Pre-contractual disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Artemis Funds (Lux)

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

(Legal Entity Identifier: 549300UKI4M8G5OL1X77)

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ Yes	✖ No
☐ It will make a minimum of sustainable investments with an environmental objective: ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	✖ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 2% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ✖ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of sustainable investments with a social objective:	☐ It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager seeks to decrease the Fund's exposure to climate risk through aiming to maintain a carbon intensity lower than the ICE BofA Global High Yield Constrained index. In addition, there are a number of exclusions which aim to remove outsized potential ESG risks.

The Fund's benchmark, the Secured Overnight Financing Rate, has not been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Carbon intensity (measured in tons of CO2 equivalents per million USD of sales).

Industry and company specific sustainability factors will also affect what indicators are looked at in addition to the above.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objective of the sustainable investments is to promote the transition to a low carbon economy.

The Investment Manager will do this by favouring investment in issuers with low or reducing carbon intensity. The Investment Manager focusses on climate change risk, specifically analysing whether companies are at risk from increased regulations, customer preference, or other changes in response to climate change.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Significant harm is avoided via:

(1) Detailed company specific sustainability analysis - bottom up analysis is conducted on all positions that incorporates ESG elements, to help identify risks that may be missed through more conventional credit analysis;

(2) Exclusions: the sustainable investments the Fund intends to make will all be screened against an exclusion list that the managers believe remove sectors with outsized ESG risks; and

(3) With support from the Artemis stewardship team, engagement may be undertaken with investee companies assessed to be involved in controversies related to environmental and social issues, in line with Artemis' engagement policies.

The "do no significant harm" principle under Taxonomy Regulation applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments of this Fund which are not in taxonomy-aligned environmentally sustainable activities do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

However, in order to assess whether a company is deemed to be a sustainable investment, an assessment of factors is undertaken to establish whether a company does not cause significant harm to any environmental or social objectives, such as violations of the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights.

- ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The indicators for adverse impacts on sustainability factors are considered in a number of ways:

(1) Exclusions: The Fund applies a variety of exclusions, including those related to the exclusion of investment in fossil fuels, controversial weapons and companies which the Investment Manager deems to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption.

(2) Material adverse sustainability impacts are considered by the investment team pre investment, and key ESG metrics monitored through the Artemis ESG dashboard (a dashboard for use by the Investment Manager and investment risk monitoring, with inputs from a number of different data sources, and reviewed and challenged at quarterly investment risk fund manager meetings.

All PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate as part of the sustainability analysis.

- ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Fund is excluded from buying securities issued by companies that the Investment Manager determines to be in breach of the UN Global Compact principles on human rights, labour rights, the environment and anti-corruption. The Investment Manager believes that by focusing on companies that do not have material issues around human rights they can reduce the intrinsic risk of significant capital destruction. In addition there is ongoing monitoring of controversies, for example, through the quarterly investment risk fund manager meetings

Does the financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes. The PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate and subject to data availability. The Investment Manager deems the following PAIs on sustainability factors to be most relevant to the Fund:

- Greenhouse gas (GHG) emissions divided into Scope 1, Scope 2 and Scope 3 GHG emissions (PAI 1);

- Carbon footprint (PAI 2);

- GHG intensity of investee companies (PAI 3);

- Exposure to companies active in the fossil fuel sector (PAI 4);

- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 10);

- Exposure to controversial weapons (cluster munitions, chemical weapons, biological weapons) (PAI 14).

Relevant information on principal adverse impacts on sustainability factors will also be disclosed in due course in the Fund's annual report.

Scope 1 emissions are direct GHG emissions from sources that are controlled or owned by the company.

Scope 2 emissions are its indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.

Scope 3 emissions are indirect GHG emissions along a company's value chain.

☐ No

What investment strategy does this financial product follow?

The Fund will invest the majority (at least 80%) of its assets in high yield bonds, issued by companies globally.

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 short-dated 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.

