



# Artisan Global Equity Fund

MONTHLY  
Commentary

Investor Class: ARTHX | Advisor Class: APDHX

As of 31 October 2020

## Commentary

Fears of rising COVID-19 cases in the US and Europe, the inability of the US government to reach an agreement on a second fiscal relief package and trepidation over the potential for a contested US presidential election weighed on global equities during the month. The energy, health care and technology sectors were weakest; the communication services and utilities sectors were strongest. Emerging markets resisted the broader weakness on the back of solid gains in China.

Our portfolio slightly trailed the MSCI All Country World Index in October. A few of our biggest positions detracted from relative performance, including top-10 holdings Deutsche Boerse and Linde. Third quarter revenues for European financial exchanges operator Deutsche Boerse declined due to lower market volatility and low interest rates hurting net interest income for its Clearstream division, a provider of custody and settlement services. Despite the cyclical headwinds, we like the company's entrenched position in a monopolistic market, attractive business model and the secular tailwinds from regulations pushing the shift to on-exchange trading and the ever-increasing sophistication of financial investors driving demand for data, indices and analytic tools. The latter trend is contributing to the growth of the company's new Qontigo indices and analytics division born from the merger of STOXX and Axioma.

Recent weakness in Linde, an industrial gases company, appears largely driven by profit-taking after a strong rebound in the share price from the March lows, rather than due to fundamentals. We believe the company remains well positioned as a provider of essential products operating in an oligopoly and therefore an industry that has limited competition. These dynamics contribute to strong pricing power and free cash flow generation.

Our top contributors were Eidos Therapeutics (EIDX) and Tencent Holdings. Shares of EIDX, a biopharmaceuticals company, rocketed higher on news that majority shareholder BridgeBio Pharma intends to acquire the remaining common stock of EIDX—representing 36.3% of outstanding shares—at a 41% premium to the prior closing price. We had initially purchased EIDX in Q4 2019 due to the promise of AG10, an oral small molecule EIDX developed to treat amyloidosis (a life-threatening disease where abnormal proteins attack the body's tissues and organs), that had shown the ability to meaningfully slow disease progression and reduce mortality rates relative to Pfizer's Tafamidis. We chose to sell our position in EIDX upon the deal announcement as shares reached our target valuation.

Tencent is a major Chinese Internet company, best known for its WeChat messaging service, that operates in several secular growth markets, including social networking, mobile games, e-commerce, cloud software and payments. Gaming, its largest business, has a strong pipeline in 2020 supporting growth through 2021, and the pandemic has created an additional tailwind driving increased game play. The other businesses operate in structurally high-growth markets, with upside potential from improved monetization and market-share gains.

## Portfolio Details

|                                             | ARTHX       | APDHX      |
|---------------------------------------------|-------------|------------|
| Net Asset Value (NAV)                       | \$22.32     | \$22.33    |
| Inception                                   | 29 Mar 2010 | 5 Aug 2020 |
| Expense Ratios                              |             |            |
| Semi-Annual Report 31 Mar 2020 <sup>1</sup> | 1.27%       | —          |
| Prospectus 30 Sep 2019 <sup>2,3</sup>       | 1.28%       | —          |
| Prospectus 4 Aug 2020 <sup>2,3,4</sup>      | —           | 1.20%      |

<sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>Reflects a reduction in management fees, effective as of 15 Nov 2019. <sup>3</sup>See prospectus for further details. <sup>4</sup>Includes estimated expenses for the current fiscal year.

## Top 10 Holdings (% of total portfolio)

|                                                            |              |
|------------------------------------------------------------|--------------|
| Vertiv Holdings Co (United States)                         | 3.6          |
| Amazon.com Inc (United States)                             | 3.2          |
| Microsoft Corp (United States)                             | 3.2          |
| Halozyme Therapeutics Inc (United States)                  | 3.0          |
| Johnson Controls International PLC (United States)         | 2.7          |
| Linde PLC (United Kingdom)                                 | 2.7          |
| Fidelity National Information Services Inc (United States) | 2.6          |
| Deutsche Boerse AG (Germany)                               | 2.5          |
| Alibaba Group Holding Ltd (China)                          | 2.4          |
| Alphabet Inc (United States)                               | 2.4          |
| <b>TOTAL</b>                                               | <b>28.1%</b> |

Source: Artisan Partners/MSCI.

