



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 31 August 2021

## Commentary

While our portfolio is down QTD, it has fared better than the MSCI EM Index. In August, emerging market (EM) stocks recovered some lost ground following a volatile July but still significantly trail developed market equities QTD. Within EM, China's regulatory tightening and its tepid economic data have been a significant source of weakness. China has been the benchmark's primary detractor while India has been the benchmark's leading contributor QTD.

Among our portfolio's top relative contributors QTD are MercadoLibre and Kajaria Ceramics. MercadoLibre, Latin America's leading online commerce platform, has been benefiting from and contributing to the region's increasing e-commerce penetration. Years of significant investments in a logistics network, data analysis and Pago digital wallet platform are helping MercadoLibre gain market share, improve its operational efficiency, enhance its online ecosystem and increase profitability. We believe MercadoLibre's prospects for long-term sustainable earnings remain bright.

Kajaria Ceramics is India's largest tile manufacturer. COVID-19 has dampened Indian consumer demand and Kajaria's profitability over the past year, but the company is well-positioned as India's economy reopens after the latest wave of the Delta variant. Kajaria has been increasing capacity and gaining domestic market share, which provide the company with a positive sustainable growth outlook.

Among our portfolio's leading relative detractors QTD are Estun Automation and Alibaba Group. Estun Automation is a leading domestic Chinese robot producer. The company has been experiencing COVID-19 related challenges, including higher raw material and transportation costs. Estun imports components from UK and German companies it acquired in recent years, although Estun is pushing to make more components domestically. Estun's margins have been further squeezed by its decision to lower prices on some of its products. We believe the negative market reaction has been overdone—driven more by momentum trading in China than a change in Estun's long-term fundamentals.

Alibaba is China's largest e-commerce platform. The Chinese government's latest regulatory proposals and guidelines aimed at technology companies weighed on Chinese technology companies, including Alibaba. The government's stated intention is to reduce anti-competitive behavior, improve data privacy and protect both consumers and employees. While near-term regulatory risk is significant, we believe the Chinese government still supports marketplace innovation and Alibaba's core e-commerce business remains highly attractive.

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 August 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>0.20</b>	<b>-3.29</b>	<b>4.74</b>	<b>25.96</b>	<b>12.12</b>	<b>11.95</b>	<b>5.13</b>	<b>2.19</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>6.04</b>
MSCI Emerging Markets Index	2.62	-4.29	2.84	21.12	9.87	10.40	4.85	3.04	6.69

  

As of 30 June 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>1.77</b>	<b>7.32</b>	<b>8.31</b>	<b>46.38</b>	<b>12.72</b>	<b>14.08</b>	<b>4.28</b>	<b>2.48</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>									<b>6.35</b>
MSCI Emerging Markets Index	0.17	5.05	7.45	40.90	11.27	13.03	4.28	3.42	7.08

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)	\$20.55	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Semi-Annual Report 31 Mar 2021 <sup>2,3</sup>	1.66%	1.35%
Prospectus 30 Sep 2020 <sup>3</sup>	1.73%	1.35%

<sup>1</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2022. <sup>2</sup>Unaudited, annualized for the six-month period. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	9.3
Samsung Electronics Co Ltd (Korea)	7.1
Alibaba Group Holding Ltd (China)	5.4
MercadoLibre Inc (Argentina)	3.7
Zhuzhou CRRC Times Electric Co Ltd (China)	3.1
E Ink Holdings Inc (Taiwan)	2.9
Prosus NV (Netherlands)	2.5
ICICI Bank Ltd (India)	2.3
Kajaria Ceramics Ltd (India)	2.3
MediaTek Inc (Taiwan)	2.3
<b>TOTAL</b>	<b>40.8%</b>

Source: Artisan Partners. Portfolio country classifications are defined by the investment team.

## Sector Diversification (% of portfolio securities)

	Fund	MSCI EM <sup>1</sup>
Consumer Goods	14.7	11.0
Extractives & Minerals Processing	9.9	11.5
Financials	18.4	19.0
Food & Beverage	3.2	5.0
Health Care	6.5	4.9
Infrastructure	2.7	4.9
Renewable Resources & Alternative Energy	1.1	0.7
Resource Transformation	7.0	4.7
Services	1.3	1.4
Technology & Communications	33.5	31.7
Transportation	1.7	5.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/SASB/MSCI. Cash and cash equivalents represented 3.4% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>2</sup>
<b>Investor Class: ARTZX</b>	<b>25.96</b>	<b>12.12</b>	<b>11.95</b>	<b>5.13</b>	<b>2.19</b>	
<b>Linked Institutional and Investor Class<sup>1</sup></b>						<b>6.04</b>
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<b>Linked Institutional and Investor Class<sup>1</sup></b>						<b>6.35</b>
MSCI Emerging Markets Index	40.90	11.27	13.03	4.28	3.42	7.08

## Region/Country Allocation (% of portfolio securities)

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>62.3</b>	<b>78.4</b>
China	21.8	33.9
Taiwan	16.3	14.8
Korea	11.6	13.0
India	9.7	11.7
Indonesia	1.5	1.2
Malaysia	1.0	1.3
Thailand	0.3	1.7
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>16.5</b>	<b>13.7</b>
Russia	8.9	3.6
Greece	2.6	0.2
South Africa	2.1	3.2
Egypt	1.4	0.1
Kazakhstan	0.9	—
Turkey	0.6	0.3
<b>LATIN AMERICA</b>	<b>15.6</b>	<b>7.9</b>
Brazil	5.6	5.0
Argentina	4.5	0.2
Mexico	1.9	2.0
Chile	1.5	0.5
Peru	0.8	0.2
Panama	0.7	—
Colombia	0.6	0.2
<b>DEVELOPED MARKETS</b>	<b>5.6</b>	<b>—</b>
Netherlands	2.5	—
Hong Kong	1.6	—
Singapore	1.4	—
<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	30
<b>Analysts</b>	
Meagan Nace, CFA	29
Chen Gu, CFA	33
Nicolas Rodriguez-Brizuela	22
Gurpreet Pal	17
Jessica Lin, CFA	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. A non-diversified portfolio may invest a larger portion of assets in securities of a smaller number of issuers and performance of a single issuer may affect overall portfolio performance greater than in a diversified portfolio. 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 Aug 2021: Estun Automation Co Ltd 2.1%. 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 SICS.

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