

Artemis Strategic Bond Fund

An Afternoon with Artemis 2025

David Ennett | Liam O'Donnell

MARKETING COMMUNICATION: Refer to the fund prospectus and KIID/KID before making any final investment decisions. FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. CAPITAL AT RISK.



Fixed Income at Artemis

HEAD OF FIXED INCOME



Stephen Snowden
Investment Grade

FUND MANAGERS



Liam O'Donnell
Macro/Rates



Grace Le
Investment Grade



David Ennett
High Yield



Jack Holmes
High Yield

ANALYSTS



Matt Fry
Investment Grade



Darcey Watson
High Yield



Haris Papadopoulos
High Yield



James Cannon
Fixed Income



Alex Scarsi
Fixed Income

DEALERS

6

DEDICATED FIXED INCOME
STRATEGIES

£4.2_{bn}¹

AUM

19_{yrs}

AVERAGE FUND MANAGEMENT
EXPERIENCE

Source: Artemis as at 31 December 2024. ¹Includes the fixed income component of the multi-asset fund, Artemis Monthly Distribution Fund.

Fixed Income at Artemis

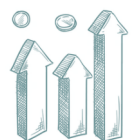
Why Artemis for Fixed Income?



Swift, decisive portfolio management:
highly experienced team where opportunities are identified and acted upon quickly



Specialist fund managers:
experts in their fields; ideas implemented directly into portfolios



Bottom-up approach:
deep knowledge of positions; performance driven by individual trades, not single macro call



High conviction portfolios:
look beyond benchmark heavyweights; every position counts

Peer group performance

Fund	Yield (YTW)	Duration (years)	Quartile ranking		
			1yr	3yr	SI
Artemis Corporate Bond	5.7%	6.2	2	2	1
Artemis Short-Duration Strategic Bond	5.2%	2.8	1	1	1
Artemis Strategic Bond	5.3%	6.7	2	2	1
Artemis High Income	5.7%	4.0	1	1	1
Artemis Funds (Lux) – Short-Dated Global High Yield Bond	6.7%	1.8	1	1	1
Artemis Funds (Lux) – Global High Yield Bond	7.6%	3.1	1	2	1

Past performance is not a guide to the future.

Source: Artemis, Lipper Limited, Morningstar as at 31 December 2024, net of all charges. Share classes / peer groups / launch dates as follows: Artemis Corporate Bond: I-Acc-GBP / IA £ Corporate Bond / 30-Nov-19; Artemis Short-Duration Strategic Bond: I-Inc-GBP / IA £ Strategic Bond (short duration peers only) / 3-Dec-19; Artemis Strategic Bond: I-Monthly-Inc-GBP / IA £ Strategic Bond / 7-Mar-08; Artemis High Income: I-Inc-GBP / IA £ Strategic Bond / 7-Mar-08; Artemis Funds (Lux) – Short-Dated Global High Yield Bond: I-Acc-GBP-hdg / peer group is made up of a collection of 21 USD-hedged short-dated high yield bond funds, the purpose of which is to provide an illustrative comparison against high yield bond funds focusing on the same short-dated part of the market / 20-Jun-19; Artemis Funds (Lux) – Global High Yield Bond: I Acc GBP hdg / Morningstar EAA Fund Global High Yield Bond / 13-Nov-19. Performance does not take account of any costs incurred when investors buy or sell the fund. Share classes may have charges or a hedging approach different from those in the IA sector benchmark. The synthetic risk indicator (SRI) for Artemis Funds (Lux) – Short-Dated Global High Yield Bond and Artemis Funds (Lux) – Global High Yield Bond is 4.

Fund managers

Artemis Strategic Bond Fund



David Ennett
Fund Manager

- 21 years' investment experience
- Joined Artemis 2019



Grace Le
Fund Manager

- 12 years' investment experience
- Joined Artemis 2019



Liam O'Donnell
Fund Manager

- 19 years' investment experience
- Joined Artemis 2023

Investment universe



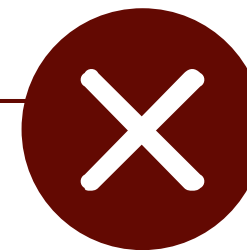
WHAT WE OWN

- 80-100% debt and debt-related securities
- Government bonds / inflation-linked bonds
- Investment grade
- BB & B rated high yield



WHAT WE CAN OWN

- Hard currency emerging markets
- Non-rated (not a core strategy)



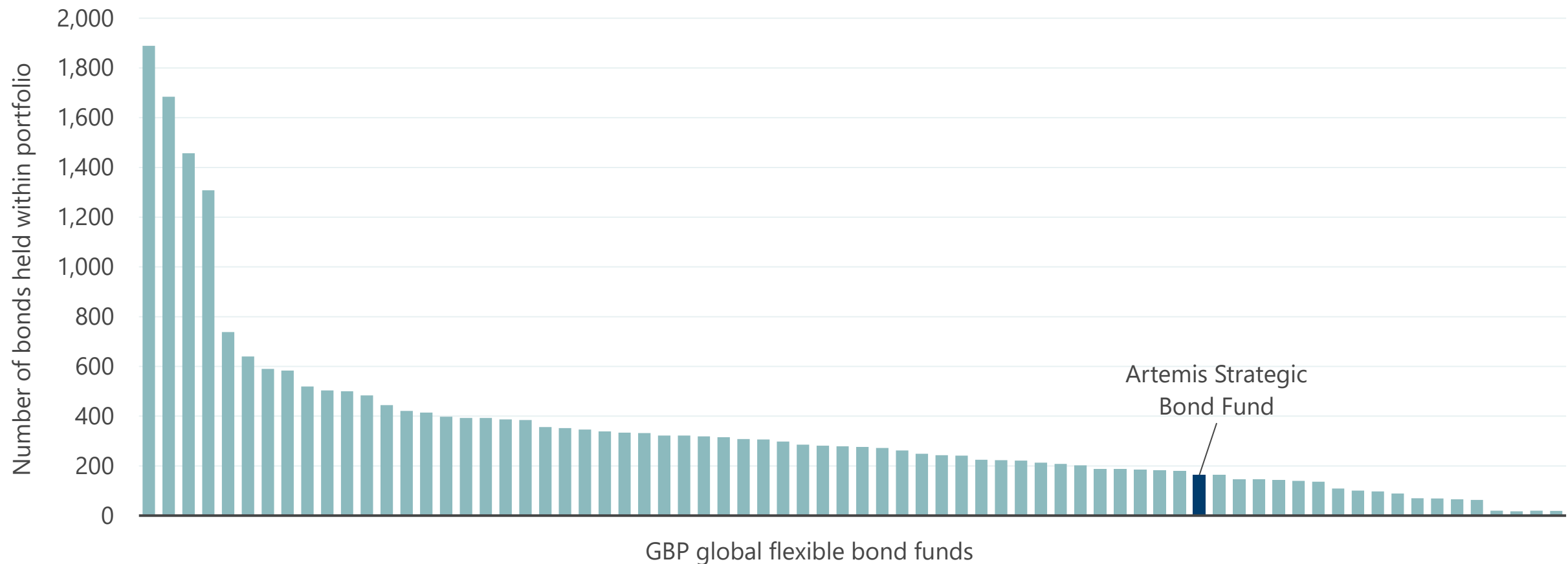
WHAT WE DO NOT OWN

- Ordinary equity
- Local currency emerging markets
- Active foreign exchange management

Note: the above information reflects the current view of the fund managers and may change over time. For information about formal investment restrictions relevant to this fund please refer to the prospectus.

Focused fund

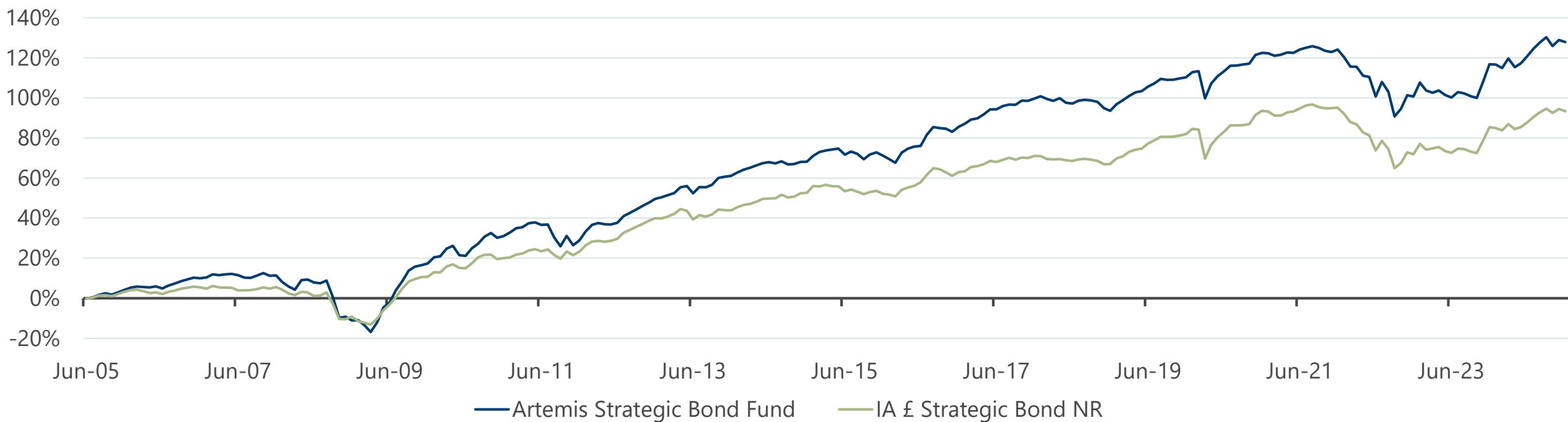
Our fund versus 'active' global flexible bond fund peers



Source: Morningstar as at 31 December 2024. Chart shows all funds classified as 'GBP global flexible bond funds' excluding tracker funds.

Artemis Strategic Bond Fund performance

Strong long term performance

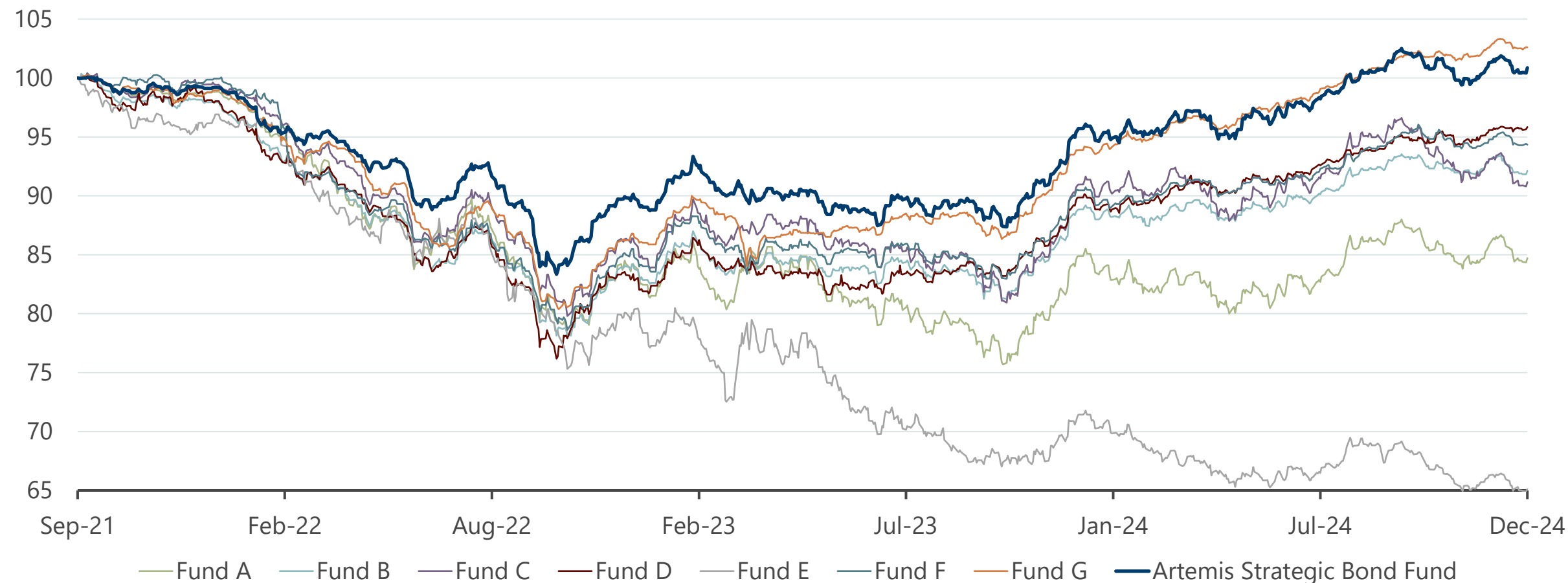


%	Since 8-Sep-21 ¹	1 year	3 years	5 years	10 years	Since launch ²
Artemis Strategic Bond QI Acc	0.9	5.2	1.7	8.4	35.6	127.9
£ Strategic Bond average	-1.6	4.4	-0.9	6.4	26.8	93.5
Difference	2.5	0.8	2.5	2.0	8.7	34.4

Past performance is not a guide to the future. Source: Lipper Limited, class I quarterly accumulation units in GBP from 30 June 2005 to 31 December 2024. Data prior to 7 March 2008 reflects class R quarterly accumulation units in GBP. Sector is IA £ Strategic Bond NR. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. This class may have charges or a hedging approach different from those in the IA sector benchmark. ¹The team managing the fund changed on 8 September 2021. ²Fund launch date: 30 June 2005.

Fund performance relative to major peers

Performance since September 2021



Past performance is not a guide to the future. Source: Bloomberg, class I quarterly accumulation units in GBP from 8 September 2021 to 31 December 2024. Sector is IA £ Strategic Bond NR. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. This class may have charges or a hedging approach different from those in the IA sector benchmark. Fund performance relative to large commercial sector peers that were valued at >£1bn at 8 September 2021.

