 and has been looking for a buyer to place its balance sheet on a sounder long-term footing. A press report stated that such efforts have been making little progress. We acted quickly, selling the position shortly after the news broke.

### Activity and positioning

One outcome of our investment strategy of holding short-maturity bonds is that we regularly receive cash as our bonds mature or as companies opt to repay their debts early. During July, we received early repayments from Williams Scotsman (2022 maturity), Sirius XM (2023), and Energizer (2025).

We made one new investment in July, participating in a new issue from travel media business Tripadvisor. We also increased our exposure to UK housebuilder Miller Homes. Miller is focused on building modestly priced suburban family homes in the UK regions, making it a beneficiary of ongoing government support for the sector (via the 'Help to Buy' scheme). It is also well-positioned for any shift in consumer preferences away from urban apartments post-coronavirus.

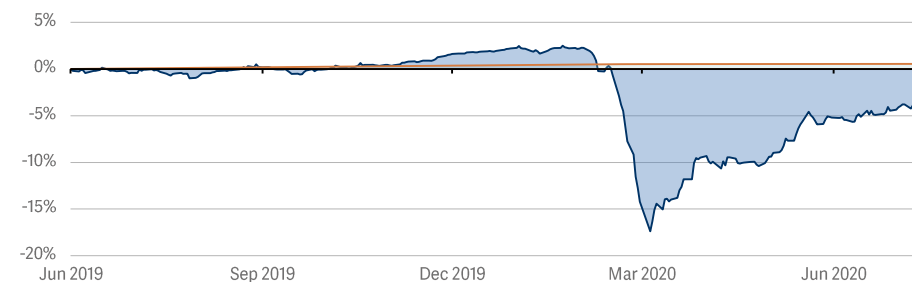
## PERFORMANCE

Past performance is not a guide to the future

### CUMULATIVE PERFORMANCE

	Since launch	1 yr	6 mo	3 mo	1 mo
Artemis Funds (Lux) - Short-Dated Global High Yield Bond	-3.7%	-3.6%	-5.3%	6.3%	2.0%
Sterling Overnight Index Average (SONIA)	0.5%	0.5%	0.1%	0.0%	0.0%

### PERCENTAGE GROWTH



■ Artemis Funds (Lux) - Short-Dated Global High Yield Bond  
■ Sterling Overnight Index Average (SONIA)

### 12 MONTHS TO 30 JUNE



	2020	2019	2018	2017	2016
■	-5.3%	n/a	n/a	n/a	n/a
■	0.5%	n/a	n/a	n/a	n/a

### 12 MONTHS TO 31 DECEMBER

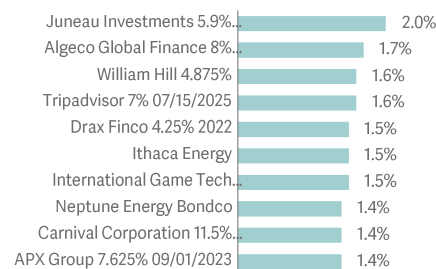


	2019	2018	2017	2016	2015
■	n/a	n/a	n/a	n/a	n/a
■	n/a	n/a	n/a	n/a	n/a

Source: Lipper Limited from 20 June 2019 to 31 July 2020. As this class is in a different currency to the fund's base currency, a local-currency equivalent benchmark has been used. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class.

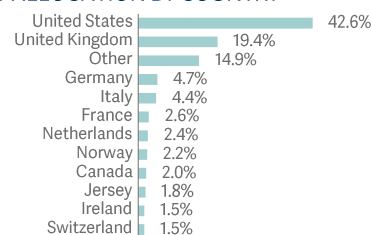
## COMPOSITION

### TOP 10 HOLDINGS



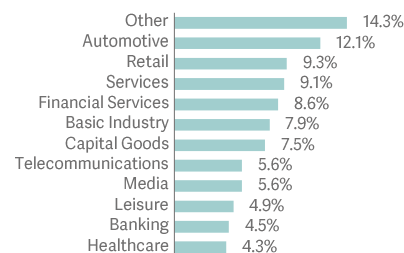
Source: Artemis as at 31 July 2020.

### ASSET ALLOCATION BY COUNTRY



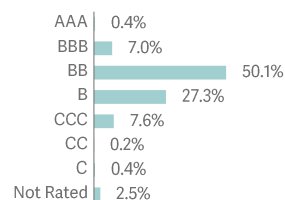
Source: Artemis as at 31 July 2020. Figures may not add up to 100% due to rounding and cash holdings.

