



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 29 February 2020

## Commentary

Our portfolio has declined but not as sharply as the MSCI EM Index QTD. Global equity markets, including EM, have fallen into correction territory (a decline of between 10% and 20%) QTD. The rapid increase in the number of coronavirus (COVID-19) cases worldwide has been restricting global manufacturing activity, disrupting supply chains and driving investor risk aversion. So far this quarter, EM has been faring worse than US equity markets but better than other developed markets overall. Korea, Brazil and China have been the benchmark's leading detractors while none have been contributors QTD.

Among our top relative contributors QTD are Westlife Development and Grupo SBF. Westlife Development operates more than 300 McDonald's restaurants across West and South India. Shares of Westlife jumped on better-than-expected quarterly results in January and have held up despite broad market weakness during February. We believe Westlife is well-positioned to benefit from the country's secular trend of a rising urban middle class and increased spending on more discretionary items.

Grupo SBF is a Brazilian retailer that controls Centauro, the largest sportswear company in the country. In February, Centauro announced a strategic partnership with Nike to be the exclusive distributor of Nike's products and operate its direct-to-consumer operations in Brazil. The deal affirms our view of Centauro's scale, nationwide presence and strong brand image as significant competitive advantages in Brazil's fragmented market.

Among our leading relative detractors QTD are MediaTek and Copa Holdings. Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. After shares of MediaTek performed well in 2019, investors have been taking profits due to signs of tepid China 5G smartphone demand, the coronavirus outbreak and price cuts by US competitor Qualcomm. We believe any early stage weakness in the 5G smartphone cycle will give way to strong growth, and MediaTek is well placed to benefit.

Copa Holdings is a Panamanian airline operator. Similar to the rest of the airline industry, Copa's shares have fallen in February as the coronavirus spread beyond China. However, we believe the company's longer term prospects are favorable given relatively little competition on many of its routes, a capable management team and Copa's ability to control costs and improve yields.

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 on-the-ground visits—to adjust valuations and position size as we believe appropriate.

## Investment Results (%)

As of 29 February 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>-5.66</b>	<b>-8.23</b>	<b>-8.23</b>	<b>-0.22</b>	<b>6.12</b>	<b>5.28</b>	<b>2.21</b>	<b>-0.29</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>4.25</b>
MSCI Emerging Markets Index	-5.27	-9.69	-9.69	-1.88	4.89	2.73	3.18	0.84	5.13

  

As of 31 December 2019	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>6.71</b>	<b>10.51</b>	<b>19.80</b>	<b>19.80</b>	<b>12.28</b>	<b>7.58</b>	<b>2.63</b>	<b>0.45</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>4.97</b>
MSCI Emerging Markets Index	7.46	11.84	18.42	18.42	11.57	5.61	3.68	1.74	5.99

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)	\$15.17	
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)	8.5
Samsung Electronics Co Ltd (Korea)	7.3
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	6.4
Reliance Industries Ltd (India)	2.8
Prosus NV (Netherlands)	2.6
ICICI Bank Ltd (India)	2.6
Sino Biopharmaceutical Ltd (China)	2.4
LUKOIL PJSC (Russia)	2.2
MMC Norilsk Nickel PJSC (Russia)	2.0
Sunny Friend Environmental Technology Co Ltd (Taiwan)	2.0
<b>TOTAL</b>	<b>38.8%</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	5.3	11.9
Consumer Discretionary	23.0	14.6
Consumer Staples	2.1	6.3
Energy	6.3	6.6
Financials	18.8	23.5
Health Care	8.9	3.1
Industrials	8.1	5.2
Information Technology	18.7	16.4
Materials	5.6	7.0
Real Estate	2.4	2.9
Utilities	1.0	2.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 2.9% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Average Annual Total Returns

As of 29 February 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
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## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>65.0</b>	<b>75.5</b>
China	24.6	36.4
Korea	11.9	11.4
India	11.9	8.8
Taiwan	11.7	12.1
Indonesia	4.3	1.8
Thailand	0.6	2.3
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>15.2</b>	<b>13.9</b>
Russia	9.7	3.6
Greece	1.8	0.2
South Africa	1.7	4.2
Turkey	1.5	0.5
Saudi Arabia	0.5	2.5
Georgia	<0.1	—
<b>LATIN AMERICA</b>	<b>15.2</b>	<b>10.5</b>
Brazil	7.6	6.7
Argentina	2.4	0.2
Peru	1.4	0.3
Colombia	1.3	0.3
Panama	1.2	—
Chile	0.7	0.7
Mexico	0.6	2.3
<b>DEVELOPED MARKETS</b>	<b>4.5</b>	<b>—</b>
Netherlands	2.7	—
Hong Kong	1.8	—
<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	Years of Investment Experience
Maria Negrete-Gruson, CFA	28

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.

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 29 Feb 2020: Copa Holdings SA 1.2%; Grupo SBF SA 0.9%; MediaTek Inc 1.6%; Westlife Development Ltd 1.0%. 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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