Market thoughts



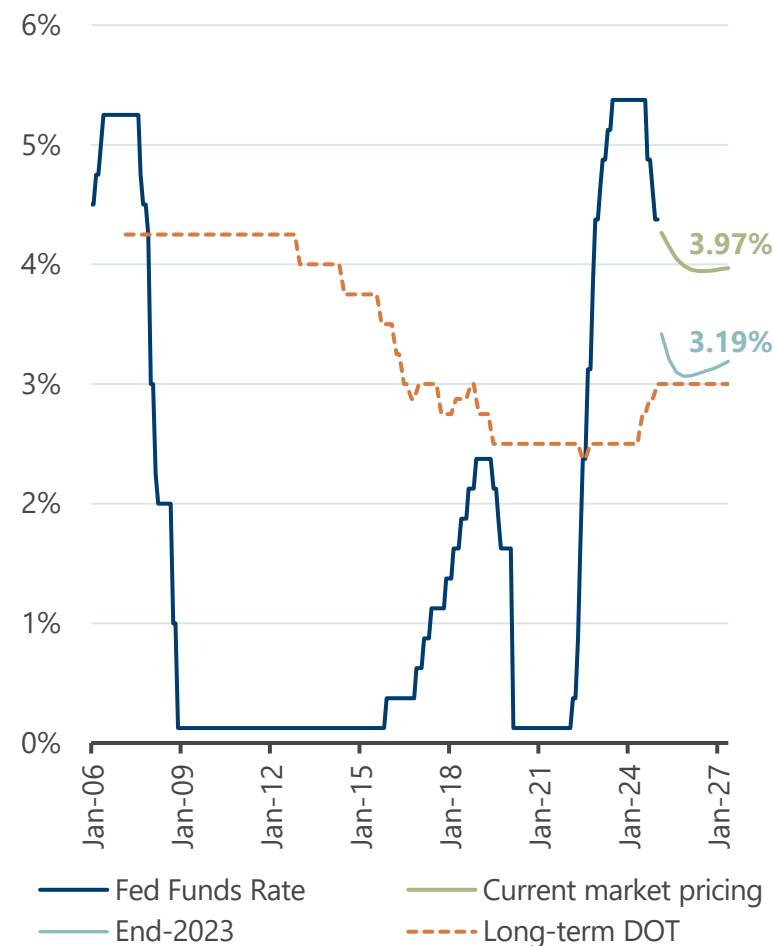
Short end rates have repriced aggressively to a higher neutral regime

- We are still in an easing cycle – though future moves are likely to take longer
- For central banks, it becomes a question of ensuring policy is easy enough to avoid a hard landing
- Labour market indicators suggest rising unemployment could be part supply led which should assist the disinflationary impulse while not necessarily being a harbinger of doom
- Consumers are in a healthy position – and real income growth post Covid has been substantial
- Because of this resilience – services inflation will take longer to return to target
- But short rates are 100bps higher...
 - Market hasn't had to deal with terminal rate expectations like this before

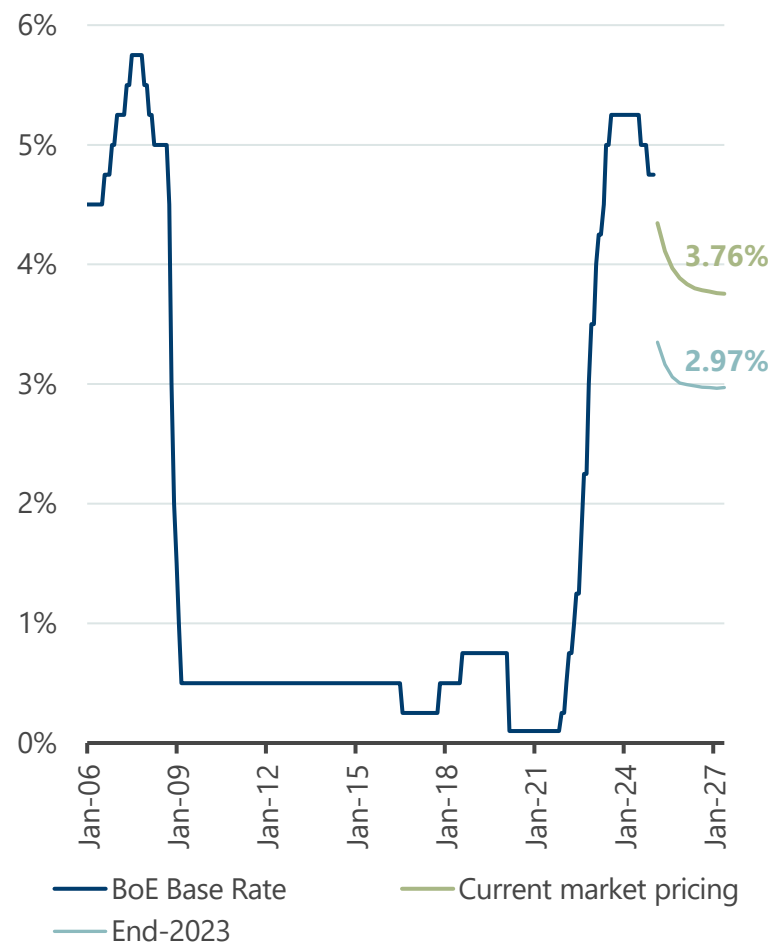
What's happened to rate pricing since the last AWA?

Comparison of market implied path of policy rates – now versus end-2023

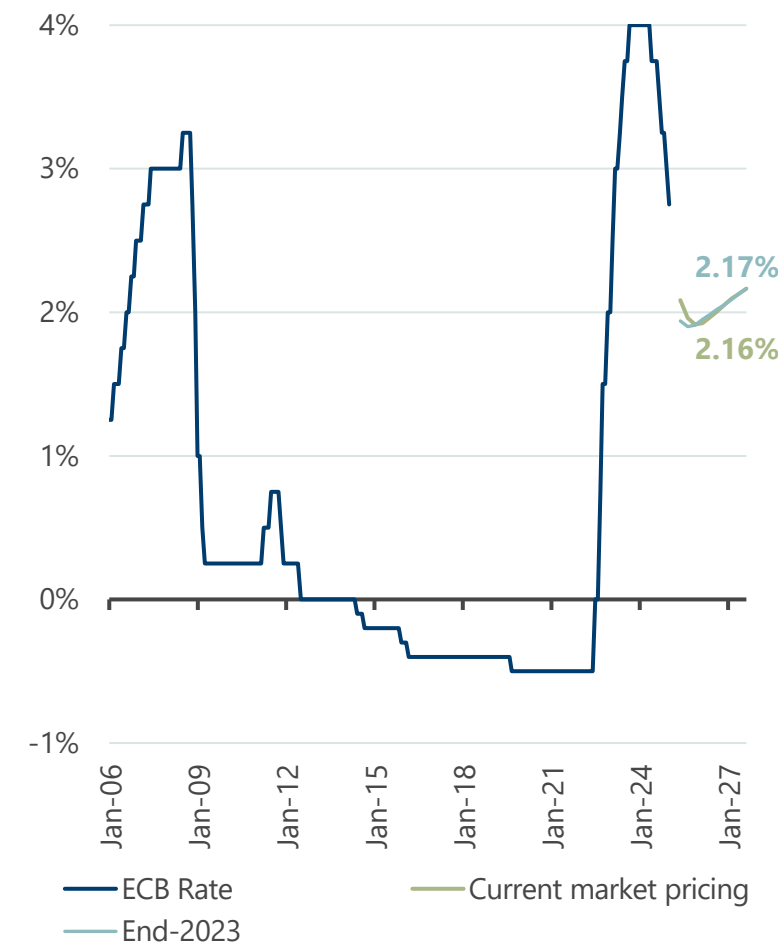
Federal Reserve



Bank of England



European Central Bank

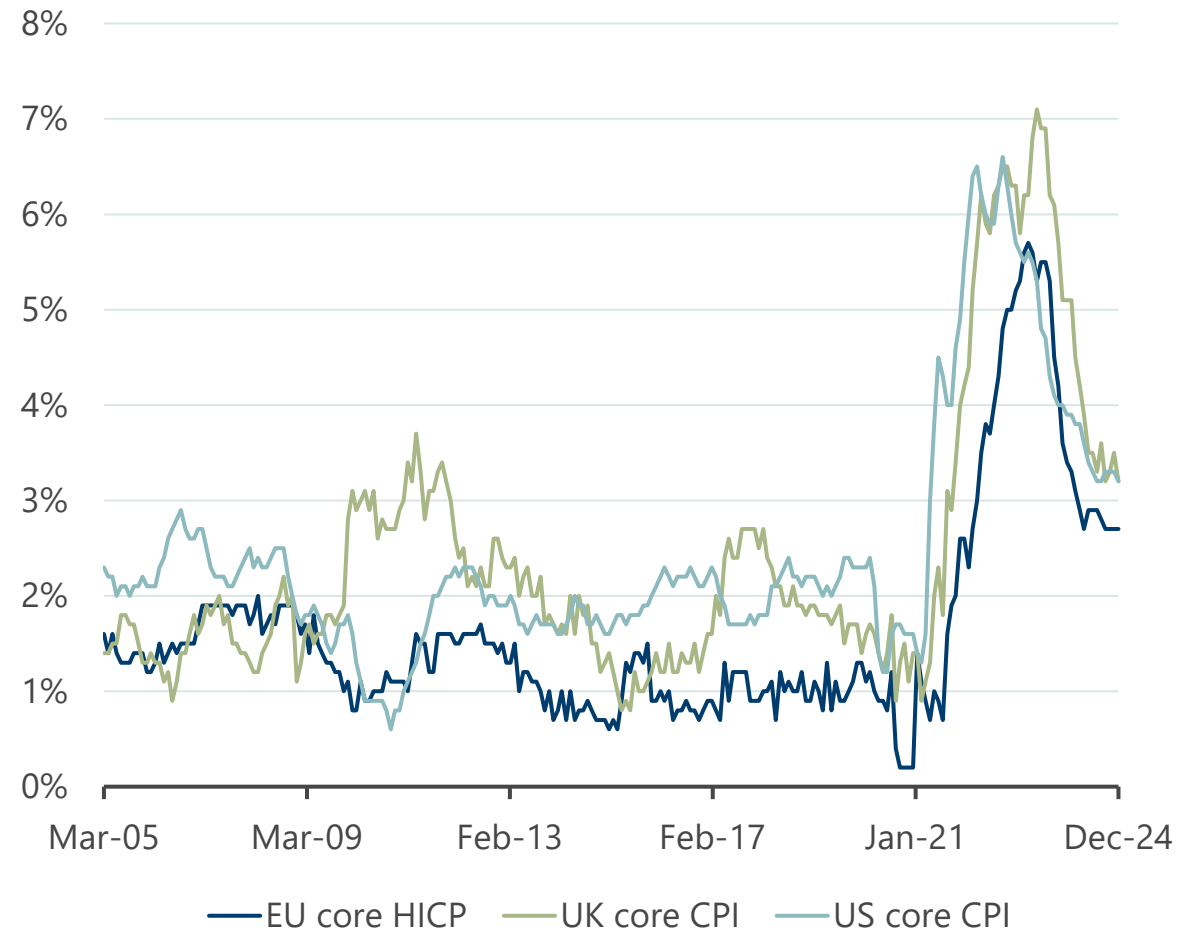


Source: Bloomberg as at 3 February 2025. Market pricing projections from March 2025 to June 2027.

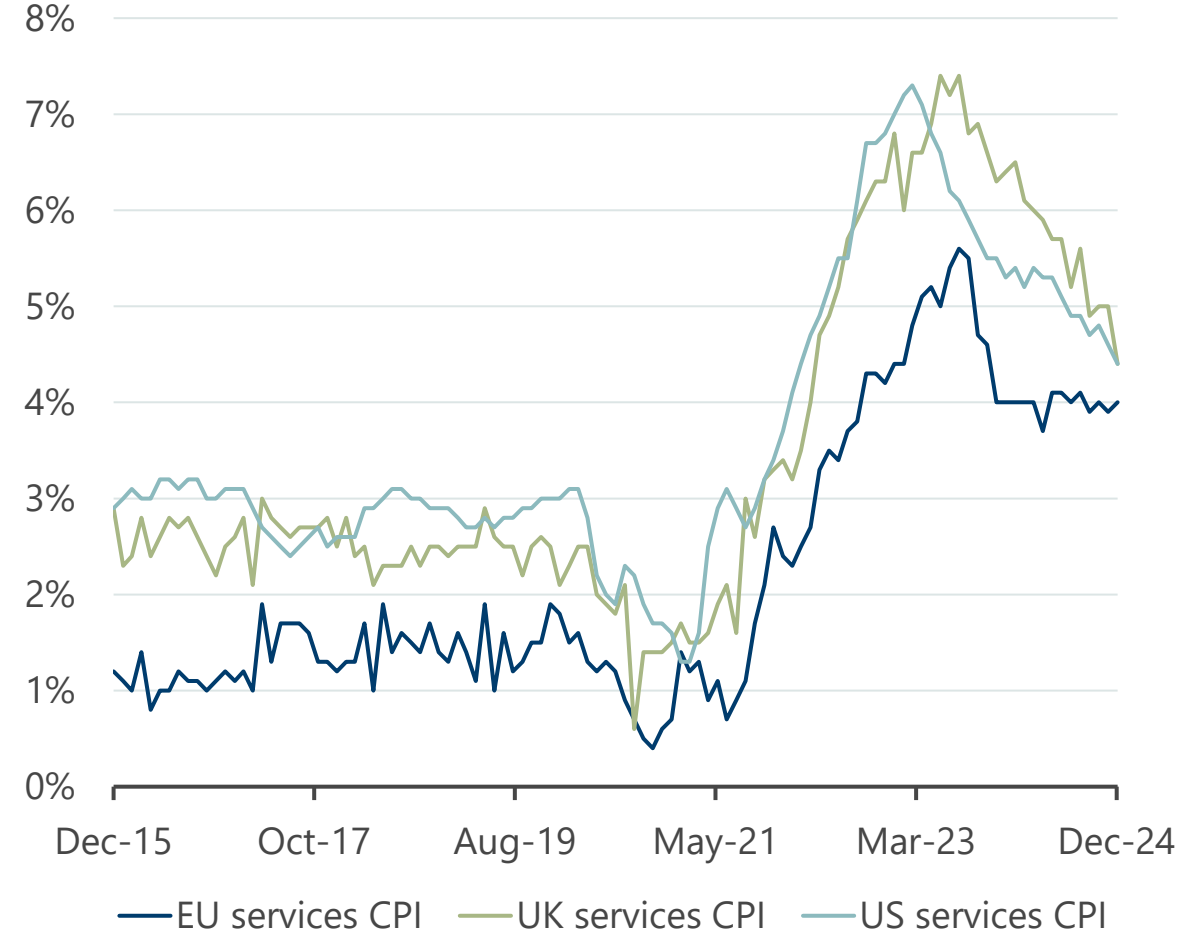
Core Inflation has been stickier

Core Inflation measures continue to moderate but have been surprisingly sticky

Core inflation



Services inflation



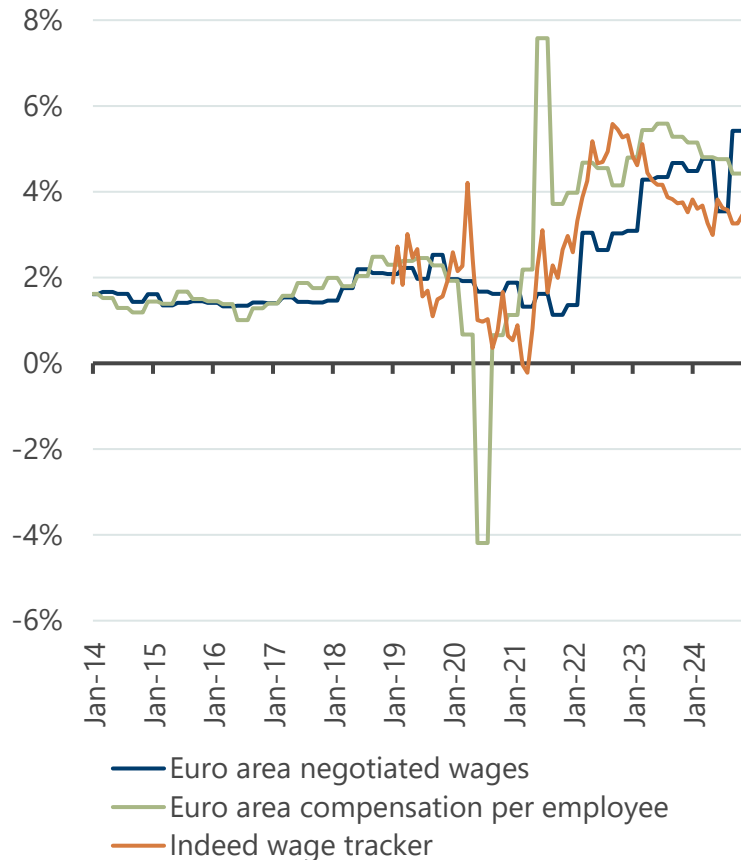
Source: Bloomberg as at 31 December 2024.

