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Artemis Strategic Assets Fund Q&A

What is the Artemis Strategic Assets Fund?

Artemis Strategic Assets is an actively managed fund that invests in a range of asset classes including equities (shares in a company), bonds (where an investor lends in effect to a government or company which pays them interest each year for a set term), commodities (assets such as oil, gas, metals) and currencies (eg, sterling, dollar, euro, etc). The fund can also invest in these assets indirectly by owning other Artemis funds which invest in those assets. Or the fund can invest in the assets indirectly through derivatives and taking short or long positions.

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 (ie, to try to make money) or to limit risk, reduce costs and/or generate additional income. Investing in derivatives also carries risks, however.

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.

Conversely 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.

What is the aim of the fund?

The fund aims to generate capital appreciation over the long term, regardless of whether markets are rising or falling in value, which is greater than the level of inflation over the long term.

What is the fund's objective?

The Artemis Strategic Assets Fund aims to grow capital by greater than 3% above the Consumer Price Index (CPI) per annum after fees over a five-year period, by strategically allocating the fund's assets within a diversified range of asset classes in markets around the world.

What is the fund's benchmark?

The fund's benchmark is Consumer Price Inflation (CPI) plus 3% (as an indicator of inflation) and the Investment Association Flexible Investment Net Return (dividends reinvested indication) sector (a group of other funds investing similarly).

Why is it called Strategic Assets?

The fund aims to strategically allocate within a diversified range of asset classes in markets around the world.

It seeks to achieve this by investing in highly liquid positions (those that can be easily sold at their fair market value and converted into cash quickly) across a variety of asset classes including equities, bonds, commodities and currencies when the manager deems it appropriate, their proportions changing as economic and market conditions evolve. The fund invests largely in developed markets and any exposure to emerging markets is limited normally via an Exchange Traded Fund (ETF).

An Exchange Traded Fund is a fund that tracks an index, a commodity or a basket of assets like an index fund. An ETF trades like a company share on an exchange. ETFs experience price changes throughout the day as they are bought and sold. For example, an ETF holds assets such as stocks or bonds and trades over the course of the trading day at approximately the same price as the net asset value of its underlying assets. Most ETFs track an index, such as the FTSE All-Share.

The focus is less on individual securities or stocks/shares and more on index driven exposure. The manager has the flexibility to move between a high exposure to equities and a low one, depending on economic and market conditions.

What fees will the fund charge?

There is an ongoing charge of 0.725% (as at 28.08.25) for I Accumulation shares. On going charges are the annual operating expenses of running the fund and are deducted from the net assets of the fund.

How will it aim to achieve returns?

The fund uses a proprietary systematic investment process that, through quantitative analysis of financial data, identifies medium-term trends and price patterns to determine the investments which are held in the portfolio.

The Artemis Strategic Assets Fund's investments are broadly spread across two 'buckets': a directional strategy that aims to take advantage of market trends; then a non-directional strategy, which endeavours to generate returns that are not correlated to market movements by taking long and short positions (see above) whose exposures offset each other.

For both 'buckets', the fund invests in financial derivatives that provide exposure to a diversified range of asset classes, including equities, bonds, commodities and currencies. See above for an explanation of derivatives.

An explanation of the top five holdings in the portfolio:

Any cash assets of the fund not being used to invest in equity and/or bond indices or currencies will be invested in liquid assets such as UK Treasury Bills (government bonds) to create some income for the fund and security for the portfolio. The fund is unlikely to hold the shares of individual companies directly so the top five holdings are unlikely to have the name of individual companies but instead will have the names of bonds and derivative contracts.

If Strategic Assets is using derivatives and leverage, does it mean it is a hedge fund?

No, the fund is a unit trust and is therefore only permitted to take short positions via derivatives. Investing via derivatives can be more efficient than buying and selling shares or investing directly in the underlying indices or companies. This makes it easier to take advantage of opportunities in the markets, particularly during times of market volatility.

Hedge funds typically are offered privately to high-net-worth investors and have more advanced tools to borrow, short and long on investments and are regulated differently to unit trusts which are offered publicly to investors and can be traded daily.

Who is managing the fund?

The fund is managed by David Hollis and Ralph Mahood.

David joined Artemis in September 2022 from Eastspring Investments in Singapore. He previously worked at Allianz Global Investors where he was lead manager for a range of multi-asset portfolios open to UK investors. He has over two decades of investment experience

David brought Ralph to Artemis in March 2023 to help manage the strategy. Ralph began his investment management career in 2018 at Aviva Investors as a junior portfolio manager in a fixed income credit team.

When was this fund launched?

The fund was launched in May 2009.

Why was the fund changed in 2023 from the original way it was being run?

We believe that we are in a new market environment which is likely to be more volatile than recent years with markets likely to behave differently to how they have done historically. We have moved into an environment of greater geopolitical instability, deglobalisation, higher interest rates and higher inflation.

In this environment, traditional multi-asset strategies may face headwinds to performance and potentially higher losses than in the recent past. The new approach in Strategic Assets therefore focuses on providing diversification and avoiding severe market corrections.

If the CPI Rate drops, does that make it easier for the fund to achieve its target?

The aim of the fund is to provide real capital growth and outperform CPI over a five-year period, not every month.

CPI changes monthly, which date is used?

We use the official UK CPI data which is typically published by the ONS (Office for National Statistics) in the second half of each month. For June 2025, it was 3.6%. However, the fund managers do not focus on short-term changes to the CPI, as they take a much longer-term view in that the fund is aiming to outperform CPI over a five-year period, not just every month.

Will it aim to generate a positive return in all market conditions?

