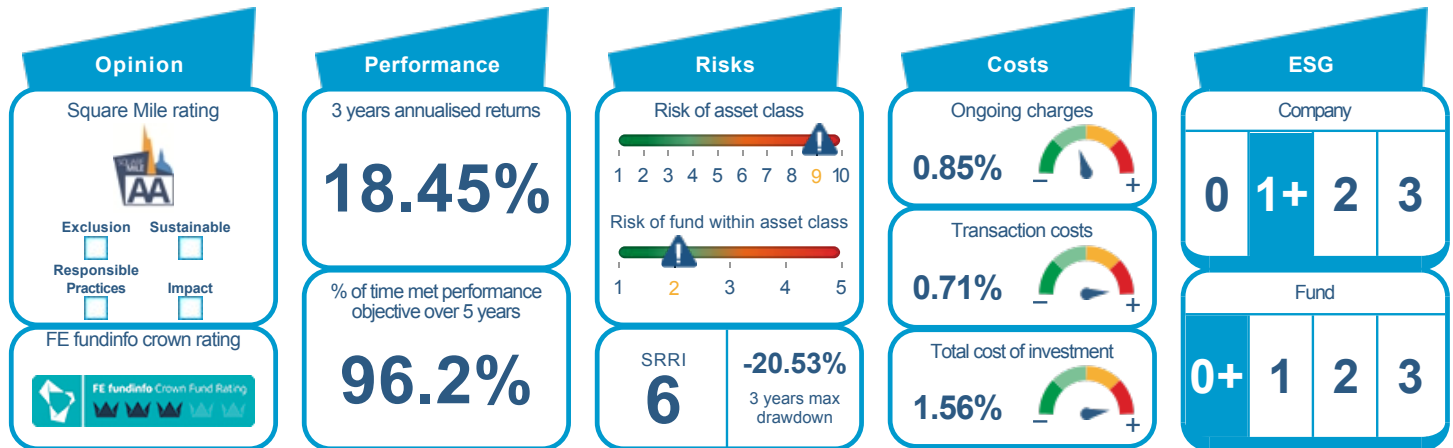


# Artemis US Select I Acc GBP

November 2021  
Investment Research



## Overview

The focus of the fund is on growing the capital value of investments over time through a portfolio of US equities. Whilst equities can lose money over short to medium time periods, over longer time periods, and particularly over multiple investment cycles, equities, in aggregate, have proved an extremely successful way of accumulating capital.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

## Square Mile Expected Outcome

We believe outperformance of the S&P 500 index by 1% per annum over rolling five year periods is a reasonable expectation.

<b>Active/Passive:</b> Active	<b>Domicile:</b> United Kingdom
<b>Asset Class:</b> Equity	<b>IA Sector:</b> IA North America
<b>Launch Date:</b> 19/09/2014	<b>Fund Size (as at 10 Nov 2021):</b> £2823.0m
<b>Yield:</b> 0.02%	<b>Distribution Pay Date:</b> Mar 01 (Final)
<b>Fund Manager:</b> Cormac Weldon	<b>Ongoing Charge Figure:</b> 0.85%
	<b>Transaction Cost ex Ante:</b> 0.71%



## Fund Opinion

This fund encompasses the best ideas of the Artemis US equity team within a product that is run using sensible guidelines. Investing across the market capitalisation spectrum, it has been purposefully designed not to expose its investors to any overt style tilts, nor take on excessive levels of risk.

Its manager, Mr Weldon, has a strong pedigree of running US equity mandates and follows an identical investment process to that used through the bulk of his career. This process combines detailed company analysis with an appreciation of the wider economic environment. Indeed, Mr Weldon delivered a highly credible set of returns managing a very similar mandate from November 2001 to the end of 2013 at (Columbia) Threadneedle Investments. We believe the team's diverse skill set and fairly flat structure complements the overall investment approach. We acknowledge that compared to a number of its competitors, the team is by no means large, but in this case we think its size is advantageous as it leads to swift decision making.