TRB349

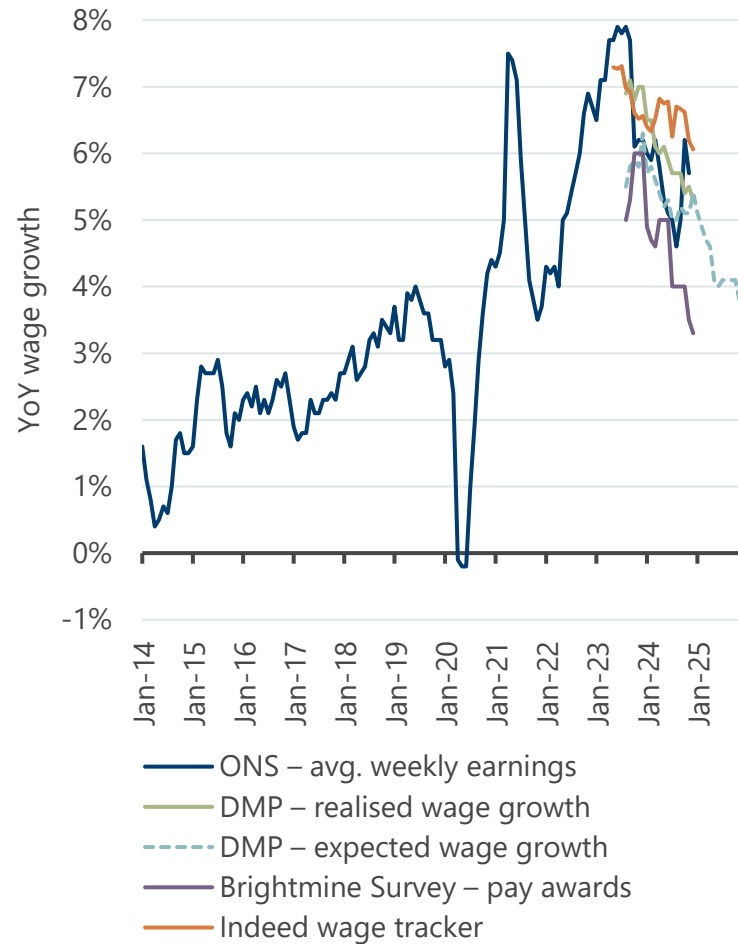
Wages too strong, but still falling

Wage growth inconsistent with inflation target, but survey measures show moderation

Europe



UK¹



US



Source: Bloomberg as at 31 December 2024. ¹Projections from January 2025 to December 2025. ²US average hourly earnings of all employees, total private, yearly % change, seasonally adjusted.

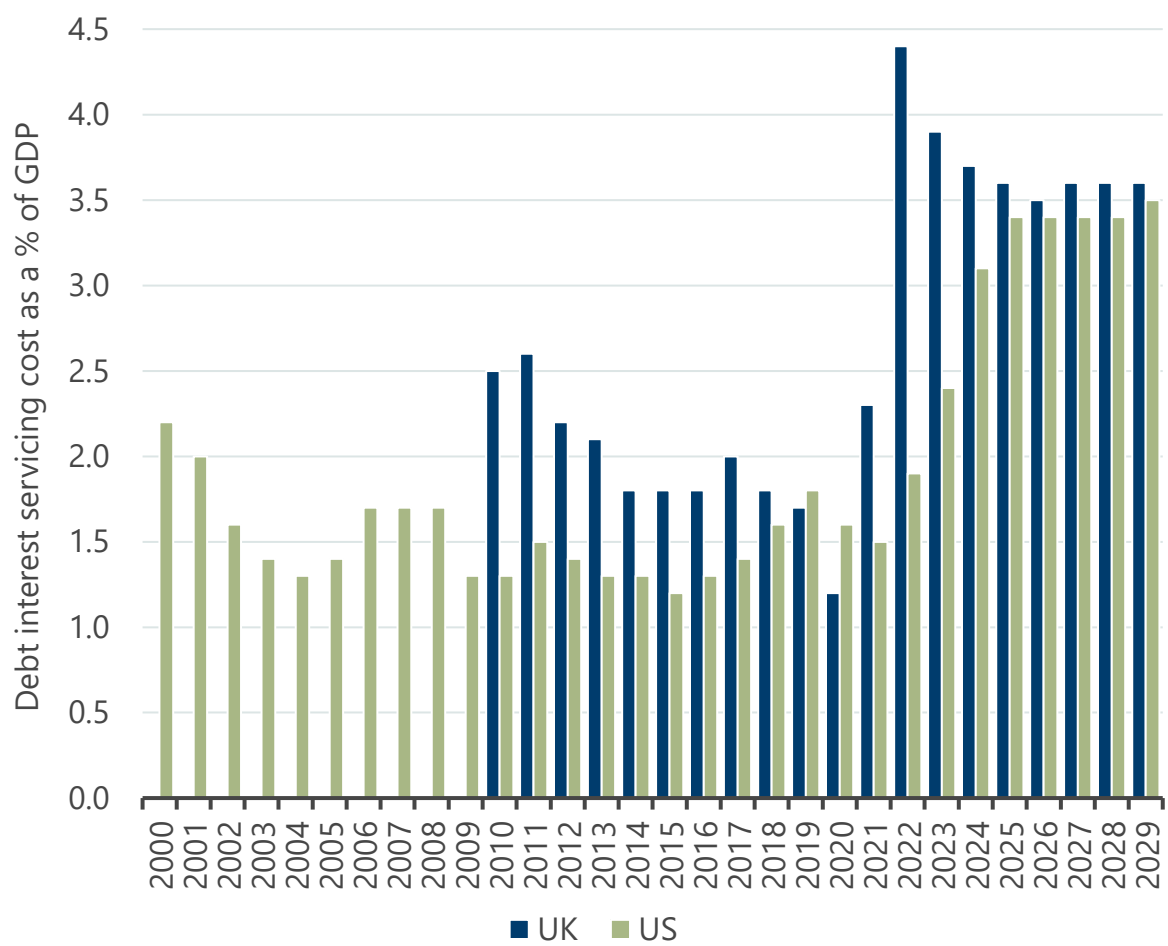
Governments are going to struggle in a higher for longer environment

Debt servicing costs are at 30 year highs

Government debt/GDP



Debt servicing cost: US versus UK

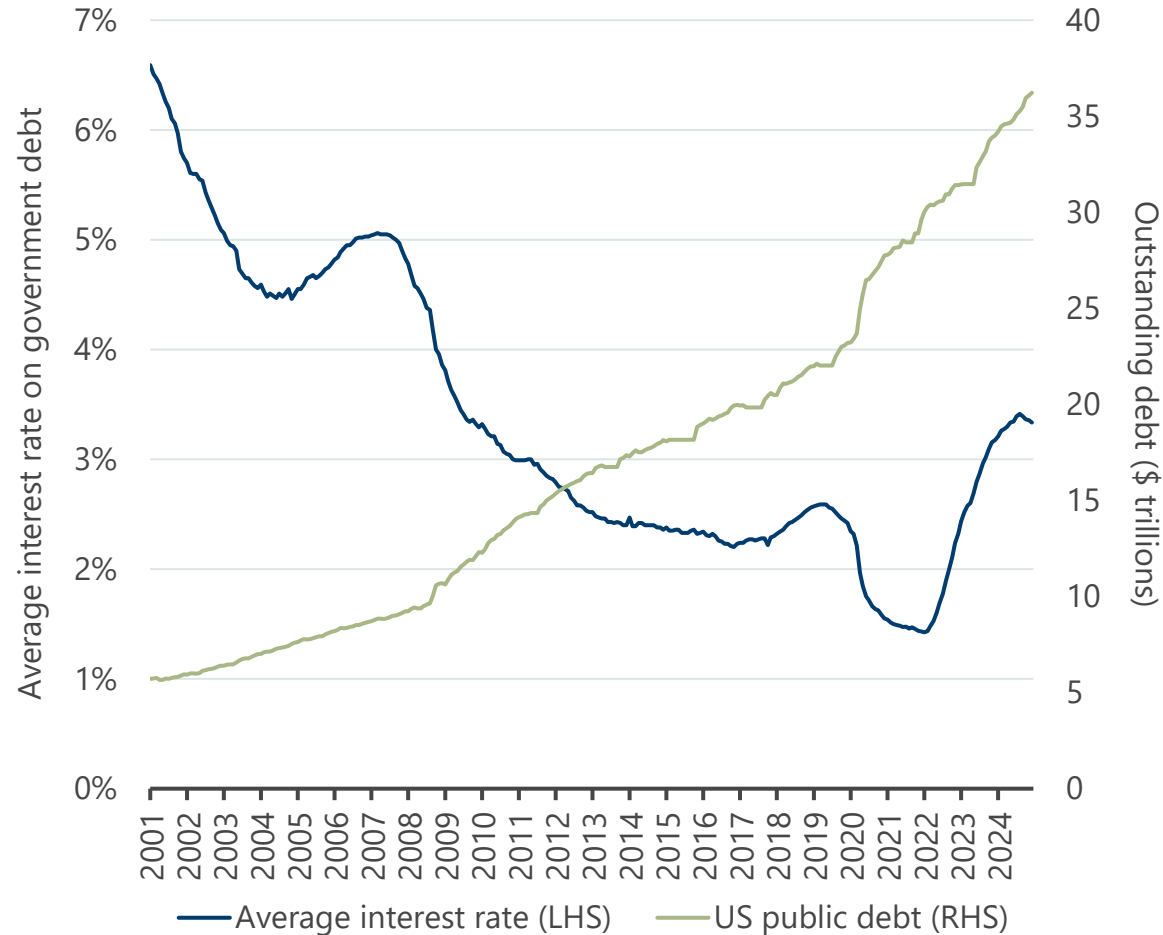


Source: Bloomberg, IMF, OBR. Actual data as at 31 December 2023. OBR forecasts as at 31 October 2024 for 2024 to 2029.

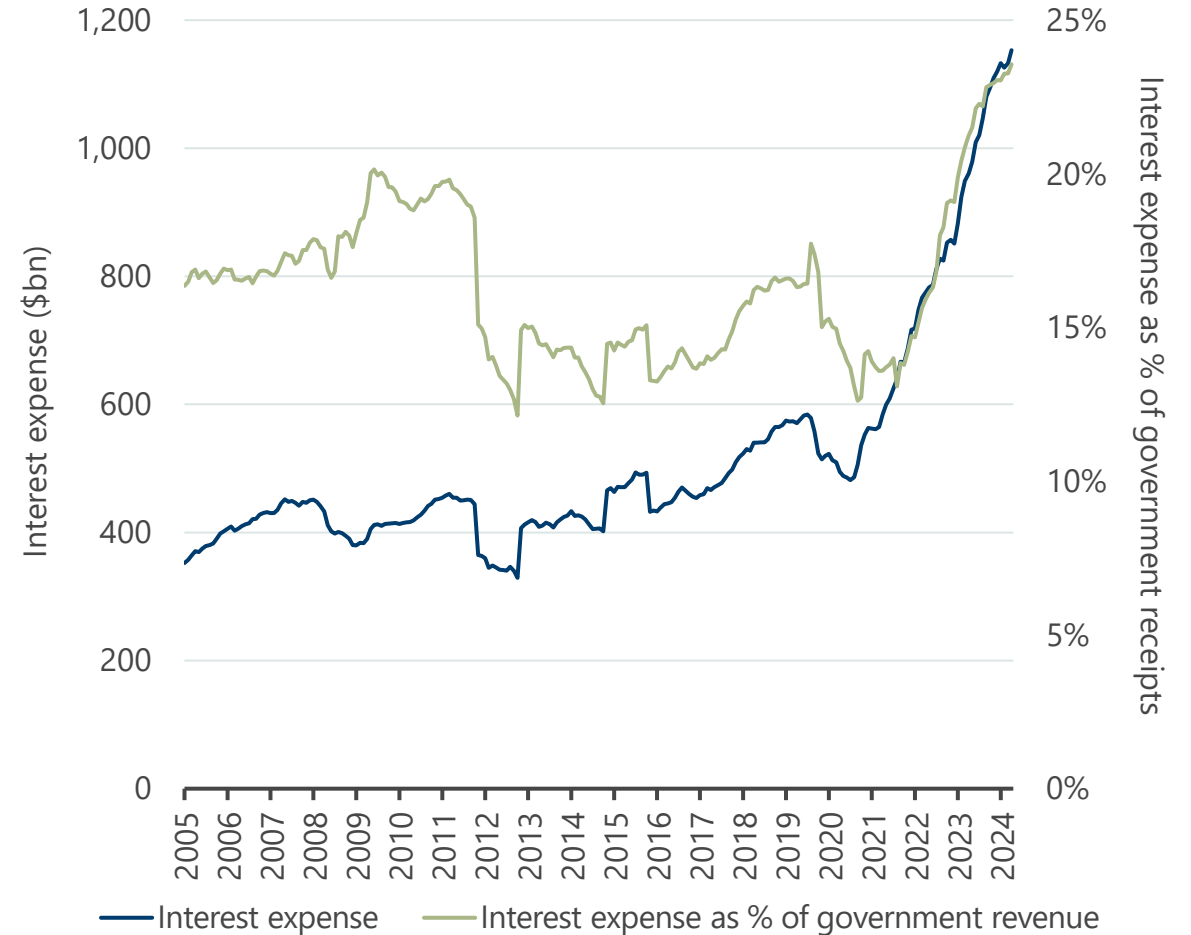
Debt servicing costs as % of government revenue have surged

