



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 30 September 2020

## Commentary

Our portfolio outperformed the MSCI EM Index in Q3 as global equity markets followed up a significant rally in Q2 with solid gains in Q3. The reopening of economies around the world, government and central bank stimulus efforts and encouraging early-stage trial results for multiple COVID-19 vaccines helped fuel equity market gains. Overall, EM equities generally fared better than DM equities, including the US. Taiwan and India were the benchmark's top contributors while Turkey and Thailand were the leading detractors.

Among our portfolio's top relative Q3 contributors were Taiwan Semiconductor Manufacturing (TSMC) and Alibaba. Shares of TSMC, the world's largest dedicated chip foundry, benefited from Intel, a US-based chip designer and manufacturer, pushing back the release date of its seven nanometer semiconductors and its admission that it may look to partner with another foundry to produce its chips. If Intel decides to outsource any of its chip manufacturing, we believe TSMC would be the most logical partner given its existing ability to manufacture seven nanometer chips and dominance in the market.

Alibaba, the world's largest e-commerce company based on gross merchandise volume, rebounded strongly from a COVID-19 related decline in business in early 2020. The company gained market share in some core business segments while new business segments exhibited robust momentum. Alibaba's operational performance strengthened our confidence in its fundamentals and management's capability to deliver long-term sustainable growth down the road. We're attracted to Alibaba's scale and early leadership in online and mobile commerce, payments, digital media and cloud computing. We also see tremendous potential in Alibaba leveraging a growing amount of data to better target advertising and customer engagement.

Among our leading relative Q3 detractors were Sino Biopharmaceutical and Samsung Biologics. Sino Biopharm is a diversified pharmaceutical company with a strong pipeline of oncology drugs. The stock price declined as investors appeared to lock in some gains following a strong performance during the first half of the year. We believe Sino Biopharm's sustainable earnings growth profile will remain attractive over the long term due to its impressive drug pipeline and position to win business development deals to sell drugs in China produced by international pharmaceutical companies.

In July, Samsung Biologics reported strong quarterly results, raised its 2020 earnings guidance and stated it may build another manufacturing facility due to strong demand. However, the stock price declined in August and September as investors appeared to take some gains following a strong performance until that point. We maintain our conviction in Samsung Biologics' best-in-class manufacturing capabilities.

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 (%)

	Average Annual Total Returns									
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>	
As of 30 September 2020										
Investor Class: ARTZX	-1.27	10.97	-0.85	9.58	2.80	11.56	1.57	0.36	4.64	
Linked Institutional and Investor Class <sup>1</sup>										
MSCI Emerging Markets Index	-1.60	9.56	-1.16	10.54	2.42	8.97	2.50	1.54	5.58	

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)	\$16.39
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)	12.1
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	8.2
Samsung Electronics Co Ltd (Korea)	7.1
Reliance Industries Ltd (India)	3.9
Prosus NV (Netherlands)	3.3
MercadoLibre Inc (Argentina)	3.2
Polyus PJSC (Russia)	3.0
Sino Biopharmaceutical Ltd (China)	2.6
MediaTek Inc (Taiwan)	2.3
Zhuzhou CRRC Times Electric Co Ltd (China)	2.0
<b>TOTAL</b>	<b>47.7%</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	6.5	12.7
Consumer Discretionary	26.2	20.2
Consumer Staples	2.6	6.1
Energy	6.1	5.4
Financials	14.3	17.1
Health Care	7.5	4.3
Industrials	8.8	4.4
Information Technology	21.6	18.5
Materials	6.1	6.9
Real Estate	0.0	2.4
Utilities	0.4	2.0
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 1.4% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

# Artisan Sustainable Emerging Markets Fund

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

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>67.9</b>	<b>80.5</b>
China	28.3	41.9
Taiwan	14.3	12.8
Korea	11.2	12.1
India	9.9	8.2
Indonesia	3.0	1.2
Malaysia	0.9	1.7
Thailand	0.4	1.8
<b>LATIN AMERICA</b>	<b>13.3</b>	<b>7.2</b>
Argentina	4.8	0.1
Brazil	3.7	4.6
Mexico	1.5	1.6
Chile	1.0	0.5
Peru	0.9	0.2
Colombia	0.7	0.2
Panama	0.6	—
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>13.1</b>	<b>12.2</b>
Russia	8.5	3.0
South Africa	1.8	3.5
Greece	1.7	0.1
Turkey	0.5	0.3
Saudi Arabia	0.5	2.8
<b>DEVELOPED MARKETS</b>	<b>5.7</b>	—
Netherlands	3.4	—
Hong Kong	1.7	—
Singapore	0.6	—
<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

Maria Negrete-Gruson, CFA

### Years of Investment Experience

29

### Analysts

Meagan Nace, CFA	28
Chen Gu, CFA	32
Nicolas Rodriguez-Brizuela	21
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 Sep 2020: Samsung Biologics Co Ltd 1.9%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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

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10/5/2020 A20711L\_v9



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