Overall, we have confidence that Mr Weldon has the ability and supporting resources in place to provide investors with an attractive return profile over the long term, and to meet the fund's expected outcome. Although the fund is managed with a consideration for its benchmark, the US equity market can be prone to short term moves in sentiment, and the fund's return profile may substantially differ, particularly over shorter periods.

## Fund Description

The company ethos at Artemis is one that affords the underlying fund managers and investment teams the freedom to pursue their individual investment styles. This strategy is managed by team head, Cormac Weldon, who has lengthy experience running US equity mandates; most notably during his 16 year tenure at Threadneedle Investments (now Columbia Threadneedle Investments). Mr Weldon joined Artemis in May 2014 and over recent years, has built up the ten member team. In addition to this fund, he is the lead manager on the US Equity and US Smaller Companies funds.

The team members operate under the philosophy that investors can be slow to price in the implications of change and that by using a style-agnostic approach they can outperform the market regardless of underlying conditions. The investment process is tried and tested and is, in fact, identical to the approach that was employed at Threadneedle. The team conducts a significant amount of macro economic analysis in order to understand the cyclical and secular trends as well as the broader outlook for the US economy. This attempts to identify emerging themes for parts of the market that are set to benefit from economic developments as well as those that might experience difficulty.

In addition to their macro research, potential stock ideas can originate from a variety of sources including (but not limited to) broker research and company meetings. Once a promising stock has been identified, analysis is carried out in order to develop an investment thesis. The analysts evaluate companies from a number of perspectives such as their business models, financial health, management team and, ultimately, valuations. A company's prospects are considered over a number of years but valuation forecasting is confined to just one year - the period in which the team believes that forecasts can be made with a reasonable level of accuracy. The underlying belief is that all issues impacting a firm can, and should, be distilled into numbers and these are used to evaluate downside risk versus upside potential. Essentially, the investment process seeks companies that have an upside/downside ratio of at least 2:1, i.e. for every unit of downside risk, a stock should have at least twice the upside potential. The analysts model the impact that expected scenarios might have on the share price and develop a range of outcomes.

This fund represents the team's best ideas taken from across the market capitalisation range. The final portfolio is typically invested across 40-60 companies with some consideration for the fund's S&P 500 benchmark index. For example, stock positions are kept within 5% of their respective index weight whilst sector deviations remain within 10%.

## Risk Summary

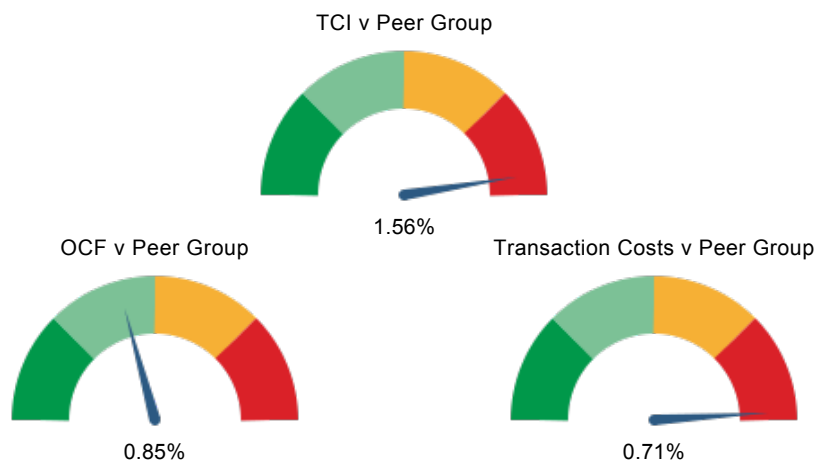
The fund invests in US equities, which is a highly efficient stock market and one that can be prone to short and sometimes sharp shifts in investor sentiment. The fund will also be exposed to currency movements between the US dollar and sterling.

Although the fund operates within sensible parameters at the sector level, the manager's stock selection can result in fund returns significantly deviating from the index. We believe that for such a strategy any investment should be considered over the longer term.

