

Through a Looking Glass

Artisan Emerging Markets Debt Opportunities Strategy

Artisan Partners EMSights Capital Group is a global investment team covering a broad investible universe that accesses a substantial spectrum of sovereign and corporate credit, global fixed income and currencies with an emphasis in emerging markets. Lead Portfolio Manager Michael Cirami, CFA, Head of Global Trading Michael O'Brien, CFA, and Portfolio Manager Sarah Orvin, CFA, have leveraged their deep expertise to launch the Artisan Emerging Markets Debt Opportunities Strategy. Cirami and O'Brien have over two decades of experience in portfolio management and trading. In addition, Orvin brings nearly one and a half decades of portfolio management and research experience to the team.

Prior to joining Artisan Partners in September 2021, Cirami and O'Brien served as Eaton Vance's co-directors of emerging markets. Cirami was lead portfolio manager on the emerging markets team, and notably, co-portfolio manager for the Eaton Vance Global Macro Absolute Return Fund.

Artisan Emerging Markets Debt Opportunities Strategy

The strategy invests in emerging market (EM) debt denominated in both hard and local currencies. The portfolio's asset types include EM sovereign bonds, EM corporate credit, foreign exchange and derivatives. It is predominantly a long-only strategy. The EMSights Capital Group also integrates environmental, social and governance (ESG) analysis at all stages of the investment process.

We invest in an opportunity set spanning the emerging markets universe of more than 100 countries and may include countries and fixed-income assets that are overlooked by traditional benchmark indices. Though its benchmark is the J.P. Morgan EMB Hard Currency (Sovereign and Corporate)/Local Currency 50/50 Index, the team seeks to identify emerging market countries that are undergoing or poised for strong economic growth or structural changes, including political, legislative and/or economic reforms, regardless of their inclusion in the benchmark.

We invest in an opportunity set spanning the emerging markets universe of more than 100 countries and may include countries and fixed-income assets that are overlooked by traditional benchmark indices.



Artisan Emerging Markets Debt Opportunities Strategy

An Expanding Debt Universe

There is no single or official definition for what constitutes an emerging market, however the International Monetary Fund classifies these countries based on the size of their economies, market access and income levels. EM tradable debt stock has grown approximately 1,500%, or 15% per year, to over \$30 trillion in 2021 from 2000, according to research from BofA Global Research and the Bank for International Settlements. EM domestic and corporate debt has led much of the growth.

That said, the EMSights Capital Group believes countries matter most and concentrates its research on countries' fiscal discipline, governance and overall policy. The team's coverage areas are generally defined geographically but some PM/analysts and research associates focus on corporates across the EM universe that goes far beyond its benchmark. Consideration is given to the risk/return profile of each country and security weights relative to the benchmark.

By exploiting knowledge gaps, the team feels it is well positioned to discover idiosyncratic opportunities that provide compelling risk-adjusted return potential.

Idea Generation and Trading Expertise

The EMSights Capital Group leverages its deep experience and knowledge of emerging markets, conducts in-depth fundamental research and partakes in extensive travel to identify countries and companies that are important to EM growth. The team believes it has a differentiated group structure that enables operational alpha. Notably, the group has a flat and collaborative organization where portfolio managers and analysts communicate regularly and share the responsibility of idea generation. In addition, the trading and implementation team is embedded within

the investment team, as trading capabilities and infrastructure are considered important components of the investment process. Everyone is encouraged to think in terms of an investment idea. PM/analysts have a mandate to produce ideas in their respective areas. Ideas can come from anywhere; however, PM/analysts determine their own focus areas and pursue them from an investment perspective. Following thorough research and team discussions, PM/analysts make recommendations/decisions for portfolio inclusion. The lead portfolio manager, Michael Cirami, has the final authority on any trade.

The group's robust trading operation helps deliver a broad investment universe which allows for alpha generating investment opportunities. Settlement challenges, heavy documentation and regulations pose barriers to investment opportunities that other investors within the investment industry may choose to avoid. The group believes overcoming such barriers is a valuable activity that is generally underappreciated by the investment industry. The trading and implementation team's repeated efforts to understand and overcome investment barriers has built valuable institutional knowledge and a competitive advantage for the investment team.

Subsequently, the investment team utilizes many instrument types to construct a diverse portfolio. In addition to bonds, currencies and loans, derivatives can be employed to gain exposure to countries, currencies and rates, as well as to hedge against unintended currency and interest rate exposures. A derivative may be used to access currencies, including deliverable or non-deliverable forwards or currency options, local rates (e.g., interest rate swaps), sovereign credit (e.g., credit default swaps or credit linked notes), and repurchase agreements, among other securities.