The Investment Manager applies a process of negative screening as part of the Fund's investment strategy to automatically exclude potential investments in companies operating in certain industries, involved in certain business activities or which do not meet certain standards. Formal investment exclusions are set up into the compliance module of the Investment Manager's order management system to ensure that no investment in companies that undertake these activities can be made.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager believes that climate risk, while clearly part of any ESG process, deserves separate consideration as it affects all businesses in some way, either,

- operations that are directly impacted by climate change, or
- broader risks from increased regulation, changes to customer preference, or other changes in response to climate change.

The Investment Manager's analysis focuses on the latter for the simple reason that with the ICE BofA Merrill Lynch Global High Yield Constrained index having a weighted average maturity of just six years, the investment team believe that the long term impact of climate change is unlikely to directly impact a company more than can be currently observed. This is not to say the Investment Manager is unconcerned about the consequences of climate change that will arise long after the bonds are repaid. Rather, the Investment Manager focuses on the societal response to climate change as this is the area the investment process and horizon can, in some small way, influence. Claiming to focus on long-term impacts would in practice 'allow' the investment team to disregard them as they would pe rpetually be outside the scope of our maturity range.

The Investment Manager relies on businesses being able to generate income and use it to service their bonds. If this is threatened by regulation or any other restrictions, this is a significant risk to the investment case. In addition, in most instances corporate debt is refinanced by further debt issuance, so the Investment Manager takes into account what perceptions and the regulatory backdrop may be like in the near future. The Investment Manager therefore factors-in carbon emissions (both scope 1 and 2 and, appropriate, scope 3) when considering investment opportunities, and favours businesses with low, or reducing, carbon intensity.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The commitment to have a minimum proportion of 2% of sustainable investments and the sector exclusions incorporated by the Fund to help avoid exposure to sectors with significant ESG risks are both binding elements to the Investment Manager. Formal exclusions are coded into the order management system The formal exclusions are as follows: Tobacco (companies which derive more than 5% revenue from tobacco production), Nuclear power (companies which derive more than 5% revenue from: nuclear power plant ownership or operation; manufacturing of nuclear-specific essential components; uranium mining; or nuclear energy based power generation), Weapons (companies involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons) or nuclear weapons; or which derive more than 5% revenue from conventional weapons, related components and systems), Fossil fuels (companies which derive more than 10% revenue from thermal coal-based power generation or derive more than 5% revenue from thermal coal mining or sale, oil sands, fracking or arctic drilling), companies that the Investment Manager determines to be in breach of the United Nations Global Compact principles on hu man rights, labour rights, the environment and anti-corruption.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Whilst the exclusions stated above will reduce the scope of investments considered before the application of the investment strategy, the Fund does not commit to a minimum rate.

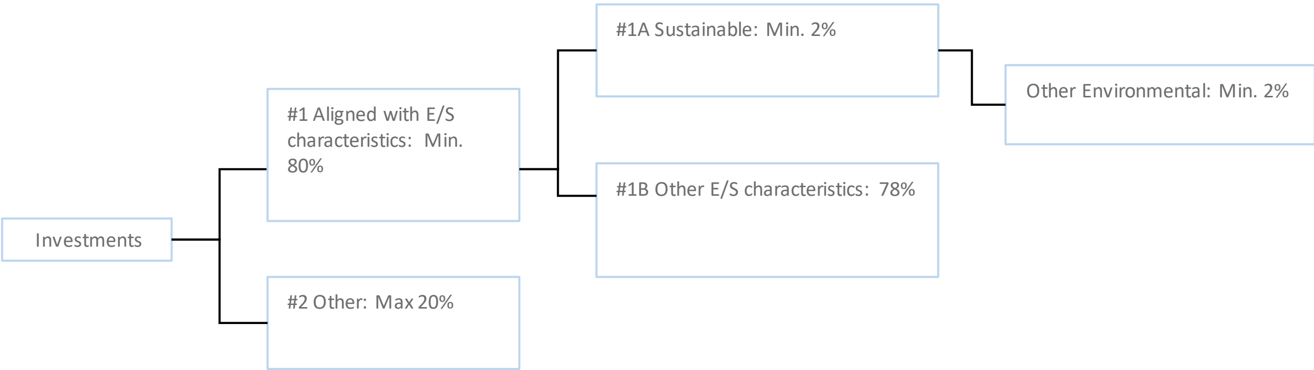
Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager investigates governance as part of their credit analysis, and view it as a vital part of their bottom-up work. The high yield market is fundamentally reliant upon legal contracts and the governance framework that allows these to exist, and therefore analysis of governance factors is a core part of the investment process.