Stock of debt and higher interest rate is really eating away at US finances

Outstanding US debt



Debt interest cost as % of government revenues

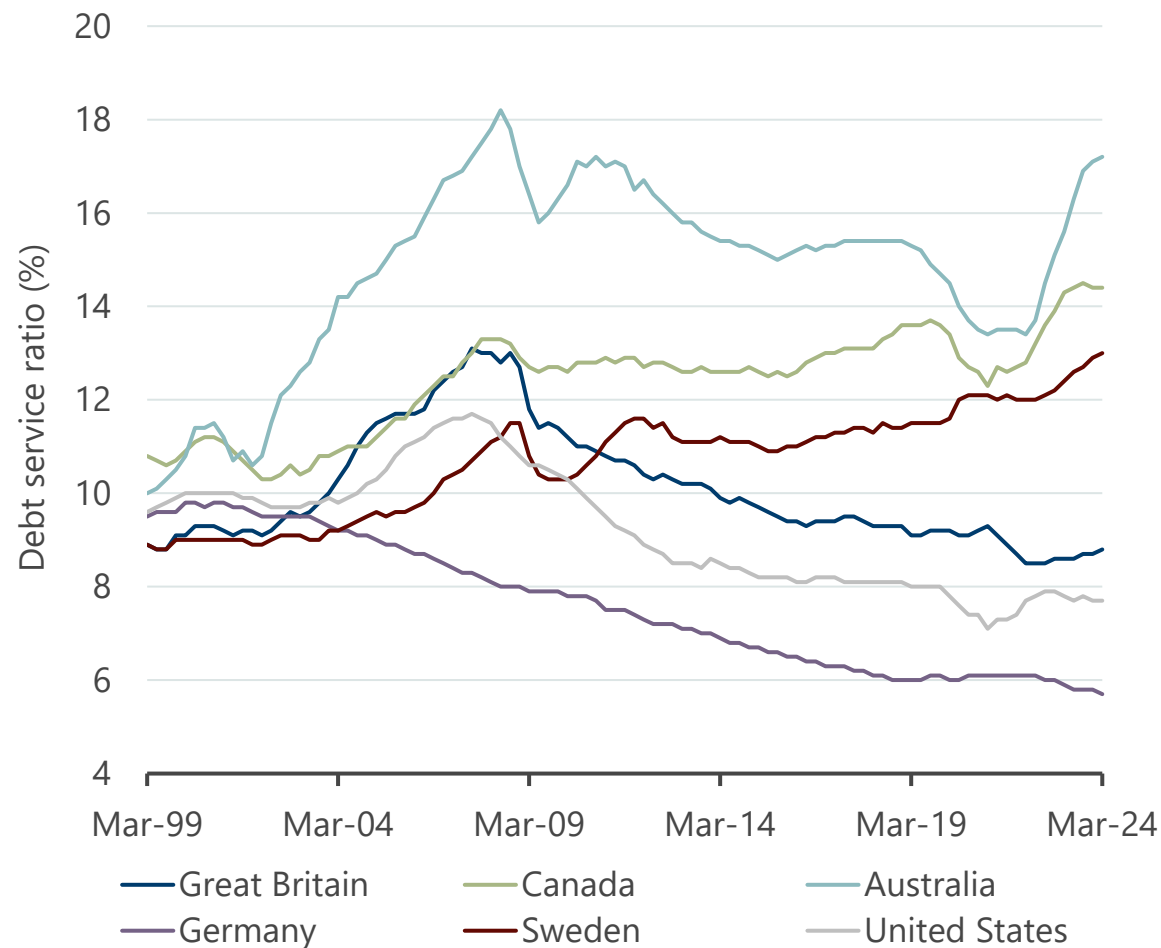


Source: US Treasury fiscal data, Bloomberg as at 31 December 2024.

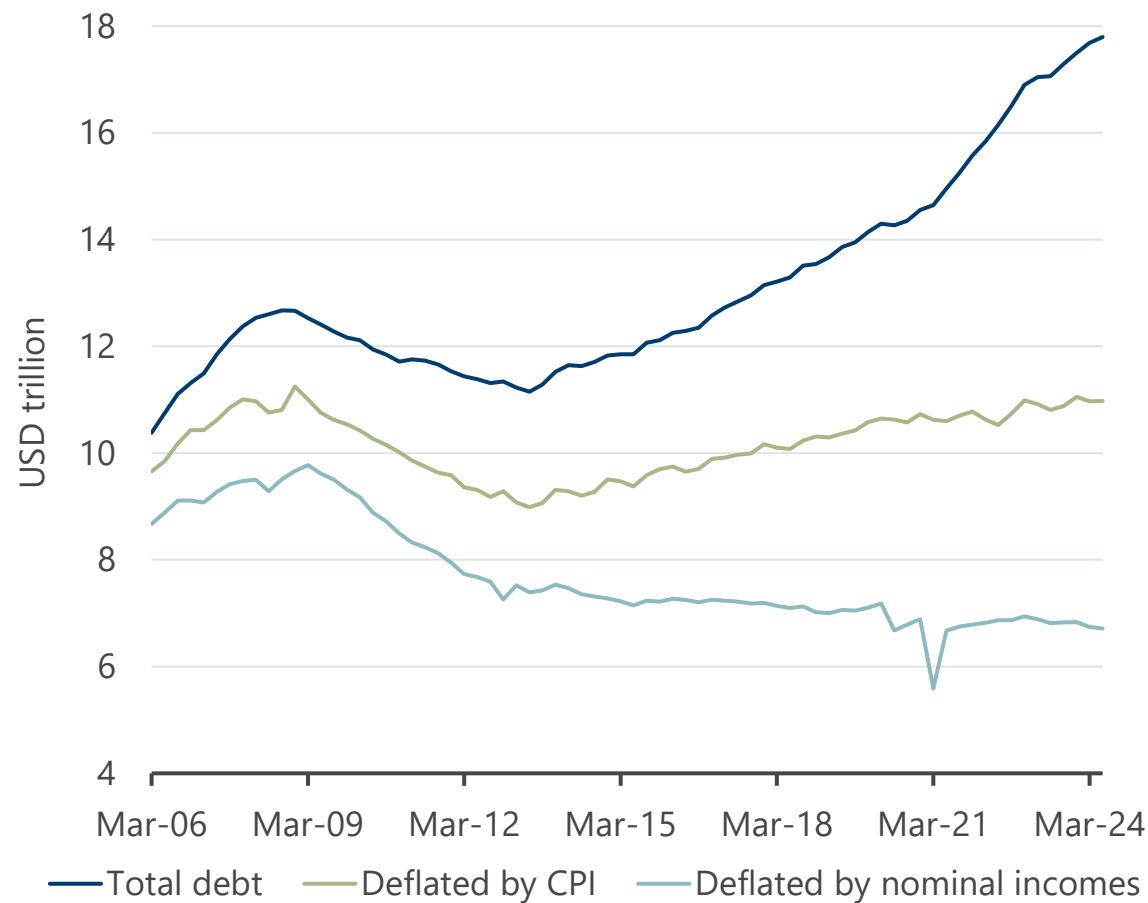
Consumers are more resilient than governments

Consumer debt has decreased when viewed alongside the rise in real incomes

Household debt service ratios¹



Total US consumer debt through a different lens²

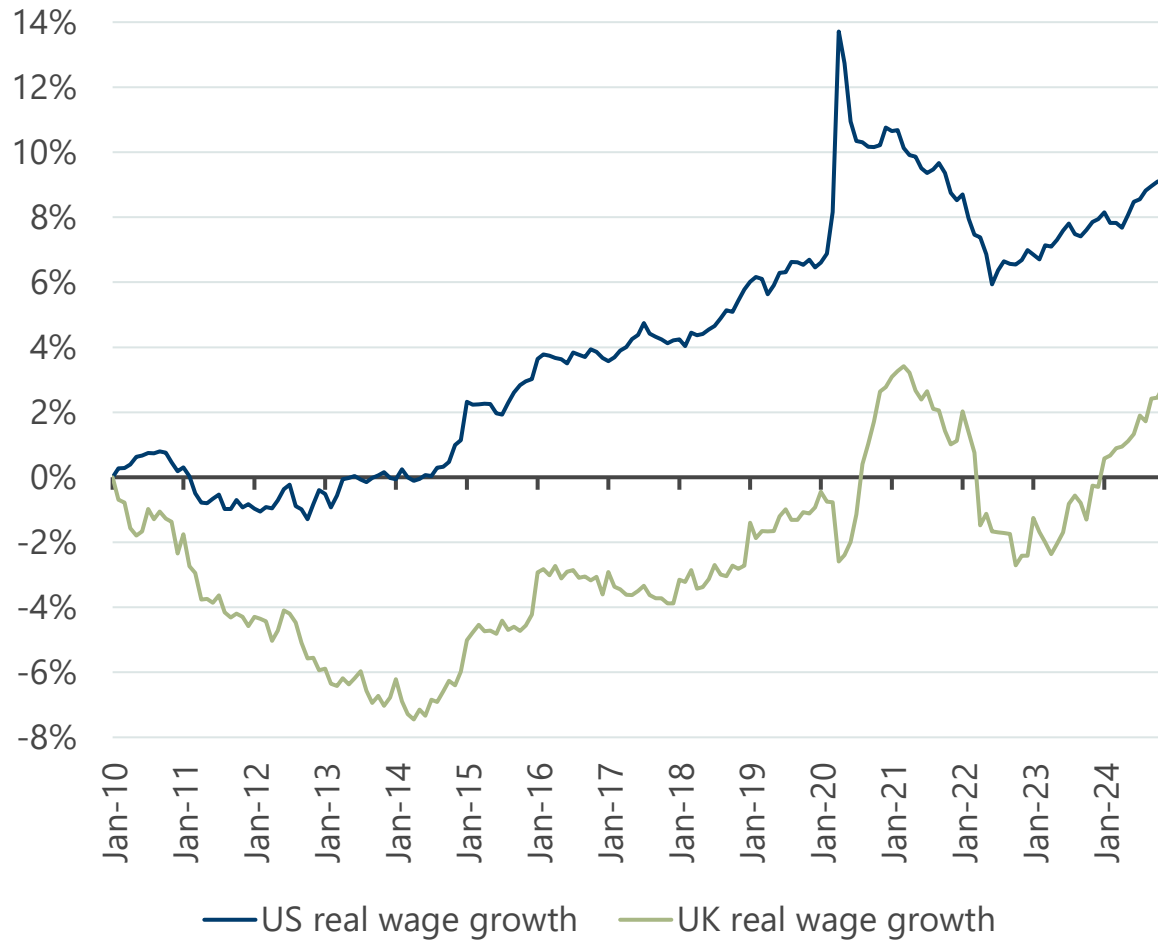


Source: ¹Bloomberg as at 31 March 2024. ²Bloomberg as at 30 June 2024.

Cost of living crisis?

UK real wage growth is above pre-Covid levels

From January 2010 to the present



From January 2020 to the present

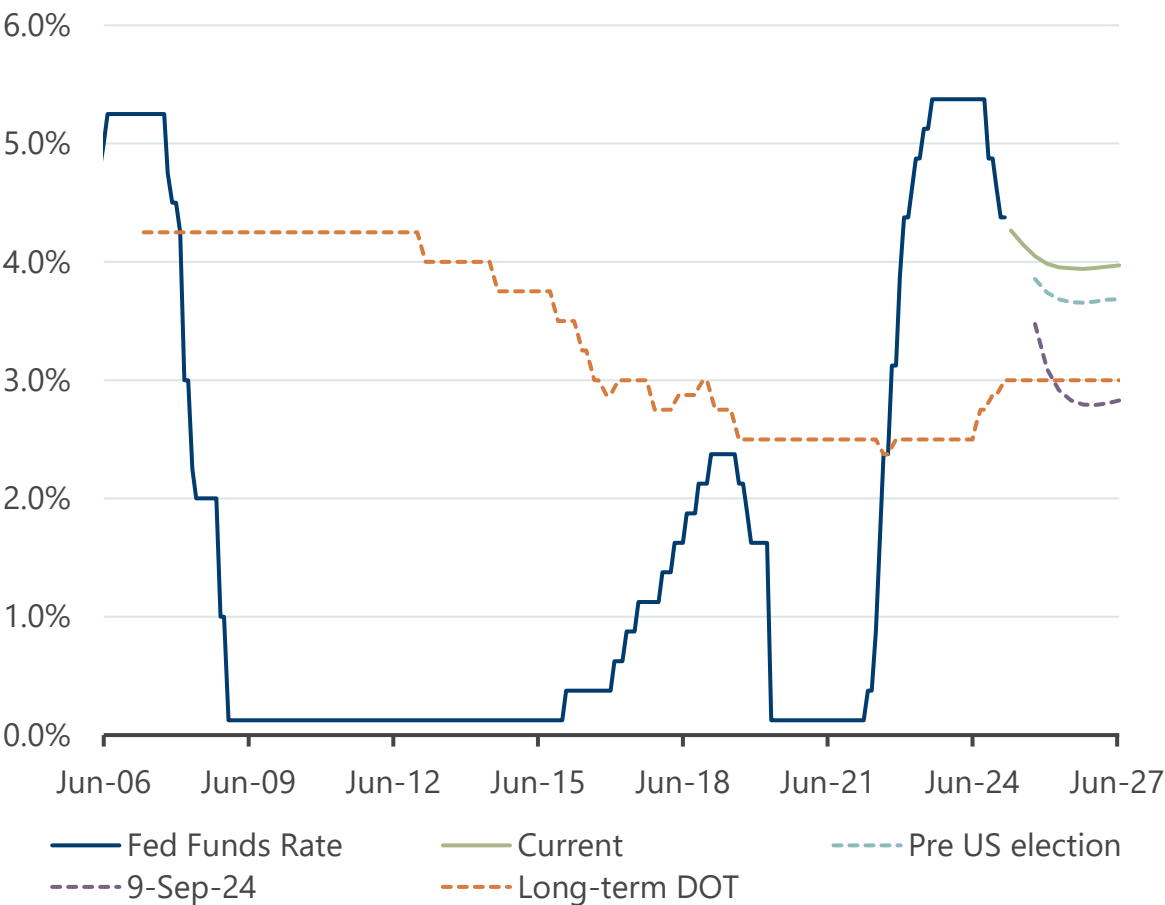


Source: Bloomberg as at 30 November 2024.

