



Artemis High Income

Sterling Strategic Bond

Introduction

The Artemis High Income fund aims to provide a combination of a high level of income and capital growth, before fees, over a rolling five-year period. The managers define a high level of income as equal to, or more than, the average yield of the funds in the IA Sterling Strategic Bond sector. The fund invests between 80% and 100% in bonds of any credit quality and up to 20% in equities.



[Click here to read the Artemis approach to ESG investing.](#)

Why RSMR Rate this Fund

- The management team is experienced and well regarded
- A disciplined investment process is applied to a flexible mandate across fixed interest markets
- The investment universe includes US\$ high yield which makes it a wide opportunity set

Fund Process

David Ennett and Jack Holmes, the managers of the fixed interest element of the fund, updated and improved the investment process in 2021, widening the investment universe to include US\$ high yield and investment grade opportunities. This meant a 3.5 fold increase in the opportunity set.

The team operate with a consistent framework across the investment universe, using deep analysis and judgment to find attractive opportunities. It is a flexible strategic fund, designed to move the asset allocation between government bonds, corporates and high yield across the business cycle. It uses three lenses to view the opportunities.

Fundamentals – Looks at the economic cycle and the prospects for inflation, monetary and fiscal policy, along with the political and regulatory risks

Valuations – Are investors compensated for the risk? Are fundamentals accurately priced or are there any underappreciated risks or overly negative sentiment?

Technical – Are there any supply and demand imbalances? What is the market sentiment, the positioning and the liquidity considerations?

The equity element of the fund is managed by Ed Leggett and his team. He builds a portfolio of stocks with a lower volatility than the broader market and a higher-than-average dividend yield, but without taking sustainability risk. These stocks should have the scope for dividend growth over time, and also provide the potential for capital growth.

Evaluation

The fund has a large degree of flexibility but will mainly invest into high yield securities with some exposure to investment grade bonds, government bonds and equities. The management team have a wide investment universe, including US\$ high yield securities. Performance compared to the IA sector is likely to depend mainly on the relative performance of high yield securities and equities.

Application

This is a good option for investors seeking a higher income from their exposure to the strategic bond sector and can be used as a satellite choice alongside core holdings.

Our Opinion

The fund management team expanded in 2021 and has extensive experience in managing investments of this type, with a tried and tested investment process. The investment universe, which now includes US\$ high yield, presents a wide opportunity set that offers the potential for good risk adjusted returns. This fund could be used as a satellite option to investors looking for a higher yield.

Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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