It will aim to generate a positive return although this is not guaranteed.

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

The fund is designed to perform in a variety of market conditions.

Why are you investing via derivatives and not holding shares in companies or commodities directly?

The fund has the ability to invest directly in company shares and bonds but also seeks to identify trends and mispricing across a broad range of assets. As such, it does not invest in the stocks or bonds of individual companies. Investing via derivatives is 'cheaper' than buying and selling shares directly in the underlying companies, but also it is more 'liquid' – ie, it is quicker and easier for the fund manager to deal, which makes it easier to take advantage of opportunities in the markets, particularly during periods of market volatility.

Under the rules for unit trusts, funds are not allowed to own physical commodities such as gold or oil, so they invest indirectly using derivatives which mirror the movement of these commodities.

What kind of derivatives is the fund using?

The fund uses financial derivatives that provide a return linked to the performance of certain share indices, bonds, interest rates and currencies. The use of derivatives also allows the fund to benefit during periods when the value of such assets decline (short positions) as well as when they rise (long positions).

It aims to broadly do this in one of two ways. Firstly, directional investments aim to take advantage of market trends; then non-directional investments, which endeavour to generate returns that are not correlated to market movements. It does this by taking long (where the manager expects the value to appreciate over time) and short positions (where he expects the value to fall) whose exposures offset each other.

For both investment strategies, the fund invests in a diversified range of asset classes, including equities, bonds and currencies via Exchange Traded Funds (ETFs) or futures and options.

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 the derivatives to invest in major stock markets such as the UK, US and Europe. The use of derivatives is designed to reduce the risk by allowing the fund manager to deal more quickly and cheaply. The fund also has limits on the amount it can hold in individual companies, industries and sectors. These limits in place are to ensure there is a 'smoother' or less volatile set of returns compared to the daily fluctuations in the market, although this is not guaranteed. Derivatives are a more efficient way of investing than buying or selling direct shares and allow the fund manager to react more quickly which can help reduce risk rather than increasing it, although there is no guarantee to this.

'Risk rating'

Some funds are riskier than others, that is they have a greater or lesser chance of losing value. One indicator of risk is the Synthetic Risk and Reward Indicator (SRRI) which displays the historic volatility of a fund's performance and categorises it accordingly. The SRRI's range of values is from 1 (lower risk) to 7 (higher risk). All collective investment schemes (funds such as Open Ended Investment Companies (OEICs, a UK based investment fund that is a company in its own right investing in stocks and other securities, UCITs, ie a type of investment fund governed by the European Union's regulatory framework, the Undertakings for Collective Investment in Transferable Securities and unit trusts) are required to calculate and disclose the SRRI for every available share class. 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 about a fund. (As of 30 April 2025, the fund's Class I accumulation units in Sterling had an SRRI rating of 5). The figure is also included in the Key Investor Information (KID) document which can be found on the Artemis website – see Resources – Fund Literature [Fund literature | Artemis Fund Managers](#) .

Can Strategic Assets have a different investment view from other Artemis multi asset funds?

Yes. Each of the fund managers at Artemis has their own individual views and they are free to invest accordingly, although also in accordance with their respective fund's agreed objective. This means sometimes fund managers have opposing views on the same investment theme or asset class and they can each invest according to their own view.

What other multi asset funds does Artemis manage?

It manages the Artemis Monthly Distribution Fund, launched in 2012.

How is Strategic Asset different from the Monthly Distribution Fund?

Artemis Strategic Assets uses a systematic approach and achieves exposure to a wide range of assets classes using derivatives with the aim of producing capital growth. In contrast, the Artemis Monthly Distribution Fund uses a 'simple' mix of investing directly in bonds and equities with the aim of producing an income stream for clients, as well as some capital growth.

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. The 'leverage' is not across the entire portfolio, only certain investment ideas such as the direction of an index or the movements of a currency. And because the leverage is in the form of derivatives which are available at a much lower cost than the underlying asset, the fund manager can stop, or close out, the leveraged position very quickly, with the aim of mitigating any losses to the fund.

What is the recommended holding period?

Ideally the fund should be held for a minimum of five years because the fund is aiming to outperform CPI over a five-year period.

How would this fit into my diversified portfolio?

The fund is multi-asset so it could complement other investments which are focused on one asset class such as bonds or equities.

Can I hold this in an ISA?

Yes. The fund is a unit trust and can be held in a stocks and shares ISA, with the usual investment limits. The fund is being managed for growth, so there will only be accumulation units available ie income will be reinvested. For information on ISAs and ISA limits see: [Individual Savings Accounts \(ISAs\): How ISAs work - GOV.UK](#)

Do you consider any ESG factors in your approach?

The fund does not integrate ESG into its investment process.

For help with any of the terminology in this document use the glossary of terms which can be found on our website here: [Glossary of investment terms | Artemis Fund Managers](#)

KEY INFORMATION

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Investment in a fund concerns the acquisition of units/shares in the fund and not in the underlying assets of the 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.

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.

Derivatives risk: The fund may invest extensively 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. Refer to the investment policy in fund's prospectus for further details on how derivatives may be used.

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.

Cash risk: The fund may hold a large amount of cash. If it does so when markets are rising, the fund's returns could be less than if the cash was fully invested in other types of assets.

Government and public securities risk: The fund may invest more than 35% of its value in transferable securities and money market instruments issued or guaranteed by the United Kingdom, United States or Germany. Refer to the investment policy in the fund's prospectus for further details on how large exposures to government and public securities may be held.

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.

The fund is an authorised unit trust scheme. For further information, visit www.artemisfunds.com/unittrusts.

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