

# ARTEMIS High Income (UT)

OBSR Fund Rating  
**AA / Silver**

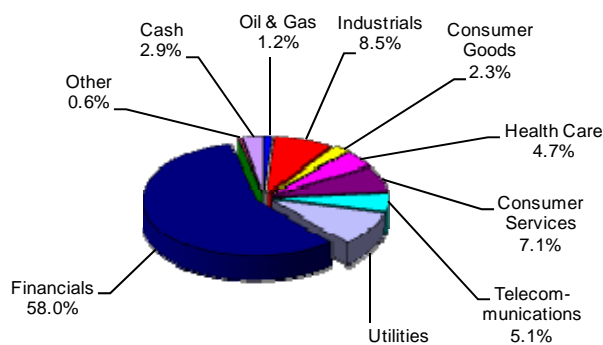
**obsr** FUND  
RATINGS

## Key Information

Launch Date	26 May 1995	
Fund Size	£536.4m	
Type of Units Available	Income	
Distribution Dates	7 January, 7 April, 7 July, 7 October	
Historic Yield	7.20%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.25%

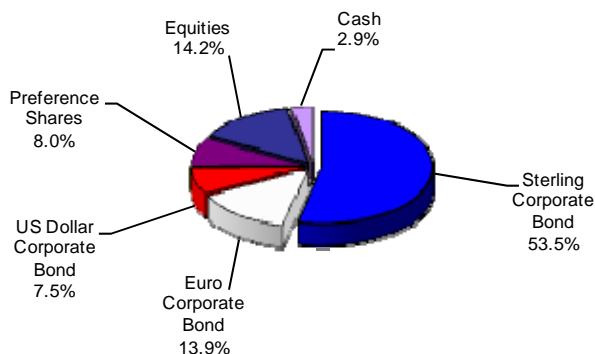
## Asset Distribution - Sector

Source: Artemis



## Asset Distribution

Source: Artemis



## Top Ten Holdings

Top Ten Holdings	%
First Hydro Finance 9% GDT Sec Bonds 31/7/2021	3.4
BT Group	3.3
Finial Holdings	2.8
United Utilities Group	2.8
Tullett Prebon Group 7.04% 2016	2.6
Henderson UK Finance 7.25% GTD NTS 24/3/2016	2.5
Standard Life	2.4
F&C Finance	2.3
Scottish Widows Step Up Perp	2.2
Virgin Media Finance 8.875% 2019	2.2

Concentration (Top 10)	26.5
Total Number of Holdings	94

Source: Artemis

## Classification

Sector	Sterling Strategic Bond
OBSR Category	Mixed Assets
Benchmark/Index	FTSE-A British Government All Stocks

## Management/Investment Style

Fund Managers	Adrian Frost (September 2002) Adrian Gosden (October 2003)
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Offers investors a diversified mixed portfolio of corporate bonds, convertibles and equities managed primarily to sustain a high running income yield. The manager will trade opportunities actively in the pursuit of maximum returns.

## Investment Objective & Methodology

This fund aims to provide a balanced spread of investment to achieve an above average level of income together with the prospect of rising income and some capital growth over the longer term. Whilst the fund is not restricted to particular countries, sectors or classes of investment, it is likely to maintain a high weighting in the UK.

Adrian Frost joined Artemis in December 2001 and has managed this fund since September 2002. He spent many years at Deutsche Asset Management, culminating as Head of UK Equities, where he established an excellent long-term track record as a UK Equity Income fund manager. He is assisted by Adrian Gosden who joined Artemis in October 2003 from SG Asset Management.

The High Income fund is an amalgamation of bonds and equities but must have a minimum of 80% invested in bonds leaving up to 20% invested in equities if desirable. On the fixed Income side the managers seek to harvest as high a yield as possible yet have the confidence that the issuer of the equity or bond can meet its dividend/coupon repayment obligation. Furthermore, they seek to exploit market inefficiencies through fundamental research, taking a forward looking approach to investing with a focus on industries or companies where they have an information advantage, rather than depending upon credit rating driven valuations. Within the equity portion there is a strong focus on free cash flow as a valuation metric, taking into account both level and direction of cash flow, its sustainability and related issues such as management impact and a company's ability to mobilise its capital. The managers believe that focusing on the free cash flow yield is the equivalent of valuing the company as though it were a bond and consequently compare the free cash flow yield with less risky rates of return, e.g. money markets and bonds. The managers will also visit companies and meet management where they feel it will help them with their judgment, will liaise with colleagues at Artemis both on the equity and bond side as well as selected external research sources to complement their own fundamental analysis.

The portfolio is managed with a view to maintaining the flow of income, whilst paying due attention to the quality of individual holdings and to improving quality and liquidity over time as market opportunities so permit. The fund will retain a diversification in order to spread its income risk with the weightings in individual issuers commensurate with the risk/reward trade-off as determined by the managers. The average position size will be between 0.5% and 1.5% with a maximum of about 3% of the portfolio invested in any one issuer. Industry exposure is capped at a maximum of 15% and the key risk control in the portfolio is to ensure that the distribution is not overly dependent upon one entity or sector.

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Data as at 31 December 2011  
Last Updated January 2012