## Value for Money

The fund's ongoing charge figure (OCF) is in line with the active North American equity peer group average. Though, its transaction costs (an expense not included in the OCF) are significantly higher than average. The manager's approach, which combines a significant amount of macroeconomic research with in-depth company analysis, can lead to higher levels of trading activity and subsequent transaction costs. Whilst this has resulted in a higher than average total cost of investment (TCI), we believe such fees are worth paying for, as the fund has the right ingredients to outperform such an efficient market, in our opinion.

Furthermore, in line with the MiFID II regulations, asset management firms are required to disclose all of the costs and charges related to the running and administration of their funds, including items outside of the OCF, such as research costs. Artemis absorb the costs associated with its research.



## ESG Integration

<b>Company Assessment</b>	0	1+	2	3
The company has made ESG factors available to the investment teams as an input to their analysis, but they are not compelled to consider that as a factor when making investment decisions.				
<b>UN PRI Strategy &amp; Governance Rating</b>	A+			
<b>Fund Assessment</b>	0	1	2	3
The fund manager has begun to evaluate how they may incorporate ESG into their investment process.				

## Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Additional Information

<b>Annualised Return</b>	18.45%
<b>Annualised Volatility</b>	17.40%
<b>Max Drawdown</b>	-20.53%
<b>Max Gain</b>	14.72%
<b>Max Loss</b>	-20.53%
<b>Sharpe Ratio</b>	1.02
<b>Sortino Ratio</b>	0.98

(3 years data to last month end unless otherwise stated)

### Currency of Share Class

GBP

### Fund Price (as at 12 Nov 2021)

331.6 pence

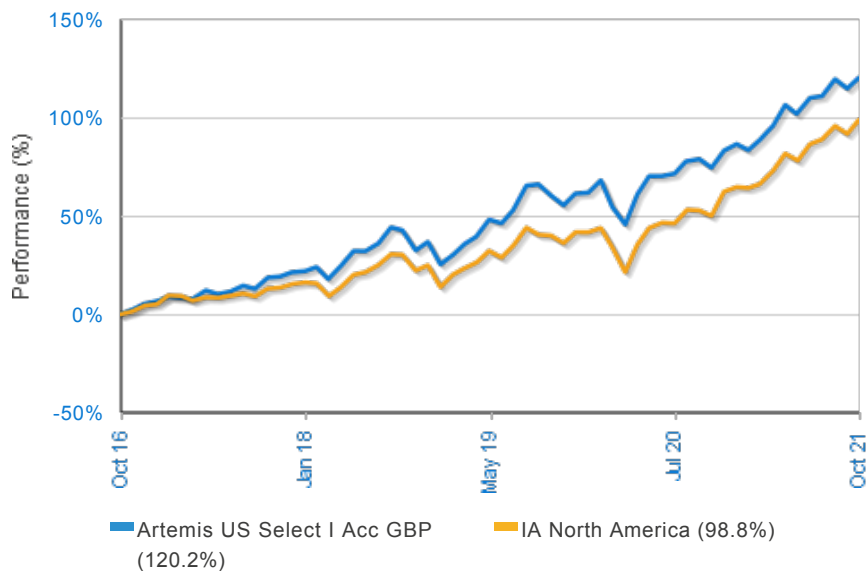
### Benchmark

S&P 500

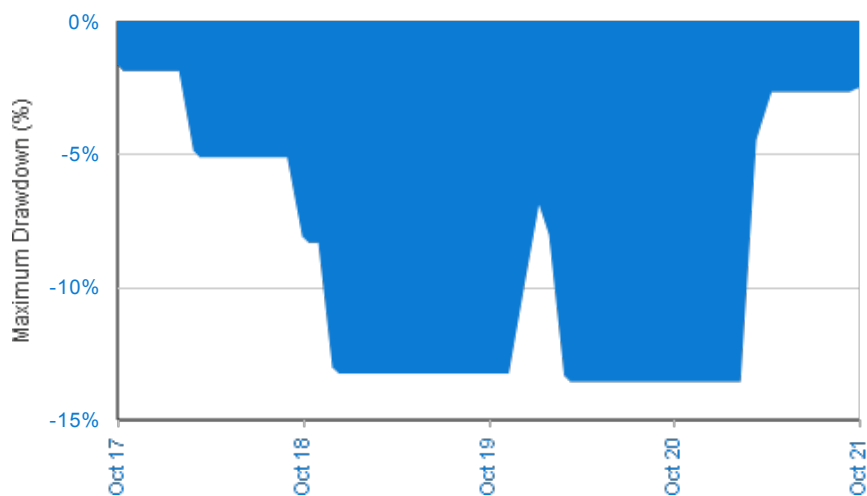
## Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	20.0	25.4	4
12-24m	11.6	9.1	2
24-36m	12.3	7.4	1
36-48m	26.3	19.3	1
48-60m	18.9	14.6	1

