

# Our Distinctive Approach: Artisan Emerging Markets Local Opportunities Strategy

The Artisan Emerging Markets Local Opportunities Strategy is an actively managed strategy that invests primarily in local emerging markets fixed income securities and currencies. The Strategy seeks to outperform the J.P. Morgan GBI-EM Global Diversified Index while maintaining commensurate risk. The investment opportunity set is not defined by the benchmark, rather the team seeks to deliver incremental returns by taking advantage of a wider opportunity set than the benchmark.

## Strategy Highlights

**Benchmark agnostic** with respect to investment positions. The Strategy utilizes the investment team's opportunistic approach for idea generation.

Seeks to **manage downside risk and limit unintended risks**. One of the primary methods for doing this is by incorporating positions outside of the benchmark, which have typically exhibited less volatility and higher carry than benchmark countries.

Aims to **outperform the comparator index while maintaining commensurate risk, as measured by an ex-ante beta target of 1.0**. Designed for investors seeking active exposure to local emerging markets debt.

Inception  
**1 August 2022**

EMSights Capital Group  
**19 Investment Professionals**

Platform/Strategy AUM  
**\$3,317/\$1,398 Million** (as of 31 Mar 2025)

Comparator Index  
**J.P. Morgan GBI-EM Global Diversified Index**

The Opportunity—Why consider an allocation to emerging markets debt?

### Potential to Earn Excess Returns

Emerging markets debt (EMD) is inherently inefficient, with each country's unique political and economic complexities requiring a deep understanding. As a result, it demands higher risk premiums and has consistently offered a return advantage over traditional fixed income assets like investment grade US and developed market bonds.

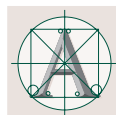
### Diversification Benefits

Idiosyncratic events in the EMD universe can generate returns that are uncorrelated to traditional asset classes. We believe this offers diversification benefits for overall portfolios and can reduce dependence on any one country or market trend.

## Our Distinctive Approach

- **Broad investment universe:** We believe investment excellence starts with the broadest opportunity set possible, not a benchmark.
- **Idea generation framework focused on deep fundamental research:** Countries matter most to our investment process.
- **Focus on mitigating volatility and unintended risks:** We target carefully selected risk factors to isolate desired exposures and minimize unintended risks. This can include hedging US interest rates and other developed market risks.

**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 near the back of this document, which should be read in conjunction with this material.



## Our Investment Process

### Investing Beyond the Benchmark

We believe investment excellence starts with the broadest opportunity set possible, not a benchmark. Members of our investment team are constantly canvassing the world for high quality and unique investment ideas. We cover a broad spectrum of global markets across more than 100 countries. Over time, our embedded traders have expanded our investable universe beyond traditional sources, offering the portfolios access to a more diverse and extensive range of opportunities than many others can provide.

### Searching for Compelling Policy Moments

Fundamental, bottom-up research and understanding a country's institutional foundation are at the core of our underwriting process. Our analysts actively follow news and events which shape economic and political activity in countries and companies.

We concentrate our research on countries exhibiting structural changes or improvements; where a catalyst is forming and is expected to have a material impact on future prices; or opportunities where market access may impact pricing. We seek to look at a full spectrum of influences in order to understand a country's past and present policy environment and how an important policy moment may alter the trajectory of the country or significantly change asset risk premiums. We believe the expected direction of a country's fundamentals is more important than its current levels.

