



Fund Service Centre & Dealing Tel: 0800 092 2051
Fund Service Centre Overseas Tel: +44 (0)113 360 4500
Dealing Fax: 0207 643 3708
E-mail: artemisenquiries@ntrs.com
www.artemisfunds.com

22 November 2024

Dear Investor,

Important notice for investors in Artemis Positive Future Fund

We are writing to you as an investor in Artemis Positive Future Fund (the “Fund”). We aim to explain changes being made to the Fund’s investment policy, strategy, and benchmark.

You do not need to take any action. However, we recommend that you read this letter as it provides further information about why we are making these changes.

What is changing?

The following changes will be made:

1) Amendments to the Fund’s investment strategy

The Fund’s current investment strategy focusses on the positive impact delivered by a company’s products and/or services. We believe that it would be beneficial to make a wider-ranging assessment of a company’s positive impact by also considering a company’s broader conduct and operations, in addition to the impact of the products and services which it provides.

The Fund’s investment strategy currently focuses on identifying “disruptive” companies. This has had the effect of reducing the number of companies in which the Fund Manager can invest, to a subset of mostly smaller companies which are at much earlier stages of growth. These companies’ share prices tend to rise and fall more quickly than more established companies, which means that the Fund has been exposed to a higher risk of sudden fluctuations in the value of its portfolio.

We will therefore be removing references to “disruptive” companies. Over time we expect that the companies which the Fund invests in will become, on average, larger and more established, whilst still being at a size where they can respond positively to shareholder engagement.

2) Amendments to the Fund’s exclusions

We are making changes to the Fund’s exclusions to reflect the Fund Manager’s approach to prioritising engagement over exclusion. This reflects the Fund Manager’s belief that impact in listed equities can be delivered through constructive dialogue and productive engagement that can precipitate and accelerate real-world outcomes.

Amendment to product-related exclusions: The Fund's tobacco exclusion will be clarified to prevent investment in tobacco producers only, not any tobacco-related business activities.

This change is not intended to allow the fund to invest in companies which have significant tobacco-related business activities. It will however mean that companies which generate a small amount of their revenue from tobacco (for example, retailers or distributors) can be eligible for investment.

Amendment to conduct-related exclusions: The Fund's animal testing, genetic modification, biodiversity and nuclear-power screens will be removed. This change will allow the Fund Manager to invest in areas where it is believed that productive engagement will have a positive effect on investee companies' conduct.

There may be some trades as a result of the amendments on Day 1, but the full set of changes will take place in the following weeks after the effective date to reflect the updated Investment Objective & Policy. Artemis will bear the costs of the Day 1 realignment costs which have been estimated at £4,500. In relation to the trading costs in the weeks following the effective date, these will be borne by the Fund as part of the normal portfolio turnover.

3) Change of comparator benchmark

The Fund's comparator benchmark will change from MSCI ACWI Index to MSCI ACWI Mid Cap Index. The current benchmark, MSCI ACWI Index, is a widely used indicator of the performance of global stock markets, without any bias to the market capitalisation of companies. The Fund will focus on mid cap companies, those having a market capitalisation ranging from £1bn to £100bn at time of purchase. The Fund Manager is of the view that companies of this size tend to be material enough to drive positive outcomes, whilst still being small enough to respond positively to shareholder engagement.

The Appendix to this letter shows the updated investment policy, strategy and benchmark section which will be reflected in the Fund's prospectus.

Why is Artemis making these changes?

We believe that the changes are in the best interests of investors.

By updating the Fund's investment strategy so that we can assess positive impact at the conduct level, in addition to the product and services level which we already consider, and reducing our emphasis on disruptive companies at an earlier stage of their development, we expect that we will be better placed to meet the Fund's objective of growing capital over a five-year period. The reasons for this are two-fold: first, we are able to build a less volatile and more balanced portfolio that should be able to deliver attractive returns through market cycles; and second, we are able to deliver more meaningful impact by influencing companies through engagement to improve their environmental and social impact on the world, regardless of whether it stems from their products, services, conduct or footprint.

Sacha El Khoury, who joined Artemis in March 2023 as Head of Impact Equities, took over the lead management of the Fund in March 2024. She is supported by May Laghzaoui and Lorraine Hau. Following a recent review of the Fund's investment policy and strategy, it was felt appropriate to update the language to reflect:

- i. the holistic assessment of positive impact
- ii. the removal of emphasis on identifying companies disrupting established industry incumbents through innovation

- iii. a broader emphasis on Artemis's investor impact, i.e. value that can be derived from active, constructive engagement with companies.

The changes to the Fund's benchmark are being made as the Fund Manager believes the MSCI AC World Mid Cap Index to be a more appropriate benchmark for performance comparison purposes than the MSCI AC World Index, given the typical market capitalisation of the companies held by the Fund. The Fund will focus on mid cap companies, those having a market capitalisation ranging from £1bn to £100bn at time of purchase. The Fund Manager is of the view that companies of this size tend to be material enough to drive positive outcomes, whilst still being small enough to respond positively to shareholder engagement.

When will the changes take place?

The changes will come into effect on 1 February 2025. You do not have to take any action as a result.

How will you be impacted by this letter?

As explained above, there should be no impact on you as a result of these changes. There will be a small number of immediate changes to the Fund's portfolio holdings as a result of the amendments but over time there will be changes to the Fund's holdings as a result of the amendments to the exclusions.

