



# Artisan Sustainable Emerging Markets Strategy

## QUARTERLY Fact Sheet

As of 31 March 2019

For Institutional Investors Only — Not for Onward Distribution

### Investment Process Highlights

The investment team seeks to invest in companies that are uniquely positioned to benefit from the growth potential in emerging markets and that possess a sustainable global competitive advantage.

### Sustainable Earnings

- In-depth financial and strategic analyses to determine a sustainable ROE
- Financial analysis focuses on identifying historical drivers of ROE
- Strategic analysis examines a company's competitive advantages

### Risk Analysis

- Assess and incorporate company-specific risks into valuation analysis
- Assess sustainability risks, including ESG considerations, via quantitative and qualitative factors
- Assess country-appropriate macro-economic risks to which a company is exposed

### Valuation

- Determine risk-adjusted target price based on sustainable earnings estimates, cash flow expectations and risk analysis
- Invest in companies that are undervalued relative to peers and historical, industry, country and regional valuations

Sector Diversification (% of total portfolio equities)	Strategy	MSCI EM <sup>1</sup>	Index
Communication Services	6.1	12.3	
Consumer Discretionary	19.6	13.4	
Consumer Staples	2.2	6.4	
Energy	8.3	8.1	
Financials	20.8	24.2	
Health Care	8.4	2.6	
Industrials	9.9	5.4	
Information Technology	15.7	14.6	
Materials	6.1	7.4	
Real Estate	1.0	3.2	
Utilities	1.9	2.6	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.7% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

### Investment Results (%)

As of 31 March 2019	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Composite — Gross	11.31	11.31	-6.72	13.94	6.65	9.75	5.81
Composite — Net	11.04	11.04	-7.65	12.79	5.56	8.62	4.71
MSCI Emerging Markets Index	9.92	9.92	-7.41	10.68	3.68	8.94	5.19

### Annual Returns (%) 12 months ended 31 March

	2015	2016	2017	2018	2019
Composite — Gross	-0.96	-5.80	22.88	29.04	-6.72

### Calendar Year Returns (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Composite — Gross	85.70	20.49	-26.99	17.67	-2.69	-2.80	-10.95	17.03	41.19	-14.20
Composite — Net	83.87	19.24	-27.77	16.45	-3.70	-3.81	-11.90	15.82	39.79	-15.07
MSCI Emerging Markets Index	78.51	18.88	-18.42	18.22	-2.60	-2.19	-14.92	11.19	37.28	-14.57

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized.

Past performance does not guarantee and is not a reliable indicator of future results. Current performance may be lower or higher than the performance shown. Composite performance has been presented in both gross and net of investment management fees.

**Investment Risks:** Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the next page, which should be read in conjunction with this material.

### Portfolio Details

Composite Inception	1 July 2006
Total AUM (Millions)	\$201

### Portfolio Statistics

	Strategy	MSCI EM <sup>1</sup>
Median Market Cap (Billions)	\$9.8	\$6.5
Weighted Avg. Market Cap (Billions)	\$83.1	\$95.5
Weighted Harmonic Avg. P/E (FY1)	16.0X	13.2X
Weighted Harmonic Avg. P/E (FY2)	13.4X	11.6X
Weighted Avg. LT EPS Growth Rate (3-5 Yr)	14.5%	13.2%
Weighted Avg. ROE	18.1%	17.4%
Median Price/Book Value	2.4X	1.8X
Active Share	74.6%	—
Portfolio Turnover Rate <sup>2</sup>	40.4%	—
Number of Securities	70	1,136
Number of Countries	23	24

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI Emerging Markets Index. <sup>2</sup>For the 12 months ended 31 Dec 2018.

### Top 10 Overweights (% of total portfolio)

	Strategy	+MSCI EM <sup>1</sup>
Sino Biopharmaceutical Ltd (China)	2.6	+2.5
Samsung Electronics Co Ltd (Korea)	6.0	+1.9
ICICI Bank Ltd (India)	2.2	+1.9
Reliance Industries Ltd (India)	2.9	+1.9
Zhuzhou CRRC Times Electric Co Ltd (China)	1.9	+1.8
Noah Holdings Ltd (China)	1.9	+1.8
Sunny Friend Environmental Technology Co Ltd (Taiwan)	1.8	+1.8
AIA Group Ltd (Hong Kong)	1.7	+1.7
Alibaba Group Holding Ltd (China)	6.1	+1.6
China Traditional Chinese Medicine Holdings Co Ltd (China)	1.7	+1.6

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI Emerging Markets Index. Portfolio country classifications are defined by the investment team. MSCI country classifications may differ.

