Artemis Atlas Fund Q&A
Your questions answered

ARTEMIS
The PROFIT Hunter

Introducing the Artemis Atlas Fund

1. What is the Artemis Atlas Fund's investment strategy?

The Artemis Atlas Fund is a market neutral, long/short equity strategy managed by Ambrose Faulks. It has a bias towards UK companies with the ability to invest up to 49% in international developed markets.

The fund gains exposure to shares in companies via extensive use of derivatives (complex financial instruments). It takes long positions in companies whose share prices the manager expects to rise and short positions in stocks he expects to underperform. The fund aims to have roughly equal exposure to long and short positions, hence it will be market neutral, which means its returns will not directly follow the direction of stockmarkets.

A long position is the purchase of a security, commodity or financial instrument (for example, shares or bonds) in the belief that its price will rise, with the aim of making a gain from the increase.

Conversely, a short position is when an investor borrows a share or other financial instrument (for a fee) and then sells it. The investor does this in the expectation that the price will fall and the share or position can be bought back at a lower price later, thus making a profit. The investor then returns the borrowed shares.

Derivatives are financial instruments whose value is derived from that of another investment. The term applies to products such as futures, options and warrants. Derivatives can be used for investment reasons (i.e. to try to make money) or to limit risk, 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.

2. What is the fund's investment objective?

To achieve positive returns over three years, in both rising and falling markets, by taking long and short positions in companies in the UK and other developed markets. The fund aims to outperform the Bank of England base rate (net of fees) measured on an annualised basis over rolling three-year periods. There is no guarantee the fund will achieve a positive return over a three-year period or any other time period and your capital is at risk.

3. What is the fund's benchmark?

The fund's benchmark is the Bank of England (BoE) base rate, a measure of the interest rate at which the BOE, the UK's central bank, lends money to other banks. It is used as a way of estimating the amount of interest which could be earned by cash.

It acts as a 'target benchmark' that the fund aims to outperform, on an annualised basis over rolling three-year periods. There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

4. What fees will the fund charge?

There is an ongoing charges figure (OCF) of 0.87% plus a performance fee of 20% on returns over the benchmark (the Bank of England base rate).

The performance calculation includes a high-water mark. This ensures that we are only rewarded for genuine new gains and not for recovering past losses. This aligns our incentives with investor interests and rewards long-term, consistent growth rather than short-term gains.

The ongoing charges figure is an estimate of the expenses for the first year of the fund's existence from its launch on 9 July. These charges are used to pay the costs of running the fund, including the costs of marketing and distributing it. The charges reduce the potential growth of your investment.

5. Who is managing the fund?

Ambrose Faulks is the fund manager. He is supported by the wider UK and global equity teams at Artemis, sharing ideas with the firm's 30+ investment professionals.

Before joining Artemis in 2013, Ambrose spent almost a decade as an analyst at a UK hedge fund, where he learned how to short (profit from a fall in the price of an asset). He also manages the Artemis UK Select Fund.

6. If the Bank of England base rate drops, does that make it easier for the fund to achieve its target?

If the Bank of England base rate keeps falling, it will affect some companies and industries more than others, the same way it did when interest rates rose after the end of the Covid-19 pandemic. We do not believe interest rates will fall to historically low levels like they did after the Global Financial Crisis of 2007/08. As a result, there isn't an interest rate environment or level of interest rates where it is harder or easier to achieve the target, in our opinion.

7. How will you aim to generate positive returns in all market conditions?

The fund aims to have roughly equal exposure to long and short positions, hence it will be market neutral, which means its returns should not directly follow the direction of stockmarkets.

Furthermore, the fund will use pair trading, which involves taking a long position on one stock and a short position on a different stock within the same industry.

For example, if the fund's manager expects company A to perform much better than company B, he will go long company A and short company B. They are both within the same industry so the fund's overall exposure to that industry will be neutral.

The rationale is that the fund should then profit from the difference in returns between the two companies, regardless of whether their industry performs well or badly.

8. Why are you investing via derivatives and not directly investing in company shares?

Investing via derivatives can be cheaper than directly buying and selling shares in the underlying companies. It can also make the process more 'liquid' – in other words, quicker and easier for the fund manager to deal, which makes it easier to take advantage of opportunities in the stockmarket when they present themselves, particularly during periods of volatility.

9. What kind of derivatives is the fund using?

The fund will gain exposure to individual companies using Contracts for Difference (CFDs), which are a common and efficient, tradable derivative instrument that matches an individual company's share price.

The fund will not invest directly in individual shares. The balance of the fund's assets will be held in cash and invested in the government bonds of major developed nations such as the UK and the US.

The fund may also employ leverage (borrowing) so that it can invest a larger amount than its actual value at times when the manager has greater confidence in the investment opportunities available.

The total exposure to the stockmarket (longs plus shorts) will typically lie in a range of 100% to 300% of net asset value.

The use of leverage does come with a higher level of risk. Leverage for an investment fund is similar to a homeowner putting a deposit on a house and then borrowing a greater sum in the form of a mortgage, in the expectation that over time, the value of the house will rise significantly.

10. The use of derivatives and leverage sounds very risky, is this a high-risk fund?

The fund is designated as a medium risk fund as it is using derivatives to invest in major stockmarkets such as the UK, US and Europe.

