Artemis Funds (Lux) – Global Select

(Legal Entity Identifier: 549300SP149UJVFU5798)

The PROFIT Hunter

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Did this financial product have a sustainable investment objective?

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.

☐ Yes	✖ No
☐ It made 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 promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 59.8% 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 made sustainable investments with a social objective:	☐ It promoted E/S characteristics, but did not make any sustainable investments

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.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promotes environmental characteristics related to energy through principally investing in companies with a low carbon intensity (scope 1 & 2) to sales and/or discernible and viable carbon transition plans. This is evidenced by the setting of meaningful targets and management commitments. For all holdings, the cost of GHG emissions (scope 1 & 2), which the Investment Manager views as an externality, is incorporated into valuations. Additionally, the Fund promotes social and governance characteristics by taking into account factors such as a company's remuneration policy, social supply policy, board diversity and any unequal voting rights in the Fund's investment process.

- ***How did the sustainability indicators perform?***

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

The Investment Manager uses a number of quantitative and qualitative sustainability indicators to assess environmental performance, including:

- carbon intensity and absolute emissions;
- targets set (short/medium/long term);
- long term ambition, for example a net zero long term target;
- governance including oversight and executive remuneration

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

As at 31 October 2022, 89.7% of the portfolio was deemed to be aligned with the environmental or social characteristics of the Fund, and 59.8% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR.

- ***…and compared to previous periods?***

  Not applicable

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investments contribute to such objectives?***

The objectives of the sustainable investments are to reduce sustainability risk (i.e. an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of an investment) in the portfolio and promote the transition to a low carbon and sustainable economy. We did this through favouring investment in companies which are actively managing their carbon exposure, setting meaningful targets and managing their externalities appropriately thereby reducing overall risk.

One example of a sustainable investment in the portfolio during the reference period is Norfolk Southern, which is part of our 'Low Carbon World' theme. Given its strong position in freight, the company is well-placed to help organisations reduce their carbon footprint and is continuously improving the efficacy of its fleets through initiatives such as extending the length of its trains. Depending on the volumes transported, freight rail has been shown to be the least energy and CO2 intensive way to move freight of any land-based transport mode.

As at 31 October 2022, 89.73% of the portfolio was deemed to be aligned with the stated environmental characteristics for the Fund, and 59.8% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Significant harm is avoided via:

- Exclusions (permanent) - the Fund applies a range of permanent exclusions which prevent investment in activities generally deemed to be environmentally or socially harmful, including:
  - Tobacco: companies which derive more than 10% revenue from tobacco;
  - Gambling: companies which derive more than 10% of revenue from gambling;
  - Weapons: companies:
  - involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons); or
  - which derive more than 10% revenue from conventional or nuclear weapons, related components and systems;
  - Fossil fuels: companies which derive more than 10% revenue from:
  - mining or sale of thermal coal; or
  - extraction, production or refining of either oil or gas.
- Company specific sustainability analysis: the Investment Manager focuses on the sustainability metrics considered material to the investment case of individual holdings. This includes the assessment and monitoring of controversies related to environmental and social issues, by both the Investment Manager and Investment Risk on a quarterly basis.
- With support from the Artemis stewardship team, stewardship activities such as voting and engagement may be undertaken with investee companies assessed to be involved in controversies related to environmental and social issues, in line with Artemis' voting and engagement policies.

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

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.

The indicators for adverse impacts on sustainability factors were considered in a number of ways using third-party data sources:

- Exclusions: The Fund applies a variety of exclusions, as noted above.
- Material adverse sustainability impacts were considered by the investment team pre investment, and any controversies reviewed and challenged at quarterly investment risk fund manager meetings.
- The PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate and subject to data availability.

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

The Fund is excluded from buying securities issued by companies that the Investment Manager determines to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate and subject to data availability.

What were the top investments of this financial product?

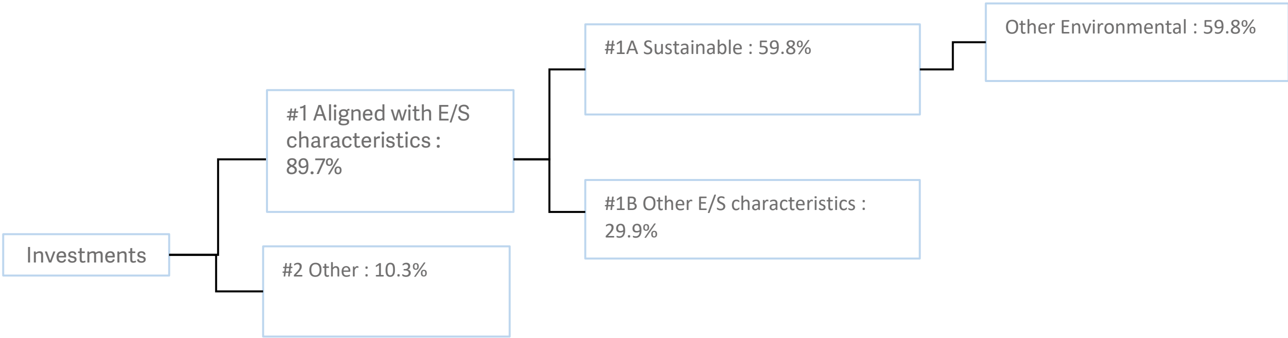
The list includes the investments constituting **the greatest proportion** of investments of the financial product during the reference period which is as at 31 October 2022.