# Artisan Sustainable Emerging Markets Strategy

## Team Leadership

Portfolio Manager	Years of Investment Experience
Maria Negrete-Gruson, CFA	27

## Region/Country Allocation (% of total portfolio equities)

REGION	Strategy	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>62.0</b>	<b>74.4</b>
China	23.2	33.0
Korea	11.7	13.0
India	10.4	9.2
Taiwan	10.4	11.3
Indonesia	4.4	2.2
Thailand	0.8	2.3
Malaysia	0.6	2.2
Vietnam	0.5	—
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>19.3</b>	<b>13.8</b>
Russia	8.3	3.8
South Africa	4.9	5.9
Turkey	2.0	0.5
Greece	1.9	0.2
Czech Republic	0.9	0.2
Poland	0.7	1.1
Georgia	0.6	—
<b>LATIN AMERICA</b>	<b>17.0</b>	<b>11.8</b>
Brazil	8.4	7.2
Argentina	2.9	—
Peru	1.6	0.4
Chile	1.6	1.0
Panama	1.0	—
Mexico	0.8	2.7
Colombia	0.7	0.5
<b>DEVELOPED MARKETS</b>	<b>1.7</b>	<b>—</b>
Hong Kong	1.7	—
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI Emerging Markets Index. Countries held in the index, but not held in the portfolio, are not listed. Portfolio country classifications are defined by the investment team and may differ substantially from MSCI classifications; Index country classifications reflect MSCI methodology. Upon request, Artisan Partners will provide the portfolio's country breakdown according to MSCI methodology.

## Portfolio Construction

- Typically 70 - 90 holdings
- Maximum position size generally 5%<sup>1</sup>
- Limit +/- 10% of any one country's weighting in the MSCI Emerging Markets Index<sup>1</sup>
- Minimum of \$400 million market capitalization<sup>1</sup>
- Typically less than 5% cash

Based on a model portfolio. <sup>1</sup>Limitations apply at the time of purchase.

**Investment Risks:** 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 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. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. These risks, among others, are further described in Artisan Partners Form ADV, which is available upon request.

Unless otherwise indicated, the Artisan Strategy characteristics relate to that of an investment composite or a representative account managed within a composite. It is intended to provide a general illustration of the investment strategy and considerations used by Artisan Partners in managing that strategy. Individual accounts may differ, at times significantly, from the reference data shown due to varying account restrictions, fees and expenses, and since-inception time periods, among others. Where applicable, this information is supplemental to, and not to be construed with, a current or prospective client's investment account information.

Securities of the same issuer are aggregated to determine a holding's weight in the portfolio. Securities referenced may not represent all of the securities in the portfolio. If certain information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio characteristics. All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated and is subject to change without notice. Totals may not sum due to rounding.

Net-of-fees composite returns were calculated using the highest model investment advisory fees applicable to portfolios within the composite. Fees may be higher for certain pooled vehicles and the composite may include accounts with performance-based fees. All performance results are net of commissions and transaction costs, and have been presented gross and net of investment advisory fees. Dividend income is recorded net of foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan Partners. Interest income is recorded on the accrual basis. Performance results for the Index include reinvested dividends and are presented net of foreign withholding taxes but, unlike the portfolio's returns, do not reflect the payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the indices.

MSCI Emerging Markets Index measures the performance of emerging markets. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

Sector exposure percentages reflect sector designations as currently classified by GICS.

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**Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Price-to-Earnings Ratio (P/E Ratio)** measures how expensive a stock is. Earnings figures used for FY1 and FY2 are estimates for the current and next unreported fiscal years. **LT EPS Growth Rate** is the average of the 3-5 year forecasted EPS growth rate of a company. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Price-to-Book Ratio (P/B Ratio)** measures a company's stock price in relation to its book value (the total amount a company would be worth if it liquidated its assets and paid back all its liabilities). **Active Share** is defined as the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index fund that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index. **Portfolio Turnover** is a measure of the trading activity in an investment portfolio—how often securities are bought and sold by a portfolio.

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