

Artemis Pan-European Absolute Return Fund



Paul Casson
Fund manager, since
launch

Class I accumulation shares, GBP hedged

April 2020

Data as of 31 March 2020

The fund's aims

The fund aims to achieve a positive return over the longer term, notwithstanding changing market conditions, investing principally in the shares of companies listed, quoted or traded in Europe, including the UK.

Fund update

A short note about 'shorting' – This fund combines a traditional 'long' portfolio of European and UK stocks with a portfolio of short positions. Taking a 'long position' is the familiar act of buying a share in the belief that its price will rise, with the aim of making a gain from the increase.

In taking a 'short' position, we are expressing a belief that a company's share price will fall. We do this by borrowing a share or other financial instrument (for a fee) – and then selling it. We do this in the expectation that its price will fall and the share or position can be bought back at a lower price later, thus making a profit. We then return the borrowed shares.

Review of the market – The rosy view taken by financial markets in February in reaction to central banks' intervention dissipated rapidly in March. Despite an attempted rally late in the

month, equity markets in Europe and elsewhere fell sharply. By way of example, the FTSE World Europe ex UK index was down 11.4%. Government bond markets rallied, reflecting their 'safe haven' status. Contributing further to the intense unease of investors, the oil price almost halved. In aggregate, for equity investors, the first quarter of 2020 is the worst on record since 2002 and is certainly the fastest crash of all time.

Our performance this month – The fund fell 6.9%, which was less than the broader market.

In order, financials, communications and energy were the worst performing sectors for the fund during the month. Industrials, consumer discretionary and real estate all made money through short positions.

Every one of our top 20 contributing stocks in

March was a short position. Best among them was a roadside services company with a large amount of debt. In such a nervous market, investors are taking a very dim view of heavily indebted companies and this was also a feature of some of our other shorts. We did similarly well from travel, leisure and retail shorts. Simply put, around one third of the global population is in some degree of lockdown. Planes are not flying and shops are closed. The hit to profits will be dramatic and some companies will need to be bailed out.

Fund moves – We added two new long positions: Compass and Flow Traders. More generally, we added to long positions at attractive prices and took profits in short positions.

Composition

Top 10 long holdings

UK TSY (2020 3.75%)	10.0%
Deutsche Telekom	4.7%
Sanofi	4.6%
Danone	4.4%
Fresenius SE	4.3%
Vodafone Group	4.0%
Adecco	4.0%
GSK	3.6%
Imperial Brands	3.5%
Mediaset España Comunicación	3.2%

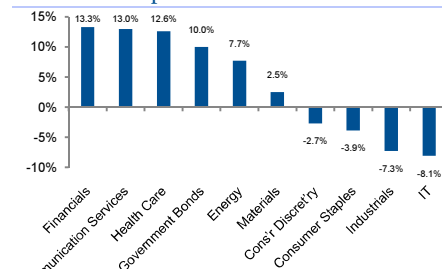
Source: Artemis as at 31 March 2020.

Top 10 shorts by sector

Consumer Discretionary	-3.7%
Information Technology	-3.4%
Consumer Staples	-3.3%
Financials	-3.3%
Consumer Staples	-3.1%
Consumer Discretionary	-3.1%
Communication Services	-3.1%
Consumer Staples	-3.1%
Consumer Staples	-3.0%
Industrials	-2.9%

Source: Artemis as at 31 March 2020.

Net sector exposure



Source: Artemis as at 31 March 2020.

Fund exposure

	Long	Short	Net	Gross
Large > £3.5 billion	74.7%	-48.7%	26.0%	123.4%
Mid	20.5%	-8.7%	11.8%	29.1%
Small < £500 million	2.2%	-3.0%	-0.8%	5.2%
Total	97.3%	-60.4%	36.9%	157.7%

Source: Artemis as at 31 March 2020.

