



## Artemis Funds (Lux) – SmartGARP Global Emerging Markets Equity

Legal Entity Identifier: 5493003UWC387B8GNF45

*This document provides you with information about the environmental and/or social characteristics of this fund. It is not marketing material. The information is required by law under the Sustainable Finance Disclosures Regulation ("SFDR") and the related Regulatory Technical Standards ("RTS"). You are advised to read it so you can make an informed decision about whether to invest.*

### Summary

The fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

The fund invests principally in equities of companies that are listed, headquartered or that exercise the predominant part of their economic activities in emerging market countries. The fund is actively managed.

The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an environmental, social and governance (ESG) sub-component which aims to capture companies' environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint measures, as well as industry and company specific sustainability factors. The Investment Manager pays particular attention to companies' current and expected carbon emissions, with the fund aiming to have a falling carbon emissions intensity over the long term (at least 5 years). The fund's carbon emissions intensity is measured as the portfolio weighted average Scope 1 and 2 emissions intensity (tons of CO<sub>2</sub>e per million USD of sales).

The Investment Manager also considers the principal adverse impact indicators (PAIs) listed in Table 1 of Annex 1 of SFDR RTS as appropriate and subject to data availability.

The Investment Manager will maintain a minimum percentage of at least 5% of the fund in companies which are deemed to be Sustainable Investments in accordance with Artemis' firm-wide framework for assessing Sustainable Investments in accordance with Article 2(17) of SFDR.

The Investment Manager also implements certain exclusions which prevent investment in specific activities deemed to be environmentally or socially harmful, compliance with which is monitored on an ongoing basis.

The Investment Manager uses a range of data sources, which include qualitative and quantitative data, to assess the environmental characteristics of investments, including third party data vendors, sell-side research providers and publicly available research and data from organisations such as research institutes, non-governmental organisations and industry-wide initiatives. Investee companies operating in different geographies and industries are subject to different regulatory regimes and can therefore have varying levels of disclosure standards for sustainability data. The lack and/or inconsistency of corporate disclosures can limit the sustainability-related data available to the Investment Manager. In particular, there can be a lack of adequate data availability for certain PAIs set out in Table 1 of Annex 1 of the SFDR RTS.

The foundation of the investment process for the fund is a proprietary stock-screening tool called 'SmartGARP'. SmartGARP's primarily quantitative investment approach means engagement with companies does not form part of the investment process for the fund. However, the Investment Manager exercises votes at meetings where eligible to do so.

The fund's benchmark, MSCI World Emerging Markets Index, has not been designated as a reference benchmark for the purpose of attaining the environmental characteristics promoted by the fund.



## No sustainable investment objective

The fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

The Investment Manager has committed to maintaining a minimum percentage of at least 5% of the fund in companies which are deemed to be Sustainable Investments. In accordance with Artemis' firm-wide methodology for Sustainable Investments, a company is excluded from being classified as a Sustainable Investment if it fails certain criteria to assess whether the investment causes significant harm. Further details can be found on our website: [Sustainability-related disclosures | Artemis \(artemisfunds.com\)](https://www.artemisfunds.com/sustainability-related-disclosures).

The Investment Manager also applies certain exclusions which prevent investment in specific activities deemed to be environmentally or socially harmful. The specific exclusions for the fund include:

- Tobacco (companies which derive more than 5% revenue from production, distribution or sale of tobacco);
- Weapons:
  - companies involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons) or nuclear weapons; or
  - companies which derive more than 5% revenue from manufacture or sale of civilian firearms or ammunition, and
- Coal (companies which derive more than 5% revenue from mining or sale of thermal coal).

The Investment Manager also considers the PAIs as appropriate and subject to data availability.

The Investment Manager monitors positive and negative sustainability-related newsflow including controversies, which would normally include serious violations of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Companies which are deemed to be in violation of these principles would not be deemed Sustainable Investments of the fund. However, due to the fund's geographical focus on emerging markets, such investments would not be automatically excluded from the investable universe. The Investment Manager undertakes ongoing monitoring of any investee companies which are subject to controversies.

