

Rezo Kanovich: Two Years at Artisan Partners

Artisan Non-US Small-Mid Growth Strategy



Composite Inception
1 January 2019

Total Net Assets (as of 31 December 2020)
\$7.5 Billion

Since our arrival at Artisan just over two years ago, we have set out to deliver strong risk-adjusted returns through a unique, long-term oriented and diversified portfolio of idiosyncratic investments. Much has transpired since then, and markets have reacted with large swings up and down over short time periods. Despite this extreme turbulence, and the obvious personal and professional challenges last year, we have consistently applied our investment approach.

We focus on investing in attractively valued, high-quality, small- and mid-cap companies with the potential to be the leaders of tomorrow. These companies operate in segments of the market with structural tailwinds where ingenuity drives economic value, they have sustainable growth and possess dynamic management teams focused on creating durable business models. We examine the competitive dynamics shaping an industry and determine which parts of a value chain extract the highest returns on capital on a sustainable basis. With a five-year lens, we think deeply about how an industry may evolve and what the secondary and tertiary effects may be. We do not try to time the market or chase momentum. The result of our approach is a carefully constructed portfolio of idiosyncratic investments across sectors, industries, geographies and themes. This diversity is aimed to provide the portfolio with

resilience in different market environments and has been a key ingredient in the consistency of our absolute and relative returns.

Themes we develop in the portfolio should provide tailwinds for our companies for the next decade; they are enduring and do not change often. However, as bottom-up investors, we diligently monitor the underlying opportunity set that continuously evolves due to valuations and changes in fundamentals. The pandemic has increased the relevance and accelerated the adoption of a variety of themes we first implemented over two years ago and has selectively provided the opportunity for more attractive entry points with new positions.

Performance Statistics

As of 31 December 2020	1 Yr	2 Yr
Return	35.36%	36.85%
Sharpe Ratio	1.31	1.75
Alpha	22.10	19.17
Upside Capture	118%	129%
Downside Capture	72%	70%

Source: Artisan Partners/eVestment. Benchmark MSCI All Country World ex USA SMID Index. Statistics based on Composite returns, gross of fees.

Investment Results

(% USD) as of 31 December 2020	Average Annual Total Returns					
	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Composite — Gross	18.40	35.36	—	—	—	36.80
Composite — Net	18.12	33.99	—	—	—	35.41
MSCI All Country World ex USA SMID Index	17.78	12.01	—	—	—	17.05
MSCI All Country World ex USA Small Cap Index	18.56	14.24	—	—	—	18.23

Annual Returns (% USD) 12 months ended December

	2016	2017	2018	2019	2020
Composite — Gross	—	—	—	38.37	35.36

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Composite inception: 1 Jan 2019.

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 Risk: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in investment vehicles 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 in the Important Disclosures section which should be read in conjunction with this material.

LOOKING BACK AT TWO YEARS

Rezo Kanovich joined Artisan Partners in October 2018 to lead the Artisan Non-U.S. Small-Mid Growth Strategy (formerly Artisan Non-U.S. Small Cap Growth Strategy). As we mark the second year of the Strategy's new leadership, we want to recap the portfolio's transition, review our team's investment process and highlight the attractiveness of the opportunity set.

Seasoned Leadership

Prior to joining Artisan Partners, Rezo was portfolio manager of the Oppenheimer International Small-Mid Cap strategy. Rezo managed the International Small-Mid Cap strategy from January 2012 to September 2018.

Continuity and Consistency

Joining Rezo at Artisan were the two research analysts who worked with him at Oppenheimer. The team expanded by a fourth member in 2020, which has further enhanced the team's capacity. The team is dedicated to the same repeatable process that Rezo has honed throughout his career—a thematic, long-term focused, bottom-up approach.

Higher Degrees of Freedom

In December 2018, the name of the Strategy was changed to the Artisan Non-U.S. Small-Mid Growth Strategy, and investment guidelines were expanded to include small- and mid-cap companies. This flexibility matches Rezo's prior portfolio management experience and better reflects the attractiveness of the opportunity set.

Investment Process

The investment team seeks high-quality businesses exposed to structural growth themes.

Investing with Tailwinds

- Identify structural themes at the intersection of growth and change

High-Quality Businesses

- Unique and defensible models led by strong management team

A Contrarian Approach to Valuation

- Market dislocations and mismatches between stock price and long-term business value create opportunity

Manage Unique Risks of International Small- and Mid-Cap Equities

- Understand the direct and indirect security risk and the probability of permanent capital impairment.

Portfolio Construction

- Typically 100-150 holdings
- Maximum position size generally 5%¹
- Market capitalization range generally similar to the constituents of the MSCI All Country World (ACWI) ex-USA SMID Index^{1,2}
- Typically less than 10% cash

¹Based on a model portfolio. Limitations apply at the time of purchase.

²MSCI reconstitutes the index periodically.

Portfolio Statistics

As of 31 December 2020	Strategy	ACxUS SMD ¹
Number of Securities	132	5,467
Number of Countries	18	49
Active Share	96.1%	—
Portfolio Turnover Rate ²	23.2%	—

Source: Artisan Partners/FactSet (MSCI). ¹MSCI All Country World ex USA SMID Index. ²For the 12 months ended 31 December 2020.

Market Cap Distribution

(% of total portfolio equities as of 31 December 2020)

\$ in Millions	Strategy	ACxUS SMD ¹
10,000+	22.4	22.4
5,000-10,000	26.6	28.3
2,000-5,000	25.5	28.2
<2,000	25.5	21.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/MSCI. ¹MSCI All Country World ex USA SMID Index.

Region Allocation

(% of total portfolio equities as of 31 December 2020)

Region	Strategy
Europe	53.1
Americas	17.9
Pacific Basin	16.4
Middle East	8.3
Emerging Markets	4.3
TOTAL	100.0%

Source: Artisan Partners/MSCI.



For more information: Visit www.artisanpartners.com

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. 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. Growth securities may underperform other asset types during a given period. 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 in Artisan Partners' Form ADV, which is available upon request.

This summary represents the views of the portfolio manager as of 31 Dec 2020 and is subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee as to the accuracy or completeness of any statement in the discussion. This material is for informational purposes only and should not be considered as investment advice or a recommendation of any investment service, product or individual security.

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.

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.

Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

MSCI All Country World ex USA SMID Index measures the performance of small- and mid-cap companies in developed and emerging markets excluding the US. MSCI All Country World ex USA Small Cap Index measures the performance of small-cap companies in developed markets and emerging markets excluding the US. The indexes are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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Alpha measures the performance of an investment portfolio against a market index. **Sharpe Ratio** is a measure of risk-adjusted return—it is the average return earned in excess of the risk-free rate per unit of volatility or total risk. The risk free rate is the US 3-month Treasury Bill. **Upside/Downside Capture** based on monthly returns and represents average monthly returns during months when the index was positive and negative, respectively. **Active Share** is defined as the percentage of a portfolio that differs from its benchmark index.

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