Performance

Cumulative performance

	Since launch	5 years	3 years	1 year	6 months
Artemis Pan-European Absolute Return Fund	2.0%	-0.9%	-16.0%	-12.7%	-9.4%
LIBOR GBP 3 Month	3.5%	3.1%	2.0%	0.8%	0.4%

'Since launch' data from 14 July 2014. Source: Lipper Limited, mid to mid in sterling to 31 March 2020. All figures show total returns with dividends reinvested. Benchmark shown is a target that the fund aims to outperform: further information can be found in the fund's Key Investor Information Document.

Discrete performance to year end

	2019	2018	2017	2016	2015
12 months to 31 December	0.3%	-9.0%	4.8%	5.1%	14.0%

Past performance is not a guide to the future. Source: Lipper Limited. All figures show total returns with dividends and/or income reinvested, net of all charges and performance fees. 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 share class.

Discrete performance to quarter end

	2020	2019	2018	2017	2016
12 months to 31 March	-12.7%	-2.2%	-1.6%	8.7%	8.6%

Past performance is not a guide to the future. Source: Lipper Limited. All figures show total returns with dividends and/or income reinvested, net of all charges and performance fees. 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 share class.

Percentage growth



Data from 14 July 2014. Source: Lipper Limited, mid to mid in sterling to 31 March 2020. All figures show total returns with dividends reinvested.

Key facts

Fund type	OEIC
Focus	Capital growth
Asset class	Absolute return
Regional focus	Europe
SEDOL	BMMV4J1
ISIN	GB00BMMV4J16
Type	Accumulation
Class currency	GBP
Accumulation date	30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	14 July 2014
Class launch date	14 July 2014
Class launch price	100p
SRRI	4
Fund size (mid basis)	£7.2m

Source: Artemis as at 31 March 2020.

Prices and yield

Mid price	101.90p
Historic yield	0.45%

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Charges

Initial charge	0%
Ongoing charge	0.900%
Performance fee	20%

The ongoing charge includes the annual management charge of 0.75% and is shown as at the date of the Key Investor Information Document (KIID), where a full explanation of the fund's charges can be found. A performance fee is charged as 20% of any outperformance of the share class against the greater of the LIBOR 3 month index or zero. A full explanation of the fund's charges can be found in the KIID.

Risks and important information

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information Document and Costs and Charges Information document, which are available, along with the fund's Prospectus, from artemisfunds.com

There is no guarantee that the fund will achieve a positive return over the longer term or any other time period and investors' capital is at risk. A net long position may mean the fund experiences a loss if equity markets fall; conversely, a net short position may result in a loss even if markets rise.

The value of any investment, and any income from it, can rise and fall with movements in stockmarkets, currencies and interest rates. These can move irrationally and can be affected unpredictably by diverse factors, including political and economic events. This could mean that you won't get back the amount you originally invested.

The fund's past performance should not be considered a guide to future returns.

The fund will use derivatives (financial instruments whose value is linked to the expected price movements of an underlying asset) for investment purposes, including taking long and short positions, and may use borrowing from time to time. It may also invest in derivatives to protect the value of the fund, reduce costs and/or generate additional income.

Investing in derivatives also carries risks, however. In the case of a 'short' position, for example, where the

fund aims to profit from falling prices, if the price of the underlying asset rises in value, the fund will lose money. The fund may hold large cash deposits with the aim of protecting the value of the fund. This can mean that, when markets are rising, the return on your investment will be less than if it were fully invested in other types of asset.

The costs and benefits of currency hedging transactions will apply to hedged shares.

Artemis Fund Managers Limited is entitled to a performance fee calculated as 20% of any outperformance of the share class against the greater of the LIBOR 3 month index (in the relevant currency) or zero. The performance fee is accrued daily but only charged at the end of the fund's financial year if conditions are met. Any underperformance will be carried forward into the next financial year and must be recovered before any performance fee can be paid. Third parties (including FTSE and Morningstar) whose data may be included in this document do not accept any liability for errors or omissions. For information, visit artemisfunds.com/third-party-data.

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