## Environmental or social characteristics of the fund

The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an environmental, social and governance (ESG) sub-component which aims to capture companies' environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint measures, as well as industry and company specific sustainability factors.

The Investment Manager pays particular attention to companies' current and expected carbon emissions, with the fund aiming to have a falling carbon emissions intensity over the long term (at least 5 years). The fund's carbon emissions intensity is measured as the portfolio weighted average Scope 1 and 2 emissions intensity (tons of CO<sub>2</sub>e per million USD of sales).

The Investment Manager considers the PAIs as appropriate and subject to data availability. The Investment Manager deems the following PAIs to be most relevant to the Fund:

- Greenhouse gas (GHG) emissions - 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); or
- Exposure to controversial weapons (cluster munitions, chemical weapons, biological weapons) (PAI 14).

## Investment strategy

The fund invests principally in equities of companies that are listed, headquartered or that exercise the predominant part of their economic activities in emerging market countries. The fund is actively managed. A proprietary tool called SmartGARP is used as the foundation of the investment process for the fund. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market. The Investment Manager selects companies that in aggregate have good SmartGARP characteristics. This tends to mean that the portfolio contains stocks that have lower valuations than the market average, upgrades to profit forecasts, and are under-owned by the investment community, while at the same time benefiting from helpful trends in the wider economy.

SmartGARP also screens companies globally for ESG characteristics through the ESG sub-component of SmartGARP. Within the SmartGARP sub-components, each company is given a score between 0 (poor) and



100 (perfect). The overall assessment of a company is then arrived at by aggregating companies' sub-component scores and ranking them. Only the top 10% of companies by aggregated SmartGARP score are typically considered as potential additions to the fund. In practice this means that if a company has poor ESG characteristics, it is unlikely to have an aggregate SmartGARP score in the top 10% and thus unlikely to enter the fund's portfolio. Equally, if an existing investment's ESG characteristics deteriorate, its overall SmartGARP score will fall, meaning that it is less likely to remain in the fund.

Beyond taking into consideration how companies score on the SmartGARP ESG factor generally, the Investment Manager pays particular attention to companies' current and expected carbon emissions, with the fund aiming to have a falling carbon emissions intensity over the long term (at least five years). The fund's carbon intensity is measured as the portfolio weighted average Scope 1 and 2 emissions intensity (tons of CO<sub>2</sub>e per million USD of sales).

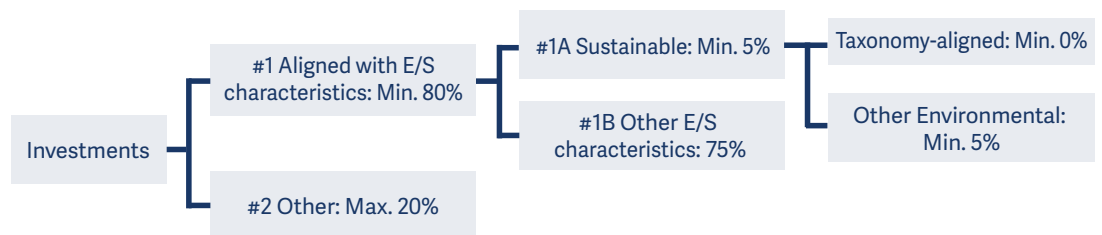
The quality of a company's corporate governance is assessed via screening within the SmartGARP ESG sub-component. This is complemented by using an approach that scans the internet for positive or negative research reports or news stories relating to companies, including reference to corporate governance matters.

The Investment Manager also 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 in 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 formal exclusions are as follows:

- Tobacco (companies which derive more than 5% revenue from production, distribution or sale of tobacco);
- Weapons:
  - companies involved in the production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons) or nuclear weapons; or
  - companies which derive more than 5% revenue from manufacture or sale of civilian firearms or ammunition, and
- Coal (companies which derive more than 5% revenue from mining or sale of thermal coal).

