ARTEMIS
UK Special Situations (UT)

OBSR Fund Rating
AAA

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Key Information		
Launch Date	9 March 2000	
Fund Size	£715.7m	
Type of Units Available	Accumulation	
Distribution Date	28 February	
Yield	2.50%	
ISA	Yes	
PEP Transfer	Yes	
Standard Fund Management Charges	**Initial**	5.25%
	Annual	1.50%

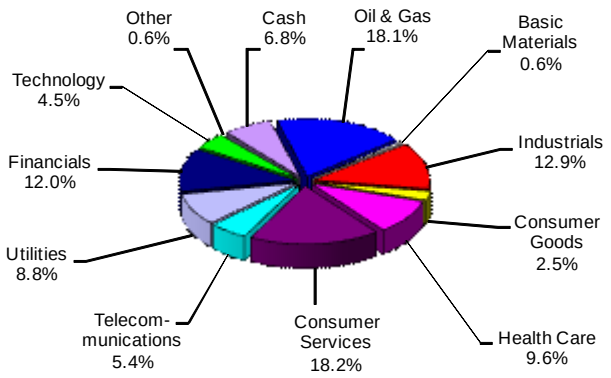
Classification	
Sector	UK All Companies
Market Cap / Style	All Cap / Blend
Benchmark/Index	FTSE All-Share

Management/Investment Style	
Fund Manager	Derek Stuart (March 2000)

Offers investors an actively-managed and moderately concentrated portfolio of special situations, run with commitment by Derek Stuart. Market-cap exposure will vary over time but there will usually be a bias towards mid caps and smaller companies. A flexible approach to investment style is employed.

Asset Distribution - Sector

Source: Artemis



Top Ten Holdings

	%
BP	5.9
Royal Dutch Shell - B Shares	5.8
GlaxoSmithKline	5.4
Vodafone Group	4.8
AstraZeneca	4.1
BG Group	3.8
HSBC Holdings	3.8
First Group	3.6
BAE Systems	3.4
Scottish & Southern Energy	2.8
Concentration (Top 10)	43.4
Total Number of Holdings	81

Source: Artemis

Investment Objective & Methodology

The fund seeks to achieve capital growth via the exploitation of special situations. It invests principally in UK equities 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. The fund aims to produce a higher overall return than that of the FTSE All-Share Index.

Derek Stuart has managed this fund since its launch. He is a founder member of Artemis, the company having been created in 1997, and works closely with John Dodd, focusing on UK medium and smaller companies. Prior to this, he worked for Ivory & Sime and has experience of running portfolios across the market-cap spectrum.

The manager defines special situations as including companies in transition, in recovery, requiring re-financing, or simply suffering from investor disinterest. Portfolio characteristics may hence include recovery stocks, companies undergoing management change or a change in business focus, stocks likely to benefit from industry reorganisation and companies where a new financial structure is being put in place to facilitate growth potential.

Within this fund, exposure to large, medium and small companies will vary over time, being mainly driven by the manager's views on where the greatest performance potential exists. However, it is unlikely that more than one-third of the fund will be in FTSE 100 stocks and hence likely that the portfolio will be biased in favour of mid caps and smaller companies. At a sector level, weightings tend to flow primarily from the manager's views on the performance potential of individual stocks, rather than being determined by the sector breakdown of any market index.

Stock selection criteria favour growth characteristics, but not at the expense of traditional value-based disciplines. Value and recovery situations may also feature in the portfolio from time to time when appropriate opportunities arise. Ideas generation comes from the whole Artemis team as well as from selected external contacts.

It is a core Artemis belief that each manager should focus clearly on those stocks where he has greatest conviction, hence this portfolio tends to be relatively, but not excessively, concentrated. The manager enjoys a high degree of relative freedom from formal benchmark-related risk controls when constructing the portfolio.

www.obsrfundratings.co.uk

Data as at 31 December 2008
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