

ARTEMIS Capital (UT)

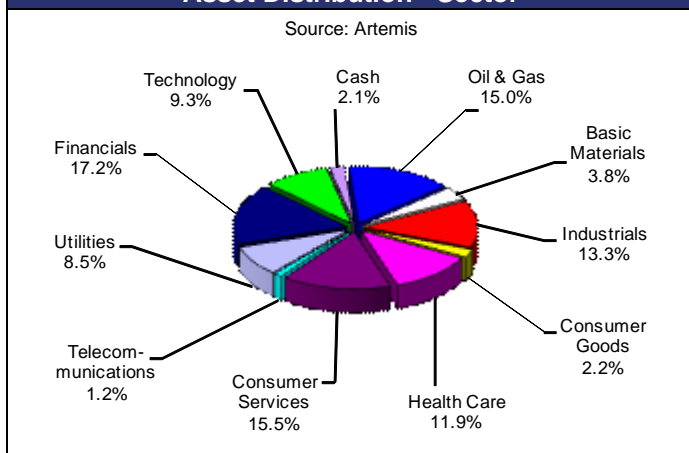
**OBSR Fund Rating
AA**



Key Information

Launch Date	23 December 1986	
Fund Size	£456.7m	
Type of Units Available	Accumulation	
Distribution Date	7 June	
Yield	2.30%	
ISA	Yes	
PEP Transfer	Yes	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Asset Distribution - Sector



Top Ten Holdings

	%
AstraZeneca	6.3
Royal Dutch Shell - B Shares	5.9
Vodafone Group	5.7
BP	5.1
BAE Systems	3.9
RWE	3.0
Pfizer	3.0
Scottish & Southern Energy	2.8
RSA	2.4
IG	2.0
Concentration (Top 10)	40.1
Total Number of Holdings	92

Source: Artemis

Classification

Sector	UK All Companies
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	FTSE All-Share
Management/Investment Style	
Fund Managers	Jacob de Tusch-Lec (January 2006) Mark Tyndall (September 2002)
The fund offers investors exposure to an actively managed portfolio of UK equities drawn from across the market-cap spectrum using its internal research capability (SmartGARP) to underpin the stock selection process. However, the manager will moderate the portfolio's stance to suit economic or stockmarket conditions when appropriate.	

Investment Objective & Methodology

The fund aims to provide investors with a balanced spread of investments for long-term capital appreciation by seeking well-managed companies primarily in the UK, where the manager believes there are superior potential for earnings growth.

The fund is managed by Jacob de Tusch-Lec, who joined Artemis in 2006 and Mark Tyndall, Chief Executive of Artemis, who has been involved in the management of the fund since September 2002. They draw upon Artemis' SmartGARP screening process as well as their own experience and that of the other fund managers within Artemis.

Central to the management approach is the search for investments that can grow the capital of the fund. The emphasis is on companies where the shares offer scope for a re-rating; in turn this entails focusing on potential catalysts for change. Companies judged to offer stable prospects with potential for improvement are also considered. Artemis' SmartGARP quantitative screening lies at the heart of the process for this fund, although the internal research is supplemented by selective external contacts. SmartGARP is the amalgamation of seven factors, including top-down and bottom-up considerations. The top-down perspective comprises two factors: macroeconomic trends and fund manager sentiment. Bottom-up factors include growth, value, estimates revisions and momentum. The final factor combines director deals and accruals analysis. All factors are equally weighted, with the exception of estimates revisions, which is double-weighted.

SmartGARP covers the FTSE All-Share ex IT universe. It is used to highlight stocks not currently owned for further research as well as existing holdings. The process starts off at sector level by providing dispassionate statistical stock analysis for each market sector. This helps the manager identify which stocks within each sector to over and underweight based on the above factors. Having examined a series of valuation ratios, the next stage of the process involves validating and justifying the reasons for holding a particular stock. The manager will then scrutinise carefully the accounting details of a company, in particular, cash flow return on investment. The manager aims to adjust the relative caution or aggression of the portfolio to suit changing economic and stockmarket conditions. Therefore, at certain points in the market cycle, the top-down overlay may take precedence and override the SmartGARP process. The manager will phase into and out of positions according to the change in ranking of each stock within SmartGARP. This iteration was implemented from the second quarter of 2008. This has resulted in an increased number of stocks held and a longer tail of stocks which the manager is trading into or out of.

The fund typically holds between 60 and 100 stocks. 50% - 80% of the fund is expected to be invested in large cap stocks, 20% - 40% in mid cap stocks and 0% - 10% in small cap stocks. Up to 20% may also be held in overseas holdings. There are no constraints at the sector level, although the managers informally restrict the bets to +/- 10% of the index weighting and stock limits are set to a maximum 5% active position.

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Data as at 31 December 2008
Last Updated January 2009