The use of derivatives is designed to reduce risk by allowing the fund manager to deal more quickly and cheaply. Derivatives offer a more efficient method of investing than directly buying or selling shares and allow the fund manager to react more quickly, which can help reduce risk rather than increasing it.

Some funds are riskier than others – they have a greater or lesser chance of losing value. One indicator of risk is the Synthetic Risk and Reward Indicator (SRRI), which takes into account the volatility of a fund's performance and categorises it accordingly. The SRRI's range of values goes from 1 (lower risk) to 7 (higher risk). Atlas has a risk indicator number score of 5 as of 9 July 2025.

All collective investment schemes (funds such as OEICs, UCITS and unit trusts) are required to calculate and disclose an SRRI. It is important to understand that the risk rating of a fund is not static as it will be calculated on an ongoing basis using the most recent data. For an up-to-date SRRI, please refer to the KIID, which is available on Artemis' website.

11. If you are using leverage, can I lose more than I invested?

No – the maximum amount an individual can lose is only the amount they originally invested.

Leverage is not applied across the entire portfolio, only to certain companies or industries and sectors. And because the leverage is in the form of derivatives, which are available at a much lower cost than individual shares, the fund manager can stop – or close out – the leveraged position very quickly, mitigating any losses to the fund and the individual investor.

12. Why are you charging a performance fee and an ongoing charges figure? Aren't you being paid twice?

The ongoing charges figure (OCF) of 0.87% is an estimate of the fund's expenses for its first year of existence, from its launch on 9 July. These charges are used to pay the costs of running the fund.

The performance fee of 20% on returns over the benchmark (the Bank of England base rate) will only be charged if the fund's returns exceed its high-water mark. If it does not achieve this level of outperformance, then no performance fee will be charged. This ensures that we are only rewarded for genuine new gains and not for recovering any past losses, aligning our incentives with investors' interests.

13. What is a high-water mark?

A high-water mark is the highest peak in value that a fund has reached. This term is often used in the context of a performance fee that a fund may charge.

The high-water mark ensures the manager does not get paid large sums for poor performance. If the fund loses money over a period, returns must exceed those of the high-water mark before any additional performance fees can be charged.

The purpose is to protect investors from paying a fee for poor performance, and from paying a fee repeatedly every time the fund earns a profit.

14. If the fund performs poorly, will you return some of the performance fee?

If the fund performs poorly then it will not earn a performance fee.

15. What is the recommended holding period?

Ideally the fund should be held for a minimum of three years.

16. How could this fit into my diversified portfolio?

The fund is market neutral so it could complement most other investments that are long-only. It will invest with a bias towards UK companies but it can also invest in a number of international holdings.

17. Can I hold this fund in an ISA?

Yes. The fund can be held in a stocks and shares ISA, with the usual investment limits. The fund is being managed with the aim of producing growth, so accumulation units will be available.

18. Can you explain the rationale behind your long and short positions?

The long positions are in companies where the fund manager believes the share price will significantly appreciate over the medium to long term, but where the company's true value is not fully reflected in the share price at the time of starting the position.

For the short positions, the fund manager believes the value of the shares will fall in the near term because of a range of factors, such as not meeting stockmarket expectations or publicly available trading forecasts.

19. Can Atlas short a company that another Artemis fund invests in?

Yes. Each of the fund managers at Artemis has their own individual view of a company and they are free to invest accordingly. This means sometimes fund managers have opposing views on the same company and they invest according to that view.

20. Do you consider any ESG (environmental, social and governance) factors in your approach?

ESG integration is just one of a number of factors the fund manager uses to select investments for the Artemis Atlas Fund. However, the fund does not have the typical characteristics of a fund marketed as a sustainable investment vehicle.

21. What does 'market neutral' mean?

In the broadest sense, it means that the fund will aim to deliver positive returns in all market conditions, regardless of the direction in which the stockmarket moves.

It will do this by having a roughly equal amount of money in long and short positions, so they balance each other out. This means there is roughly an equal amount invested in shares whose prices the manager expects to rise (we call this going long) and in taking positions against shares they expect to fall (going short).

22. What kind of market environment is it designed to perform in?

With its market-neutral structure, the fund is designed to deliver positive returns in all market conditions. That doesn't mean that the fund will increase in value every month, but on a rolling 12-month view, our aim is very much to deliver a positive return that beats the interest earned on cash in a bank account.

We are taking more risk to achieve this, but we are aiming to cut out the overall stockmarket risk.

If stockmarkets rise sharply, this fund will underperform. But if markets fall, this fund should hold its value and hopefully produce performance that still beats cash. The critical point is that this fund aims to have a very low correlation to the stockmarket .

Please remember that your capital is at risk. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.

If you have trouble understanding any words or phrases included in this document, please consult our glossary of investment terms, available here.

Risks specific to the Artemis Atlas Fund

Currency risk: The fund's assets may be priced in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the fund's value.

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.

Counterparty risk: Investments such as derivatives are made using financial contracts with third parties. Those third parties may fail to meet their obligations to the fund due to events beyond the fund's control. The fund's value could fall because of loss of monies owed by the counterparty and/or the cost of replacement financial contracts.

Leverage risk: The fund may operate with a significant amount of leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in its value and therefore entails a high degree of risk including the risk that losses may be substantial.

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