## Proportion of investments

The planned asset allocation of the fund is as follows:



- #1 Aligned with E/S characteristics includes the investments of the fund used to attain the environmental characteristics promoted by the fund.
- #2 Other includes the remaining investments of the fund which are not aligned with the environmental characteristics. This includes derivatives, cash and equivalent liquid positions.
- The sub-category #1A Sustainable covers investments deemed to be Sustainable Investments in accordance with Artemis' firm-wide methodology for assessing Sustainable Investments.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental characteristics promoted by the fund that do not qualify as Sustainable Investments in accordance with Artemis' firm-wide methodology for assessing Sustainable Investments.

For box #1, this figure represents the percentage of investments aligned to the environmental characteristic of the fund as a whole, namely the fund-level aim to have a falling carbon emissions intensity (Scope 1 and 2) over the long term (at least five years). As this is a portfolio-level objective rather than a specific holdings objective, all investments (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic of the fund provided that the fund achieves this aim.

## Monitoring of environmental or social characteristics

The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an ESG sub-component which aims to capture companies' environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint measures, as well as industry and company specific sustainability factors. The Investment Manager pays particular attention to companies' current and expected carbon emissions, with the fund aiming to have a falling carbon emissions intensity over the



long term (at least 5 years). The fund's carbon emissions intensity is measured as the portfolio weighted average Scope 1 and 2 emissions intensity (tons of CO<sub>2</sub>e per million USD of sales). Before making an investment, the Investment Manager conducts additional due diligence to ensure that there is a real-life investment case behind the attractive financial and ESG characteristics which SmartGARP has highlighted and to assess any intangible, non-operational issues and red flags. This due diligence includes research from multiple third party ESG data providers such as MSCI and independent research providers.

The fund is subject to a range of binding exclusions which prevent investment in specific activities deemed to be environmentally or socially harmful. Sustainability data from third party data vendors is used to set up these exclusions in the compliance module of the Investment Manager's order management system.

The fund is also subject to a binding commitment to maintain a minimum percentage of 5% of investments which are deemed to be Sustainable Investments in accordance with Artemis' firm-wide framework for assessing Sustainable Investments. Compliance with these minimum requirements is also coded into the order management system and is monitored on a regular basis.

## Methodologies

A proprietary tool called SmartGARP is used as the foundation of the investment process for the fund. It screens the financial characteristics of companies by identifying those that are growing faster than the market but are trading on lower valuations than the market. The Investment Manager selects companies that in aggregate have good SmartGARP characteristics. SmartGARP also screens companies globally for ESG characteristics through the ESG sub-component of SmartGARP. Within SmartGARP sub-components, each company is given a score between 0 (poor) and 100 (perfect). The overall assessment of a company is then arrived at by aggregating companies' sub-component scores and ranking them. Only the top 10% of companies by aggregated SmartGARP score are typically considered as potential additions to the fund. In practice this means that if a company has poor ESG characteristics, it is unlikely to have an aggregated SmartGARP score in the top 10% and thus unlikely to enter the fund's portfolio. Equally, if an existing investment's ESG characteristics deteriorate, its overall SmartGARP score will fall, meaning that it is less likely to remain in the fund.

## Data sources and processing

The Investment Manager uses a range of data sources, which include qualitative and quantitative data, to assess the sustainability characteristics of investments, including third party data vendors, sell-side research providers and publicly available research and data from organisations such as research institutes, non-governmental organisations and industry-wide initiatives. These sources of information supplement our own research and analysis.

## Limitations to methodologies and data

Investee companies in different geographies and industries are subject to different regulatory regimes and can therefore have varying levels of disclosure standards for sustainability data. The lack and/or inconsistency of corporate disclosures can limit the sustainability-related data available to the Investment Manager. In particular, there can be a lack of adequate data availability for certain PAIs set out in Table 1 of Annex 1 of the SFDR RTS. Whilst overall levels of quantity and quality of sustainability-related disclosures from companies is improving, the current gaps in disclosures may constitute a limitation of data available to the Investment Manager. In addition to potential gaps in disclosures, data issued by the investee company may also be lagged if it has been taken from the latest periodic statement published by the investee company.