Policy moments can typically include:

- Structural reform
- Economic liberalization
- Fiscal reform
- Economic development
- Political leadership change

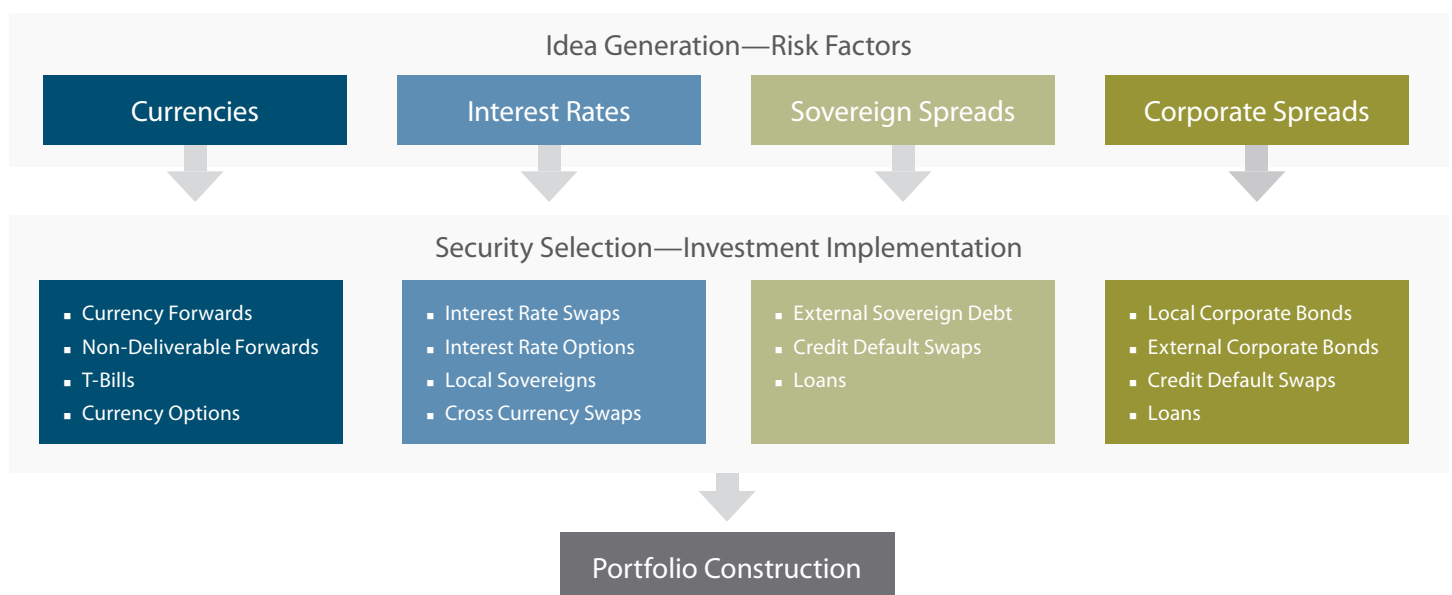
### Conducting Deep Fundamental Research and Developing an Investment Thesis

Idea Generation begins with the identification of a potential investment opportunity which is followed up by deeper analysis of the country. This research involves analyzing an asset's fundamentals and its valuation and searching for a disconnect between the two, representing a mispriced asset. Fundamental analysis includes tracking news, political and policy developments, structural changes, disruptive events, and pivotal shifts in individual countries. The valuations ledger encompasses currencies, interest rates, sovereign and corporate spreads, and other valuation metrics.

We travel extensively to conduct first-hand primary research. Traditional sources of research, including meetings with government officials and global institutional representatives (IMF, World Bank, etc.), are supplemented with nontraditional sources of research such as meetings with think-tanks, academics, journalists, private sector consultants, private sector corporates and non-government organizations.

### Investing in Risk Factors

Once an investment thesis is developed, our portfolio managers and analysts determine how to express the investment based on which risk factor(s) offer the best risk-adjusted return potential. Risk factors include currencies, interest rates, sovereign spreads and corporate spreads. Following this, we determine which instrument provides the best risk-adjusted exposure to the selected risk factor and how to hedge any unintended risks. We believe our approach helps ensure optimal risk management in the inherently volatile landscape of emerging markets.



Hypothetical example provided for illustrative purposes only. Idea generation factors are subject to change and actual investments may vary from what is shown.