### MARKET SECTOR SPLIT



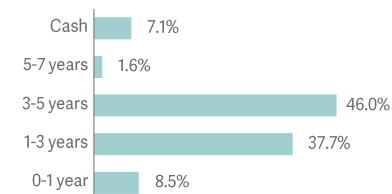
Source: Artemis as at 31 July 2020. Figures may not add up to 100% due to rounding and cash holding.

### BOND RATING ALLOCATION



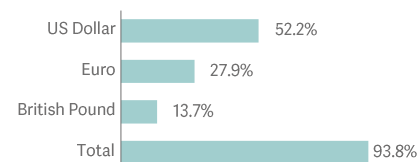
Source: As at 31 July 2020. Figures may not add up to 100% due to rounding and cash holdings.

### BOND MATURITY BREAKDOWN



Source: Artemis as at 31 July 2020. Figures may not add up to 100% due to rounding.

### CURRENCY EXPOSURE



Source: Artemis as at 31 July 2020. Figures may not add up to 100% due to rounding and cash holdings. The aim is that, once hedged, currency exposure will be close to 100% USD.

## RISK CONSIDERATIONS

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information which is available, along with the fund's Prospectus, from [www.artemisfunds.com](http://www.artemisfunds.com) or [www.fundinfo.com](http://www.fundinfo.com).

The fund is exposed to the following risks:

Market volatility risk	The value of the fund and any income from it can fall or rise because of movements in stockmarkets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
Currency hedging risk	The fund hedges with the aim of protecting against unwanted changes in foreign exchange rates. The fund is still subject to market risks, may not be completely protected from all currency fluctuations and may not be fully hedged at all times. The transaction costs of hedging may also negatively impact the fund's returns.
Income risk	Although the fund aims to pay a regular income, the payment of income and its level is not guaranteed.
Derivatives risk	The fund may invest in derivatives with the aim of profiting from falling ('shorting') as well as rising prices. Should the asset's value vary in an unexpected way, the fund value will reduce.
Credit risk	Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
Higher-yielding bonds risk	The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets (which are also known as sub-investment grade bonds) can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
Charges from capital risk	Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

## OTHER INFORMATION

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information which is available, along with the fund's Prospectus from [www.artemisfunds.com](http://www.artemisfunds.com) or [www.fundinfo.com](http://www.fundinfo.com).

The fund is a sub-fund of Artemis Funds (Lux) (a "SICAV"). For further information, visit [www.artemisfunds.com/sicav](http://www.artemisfunds.com/sicav).

The aforementioned documents can also be obtained free of charge from Artemis' 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 Senningerberg, 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.

Visit [www.artemisfunds.com/glossary](http://www.artemisfunds.com/glossary) for an explanation of investment terms.

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Any forward-looking statements are based on Artemis' current expectations and projections and are subject to change without notice.


Issued by Artemis Investment Management LLP which is authorised and regulated by the Financial Conduct Authority.

# FUND DATA


## INVESTMENT TEAM



**Stephen Baines**  
Fund manager,  
since launch



**David Ennett**  
Fund manager,  
since launch



**Jack Holmes**  
Fund manager,  
since 1 December  
2019

## KEY FACTS

Fund type	SICAV
Asset class	Bond
Focus	Income
Regional focus	Global
SEDOL	BK58WC4
ISIN	LU1988889587
Fund launch date	20 June 2019
Class launch date	20 June 2019
Class launch price	£1.0000
Class currency	GBP
Valuation point	16:00 CET
Year end	31 October
Accumulation date	31 March, 30 June, 30 September, 31 December
Fund size	£140.5m
Effective duration	2.1

Source: Artemis as at 31 July 2020.

## PRICE

Price	£0.9626
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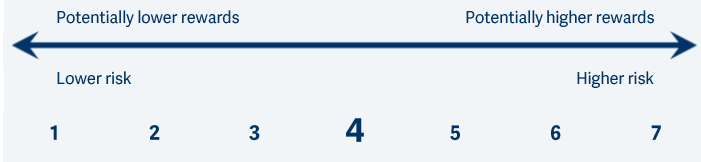
Source: Artemis as at 31 July 2020.

## CHARGES

Initial charge	0%
Ongoing charge	0.410%

The ongoing charge covers the annual operating expenses of running the fund and is shown as at the date of the Key Investor Information Document, where further information about the fund's charges can be found.

## RISK AND REWARD PROFILE



The fund is in the category shown due to historic volatility (how much and how quickly the value of shares in the fund may have risen and fallen in the past due to movements in markets, currencies and interest rates). It may not be a reliable indication of the future risk profile of the fund.

