

# Artemis Funds (Lux) - Global High Yield Bond

LU2031174936

Issuer	FundRock Management Company S.A
Fund provider	Artemis Investment Management LLP
Fund type/Asset class	Bond fund
Legal form	SICAV
Fund issue date	13/11/2019
Last Update	18.09.2024
Benchmark	ICE BofA Global High Yield Constrained Index
Tranche	Private Investors Institutional Investors foundations



Risk Indicator (PRIIP)  
4 of 7

Licensed in  
D, A, CH, LU

Classification by SFDR  
Article 8

EU Taxonomy  
-

% of Sustainable Investments according to SFDR  
-

## Principal Adverse Impacts



## Sustainable Development Goals

No explicit details regarding the Sustainable Development Goals

## NORMAL ALLOCATION

Equities	0 %
Bonds	80 % to 100 %
Money market/Bank deposits	0 % to 20 %
Commodities	0 %
Direct investments	0 % to 100 %
Derivatives	0 % to 100 %
Other	Asset-backed securities and mortgage-backed securities, distressed/defaulted bonds, other collective investment schemes 0 % to 10 %

## Sustainability approach

Principal Adverse Impacts	<ul style="list-style-type: none"> <li>✓ Greenhouse Gas Emissions</li> <li>✓ Energy Efficiency and Fossil Fuels</li> <li>✓ Social and Employee Matters</li> </ul>
Further remarks on the consideration of SDGs	-
Rationale behind classification according to SFDR	<p>Article 8</p> <p>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 Merrill Lynch Global High Yield Constrained Index. In addition, there are a number of exclusions which aim to remove outsized potential ESG risks.</p>
Engagement	No
Voting	No
Best-in/of-Class	No
ESG-Integration	<p>Yes</p> <p>The fund applies a number of product and standards-based exclusions followed by detailed qualitative analysis of the ESG factors as part of our broader investment analysis. Within our detailed qualitative analysis, our key focus is on the impact ESG factors may have on the cash flows produced by a business and their ultimate sustainability. All companies within the portfolio go through this analysis. The specific focuses of this varies considerably across different industries and companies. For instance, within the basic materials, energy, and metals &amp; mining sectors, environmental concerns will be paramount. In this case, our analysis will focus around the risk of stranded assets, the emissions profile (both scope 1&amp;2 and scope 3) of the issuer, the company's ability to contribute to a transition to a lower carbon economy (including "cleantech"), and the company's end-of-life decommissioning plans and associated funding. These areas of focus are quite different to those that we would centre around for an issuer in the financials or consumer services sector, where societal factors would be far more important. Within any form of leveraged finance, high yield included, assessing the governance track-record sponsors and owners of companies subject to a leveraged buyout is of critical importance. Overall we believe the ESG criteria evaluated by the management team to be significant and meaningful for creating differentiated funds with positive characteristics. The funds have historically had considerably lower carbon emissions than the wider universe and – we believe – more positive ESG exposure than the wider market. To be clear, this overall characteristic of our funds is not 'managed to' as part of our portfolio construction process; rather it is an accumulated outcome of our integrated ESG approach on a stock-specific basis.</p>
Norm-based screening	✓ UN Global Compact
Themes	-
Impact Investing	-
Further information on the sustainability approach	<p>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 Manager believes that climate risk, while clearly part of any ESG process, deserves separate consideration as it affects all businesses in some way, either through operations that are directly impacted by climate change, or through 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 perpetually 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, when appropriate, scope 3) when considering investment opportunities, and favours businesses with low, or reducing, carbon intensity.</p>

## Research and Transparency

In-house sustainability analysis	Yes, 5 (2 high yield analysts integrating ESG, 3 Stewardship team members)
Research partners	<p>Yes</p> <p>MSCI, Sustainalytics, ISS, TruValue Labs, Bloomberg, Sell-side</p>
Percentage of portfolio with sustainability analysis	100 %
Strategically important suppliers included	Yes
Sustainability advisory committee	No
Analysis of portfolio CO2	<p>Yes, backward-looking indicator</p> <p>The Fund targets a carbon intensity (scope 1 &amp; 2) below that of its reference index.</p>
Sustainability reporting	<p>Yes</p> <p>Portfolio-level sustainability characteristics are reported on an annual basis, as part of the financial report &amp; accounts..</p>
At least monthly portfolio publication	No
Certification/Label awarded by independent auditors	✓ FNG Label ★

## Environmental

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

<b>Fossil fuels (Coal, Oil and Gas)</b>	N/A
<b>Nuclear power (operation and components)</b>	Yes 5 % Turnover threshold
<b>Green genetic engineering</b>	No
<b>Chlorine and agrochemicals (biocides)</b>	No
<b>Other</b>	Coal mining or sale; hydraulic fracturing; arctic drilling; oil sands 5 % Turnover threshold

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

<b>Environmentally damaging behaviour</b>	No
<b>Damage to biodiversity</b>	No
<b>Other</b>	-

### EXCLUSION CRITERIA – COUNTRIES

<b>Non-ratification of the Paris Climate Agreement</b>	No
<b>Non-ratification of the Protocol on Biosafety</b>	No
<b>Non-ratification of the UN Biodiversity Convention</b>	No
<b>Nuclear power by proportion of gross energy production</b>	No
<b>Other</b>	We do have exclusion criteria for government bonds (when not used for liquidity purposes), but not for other securities in a country as a whole.

## Social

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

<b>Weapons/Armaments</b>	Yes 5 % Turnover threshold
<b>Cluster bombs and anti-personnel mines</b>	Yes
<b>Weapons of mass destruction (ABC/CBRN)</b>	Yes
<b>Tobacco products</b>	Yes 5 % Turnover threshold
<b>Pornography</b>	No
<b>Spirits/Alcohol</b>	No
<b>Gambling</b>	No
<b>Other</b>	-

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

<b>Labour rights (ILO core labour standards)</b>	Yes
<b>Exploitative child labour</b>	Yes
<b>Violation of human rights</b>	Yes
<b>Animal testing</b>	No
<b>Other</b>	UN Global Compact Compliance (the Ten Principles of which consider human rights, labour, environment and anti-corruption)

## EXCLUSION CRITERIA – COUNTRIES

Labour rights	No
Violation of human rights	No
Military spending as a percentage of GDP	No
Death penalty, torture	No
Countries classified by Freedom House as not free	No
Violations of the Nuclear Non-Proliferation Treaty	No
Violations of other non-proliferation treaties	No
Other	We do have exclusion criteria for government bonds (when not used for liquidity purposes), but not for other securities in a country as a whole.

## Governance

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Corruption and bribery	Yes
Tax: planned avoidance & detected violations	No
Other	UN Global Compact (including anti-corruption)

## EXCLUSION CRITERIA – COUNTRIES

Corruption	No
Other	-

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