



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 30 June 2020

## Commentary

Our portfolio outperformed the MSCI EM Index QTD. Global markets staged a significant rally in Q2. Investors reacted positively to slower COVID-19 infection rates in some areas, continued stimulus from central banks and governments and steps by many countries to reopen their economies. Overall, emerging markets slightly trailed developed markets. China, Taiwan and Korea were the benchmark's most significant contributors to return while no EM country was a detractor from the benchmark's performance.

Among our portfolio's top relative Q2 contributors were MercadoLibre and MediaTek. MercadoLibre is Latin America's leading online commerce platform, including e-commerce and online financial technology products. It has experienced strong sales as the outbreak of COVID-19 across Latin America intensified, governments implemented lockdowns and e-commerce was designated as an essential business. Unlike some of its competitors, MercadoLibre was able to fulfill the surge demand without major disruptions, due largely to its early and continuous investment for the past three years in online payment, distribution and logistics networks.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. In April, the company provided better-than-expected guidance for Q2 growth, while Chinese demand for 5G smartphones has been better than expected. In addition, MediaTek could be a beneficiary of US export control rules designed to restrict global chipmakers from selling semiconductors to China-based smartphone maker Huawei Technologies. Huawei may turn to MediaTek to supply high-end 5G mobile chips.

Among our leading relative Q2 detractors were Zhuzhou and AIA. Zhuzhou provides and integrates train-borne electrical systems for China's railway industry. COVID-19 has reduced demand for short-term rolling stock and limited Zhuzhou's near-term outlook. However, the company is China's largest producer of insulated-gate bipolar transistors (IGBTs), used in electronic switches. China has been importing 90% of IGBT chips, but demand for Zhuzhou's IGBT chips could increase as China looks to decrease its reliance on foreign technology. We believe investors have not adjusted their valuations of Zhuzhou for this potential increase in demand.

Hong Kong-based AIA is the largest independent publicly listed pan-Asian life insurance group. Business has slowed as some of AIA's insurance products require in-person signing which has been unattainable during the COVID-19 pandemic. AIA's stock further declined following the Chinese government's introduction of a national security law on Hong Kong.

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 (%)

As of 30 June 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>7.73</b>	<b>21.76</b>	<b>-10.65</b>	<b>-4.39</b>	<b>2.01</b>	<b>4.96</b>	<b>2.16</b>	<b>-0.50</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>3.95</b>
MSCI Emerging Markets Index	7.35	18.08	-9.78	-3.39	1.90	2.86	3.27	0.81	5.00

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)	\$14.77	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Semi-Annual Report 31 Mar 2020 <sup>2,3</sup>	1.72%	1.35%
Prospectus 30 Sep 2019 <sup>3</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>Unaudited, annualized for the six-month period. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Alibaba Group Holding Ltd (China)	9.1
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	6.9
Samsung Electronics Co Ltd (Korea)	6.7
Prosus NV (Netherlands)	3.6
Sino Biopharmaceutical Ltd (China)	3.3
Reliance Industries Ltd (India)	3.3
MercadoLibre Inc (Argentina)	3.1
MediaTek Inc (Taiwan)	2.8
Polyus PJSC (Russia)	2.6
Samsung Biologics Co Ltd (Korea)	2.2
<b>TOTAL</b>	<b>43.7%</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	13.5
Consumer Discretionary	25.0	17.4
Consumer Staples	2.0	6.5
Energy	6.1	5.9
Financials	16.6	19.1
Health Care	9.0	4.3
Industrials	7.3	4.7
Information Technology	21.8	16.9
Materials	5.9	6.9
Real Estate	0.0	2.6
Utilities	0.5	2.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.6% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Average Annual Total Returns

As of 30 June 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>7.73</b>	<b>21.76</b>	<b>-10.65</b>	<b>-4.39</b>	<b>2.01</b>	<b>4.96</b>	<b>2.16</b>	<b>-0.50</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>3.95</b>
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## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>66.1</b>	<b>79.2</b>
China	26.6	41.0
Taiwan	14.4	12.3
Korea	11.3	11.6
India	8.7	8.0
Indonesia	3.7	1.5
Malaysia	1.0	1.8
Thailand	0.5	2.3
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>14.2</b>	<b>12.8</b>
Russia	9.4	3.2
South Africa	1.9	3.8
Greece	1.7	0.1
Turkey	0.8	0.5
Saudi Arabia	0.4	2.7
<b>LATIN AMERICA</b>	<b>14.2</b>	<b>8.0</b>
Brazil	5.8	5.1
Argentina	4.3	0.1
Peru	1.1	0.2
Chile	1.0	0.6
Colombia	0.8	0.2
Panama	0.7	—
Mexico	0.6	1.7
<b>DEVELOPED MARKETS</b>	<b>5.5</b>	<b>—</b>
Netherlands	3.8	—
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).

## Investment Team (Pictured left to right)



Portfolio Manager	Years of Investment Experience
Maria Negrete-Gruson, CFA	28
<b>Analysts</b>	
Meagan Nace, CFA	28
Chen Gu, CFA	32
Nicolas Rodriguez-Brizuela	20
Gurpreet Pal	16
Jessica Lin, CFA	15

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 Jun 2020: AIA Group Ltd 1.7%; Zhuzhou CRRC Times Electric Co 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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Sector exposure percentages reflect sector designations as currently classified by GICS.

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