Artemis Investment Management LLP, the Fund's Investment Adviser, will bear the cost of the expenses incurred in making these updates.

List of affected share classes

- Class F Accumulation GBP (ISIN: GB00BMVH5755)
- Class F Income GBP (ISIN: GB00BMVH5862)
- Class I Accumulation GBP (ISIN: GB00BMVH5979)
- Class I Income GBP (ISIN: GB00BMVH5B96)

Further information

If you are uncertain about the contents of this letter, we recommend that you consult a financial adviser.

If you would like further information or have any questions about the information in this letter or would like further information, please contact our Fund Service Centre on 0800 092 2051 (outside the UK +44 1133 604500) between 8:00am and 6:00pm (Monday to Friday) or by e-mail at artemisenquiries@ntrs.com.

Yours faithfully,



Greg Jones
Director
For and on behalf of Artemis Fund Managers Limited

Appendix – Amendments to the Fund’s Investment Policy, Strategy and Benchmark

Note:

Bold, underlined text indicates additions

Bold, strikethrough text indicates deletions

Objective		To grow capital over a five-year period by investing in companies which meet the manager’s criteria for positive environmental and/or social impact.
Investment policy	What the Fund invests in	<ul style="list-style-type: none"> 80% to 100% in company shares. Up to 20% in bonds, cash and near cash, other transferable securities, other funds (up to 10%) managed by Artemis and third parties, money market instruments, and derivatives.
	Use of derivatives	The fund may use derivatives for efficient portfolio management purposes to: <ul style="list-style-type: none"> reduce risk manage the fund efficiently.
	Where the Fund invests	<ul style="list-style-type: none"> Globally
	Industries the Fund invests in	<ul style="list-style-type: none"> Any, except for those excluded at the sub-industry level below.
	Other limitations specific to this Fund	<ul style="list-style-type: none"> Shares in the following types of company are automatically excluded: <ul style="list-style-type: none"> Alcohol: companies which derive more than 5% revenue from alcohol; Tobacco: companies which derive more than 5% revenue from tobacco <u>production</u>; Weapons: companies which produce or sell civilian firearms and/or manufacture or sell armaments, nuclear weapons or associated strategic products; Nuclear power: companies which mine uranium, own or operate nuclear power stations, generate nuclear power, or which supply key nuclear-specific products and services; Gambling: companies which derive more than 5% of revenue from gambling; Animal testing: companies that engage in the production and sale of animal tested cosmetics; Adult entertainment: companies which own an adult entertainment company or produce adult entertainment; Genetic modification: companies involved in the uncontrolled release of genetically engineered organisms into the environment; and Fossil fuels: companies which: <ul style="list-style-type: none"> oil and gas reserves; or engage in conventional or unconventional oil and gas production and processing; or own thermal coal reserves, mine thermal coal or derive more than 10% revenue from thermal coal-based electricity generation; Biodiversity and land use: Companies that the Manager determines to be implicated in severe controversies related to the company’s use or management of natural resources; and Companies that the Manager determines to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption.
Investment strategy		<ul style="list-style-type: none"> The fund is actively managed and will be concentrated, typically investing in 35-45 companies at any time. A number of companies are removed from the investment universe at the outset of the investment process using the criteria set out in the investment policy above. A research driven stock selection process is then used to identify innovative companies whose <u>conduct</u>, products and services the manager believes are disrupting established industries by offering <u>can make</u> a positive environmental and/or social impact. The manager believes that companies which have a combination of disruptive positive impact, favourable <u>strategic competitive</u> positioning, an emerging

	<p>competitive advantage and improving operational quality are more likely to deliver significant economic returns for their shareholders. These companies are also typically growing faster than the market.</p> <ul style="list-style-type: none"> • Assessment and measurement of a company's ability to deliver positive environmental and/or social impact and generate financial returns will be conducted at a company level. When considering the positive impact of a company, the manager analyses the impact of: <ul style="list-style-type: none"> ○ the products and services it provides; ○ its operational practices and standards; and ○ its future positive impact or capacity for improvement. • The manager is predominantly driven by a qualitative approach to research and stock selection but also utilises quantitative screening and third-party research, including environmental, social and governance (ESG) screens. • Engagement forms an important part of the manager's investment process. The manager expects that investee companies should set ambitious goals and seek to continuously improve. Engagement allows the manager to identify and monitor the progressive management philosophy they seek at investee companies. <u>The manager will engage with investee companies on material ESG issues, primarily through constructive dialogue, and will expect to see a positive development in the topics engaged upon over time.</u> If it is the manager's opinion that an investee company no longer meets the required investment criteria or is not making sufficient progress on improving their operational performance, the fund will not make any further investments in the company and will seek to realise its investment in an orderly fashion. • The manager will report, on at least an annual basis, on the environmental and/or social impact of the companies in which the fund invests consistent with the stated strategy using both qualitative and quantitative assessments. The report will also provide details of the manager's stewardship activities.
Fund benchmark	<ul style="list-style-type: none"> • MSCI AC World <u>Mid Cap</u> NR GBP A widely-used indicator of the performance of <u>mid cap</u> global stockmarkets, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. 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. • IA Global NR A group of other asset managers' funds that invest in similar asset types as this fund, collated by the Investment Association. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.