

Artisan Partners Growth Team

Investment Philosophy and Process

Artisan Global Opportunities Strategy

Artisan Global Discovery Strategy

Artisan U.S. Mid-Cap Growth Strategy

Artisan U.S. Small-Cap Growth Strategy

A R T I S A N



P A R T N E R S

We look for companies with franchise characteristics that are selling at attractive valuations and benefiting from an accelerating profit cycle.



For an In-Depth Look at the Growth Team's
Investment Philosophy and Process
Visit: www.artisanpartners.com/GrowthTeam



Portfolio Managers (L-R):

Jay C. Warner, CFA

Matthew H. Kamm, CFA

James D. Hamel, CFA

Craigh A. Cepukenas, CFA

Jason L. White, CFA

The investment team leverages deep industry experience and broad investment knowledge within a disciplined investment process.

Artisan Partners Growth Team

Our Investment Team

We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team in 1997 we have been committed to building a team of growth investors that retains these attributes and is solely dedicated to our process and approach. We are quite pleased with the team we have assembled given those goals. As the team has evolved we have increased our research strength and broadened leadership and decision-making responsibility.

The analysts on our team provide the deep industry expertise we have in all parts of the global economy, which allows us to find growth where it occurs. Our analysts have responsibility to be experts in their areas of research and to be able to discuss ideas thoroughly and make recommendations to the portfolio managers. We groom our analysts to use judgment and take measured risks with the expectation that they grow to be decision makers as they gain experience and demonstrate success. The broad investment knowledge we have comes from

our portfolio managers. Portfolio managers are tasked with looking across the opportunity set to determine the relative merits of each recommendation, the appropriateness for a given portfolio and the amount of capital to allocate to positions that warrant investment. Given the types of investments we seek to make, having the proper framework for analysis and decision making is crucial.

But the framework is incomplete without a highly collaborative decision-making process and individual accountability. We meet daily before the market opens to review overnight news and during lunch to discuss existing and potential holdings in depth. In our discussions we are looking to benefit from the multiple perspectives that exist across the team. Once our collaboration is complete, we leave the accountability for recommendations to individuals on the team. The attribution of ideas in this way creates accountability that we think ultimately drives the highest quality and highest confidence conclusions. We believe this leads to portfolios that hold the best franchises, with the greatest prospects for profit acceleration, trading at reasonable valuations.

We seek to compound assets by exposing the portfolios we manage to growth while avoiding permanent capital losses.



Our Investment Philosophy

It is our fundamental belief that stocks follow profits. Likewise, it is our goal to compound our clients' assets over the long term. In order to truly compound wealth, we think two things are important:

First, exposure to *growing assets* is essential. There are primarily two schools of thought. One is that you buy an asset for \$0.50 and you sell it for \$0.75 or better at some point in the future. We, on the other hand, are most interested in companies where profits are being driven by internal and/or external drivers we can identify. Following profit cycles is what we believe leads to significant asset growth. Second, we believe it is critical to avoid *permanent capital impairment*. In growth investing, that means avoiding companies whose growth is too rapid or not well managed. Nothing sets back compounding like permanent capital losses. Losing 25% in any period requires a 33% gain to get back to even. So capital preservation is critical.

Our Investment Process

We operate in the public markets. We are not owners of private companies that can control outcomes, nor do we have access to all the pertinent information available to company insiders. Given these limitations, and despite our painstaking efforts to know as much as possible about our companies, there will be instances when things we don't know or control result in negative outcomes. Our process has to be able to absorb those times when we are wrong. The process also has to be repeatable. For these reasons, we strive to:

- Be right more often than we're wrong
- Be right in a bigger way than when we're wrong
- Invest opportunistically across the entire global economy

Security Selection

The first element of our process is security selection. From our perspective, *security selection is all about trying to be right more often than wrong*. Our selection process is designed to find companies that have durable franchises, trading at values we can understand, with an accelerating profit cycle. Implicit in our security selection is the goal of mitigating business model and valuation risk while capturing the upside associated with profit growth.

First, we evaluate whether a company possesses what we call franchise characteristics, which we believe help to protect a company's stream of cash flow from the effects of competition. Companies with strong franchises tend to have defensible competitive positions. We look for companies with at least two of the following franchise characteristics:

- Low cost production capability
- Possession of a proprietary asset
- Dominant market share
- A defensible brand name

Valuation is the second component of our selection process. We look for valuations that we can understand and that reflect reasonable assumptions about the prospects of the business. Through our fundamental research, we estimate the amount a private market buyer would pay to buy the entire company, which we call its "private market value". We will consider for investment those companies that are selling at a discount to our estimate of private market value. However, we are less interested in the absolute discount we pay than the potential for the private market value to rise over time.