## Sector Diversification (% of total portfolio equities)

|                        | Fund          | ACWI <sup>1</sup> |
|------------------------|---------------|-------------------|
| Communication Services | 8.7           | 9.7               |
| Consumer Discretionary | 7.4           | 13.0              |
| Consumer Staples       | 3.1           | 7.8               |
| Energy                 | 1.1           | 2.7               |
| Financials             | 6.4           | 12.7              |
| Health Care            | 32.1          | 12.3              |
| Industrials            | 17.0          | 9.6               |
| Information Technology | 18.6          | 21.2              |
| Materials              | 4.6           | 4.8               |
| Real Estate            | 0.0           | 2.7               |
| Utilities              | 0.9           | 3.2               |
| <b>TOTAL</b>           | <b>100.0%</b> | <b>100.0%</b>     |

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 0.6% of the total portfolio. <sup>1</sup>MSCI All Country World Index.

## Investment Results (%)

| As of 31 October 2020        | Average Annual Total Returns |       |       |       |       |       |       |           |
|------------------------------|------------------------------|-------|-------|-------|-------|-------|-------|-----------|
|                              | MTD                          | QTD   | YTD   | 1 Yr  | 3 Yr  | 5 Yr  | 10 Yr | Inception |
| Investor Class: ARTHX        | -3.08                        | -3.08 | 9.95  | 15.78 | 12.65 | 12.03 | 11.98 | 12.32     |
| Advisor Class: APDHX         | -3.08                        | -3.08 | 10.00 | 15.83 | 12.67 | 12.04 | 11.99 | 12.33     |
| MSCI All Country World Index | -2.43                        | -2.43 | -1.09 | 4.89  | 5.52  | 8.11  | 7.90  | 7.86      |

As of 30 September 2020

|                              |       |      |       |       |       |       |       |       |
|------------------------------|-------|------|-------|-------|-------|-------|-------|-------|
| Investor Class: ARTHX        | -0.56 | 9.25 | 13.45 | 21.90 | 14.89 | 14.05 | 13.20 | 12.76 |
| Advisor Class: APDHX         | -0.52 | 9.30 | 13.50 | 21.95 | 14.90 | 14.06 | 13.20 | 12.77 |
| MSCI All Country World Index | -3.22 | 8.13 | 1.37  | 10.44 | 7.12  | 10.30 | 8.55  | 8.18  |

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (29 March 2010); Advisor (5 August 2020). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different if such expenses were reflected.

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.

## Region/Country Allocation (% of total portfolio equities)

| REGION                  | Fund          | ACWI <sup>1</sup> |
|-------------------------|---------------|-------------------|
| <b>AMERICAS</b>         | <b>55.5</b>   | <b>60.8</b>       |
| United States           | 53.2          | 58.1              |
| Canada                  | 2.3           | 2.7               |
| <b>EUROPE</b>           | <b>27.7</b>   | <b>16.1</b>       |
| Germany                 | 7.1           | 2.4               |
| Switzerland             | 6.2           | 2.7               |
| United Kingdom          | 4.3           | 3.4               |
| Denmark                 | 3.0           | 0.7               |
| Belgium                 | 2.2           | 0.3               |
| France                  | 1.3           | 2.8               |
| Sweden                  | 1.0           | 0.9               |
| Netherlands             | 1.0           | 1.2               |
| Portugal                | 0.9           | <0.1              |
| Ireland                 | 0.6           | 0.2               |
| Norway                  | 0.1           | 0.1               |
| <b>EMERGING MARKETS</b> | <b>10.2</b>   | <b>13.0</b>       |
| China                   | 9.1           | 5.6               |
| India                   | 1.1           | 1.1               |
| <b>PACIFIC BASIN</b>    | <b>6.6</b>    | <b>10.0</b>       |
| Japan                   | 5.5           | 6.9               |
| Hong Kong               | 1.1           | 0.9               |
| <b>MIDDLE EAST</b>      | <b>—</b>      | <b>0.2</b>        |
| <b>TOTAL</b>            | <b>100.0%</b> | <b>100.0%</b>     |

Source: Artisan Partners/MSCI. <sup>1</sup>MSCI All Country World Index. Countries held in the index, but not held in the portfolio, are not listed.

## Team Leadership (Pictured left to right)



| Portfolio Managers   | Years of Investment Experience |
|----------------------|--------------------------------|
| Mark L. Yockey, CFA  | 40                             |
| Charles-Henri Hamker | 30                             |
| Andrew J. Euretig    | 16                             |

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. 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.

MSCI All Country World Index measures the performance of developed and 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 Oct 2020: Tencent Holdings Ltd 1.8%. 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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**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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