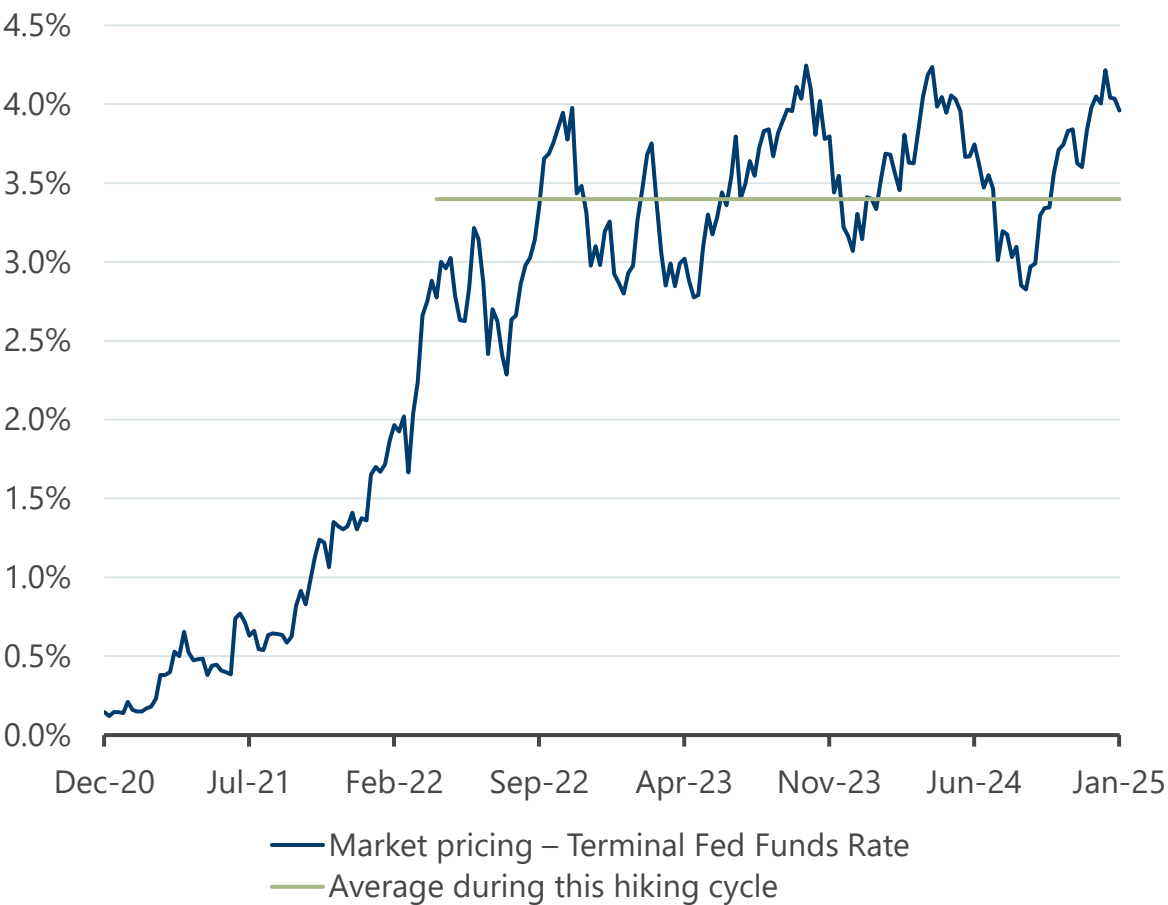
Markets have not had to deal with this level of terminal rate pricing

Despite cuts – terminal rate expectations have risen and are at the cycle highs

Fed funds rate – actual versus market pricing¹



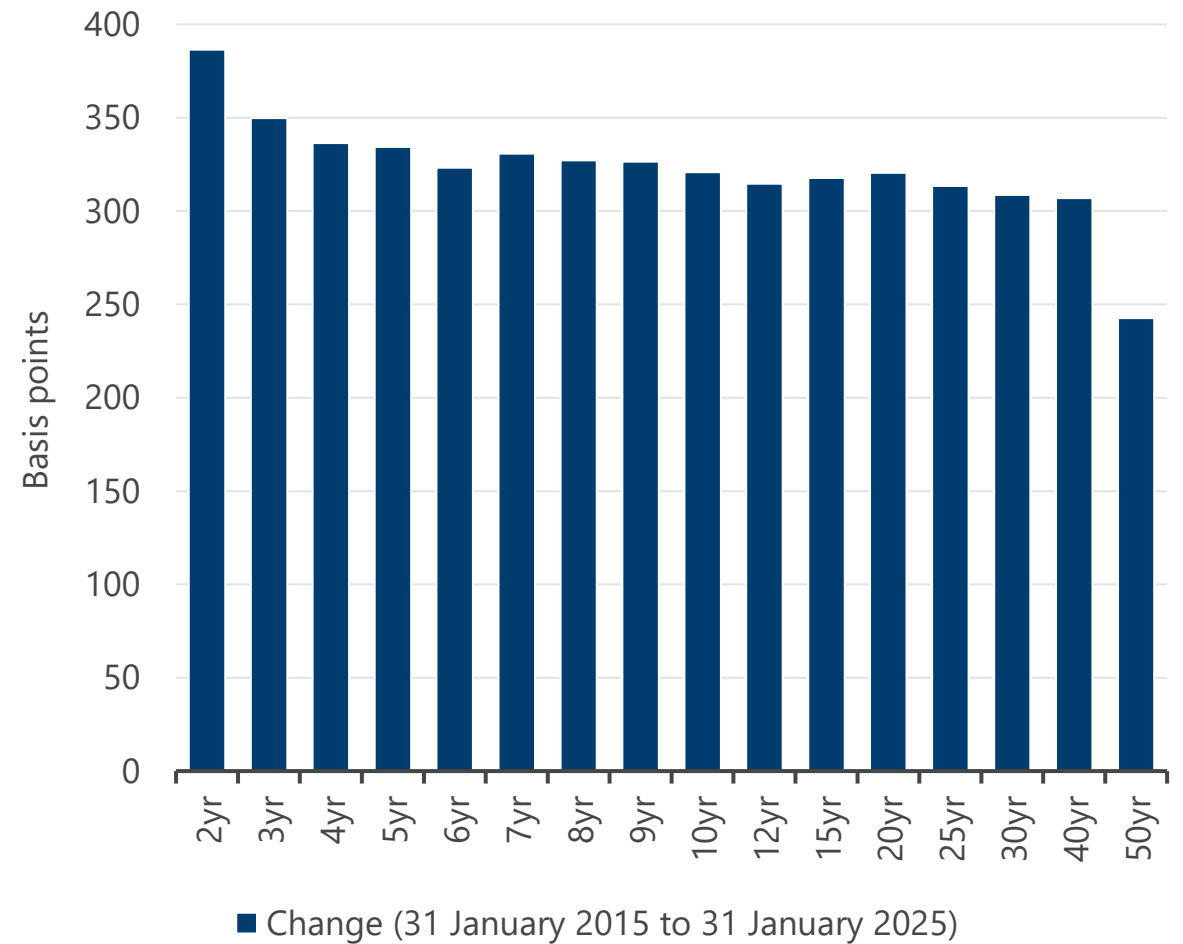
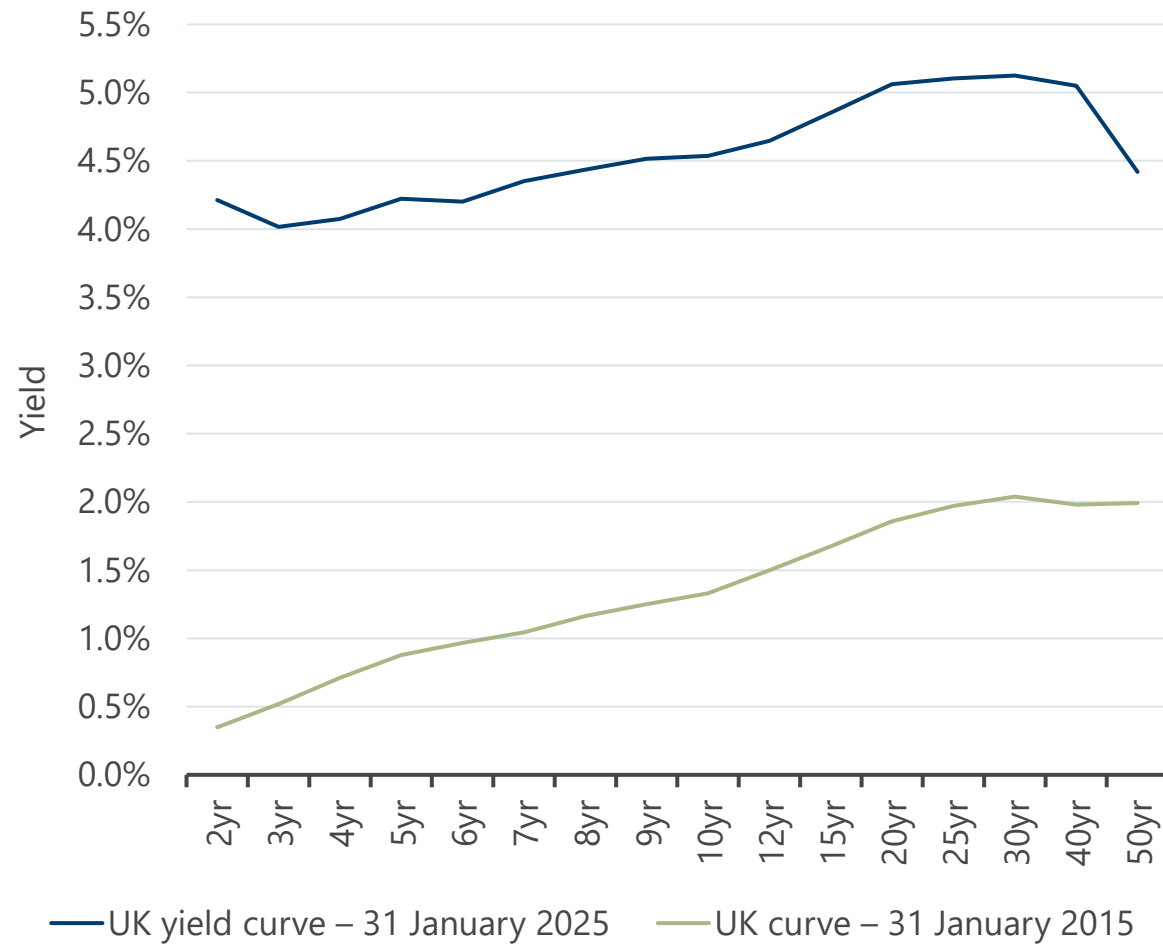
Despite cuts, terminal rate expectations are the tightest they've been²



Source: ¹Bloomberg as at 3 February 2025. Market pricing projections from March 2025 to June 2027. ²Bloomberg as at 31 January 2025.

UK government bond curve

Should the curve be this flat in a world without QE?