Asset allocation describes the share of investments in specific assets.

What asset allocation is planned for the financial product?



Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. Includes derivatives, cash and equivalent liquid positions, and any securities that do not align with the Fund's environmental or social characteristics.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

For Box #1, whilst ESG analysis is conducted on all holdings, the figure represents the percentage of the securities aligned to the environmental characteristic of the Fund as a whole, namely aiming to maintain an overall Fund-level carbon intensity lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index (although it should be noted that there may be individual holdings with a carbon intensity higher than the index). As this is a Fund-level objective rather than a specific holdings objective, all holdings (other than financial derivative instruments as well as ancillary liquid assets, bank deposits, money market instruments and money market funds) are deemed to be aligned with the environmental characteristic of the Fund.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to attain the environmental characteristics promoted by the Fund. Derivatives may be used for investment, hedging and for efficient portfolio management purposes.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not have any intention to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case. Taxonomy alignment of this Fund's investments has therefore not been calculated and has as result been deemed to constitute zero percent of the Fund's portfolio. Information on EU Taxonomy alignment is not yet readily available from investee companies' public disclosures and third-party providers. As soon as data becomes more accurate and available, it is expected that the proportion of EU Taxonomy aligned investments will increase.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy[15]?***

☐ Yes

☐ In fossil gas ☐ In nuclear energy

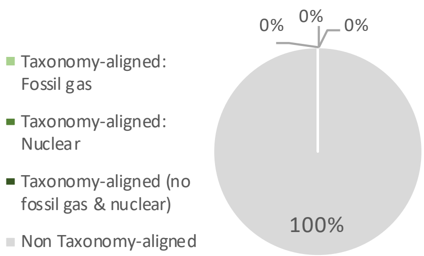
☒ No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2023.For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

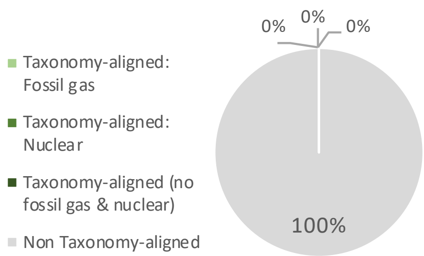
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available ad among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial p roduct other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- ***What is the minimum share of investments in transitional and enabling activities?***

- There is no commitment to a minimum proportion of investments in transitional and enabling activities and therefore the minimum share of such investments is 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The minimum commitment to sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 2%. It is worth noting that there are significantly lower levels of ESG data coverage for high yield issuers than there are for other asset classes such as equities, and therefore the minimum share of sustainable investments for the Fund has been set at a level to take into account the data availability challenges with this asset class. The Fund's investment in sustainable investments with an environmental objective may or may not be aligned with the EU Taxonomy. Information on EU Taxonomy alignment is not yet readily available from investee companies' public disclosures and third-party data providers. As soon as data becomes more accurate and available, it is expected that the proportion of EU Taxonomy aligned investments will increase.

[15] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ('climate change mitigation') and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

What is the minimum share of socially sustainable investments?

There is no commitment to a minimum proportion of socially sustainable investments and therefore the minimum share of such investments is 0%.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

While not all investments in the portfolio can be labelled as sustainable using the methodology set out above, ESG factors are integrated into the investment process for all decisions made. The exclusions set out above are applied across the portfolio.

The "#2 Other" category is comprised of investments that do not meet the ESG factors for promoting their environmental or social characteristics or do not qualify as sustainable investments. The category may include financial derivative instruments for investment, hedging and for efficient portfolio management purposes as well as ancillary liquid assets, bank deposits, money market instruments and money market funds on an ancillary basis in order to achieve its investment goals, for treasury purposes and in case of unfavourable market conditions. No minimum environmental or social safeguards will be in place in relation to such holdings.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no reference benchmark to determine if the Fund is aligned with the promoted environmental and social characteristics.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website: https://www.artemisfunds.com/en/lux/professional/stewardship-and-esg