Further, we find that an important and growing area of focus in emerging markets debt is emerging market corporates. The group's analysis of corporate opportunities includes deep fundamental research, security analysis, decomposing yields, examining corporate liquidity and solvency risks. By exploiting knowledge gaps, the team feels it is well positioned to discover idiosyncratic opportunities that provide compelling risk-adjusted return potential.



For more information: [Visit www.artisanpartners.com](http://www.artisanpartners.com)

This section contains information important to a complete understanding of the material presented. Please review it carefully.

Investment Risks: Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A non-diversified portfolio may invest a larger portion of assets in securities of a smaller number of issuers and performance of a single issuer may affect overall portfolio performance greater than in a diversified portfolio. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging and less developed markets, including frontier markets. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations. Fixed income securities carry interest rate risk and credit risk for both the issuer and counterparty and investors may lose principal value. In general, when interest rates rise, fixed income values fall. High income securities (junk bonds) are speculative, experience greater price volatility and have a higher degree of credit and liquidity risk than bonds with a higher credit rating. The use of derivatives in a portfolio may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested.

The J.P. Morgan (JPM) EMB Hard Currency/Local Currency 50-50 is an unmanaged, blended index consisting of 50% JPM Government Bond Index-Emerging Market Global Diversified (GBIEMGD), an index of local-currency bonds with maturities of more than one year issued by EM governments; 25% JPM Emerging Markets Bond Index-Global Diversified (EMBIGD), an index of USD-denominated bonds with maturities of more than one year issued by EM governments; and 25% JPM Corporate Emerging Market Bond Index-Broad Diversified (CEMBIBD), an index of USD-denominated EM corporate bonds. The indexes are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2024, J.P. Morgan Chase & Co. All rights reserved.

ESG assessments represent one of many pieces of research available and the degree to which it impacts holdings may vary based on manager discretion. Diversification does not ensure a profit or protect against a loss.

Beta is a measure of the volatility of a security or a portfolio in comparison to the market as a whole. **Interest rate swaps** are forward contracts where one stream of future interest payments is exchanged for another based on a specified principal amount. **Credit Default Swap (CDS)** is a financial swap agreement in which the seller of the CDS will compensate the buyer (the creditor of the reference loan) in the event of a loan default (by the debtor) or other credit event. A **credit-linked note (CLN)** is a security with an embedded credit default swap permitting the issuer to shift specific credit risk to credit investors. A **repurchase agreement (repo)** is a form of short-term borrowing for dealers in government securities.

Artisan Partners Limited Partnership (APLP) is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Artisan Partners UK LLP (APUK) is regulated by the Financial Conduct Authority and is a registered investment adviser with the SEC. APEL Financial Distribution Services Limited (AP Europe) is regulated by the Central Bank of Ireland. APLP, APUK and AP Europe are collectively, with their parent company and affiliates, referred to as Artisan Partners herein.

Artisan Partners is not registered, authorized or eligible for an exemption from registration in all jurisdictions. Therefore, services described herein may not be available in certain jurisdictions. This material does not constitute an offer or solicitation where such actions are not authorized or lawful, and in some cases may only be provided at the initiative of the prospect. Further limitations on the availability of products or services described herein may be imposed.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

This material is only intended for investors which meet qualifications as institutional investors as defined in the applicable jurisdiction where this material is received, which includes only *Professional Clients* or *Eligible Counterparties* as defined by the Markets in Financial Instruments Directive (MiFID) where this material is issued by APUK or AP Europe. This material is not for use by retail investors and may not be reproduced or distributed without Artisan Partners' permission.

In the United Kingdom, issued by APUK, 25 St. James's St., Floor 3, London SW1A 1HA, registered in England and Wales (LLP No. OC351201). Registered office: Reading Bridge House, Floor 4, George St., Reading, Berkshire RG1 8LS. In Ireland, issued by AP Europe, Fitzwilliam Hall, Fitzwilliam Pl, Ste. 202, Dublin 2, D02 T292. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, D02 R296 (Company No. 637966).

Australia: This material is directed at wholesale clients only and is not intended for, or to be relied upon by, private individuals or retail investors. Artisan Partners Australia Pty Ltd is a representative of APLP (ARBN 153 777 292) and APUK (ARBN 603 522 649). APLP and APUK are respectively regulated under US and UK laws which differ from Australian laws and are exempt from the requirement to hold an Australian financial services license under the Australian Corporations Act 2001 in respect to financial services provided in Australia.

Canada: This material is distributed in Canada by APLP and/or Artisan Partners Distributors LLC, which conduct activities in Canada under exemptions from the dealer, portfolio manager and investment fund manager registration requirements of applicable Canadian securities laws. This material does not constitute an offer of services in circumstances where such exemptions are not available. APLP advisory services are available only to investors that qualify as "permitted clients" under applicable Canadian securities laws.

© 2024 Artisan Partners. All rights reserved.

For Institutional Investors Only — Not for Onward Distribution

A R T I S A N



P A R T N E R S