## Trading and Portfolio Implementation

We believe our embedded trading function is a value-added, differentiated, and repeatable process. The embedded traders work alongside portfolio managers and analysts to constantly assess market structures, liquidity, and execution. This approach helps enable operational alpha by reducing risks, minimizing transaction costs, and taking advantage of price differentials. It also expands the investment universe, creating more investment opportunities. Settlement challenges, heavy documentation, and regulations pose barriers to investment opportunities that many others in the industry avoid. We believe overcoming such barriers is a valuable and often underappreciated activity within the investment industry.

## Risk Management

Risk management is deeply embedded in our culture and investment process. Risks are identified and evaluated as part of our fundamental analysis and are continuously monitored. We actively track several metrics, including value at risk (VaR), stress testing, tracking error, liquidity, beta and position P&L. While portfolio risk is monitored daily, the portfolio management and trading teams meet weekly to review portfolios, discuss risk and make adjustments as needed.

## Our Results

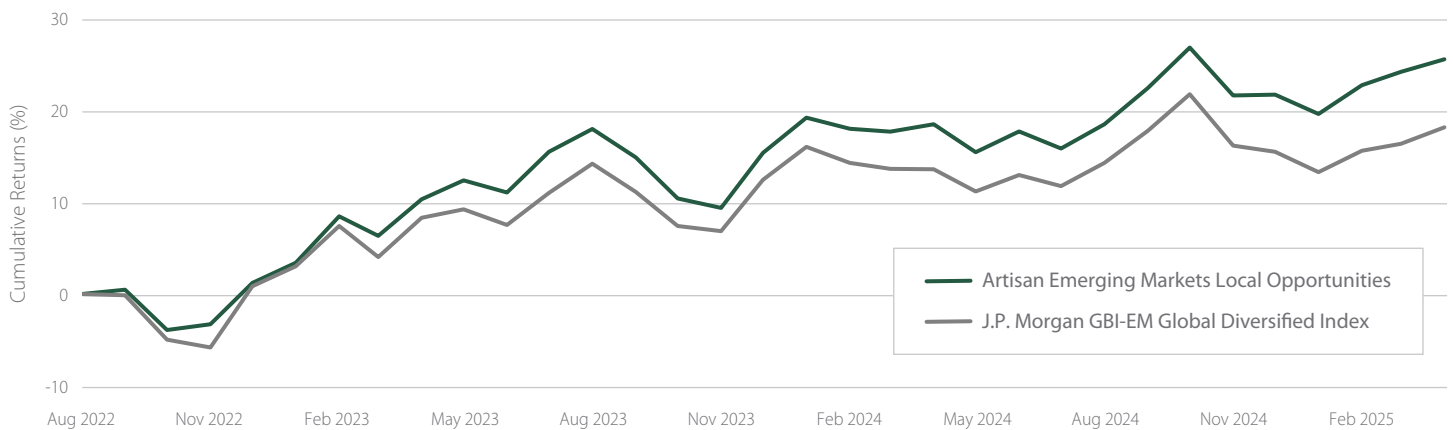
The Artisan Emerging Markets Local Opportunities Strategy is a dynamic, actively managed strategy that seeks to outperform its comparative index and produce long-term total return and income. The Strategy actively invests in local emerging markets fixed income securities and currencies and can, in limited amounts, invest in hard currency sovereign and corporate debt.

While the investment team aims to have risk commensurate with the comparator index, the index does not define the investment opportunity set. Consequently, exposures in the strategy can be broader than the index.

## Investment Performance

Since its inception, the Artisan Emerging Markets Local Opportunities Strategy has consistently outperformed the J.P. Morgan GBI-EM Global Diversified Index. Our investment process aims to manage downside risk and limit unintended risks by adopting a broad universe and investing in intentional risk factors.

Cumulative Returns: Artisan Emerging Markets Local Opportunities vs. J.P. Morgan GBI-EM Global Diversified Index



Source: Artisan Partners/J.P. Morgan. As of 31 Mar 2025. Composite Inception: 1 Aug 2022. **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 net of fees. On January 2, 2025, the fair value methodology used to value debt held by the Artisan Emerging Markets Local Opportunities Strategy was changed from using bid pricing to using the midpoint between the bid and ask price. The change resulted in a one-time increase of less than 0.25% in the composite performance for Artisan Emerging Markets Local Opportunities Strategy.



