

ARTEMIS Income (UT)

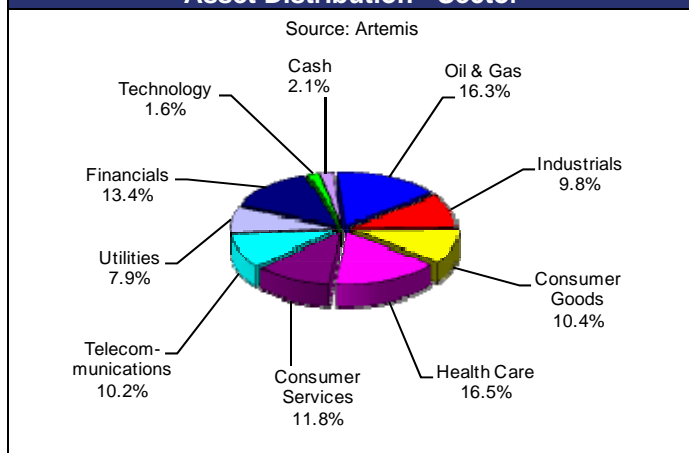
OBSR Fund Rating
AAA / Gold

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RATINGS

Key Information

Launch Date	6 June 2000	
Fund Size	£3949.5m	
Type of Units Available	Income & Accumulation	
Distribution Dates	30 June, 31 December	
Historic Yield	4.80%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.50%

Asset Distribution - Sector



Top Ten Holdings

	%
Royal Dutch Shell - B Shares	5.9
Vodafone Group	5.3
GlaxoSmithKline	5.2
BP	4.7
BT	3.6
Centrica	3.4
BG Group	3.0
Novartis	3.0
Imperial Tobacco	2.8
AstraZeneca	2.7
Concentration (Top 10)	39.6
Total Number of Holdings	66

Source: Artemis

Classification

Sector	UK Equity Income
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	FTSE All-Share

Management/Investment Style

Fund Managers	Adrian Frost (January 2002) Adrian Gosden (October 2003)
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Offers a moderately concentrated portfolio with strong emphasis on FTSE 350 companies and fundamental company research going hand in hand with detailed quantitative analysis. The style will be modified over the course of the economic and stockmarket cycles, with a view to optimising overall fund returns.

Investment Objective & Methodology

The fund's objective is to produce a rising income combined with capital growth from a portfolio primarily comprising UK investments, including ordinary shares, preference shares, convertibles and fixed interest securities. The reference benchmark is the FTSE All-Share Index.

Adrian Frost joined Artemis in December 2001 and has managed this fund since January 2002. He spent several 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. Collectively, the team has a wealth of experience in constructing UK equity portfolios across the full market-cap range.

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 and the focus on free cash flow gives greater flexibility than yield alone. The managers describe themselves as pragmatic and aim to apply their style to suit investment conditions. The managers will also visit companies and meet management where they feel it will help them with their judgment and use Artemis' SmartGARP quantitative screening as well as selected external research sources as an adjunct to their own fundamental analysis.

Exposure to large, medium and small companies will vary over time, being driven mainly by the manager's views on where the greatest performance potential exists. However, there is likely to be a strong emphasis on FTSE 350 stocks, which should provide scaleability as the fund grows in size.

It is a core Artemis belief that each manager should focus clearly on those stocks in which he has greatest conviction, hence this portfolio tends to be moderately concentrated, typically containing 60-90 stocks, but at times there may be a long tail of small holdings. At Artemis, the manager enjoys relative freedom from formal benchmark-related risk controls, although as a guide, broad sectoral exposure is kept within +/-10% and stock bets within +/-5%, compared with All-Share weightings.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012