



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 31 March 2020

## Commentary

Our portfolio declined more than the MSCI EM Index in Q1. Emerging markets fell into bear market territory (a decline of more than 20%). The rapid increase in coronavirus (COVID-19) cases worldwide and social distancing countermeasures abruptly restricted global economic activity and drove an extreme bout of financial market volatility. Overall, EM and developed markets posted similar sized declines. Within the benchmark, Brazil, China and India were the most significant detractors, and no country aided performance.

Among our top relative Q1 detractors were ICICI Bank and Copa Holdings. Shares of ICICI Bank dropped as the early spread of COVID-19 in India and the government's aggressive countermeasures to reduce transmission of the disease heightened investor concern about the country's already weak economy and fragile financial system—due in part to the ripple effects from a liquidity crisis originating in the non-bank financial system. We believe ICICI can maintain its strong competitive position as it has already taken suitable steps to maintain a strong balance sheet and capital position.

Copa Airlines is a Panamanian airline operator. In an effort to curb the spread of COVID-19, and by order of the Panamanian government, Copa ceased flying operations on 22 March. While the order stands for 30 days, realistically, the extent of the shutdown remains unknown. However, we believe Copa's strong balance sheet, low leverage and exceptional management will allow the company to weather an extended crisis.

Among our top relative Q1 contributors were Polyus and Samsung Biologics. Shares of Polyus, a Russian gold miner, climbed alongside rising gold prices, unprecedented monetary and fiscal stimulus, financial market volatility and investor uncertainty. Polyus is among the lowest cost producers globally as well as the most interesting prospect in terms of production growth among the gold mining peers. In addition, it has made serious strides to improve its environmental, social and governance (ESG) practices.

Samsung Biologics shares rallied during the first half of Q1 and managed to hold on to part of those gains even as Korea's equity market fell into a bear market in March. In January, the company reported strong quarterly results aided by increased focus on high-priced drugs and better factory utilization rates. We maintain our conviction in the company's best-in-class manufacturing capabilities and strong pipeline of marketable biosimilars.

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 31 March 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
Investor Class: ARTZX	-20.04	-26.62	-26.62	-20.68	-2.44	1.02	-0.80	-2.15	
Linked Institutional and Investor Class <sup>1</sup>									2.54
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)	\$12.13	
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)	10.2
Samsung Electronics Co Ltd (Korea)	7.2
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	7.2
Prosus NV (Netherlands)	3.3
Sino Biopharmaceutical Ltd (China)	2.8
Reliance Industries Ltd (India)	2.6
Polyus PJSC (Russia)	2.6
Sunny Friend Environmental Technology Co Ltd (Taiwan)	2.4
AIA Group Ltd (Hong Kong)	2.1
LUKOIL PJSC (Russia)	2.0
<b>TOTAL</b>	<b>42.3%</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	5.5	13.1
Consumer Discretionary	24.0	15.4
Consumer Staples	2.3	6.6
Energy	5.4	5.9
Financials	17.1	21.6
Health Care	8.4	3.6
Industrials	8.2	4.9
Information Technology	20.4	16.9
Materials	6.2	6.7
Real Estate	1.9	2.9
Utilities	0.7	2.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 1.8% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Average Annual Total Returns

As of 31 March 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>67.2</b>	<b>79.0</b>
China	28.1	40.7
Taiwan	13.1	12.3
Korea	11.5	11.8
India	9.9	7.7
Indonesia	4.0	1.5
Thailand	0.5	2.2
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>14.0</b>	<b>12.9</b>
Russia	9.9	3.3
Greece	1.6	0.2
South Africa	1.2	3.7
Turkey	0.9	0.4
Saudi Arabia	0.5	2.6
<b>LATIN AMERICA</b>	<b>13.3</b>	<b>8.1</b>
Brazil	6.0	4.9
Argentina	2.7	0.1
Peru	1.4	0.3
Colombia	1.0	0.2
Panama	0.8	—
Chile	0.8	0.6
Mexico	0.5	1.9
<b>DEVELOPED MARKETS</b>	<b>5.5</b>	<b>—</b>
Netherlands	3.4	—
Hong Kong	2.2	—
<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 31 Mar 2020: Copa Holdings SA 0.8%; ICICI Bank Ltd 1.9%; Samsung Biologics Co Ltd 1.7%. 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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