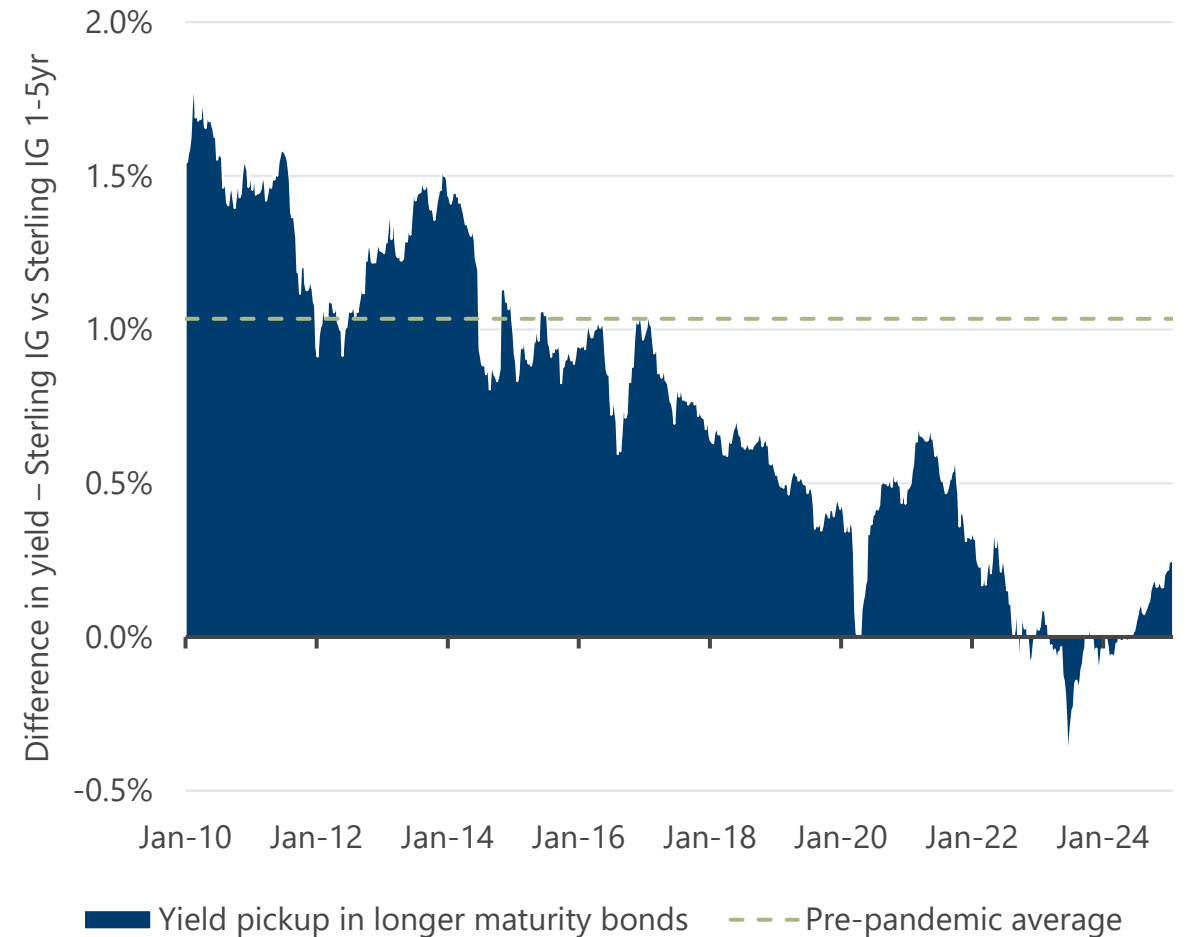
Why short-dated credit is compelling

Short-dated bonds offer similar levels of income without increased risk

Yields are attractive

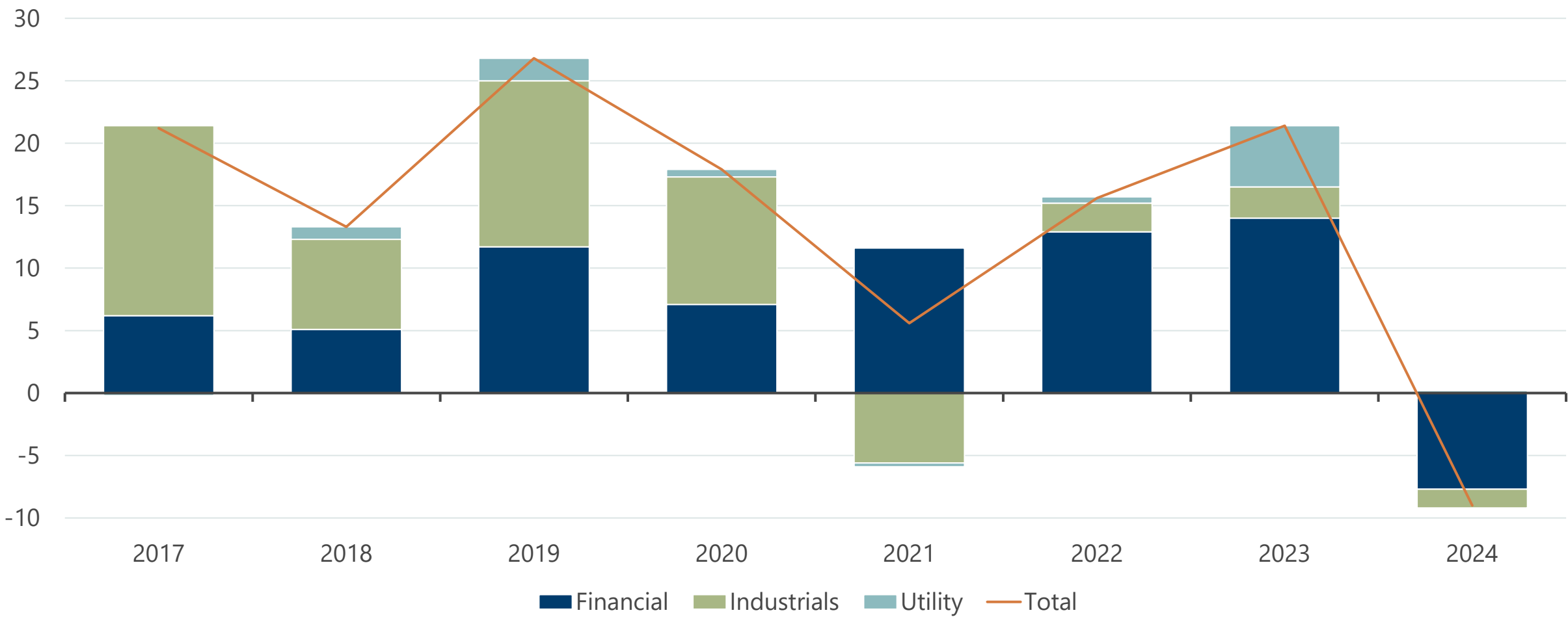


No extra yield in longer maturity, just extra risk



Positive technical backdrop set to continue

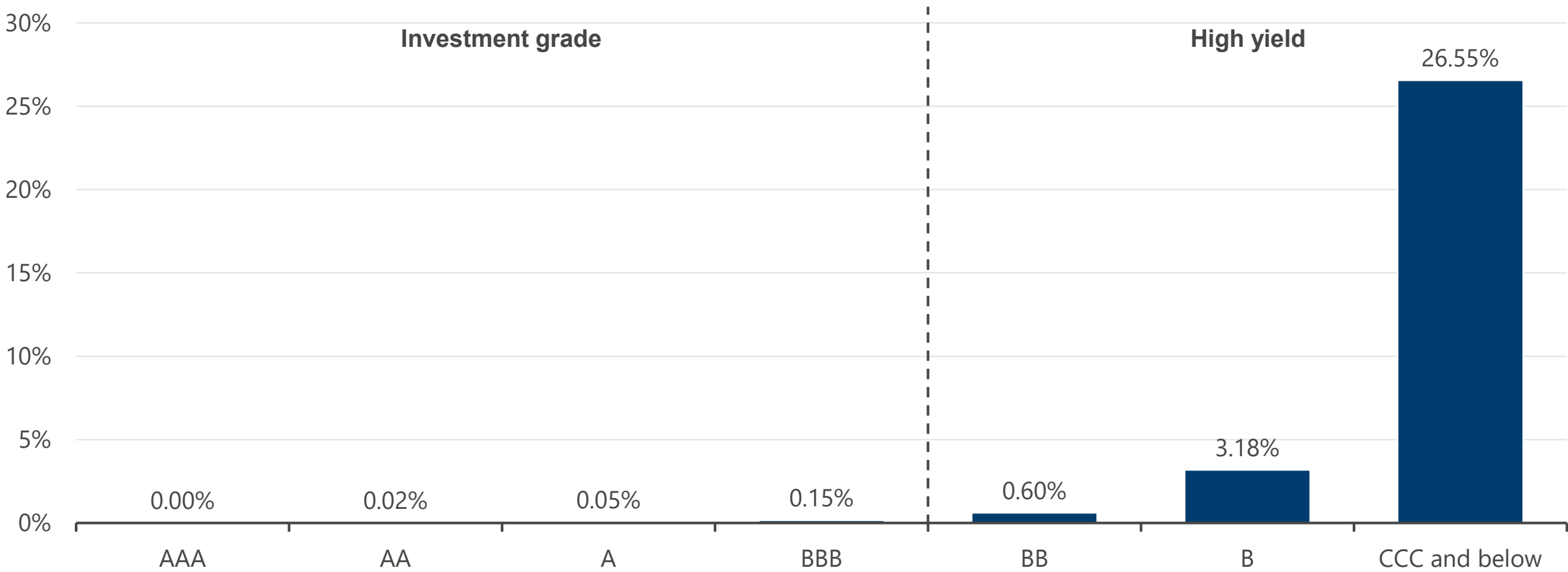
Net £ issuance



Source: ICE BofA as at 31 December 2024.

Default risk

One-year global default rate, S&P weighted long-term average, 1981-2021



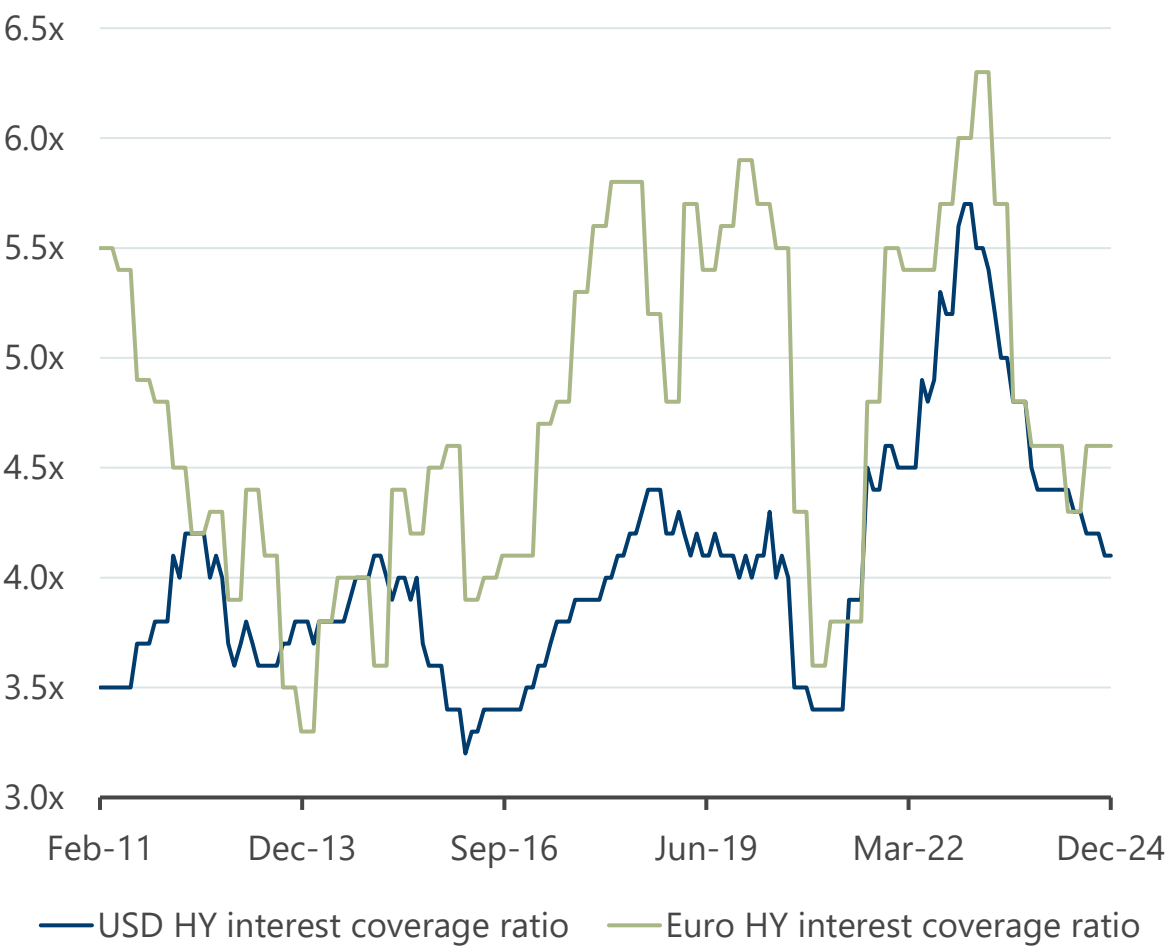
Source: S&P Global Ratings, '2021 Annual Global Corporate Default and Rating Transition Study' as at 13 April 2022.

High yield issuers responding to higher rates

USD and European HY gross leverage



USD and European HY interest coverage ratio



Source: BofA Global Research as at 31 December 2024.

Techem

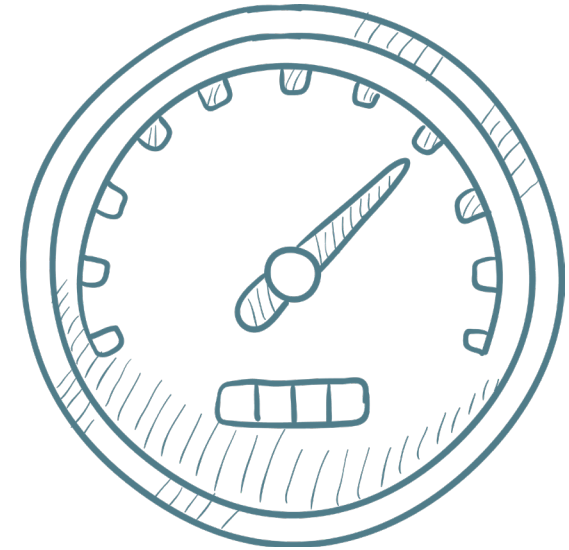
German metering technology

High quality leveraged finance cash flow

LTM revenue	€1,050m
LTM EBITDA	€541m (51.5%) (+7% 20y CAGR)
Net debt	€3,078m (5.6x EBITDA)
Installed base	57.4m devices (+1.7m y-o-y)
Liquidity	€470m
Interest cover	3.4x

- German (and region) metering technology
- Regulatory and technology tailwinds
- Sold to GIC and TDR in October for **€6.7bn**

	Sale price	Debt	Equity	Multiple	Leverage
2018	€4,590m	60%	40%	12x	7.2x
2024	€6,704m	45%	55%	12x	5.4x

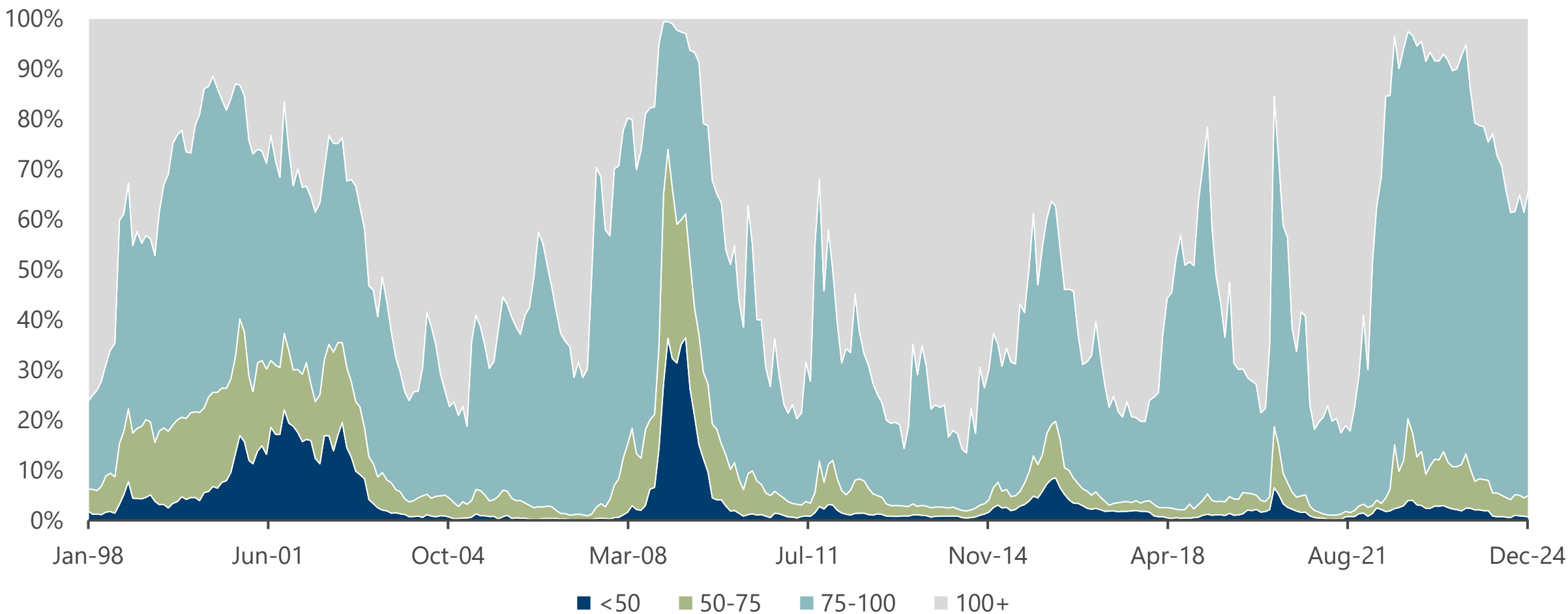


€1.25b 07/2029 bond – 5.32% or 7.27% hedged to GBP – to 2028 call

Source: Company reports and Offering Memorandum dated October 2024; Bloomberg and ICE BofA Global HY Constrained Index as at 31 October 2024.
Note: reference to specific stocks should not be taken as advice or a recommendation to invest in them.

