

# Artemis US Extended Alpha Fund



William Warren  
Fund manager, since  
launch

Class I accumulation shares, GBP

**September 2019**  
Data as of 31 August 2019

## 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

Trade tensions and fears of recession continued to weigh on the US market in August. A number of economic indicators came in weaker than expected and, in the bond market, the yield curve inverted (traditionally viewed as a harbinger of recession). Mixed messages from the US administration contributed to the increase in volatility.

Against that unpromising backdrop, US companies actually reported second-quarter earnings that beat expectations – aggregate earnings for the S&P 500 grew 1% over the quarter. We aren't getting carried away, however: we don't anticipate a quick resolution to the US/China trade war and expect this to continue to weigh on markets and corporate spending.

The fund outperformed the falling market. Some of our more defensive holdings supported

performance. Government contractor Booz Allen Hamilton performed well following a solid set of quarterly numbers. Crown Castle (mobile phone towers) also did well. Investors appreciate the predictability of its revenues (due to its long-term contracts) and its attractive dividend.

Animal healthcare stock Zoetis made the biggest contribution to performance after reporting another solid set of quarterly numbers and raising its guidance on future profits. It continues to deliver better growth in sales than its peers. It does this through strong growth in core products but also by innovation and new products. Synergies from the recent acquisition of Abaxis are helping the bottom line.

Other contributors included Boeing, which performed better on the month. Home retailer Lowe's, meanwhile, delivered a good set of

results and demonstrated that its turnaround story is making progress.

The more volatile environment and negative news helped many of our short positions. Two of them – a longstanding position in an industrial company and one in a smaller software company whose revenues missed expectations – featured among the month's top contributors.

Feeling that the current positioning of the portfolio is well suited to the current environment, we have not changed its shape. We doubt there will be any swift resolution of Trump's trade wars. And although a recession doesn't appear to be imminent, economic indicators are weakening. A cautious stance seems warranted.



Third party endorsements are not a recommendation to buy. For information, visit [artemisfunds.com/endorsements](https://www.artemisfunds.com/endorsements).

## Composition

### Top 10 long holdings

Microsoft	6.8%
Treasury Bill 07/16/2020	5.0%
Visa	3.6%
Alphabet	3.3%
Comcast A	3.1%
Boeing	3.1%
Zoetis Inc	3.0%
Berkshire Hathaway	2.8%
Amazon	2.8%
Booz Allen Hamilton	2.7%

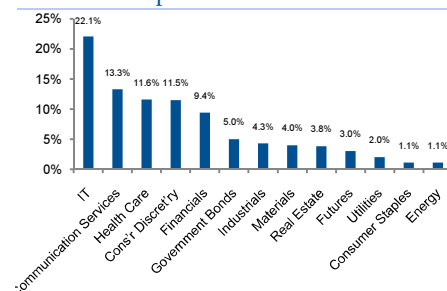
Source: Artemis as at 31 August 2019.

### Top 10 shorts by sector

Financials	-0.8%
Industrials	-0.7%
Financials	-0.5%
Information Technology	-0.5%
Communication Services	-0.5%
Consumer Staples	-0.5%
Information Technology	-0.5%
Industrials	-0.4%
Industrials	-0.4%
Information Technology	-0.4%

Source: Artemis as at 31 August 2019.

### Net sector exposure



Source: Artemis as at 31 August 2019.

### Fund exposure

	Long	Short	Net	Gross
Large > \$20 bn	86.2%	-11.2%	75.0%	97.4%
Mid	23.5%	-8.9%	14.7%	32.4%
Small < \$2 bn	3.7%	-1.3%	2.5%	5.0%
Total	113.5%	-21.3%	92.2%	134.8%

Source: Artemis as at 31 August 2019.

Performance

Cumulative performance

	Since launch	3 years	1 year	6 months	3 months
Artemis US Extended Alpha Fund	144.9%	64.4%	13.2%	19.5%	12.2%
S&P 500 TR GBP	115.8%	53.9%	9.8%	15.9%	10.6%
IA North America NR	98.9%	48.5%	7.4%	14.0%	9.0%
Position in sector	7/80	14/88	14/101	10/102	8/102
Quartile	1	1	1	1	1

'Since launch' data from 19 September 2014. Source: Lipper Limited, mid to mid in sterling to 31 August 2019. All figures show total returns with dividends reinvested. Sector is IA North America NR. First benchmark shown is a target that the fund aims to outperform; IA sector benchmark is for comparison: further information can be found in the fund's Key Investor Information Document. This class may be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

Discrete performance to year end

	2018	2017	2016	2015	2014
12 months to 31 December	3.5%	12.6%	31.8%	15.2%	n/a

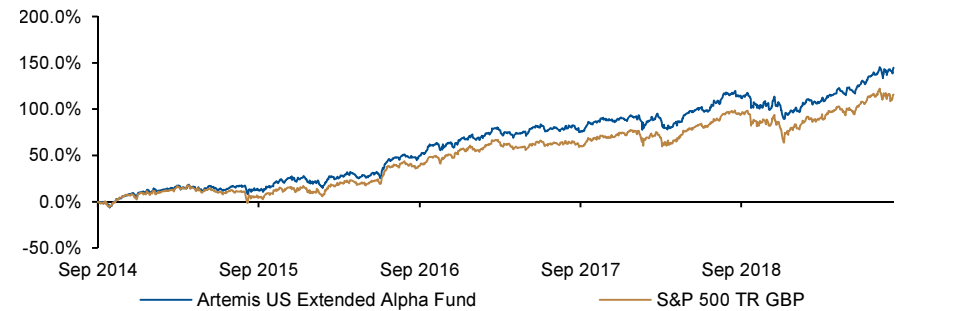
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the fund was launched on 19 September 2014, complete five year performance data is not yet available. Returns may vary as a 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 30 June	14.8%	12.8%	28.4%	22.8%	n/a

Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the fund was launched on 19 September 2014, complete five year performance data is not yet available. 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 19 September 2014. Source: Lipper Limited, mid to mid in sterling to 31 August 2019. All figures show total returns with dividends reinvested.

Key facts

Fund type	OEIC
Focus	Capital growth
Asset class	Equity
Regional focus	USA
IA sector	IA North America NR
SEDOL	BMMV5G5
ISIN	GB00BMMV5G59
Type	Accumulation
Class currency	GBP
Accumulation date	30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	19 September 2014
Class launch date	19 September 2014
Class launch price	100p
SRRI	5
Fund size (mid basis)	£578.1m

Source: Artemis as at 31 August 2019.

Prices and yield

Mid price	244.87p
Historic yield	0.03%

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	0.870%
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). 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

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](http://artemisfunds.com)

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 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 S&P500 index. 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.

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