The third part of our process is finding companies well positioned for long-term growth at an early enough stage in their profit acceleration that the portfolios capture as much of the ensuing growth potential as possible. Since we believe stocks follow profits, we must have a solid belief the profits of a company are or will soon accelerate. Catalysts for profit acceleration can be classified as either external or internal. External forces might include technological breakthroughs, regulatory changes or demographic trends. Internal catalysts are those factors a company can control directly. Examples include a new management team, a new product cycle, an acquisition or divestiture, or a restructuring. In either case, we want to be early in identifying these internal/external catalysts, and in many cases our strongest holdings have both internal and external catalysts driving a long profit cycle.

Security selection, if done properly, should predispose the portfolios to good investments.

Capital Allocation

The second element of our process is *capital allocation*, which is all about *being right in a bigger way than when wrong*. Capital allocation is designed to build position size according to our conviction. Portfolio holdings develop through three stages: Garden, Crop and Harvest®.

GardenSM investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. GardenSM investments are much smaller positions since they are early in their profit cycle development. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Our CropSM is the majority of the capital in our portfolio and where we believe we make the majority of our returns over time. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

Our capital allocation process seeks to build significant exposure to companies undergoing profit acceleration, thereby maximizing the positive impact of profit growth on portfolio results.

GardenSM Positions	<ul style="list-style-type: none"> Smaller positions in early profit cycle investments Growing position sizes
CropSM Positions	<ul style="list-style-type: none"> Full positions in companies where profit cycle is being realized Positions increasing to a maximum of approximately: <ul style="list-style-type: none"> 10% in <i>Global Opportunities</i> 10% in <i>Global Discovery</i> 5% in <i>Mid-Cap Growth</i> 5% in <i>Small-Cap Growth</i> Generally comprises majority of capital in the portfolio
HarvestSM Positions	<ul style="list-style-type: none"> Reducing positions where the profit cycle is approaching completion or where a company is approaching full valuation

Broad Knowledge

We overlay the security selection and capital allocation elements of our process with a desire to *invest opportunistically across the entire global economy*. This does not necessarily mean holding investments in every sector and industry, but rather having broad knowledge of the global economy to be able to find growth wherever growth occurs. Our goal is to find and invest in growth stocks across the global economy and not necessarily where the passive benchmarks are weighting assets. We have structured our team around that premise with the deep industry expertise provided by our analysts.

We employ a repeatable process with the goal of participating in up markets and limiting losses in down markets.



The result of our research process is a comprehensive overview of the business model and valuation that we can use as a basis for our collaborative review as a team.



Process Implementation

The implementation of our process is designed to combine the creative ideas of the individuals on our team with the overall experience and judgment of the full team.

Idea Generation Independent, Creative Thought	<ul style="list-style-type: none"> ■ Fundamental Insights ■ Quantitative Screens
Research Process Franchise, Valuation, Profit Cycle	<ul style="list-style-type: none"> ■ Process Integrity ■ Collaborative Review & Due Diligence ■ Build the Case for Investment ■ Assess key environmental, social and governance (ESG) risks and opportunities that could impact future stock returns
Implementation Garden, Crop, Harvest®, Investing	<ul style="list-style-type: none"> ■ Research-Qualified Ideas ■ Individual Accountability with Experienced Leadership

Idea Generation

Our proprietary screens are run on a number of quantitative metrics that we feel are relevant in various sectors. However, none of those quantitative screens can substitute for the independent, creative insights and empirical observations of our team members. Each individual on the team is charged with finding franchise companies that meet our criteria for quality, valuation and growth. Analysts are expected to uncover ideas from the bottom-up in their respective focus groups, while portfolio managers conduct individual research as general business analysts. Companies deemed compelling potential investments undergo further analysis.

Research Process

Once we have identified an investment candidate, we then put the company through the rigors of our research process to define the company's key issues and elements for investment. We look at things such as revenue growth sources, margins, management's strategic direction, competitive industry position and ESG risks and opportunities. At this stage of our research we typically have direct contact with company management, suppliers and competitors—all with the idea of confirming the quality of a company's franchise, the stage and potential of the company's profit cycle and the quality and strength of the company's management team.