Cash prices provide upside potential but also downside insulation

ICE BofA Merrill Lynch Global High Yield Constrained Index price splits (% of face value)



Source: ICE BofA indices as at 31 December 2024.

The unique opportunity in short-dated high yield

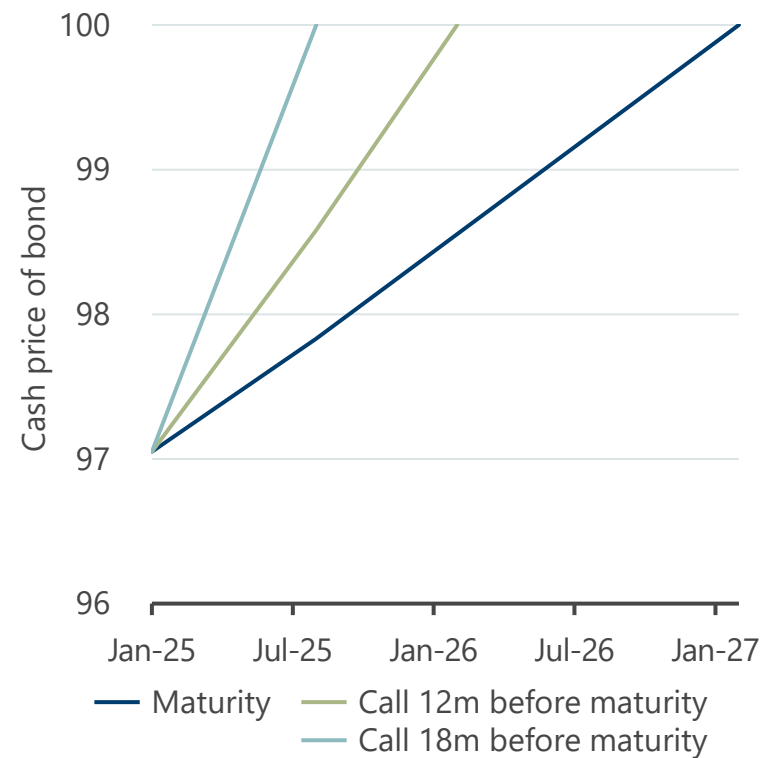
High yield bonds generally get redeemed 12m+ before maturity...

Call time to maturity¹



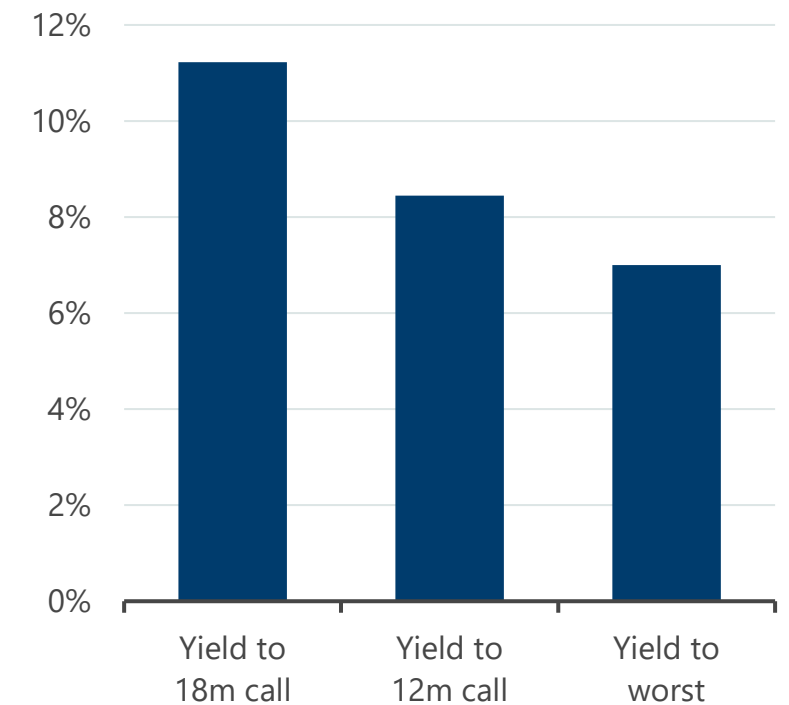
Which means the increase in cash price happens faster...

US HY 1-3yr price scenarios²



Resulting in some very attractive potential returns

US HY 1-3yr yield scenarios²

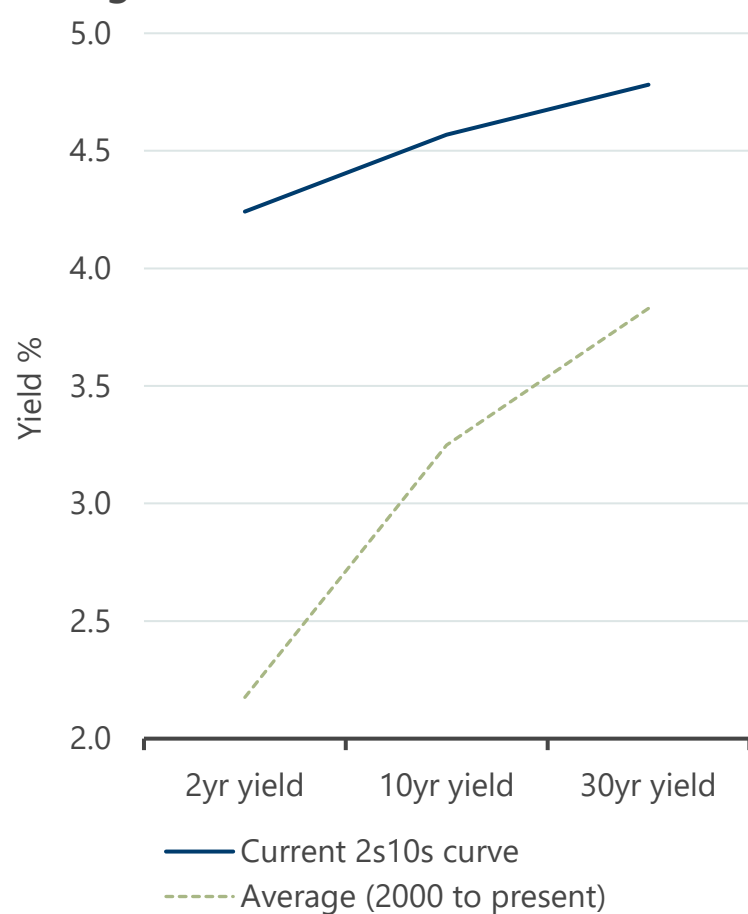


- This only occurs in the high yield market, due to the predominance of bonds with early call options
- The situation today – with non-stressed valuations and large cash price discounts – has never occurred before

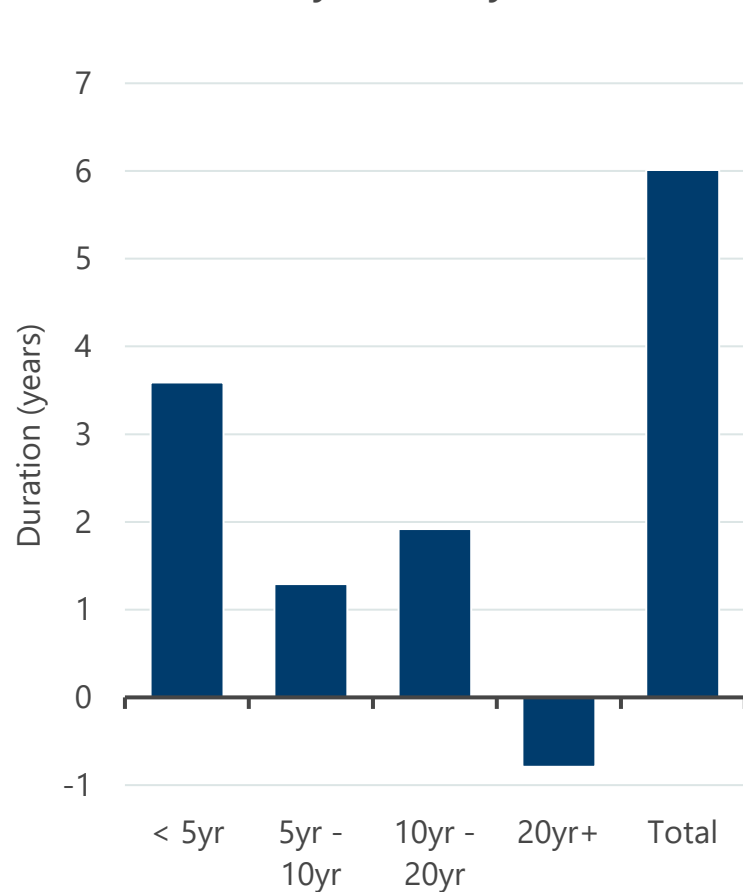
Source: ¹Bank of America 'High Yield Strategy' publication as at 17 January 2025. ²Bloomberg, Artemis, ICE Fixed Income Indices (US High Yield 1-3yr Index) as at 22 January 2025.

Positioning for the current environment

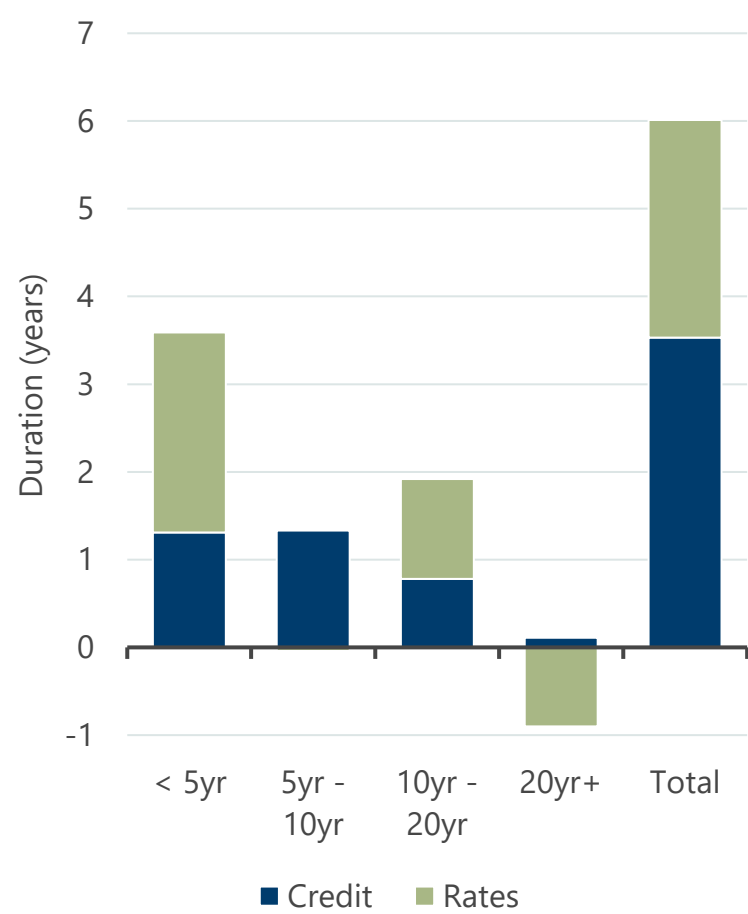
US Yield Curve – now versus historical average¹



Fund duration by maturity²



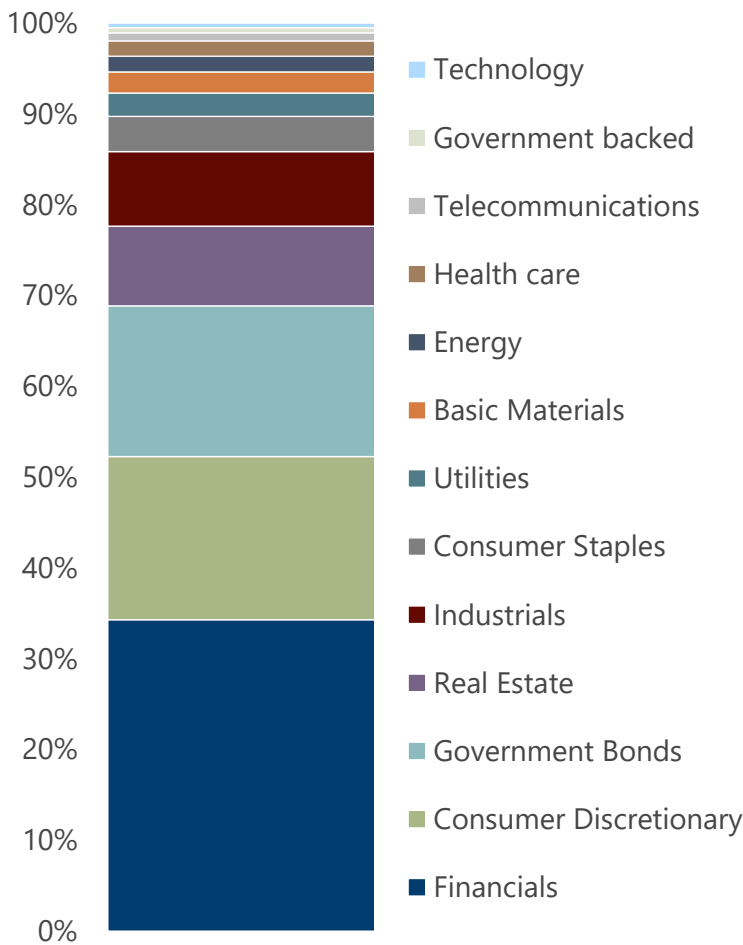
Fund duration by maturity – credit and rates breakdown²



Source: ¹Bloomberg as at 31 December 2024. ²Artemis as at 8 January 2025. The fund is the Artemis Strategic Bond Fund.