## Capital Growth



## Maximum Drawdown (Rolling 12 Months)



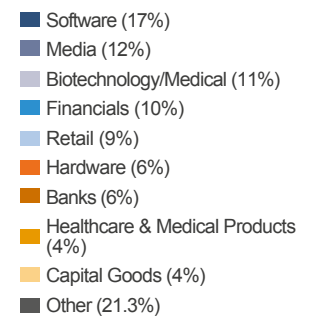
## Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
ALPHABET INC	6.9
APPLE INC	6.0
MICROSOFT CORP	5.9
META PLATFORMS INC	4.3
JPMORGAN CHASE & CO	4.2
GOLDMAN SACHS GROUP INC	4.0
VISA INC	3.1
AMERICAN EXPRESS CO	2.8
THERMO FISHER SCIENTIFIC INC	2.7
LOWES COMPANIES INC	2.6

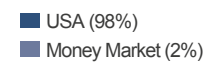
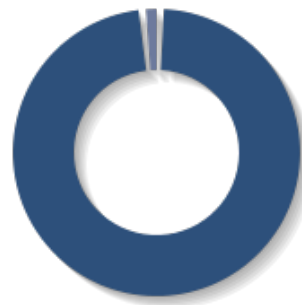
## Sector Breakdown

(Data as at 30 Sep 2021)

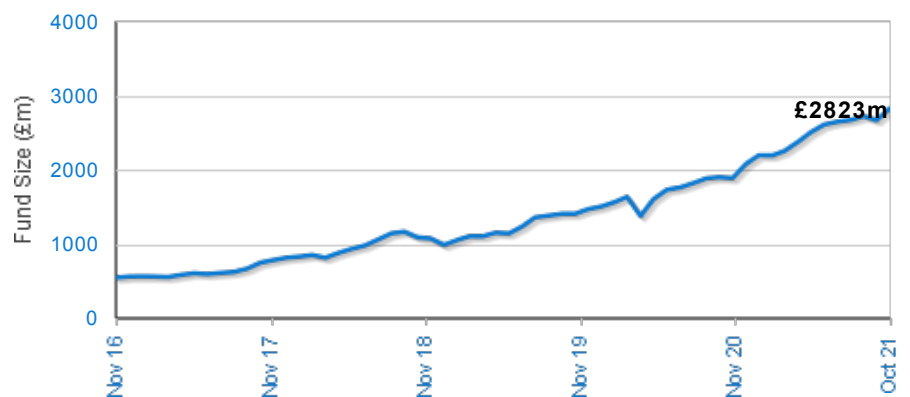


## Geographic Breakdown

(Data as at 30 Sep 2021)



## Assets Under Management



## Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk	●		
Liquidity Risk			●
Emerging Markets Risk			●
Derivative Risk			●
Manager Risk	●		

### Equity Risk

The fund is predominately invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

### Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

### Credit Risk

This fund does not have exposure to corporate debt.

### Exchange Rate Risk

The fund predominately invests abroad and it is exposed to foreign currencies. Currency markets may move sharply.

### Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

### Emerging Markets Risk

The fund predominantly invests in securities listed by organisations operating in developed markets.

### Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

### Manager Risk

The manager is seen as a critical element in Square Mile's rating of the fund. Square Mile is likely to downgrade the fund if the manager were to leave.

FE Risk Rating: 98.00

SRRI: 6

## Disclaimer

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