

**ARTEMIS**  
UK Smaller Companies (UT)

**OBSR Fund Rating**  
**AAA**



**Key Information**

<b>Launch Date</b>	3 April 1998	
<b>Fund Size</b>	£271.4m	
<b>Type of Units Available</b>	Accumulation	
<b>Distribution Date</b>	28 February	
<b>Yield</b>	0.20%	
<b>ISA</b>	Yes	
<b>PEP Transfer</b>	Yes	
<b>Standard Fund Management Charges</b>	<b>Initial</b>	5.00%
	<b>Annual</b>	1.50%

**Classification**

<b>Sector</b>	UK Smaller Companies
<b>Market Cap / Style</b>	Small Cap / Growth Bias
<b>Benchmark/Index</b>	Hoare Govett Smaller Cos ex ICs

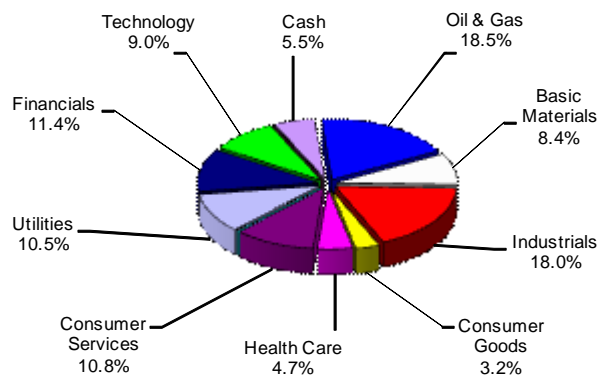
**Management/Investment Style**

<b>Fund Managers</b>	John Dodd (April 1998) Mark Niznik (November 2007)
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Notable for the commitment and renowned experience of the fund manager and the team of which he is a member, the fund has a flexible, blended approach to UK smaller-cap investment. Portfolio construction considers both top-down and bottom-up factors, with stock selection based on in-depth research.

**Asset Distribution - Sector**

Source: Artemis



**Investment Objective & Methodology**

The objective of the UK Smaller Companies fund is to provide long-term capital growth by investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. Investment will be made in companies which primarily comprise the bottom 10% of the UK stockmarket. The fund aims to provide investors with a total return in excess of that of the Hoare Govett Smaller Companies Index (excluding Investment Companies).

The fund is managed by John Dodd and Mark Niznik both of whom specialise in UK mid and small-cap stocks in conjunction with Derek Stuart. Mr Dodd is a founder member of Artemis and has managed the fund since launch. He was joined by Mr Niznik in October 2007. At stock and sector levels, portfolio weightings tend to flow primarily from their views on the potential upside of individual stocks and so the fund will not always fully reflect the composition of the index.

The investment approach seeks to blend both top-down and bottom-up perspectives and combines fundamental research with quantitative analysis. Top-down influences include macro trends (GDP, inflation, bond yields and interest rates), investor sentiment trends and the level of stock ownership. Bottom-up influences include measures of growth (historic and prospective EPS growth, and sales/asset growth), value (PER, price to cash flow, price to book, EV/EBITDA and dividend yield, all based on consensus prospective data), estimate revision (change in EPS estimates over last three months, double weighted) and momentum (long-term price momentum, short-term reversal and changes in broker recommendations). This process leads to the ranking of stocks in terms of prospective returns. The next stage is verification through visits from external analysts, company visits, internal debate and cross-checking, including technical and ownership issues.

The resulting portfolio tends towards moderate concentration, usually containing 80-120 holdings (subject to a tail when holdings are being built or unwound). The top 10 stocks will tend to be more dominant when the manager has strong conviction. The manager employs price targets with a view to banking winners and thus recycling proceeds into new ideas.

**Top Ten Holdings**

**%**

Vostok Energy	11.1
Abcam	4.9
Premier Oil	3.9
Booker Group	3.4
Central Asia Metals	3.3
Rotork	3.1
Salamander Energy	2.7
Phoenix IT Group	2.6
Shaftesbury	2.5
BSS Group	2.5
Concentration (Top 10)	40.0
Total Number of Holdings	92

Source: Artemis

[www.obsrfundratings.co.uk](http://www.obsrfundratings.co.uk)

Data as at 31 December 2008  
Last Updated January 2009