Artemis Strategic Bond Fund: portfolio positioning

Sector breakdown



Top 10 holdings

USA Treasury Notes 1.875% 2034	3.4%
Tsy Infl lx N/B Treasury Bonds 0.75%	2.5%
Government of New Zealand Idx/Lkd 2035	2.3%
Government of UK 4.125% 2029	1.9%
Wells Fargo 4.875% 2035	1.8%
USA Treasury Notes 1.375%	1.6%
Government of New Zealand 4.25% 2036	1.6%
Heathrow Funding 6.45% 2033	1.6%
Cooperatieve Rabobank 5.25% 2027	1.5%
Bayer Landesbank 5.25% 2029	1.5%

Ratings mix

AAA	4.4%
AA	14.1%
A	11.9%
BBB	36.0%
BB	23.9%
B	7.0%
CCC and below	0.3%
NR	0.0%

Maturity profile

0 - 5 years	50.6%
5 - 10 years	27.4%
10 - 20 years	15.6%
20 - 30 years	3.8%
> 30 years	0.3%

Currency exposure

British Pound	59.9%
US Dollar	21.6%
Euro	12.4%
Australian Dollar	0.0%
New Zealand Dollar	3.8%

Yield to worst	5.4%
Number of holdings	136
Fund size	£830m

Source: Artemis as 31 December 2024.

Artemis Strategic Bond Fund

Summary

- Dispersion and volatility have created opportunity across fixed income markets
- Environment favours bottom-up approach – highly directional bets will continue to be punished
- Artemis Strategic Bond Fund – specialist approach across Rates, IG, HY

Asset allocation

What you do *within* your allocation will count more.

Duration

Neutral to small long on valuation BUT pick your spots (curve and country).

Credit

Be active and harvest quality cash flows.



Important information and risks

Artemis Funds (Lux) – Global High Yield Bond

CAPITAL AT RISK. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.

Fund objective: The fund aims to increase the value of shareholders' investments through a combination of income and capital growth.

Investment type: The fund is actively managed. The fund may invest in the bonds of any type of issuer (for example government or corporates) with no restriction on economic or geographic areas (including emerging markets). The fund will invest at least 80% in high yield bonds, which either (a) have been given a credit rating of either: (i) Ba1 or lower by Moody's; (ii) BB+ or lower by Standard & Poor's; or (iii) BB+ or lower by Fitch; or (b) have not been rated but which the Investment Manager believes would, if they were rated, be given a comparable credit rating.

Benchmark information: ICE BofA Merrill Lynch Global High Yield Constrained USD Hedged Index. The benchmark is a point of reference against which the performance of the Fund may be measured. Management of the Fund is not restricted by this benchmark. The deviation from the benchmark may be significant and the portfolio of the Fund may at times bear little or no resemblance to its benchmark. The benchmark does not take into account environmental and/or social characteristics promoted by the Fund.

Key fund risks:

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.
Bond liquidity risk	The fund holds bonds which could prove difficult to sell. As a result, the fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities.
Credit risk & higher-yielding bonds risk	Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund. The fund may invest in higher-yielding bonds, which may increase the risk to capital. Investing in these types of assets can produce a higher yield but also brings an increased risk of default, which would affect the capital value of the fund.
ESG risks	The fund may select, sell or exclude investments based on ESG criteria; this may lead to the fund underperforming the broader market or other funds that do not apply ESG criteria. If sold based on ESG criteria rather than solely on financial considerations, the price obtained might be lower than that which could have been obtained had the sale not been required.
Other risks	The fund may also be exposed to other risks such as Derivatives risk, Charges from capital risk, Emerging markets risk, Currency hedging risk and Income risk. Further information on these risks can be found in the fund's KIID and prospectus.

Before making any final investment decisions, and to further understand the investment risks involved, refer to the fund prospectus, available in English, and KIID/KID, available in English and in your local language depending on local country registration, from www.artemisfunds.com or www.fundinfo.com.

Important information and risks

Artemis Funds (Lux) – Short-Dated Global High Yield Bond

CAPITAL AT RISK. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.

Fund objective: The fund aims to generate a return greater than the benchmark, after the deduction of costs and charges, over rolling three-year periods, through a combination of income and capital growth.

Investment type: The fund is actively managed. The fund may invest in the bonds of any type of issuer (for example government or corporates) with no restriction on economic or geographic areas (including emerging markets). The fund will invest at least 80% in high yield bonds, which have a residual maturity of less than five and a half years and either (a) have been given a credit rating of either: (i) Ba1 or lower by Moody's; (ii) BB+ or lower by Standard & Poor's; or (iii) BB+ or lower by Fitch; or (b) have not been rated but which the Investment Manager believes would, if they were rated, be given a comparable credit rating.

Benchmark information: Secured Overnight Financing Rate (SOFR). The benchmark is a point of reference against which the performance of the Fund may be measured. Management of the Fund is not restricted by this benchmark. The deviation from the benchmark may be significant and the portfolio of the Fund may at times bear little or no resemblance to its benchmark and therefore characteristics such as volatility will vary between the fund and the benchmark. The benchmark does not take into account environmental and/or social characteristics promoted by the Fund.

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Performance – 12 months to quarter end (%)

Artemis Funds (Lux) – Global High Yield Bond¹

	Q4 2024	Q4 2023	Q4 2022	Q4 2021	Q4 2020	Q4 2019	Q4 2018	Q4 2017	Q4 2016	Q4 2015
Artemis Funds (Lux) – Global High Yield Bond	11.6	10.8	-11.5	7.6	6.4	-	-	-	-	-
ICE BofAML Global High Yield Constrained USD Hedged Index	9.2	13.0	-11.4	3.0	6.5	-	-	-	-	-

Artemis Funds (Lux) – Short-Dated Global High Yield Bond²

	Q4 2024	Q4 2023	Q4 2022	Q4 2021	Q4 2020	Q4 2019	Q4 2018	Q4 2017	Q4 2016	Q4 2015
Artemis Funds (Lux) – Short-Dated Global High Yield Bond	10.8	12.0	-3.9	4.9	1.5	-	-	-	-	-
Secured Overnight Financing Rate (SOFR)	5.3	5.1	1.7	0.0	0.4	-	-	-	-	-

Past performance is not a guide to the future.

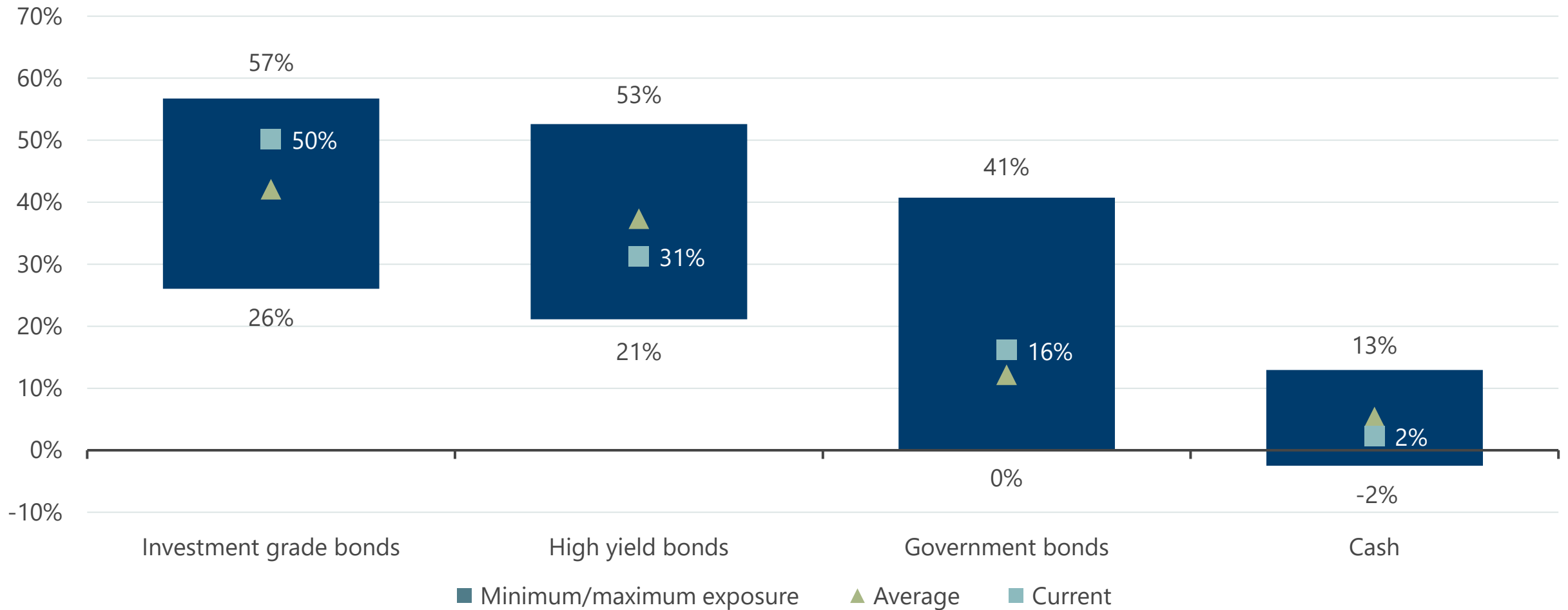
Source: Lipper Limited, class I accumulation shares in USD from the fund launch date to 31 December 2024. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. ¹Fund launched 13 November 2019. ²Fund launched 20 June 2019.

Appendix



An integrated fixed income solution

Seeking out the optimal blend of fixed income assets

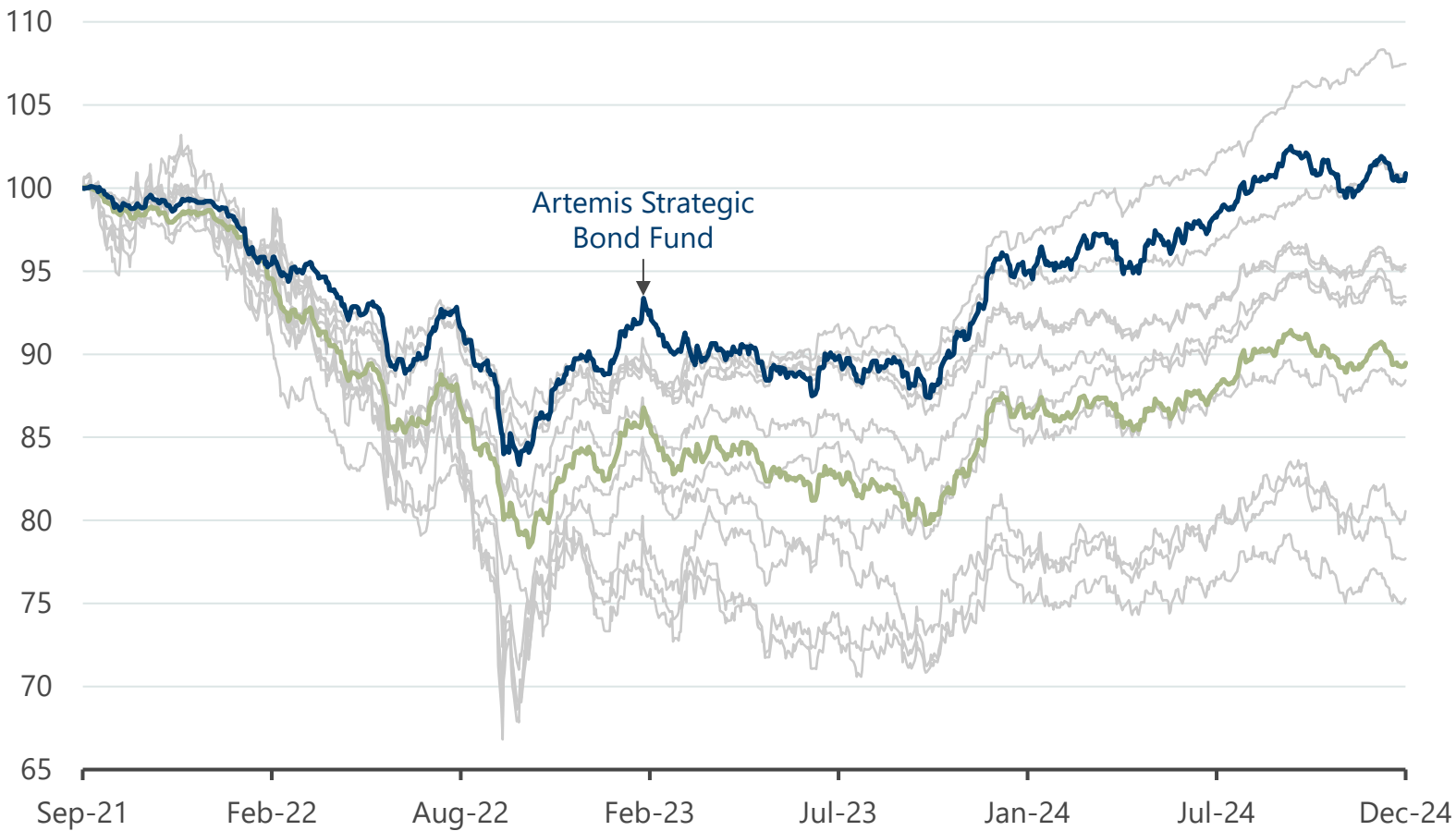


Source: Artemis, FactSet from 30 September 2005 to 31 December 2024. Positioning data on this slide is for physical holdings only; derivatives are excluded.

Fund performance relative to the investable universe

Performance since September 2021

Bloomberg Global High Yield	7.5%
Artemis Strategic Bond Fund	0.9%
Bloomberg Euro Agg Corporate	0.9%
Bloomberg Global Aggregate	-4.6%
Bloomberg Global Agg Treasuries	-4.8%
Bloomberg EM USD Aggregate	-6.5%
Bloomberg Global Agg Credit	-6.8%
Bloomberg Sterling Corporate	-11.6%
Bloomberg Sterling Aggregate	-19.4%
Bloomberg Global Inflation-Linked	-22.3%
FTSE Conventional Gilt	-24.7%



Past performance is not a guide to the future. Source: Bloomberg, class I quarterly accumulation shares in GBP from 8 September 2021 to 31 December 2024. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. The grey lines in the chart above show the performance of the indices listed in the table to the left of the chart. Note that the fund's benchmark is the IA £ Strategic Bond NR sector. The green line shows the average performance of other strategic bond funds in the sector that were valued at >£1bn at 8 September 2021.

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