## Investment Results

(% USD) As of 31 March 2025

	Average Annual Total Returns			
	QTD	YTD	1 YR	Inception
<b>Composite—Gross</b>	<b>5.17</b>	<b>5.17</b>	<b>6.73</b>	<b>9.71</b>
<b>Composite—Net</b>	<b>4.99</b>	<b>4.99</b>	<b>5.99</b>	<b>8.95</b>
J.P. Morgan GBI-EM Global Diversified Index	4.31	4.31	4.03	6.48
Excess Returns: Net	0.68	0.68	1.97	2.47

## Calendar Year Returns (%)

	2020	2021	2022	2023	2024
<b>Composite—Net</b>	—	—	—	<b>15.36</b>	<b>0.34</b>
Excess Returns: Net	—	—	—	2.66	2.72

## Since Inception Risk/Return Statistics As of 31 March 2025

<b>Information Ratio</b>	<b>1.02</b>
<b>Upside Capture</b>	<b>102%</b>
<b>Downside Capture</b>	<b>85%</b>

Source: Artisan Partners/J.P. Morgan. Composite Inception: 1 Aug 2022. Returns for periods less than one year are not annualized. Statistics and capture ratios are based on monthly net returns of the Artisan Emerging Markets Local Opportunities Composite. Up/Down Market Capture measures a manager's ability to generate excess returns above the benchmark when it's positive—upside greater than 100—and come down less than the benchmark when it's negative—downside less than 100.

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.

On January 2, 2025, the fair value methodology used to value debt held by the Artisan Emerging Markets Local Opportunities Strategy was changed from using bid pricing to using the midpoint between the bid and ask price. The change resulted in a one-time increase of less than 0.25% in the composite performance for Artisan Emerging Markets Local Opportunities Strategy.

## About Our Team

Our team consists of 19 investment professionals across portfolio management, research, trading and investment analytics. We view our flat and collaborative structure — where traders are embedded in our investment team — as a notable differentiator. Senior team members are responsible for idea generation within their respective coverage areas and communicate daily with traders to assess market dynamics, liquidity and execution. This structure helps enable operational alpha by reducing risks, minimizing transaction costs and taking advantage of price differentials. Over time, our embedded traders have expanded the investable universe beyond traditional markets, giving the team access to a wider and more diverse range of opportunities than most other peers can provide.

The team is led by its three founders, Portfolio Manager, Michael Cirami, Head of Global Trading, Michael O'Brien and Portfolio Manager, Sarah Orvin. The team's founders have been investing together for over 15 years, with experience investing in emerging markets debt since 2003.



**Michael A. Cirami, CFA**  
Portfolio Manager

**26** Years Investment  
Experience



**Sarah C. Orvin, CFA**  
Portfolio Manager

**17** Years Investment  
Experience



**Michael O'Brien, CFA**  
Head of Global Trading

**25** Years Investment  
Experience

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

Contact us: [contactemsights@artisanpartners.com](mailto:contactemsights@artisanpartners.com)

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**Investment Risks:** 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. Non-diversified portfolios may invest larger portions of assets in securities of a smaller number of issuers and performance of a single issuer may have a greater impact to the portfolio's returns. 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, and 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 yield 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. Use of derivatives may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested. These risks, among others, are further described in Artisan Partners' Form ADV, which is available upon request. This is a marketing communication.

**Diversification does not ensure a profit or protect against a loss.** The information contained herein represents a simplified presentation of a complex process. Our investment process is subject to change and may differ materially from what is stated herein.

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. References to individual security performance relate to a representative account in the composite. Individual holding periods may differ.

**Composite returns:** 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.

The J.P. Morgan 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. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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