Largest investments	Sector	% Assets	Country
LVMH Moet Hennessy Louis Vuitton SE	Consumer Discretionary	3.1%	France
Pfizer, Inc.	Health Care	3.0%	United States of America
Humana, Inc.	Health Care	3.0%	United States of America
Elevance Health, Inc.	Health Care	2.6%	United States of America
Merck & Co., Inc.	Health Care	2.6%	United States of America
International Business Machines Corp.	Information Technology	2.5%	United States of America
Apple, Inc.	Information Technology	2.5%	United States of America
Thermo Fisher Scientific, Inc.	Health Care	2.3%	United States of America
Microsoft Corp.	Information Technology	2.3%	United States of America
Norfolk Southern Corp.	Industrials	2.3%	United States of America
Avery Dennison Corp.	Materials	2.3%	United States of America
Mastercard, Inc. 'A'	Information Technology	2.2%	United States of America
Schlumberger NV	Energy	2.1%	Curacao
Prologis, Inc., REIT	Real Estate	2.1%	United States of America
Accenture plc 'A'	Information Technology	2.0%	Ireland

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

- *What was the asset allocation?*



#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.

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

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- 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 portfolio holdings which are deemed to be aligned with the stated environmental or social characteristics of the Fund.

As at 31 October 2022, 89.7% of the portfolio was deemed to be aligned with the stated environmental or social characteristics for the Fund, and 59.8% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing “sustainable investments” under Article 2(17) of the SFDR.

- *In which economic sectors were the investments made?*

Sector	% Assets
Health Care	26.1%
Information Technology	21.5%
Consumer Staples	10.0%
Financials	8.9%
Real Estate	8.8%
Industrials	7.5%
Materials	5.0%
Communication Services	4.7%
Consumer Discretionary	4.2%
Energy	3.3%
Total	100.0%
Energy	3.3%
Oil & Gas Equipment & Services	3.3%

Taxonomy-aligned activities are expressed as a share of:

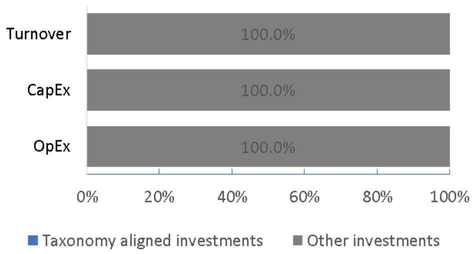
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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

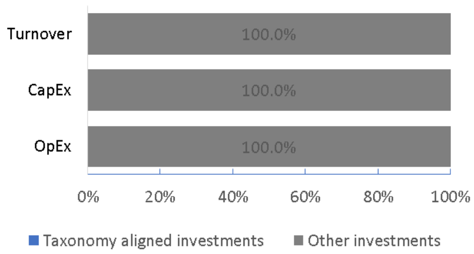
The Fund does not have any intention to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case. Taxonomy alignment of this Fund's investments has therefore not been calculated and has as result been deemed to constitute 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.

The two graphs below show in blue the 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 product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



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

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.

- ***What was the share of investment made in transitional and enabling activities?***

  Not applicable

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods? (only include where at least one previous periodic report has been provided)?***

  Not applicable

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

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

As of October 31st 2022, 59.8% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR. All of the sustainable investments in the portfolio had an environmental objective.

The Fund does not invest in Taxonomy-aligned investments (including transitional and enabling activities). Taxonomy alignment of the Fund's investments has therefore not been calculated and has as a 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.

What was the share of socially sustainable investments?

Not applicable

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Box #2 Other includes portfolio holdings which were not deemed to be specifically aligned with the stated environmental or social characteristics of the Fund.

Box#1B Other E/S characteristics refers to all holdings of the Fund which are aligned with the stated environmental or social characteristics of the Fund but are not deemed to be sustainable investments in accordance with the Artemis firm-wide framework for assessing “sustainable investments” under Article 2(17) of the SFDR.

While not all investments in the portfolio qualify as sustainable investments, ESG factors are integrated into the investment process for all investment decisions made. In addition, the Fund exclusions are applied across the whole portfolio.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reference period, the Investment Manager has analysed ESG factors alongside other factors in the upside/downside assessment of each investment made. This means the Investment Manager has assessed high-level ESG risks and opportunities which may influence the general market or industry, and also stock specific ESG considerations. ESG factors are initially considered from an industry perspective and then on a company specific basis. For all holdings, the cost of GHG emissions (scope1 & 2), which the Investment Manager views as an externality, is incorporated into valuations.

In addition to ESG criteria considered during company selection, other sustainability criteria are taken into account in the thematic analysis at sector and company level. For example, several themes involve sustainability analysis such as ‘sustainable consumer’ and ‘low carbon world’ in which long term themes of decarbonisation are explored as well as consumer interest in sustainable products.

One example of a sustainable investment in the portfolio during the reference period is Norfolk Southern, which is part of our ‘Low Carbon World’ theme. Given its strong position in freight, the company is well-placed to help organisations reduce their carbon footprint and is continuously improving the efficacy of its fleets through initiatives such as extending the length of its trains. Depending on the volumes transported, freight rail has been shown to be the least energy and CO2 intensive way to move freight of any land-based transport mode.

The Investment Manager also applied 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.

The Investment Manager actively engages and votes all meetings where eligible to do so, with support provided by the in-house Stewardship team.

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

How did this financial product compare to the reference benchmark index?

Not applicable

- ***How did the reference benchmark differ from a broad market index?***

  Not applicable

- ***How did the financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable

- ***How did this financial product perform compared with the broad market index?***

  Not applicable