



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 30 April 2020

## Commentary

Our portfolio has outperformed the MSCI EM Index QTD. Global markets had a strong start to Q2. Investors reacted positively to signs of slower COVID-19 infection rates in some hard-hit cities and countries as well as discussions to gradually reopen economies. So far this quarter, emerging markets overall have fared better than many developed markets QTD, although the US has been a notable exception. China, Taiwan and India have been the benchmark's most significant contributors to return QTD. Conversely, no EM country has been a detractor from the benchmark's performance.

Among our portfolio's leading relative detractors QTD are China Traditional Chinese Medicine and Itaú Unibanco. Shares of China Traditional Chinese Medicine fared relatively better than Chinese stocks overall during the most intense stages of the country's COVID-19 outbreak in late 2019 and early 2020 but has since declined, due in part to profit taking.

Itaú Unibanco is Latin America's largest private bank. Mounting signs that the country is heading towards a severe recession and growing uncertainty about how the Brazilian government is handling the COVID-19 outbreak have been weighing on the lender's stock price. We believe Itaú has taken positive steps to enable employees to work from home, drive customers to its digital platforms, roll out financial initiatives to help small businesses and consumers and monitor credit risks in real-time.

Among our portfolio's top relative contributors QTD are Reliance Industries and MediaTek. India-based Reliance Industries has its origins in petrochemical production and oil refining, but it has developed new avenues for sustainable growth through its digital and retail arms. Its stock price rose after Facebook announced a \$5.7 billion investment in Reliance's Jio Platforms, a telecommunications and digital services business. The negative economic impact of India's COVID-19 lockdown, including a plunge in demand for petroleum products, has hurt Reliance's energy-related business segments.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. The company provided better-than-expected guidance for Q2 growth. Despite the COVID-19 pandemic, Media-Tek reiterated its positive near-term expectations for growth in the 5G smartphone cycle. We believe MediaTek is well placed to benefit from rollout of 5G technology.

Volatility is to be expected in emerging markets—it's a natural part of what we believe is a superior growth opportunity over longer periods. As such, we will maintain our disciplined process and closely monitor positions—including calls with management teams—to adjust valuations and position size as we believe appropriate.

## Investment Results (%)

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
As of 30 April 2020									
<b>Investor Class: ARTZX</b>	<b>10.31</b>	<b>10.31</b>	<b>-19.06</b>	<b>-13.45</b>	<b>0.02</b>	<b>1.32</b>	<b>0.07</b>	<b>-1.33</b>	<b>3.26</b>
<b>Linked Institutional and Investor Class<sup>1</sup></b>									
MSCI Emerging Markets Index	9.16	9.16	-16.60	-12.00	0.57	-0.10	1.45	0.16	4.47
As of 31 March 2020									Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>-20.04</b>	<b>-26.62</b>	<b>-26.62</b>	<b>-20.68</b>	<b>-2.44</b>	<b>1.02</b>	<b>-0.80</b>	<b>-2.15</b>	<b>2.54</b>
<b>Linked Institutional and Investor Class<sup>1</sup></b>									
MSCI Emerging Markets Index	-15.40	-23.60	-23.60	-17.69	-1.62	-0.37	0.68	-0.58	3.83

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. <sup>1</sup>Linked performance data shown relates to the Investor Shares from 2 June 2008 forward and for Institutional Shares prior to 2 June 2008. <sup>2</sup>Institutional Class inception: 26 June 2006.

Performance of the Institutional Shares does not reflect higher expenses associated with the Investor Shares, and if reflected, would reduce the performance quoted. Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

## Portfolio Details

Net Asset Value (NAV)	\$13.38
ARTZX Inception	2 June 2008
Expense Ratios	Gross Net <sup>1</sup>
Annual Report 30 Sep 2019 <sup>2</sup>	1.93% 1.35%
Prospectus 30 Sep 2019 <sup>2</sup>	1.93% 1.35%

<sup>1</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2021. <sup>2</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Alibaba Group Holding Ltd (China)	9.6
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	7.3
Samsung Electronics Co Ltd (Korea)	7.0
Prosus NV (Netherlands)	3.3
Reliance Industries Ltd (India)	3.1
Sino Biopharmaceutical Ltd (China)	2.8
Polyus PJSC (Russia)	2.8
Sunny Friend Environmental Technology Co Ltd (Taiwan)	2.4
MediaTek Inc (Taiwan)	2.2
MercadoLibre Inc (Argentina)	2.1
<b>TOTAL</b>	<b>42.7%</b>

Source: Artisan Partners. Portfolio country classifications are defined by the investment team.

## Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM <sup>1</sup>
Communication Services	5.7	13.0
Consumer Discretionary	23.7	15.3
Consumer Staples	2.4	6.6
Energy	5.7	6.2
Financials	16.4	20.9
Health Care	8.4	3.7
Industrials	7.9	5.0
Information Technology	21.3	17.0
Materials	6.3	7.0
Real Estate	1.7	2.8
Utilities	0.5	2.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 1.3% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Average Annual Total Returns

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
As of 30 April 2020									
<b>Investor Class: ARTZX</b>	<b>10.31</b>	<b>10.31</b>	<b>-19.06</b>	<b>-13.45</b>	<b>0.02</b>	<b>1.32</b>	<b>0.07</b>	<b>-1.33</b>	<b>3.26</b>
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## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	MSCI EMI
<b>EMERGING ASIA</b>	<b>66.8</b>	<b>79.1</b>
China	27.1	39.6
Taiwan	13.9	12.9
Korea	11.5	11.7
India	10.0	8.4
Indonesia	3.9	1.5
Thailand	0.5	2.3
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>14.2</b>	<b>13.0</b>
Russia	9.7	3.3
Greece	1.7	0.2
South Africa	1.5	3.8
Turkey	0.7	0.4
Saudi Arabia	0.5	2.6
<b>LATIN AMERICA</b>	<b>13.7</b>	<b>7.9</b>
Brazil	5.9	4.7
Argentina	3.3	0.1
Peru	1.3	0.3
Chile	1.0	0.7
Colombia	0.9	0.2
Panama	0.7	—
Mexico	0.5	1.8
<b>DEVELOPED MARKETS</b>	<b>5.3</b>	—
Netherlands	3.3	—
Hong Kong	2.0	—
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/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. For the portfolio's country breakdown according to MSCI methodology, refer to the Fund's most recent portfolio holdings at [www.sec.gov](http://www.sec.gov).

## Team Leadership



### Portfolio Manager

Maria Negrete-Gruson, CFA

### Years of Investment Experience

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Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

Current and future portfolio 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. 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.

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.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 30 Apr 2020: China Traditional Chinese Medicine Holdings Co Ltd 1.5%; Itau Unibanco Holding SA 1.1%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

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

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