Artemis receives sustainability data from third party data vendors and research providers. Third party data vendors and research providers may refer to the most recently available data issued by the investee company or make an estimation based on their proprietary research and analysis. Where relevant sustainability data is not available from a primary third-party data source, Artemis may make an assessment, on a best-efforts basis, using alternative data sources or available research to the extent appropriate.

Artemis relies on MSCI as our primary sustainability data vendor and data sourced from this vendor is used to implement and monitor compliance with sustainability-related requirements for the fund, including the fund's binding exclusions. Consistency of sustainability-related data between different data vendors can be low due to divergent approaches to their methodologies and assessments.

## Due diligence

The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an ESG sub-component which aims to capture companies' environmental and social impact and the quality of their corporate governance. Before making an investment, the Investment Manager conducts additional due diligence to ensure that there is a real-life investment case behind the attractive financial and ESG characteristics which SmartGARP



has highlighted and to assess any intangible, non-operational issues and red flags. This due diligence includes research from multiple third party ESG data providers and independent research providers.

The fund is regularly monitored for market risk and exposures within the portfolio by the independent Investment Risk team reporting to the Artemis Chief Risk Officer. The Investment Risk team also undertakes a quarterly review of each investment strategy, including any significant ESG risk factors.

Compliance with the binding sustainability criteria applicable to the fund is monitored regularly and coded into the Investment Manager's order management system where appropriate.

### Engagement policies

The foundation of the investment process for the fund is a proprietary stock-screening tool called SmartGARP. SmartGARP's quantitative investment approach means engagement with companies does not form part of the investment process for the fund. However, the Investment Manager exercises votes at meetings where eligible to do so.

### Reference benchmark

An index has not been designated as a reference benchmark to meet the environmental characteristics promoted by the fund.

The fund's benchmark, MSCI World Emerging Markets Index, has not been designated as a reference benchmark for the purpose of attaining the environmental characteristics promoted by the fund.

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### Important information

Before making any final investment decisions and to ensure you understand whether this fund is suitable for you, please read the Key Investor Information which is available, along with the fund's Prospectus from [www.artemisfunds.com](http://www.artemisfunds.com) or [www.fundinfo.com](http://www.fundinfo.com)

Artemis does not provide investment advice on the advantages or suitability of its products and no information provided should be viewed in this way. Artemis only provides information about its own products and services and does not advise investors. Should you be unsure about the suitability of an investment, you should consult a suitably qualified professional adviser.

Investment in a fund concerns the acquisition of units/shares in the fund and not in the underlying assets of the fund. The fund is a sub-fund of Artemis Funds (Lux) (a "SICAV"). For further information, visit [www.artemisfunds.com/sicav](http://www.artemisfunds.com/sicav).

The aforementioned documents can also be obtained free of charge from Artemis' registered office at Cassini House, 57 St James's Street, London, SW1A 1LD and/or:

- in Austria, France, Germany: FE fundinfo, 77 Rue du Fossé, 4123 Esch-sur-Alzette, Luxembourg
- in Luxembourg: Northern Trust Global Services SE, 10 Rue du Château d'Eau, L-3364 Leudelange Grand Duchy of Luxembourg
- in Spain: Allfunds Bank SA, Estafeta, 6, La Moraleja, Complejo Plaza de la Fuente, Alcobendas 28109, Madrid
- in Switzerland: RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich which acts as the Swiss representative and paying agent.

Visit [www.artemisfunds.com/glossary](http://www.artemisfunds.com/glossary) for an explanation of investment terms.

Any research and analysis in this communication has been obtained by Artemis for its own use. Although this communication is based on sources of information that Artemis believes to be reliable, no guarantee is given as to its accuracy or completeness.

Any forward-looking statements are based on Artemis' current expectations and projections and are subject to change without notice.

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This sustainability-related disclosures document is accurate as at 31 December 2023.