We follow that detailed company analysis with in-depth intrinsic value analysis in order to understand the company's valuation. We look at the company's true organic growth rate, its normalized level of free cash flow, business model risk and risk-free rates of return alternatively available in the market. We also conduct sensitivity analysis to potential market or industry shocks and analyze public transactions for comparable companies.

The result of our research process is a comprehensive overview of the business model and valuation that we can use as a basis for our collaborative review as a team. All analysts document their conclusions in a report that outlines the case for investment, investment risks, ESG risks and opportunities, valuation and price targets.

Research Qualification

We continue our research process via internal meetings where the collective intellectual resources of the team are applied to each prospective investment idea. During this phase, the portfolio managers work closely with the analyst to assess his/her idea from as many different angles as possible. The goals of this collaboration are to 1) confirm the franchise, 2) assess risks, 3) isolate the key issues critical to the investment's success, and 4) gauge valuation. The incorporation of varying perspectives supplements the fundamental research performed by individual team members, however we are also mindful of attributing investment ideas to the individual who presented them so we can evaluate performance. Stocks that ultimately meet the team's criteria and have been thoroughly vetted are considered "research qualified" and eligible for purchase.

Only research-qualified names are eligible for inclusion in the portfolios. However, a stock is not automatically purchased because it becomes research qualified. Other factors, such as valuation, relative attractiveness and timing are also critical to the buy decision. Once a research-qualified name lines up on these factors, a position in the name can be initiated in the portfolios as deemed appropriate.

Sell Discipline

As an investment team we monitor each holding closely, evaluating new information relative to the original reasons for investing. Any material change will result in a prompt review of the stock. We may sell a stock if it is approaching our estimate of full valuation, if there is a clear deceleration occurring in the company's profit cycle, if changing circumstances affect the original reasons we purchased the stock or if we come across a more attractive opportunity.

Services being offered described herein involve risks which may include the following: Current and future holdings are subject to risk. 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.

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.

The Artisan Global Opportunities Strategy is closed to most new separate account clients. The Artisan U.S. Small-Cap Growth Strategy has limited availability to most new separate account clients. Artisan Partners will consider accepting new separate accounts in these strategies in its discretion. The Artisan Global Opportunities and U.S. Small-Cap Growth Strategies are open across pooled vehicles.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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.

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 authorized and regulated by the Financial Conduct Authority and is a registered investment adviser with the SEC. APEL Financial Distribution Services Limited (AP Europe) is authorized and 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. In no event shall Artisan Partners have any liability for direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) losses or any other damages resulting from the use of this material.

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.

© 2023 Artisan Partners. All rights reserved.

For Institutional Investors Only—Not for Onward Distribution.

Portfolio Construction

All of our portfolios are constructed from the bottom-up and portfolio construction is driven by our approach to capital allocation. However, we employ a number of guidelines and constraints in order to manage the risks inherent in any investment portfolio constructed through fundamental stock selection.

Artisan Global Opportunities Strategy

- Typically 30-50 Holdings
- Maximum position size up to 10%^{1,2}
- Maximum of 35% in any country other than the US¹
- Typically less than 15% cash

Artisan Global Discovery Strategy

- Typically 40-60 Holdings
- Maximum position size up to 10%^{1,2}
- Maximum of 35% in any country other than the US¹
- Typically less than 15% cash

Artisan U.S. Mid-Cap Growth Strategy

- Maximum position size up to 5%¹
- Maximum of 15% in non-US companies¹
- Under normal circumstances, the portfolio generally maintains a weighted average market capitalization of not more than 1.5 times the weighted average market capitalization of the companies included in the Russell Midcap[®] Index or Russell Midcap[®] Growth Index, whichever is greater.
- Typically less than 5% cash

Artisan U.S. Small-Cap Growth Strategy

- Maximum position size up to 5%¹
- Market capitalization range within that of the Russell 2000[®] Index^{1,3}
- Typically less than 5% cash

Based on a model portfolio. ¹Limitations apply at the time of purchase. ²With respect to 75% of total assets, the portfolio limits individual position sizes to 5%; as to the other 25%, the portfolio may invest up to 10% in a single issuer. ³Market capitalization range determined as of the most recent calendar year end.

A R T I S A N



P A R T N E R S