



# Artisan Sustainable Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 30 April 2022

## Commentary

Amid strong market volatility, our portfolio has been underperforming the MSCI Emerging Markets Index QTD. Concerns about China's economy and global supply chains due to the government's severe zero-COVID policy hurt stocks. Strong inflation, central bank policy tightening—particularly in the US—and concerns of a broader global economic slowdown also hurt investor sentiment. Taiwan and China have been the benchmark's largest detractors QTD. Saudi Arabia has been the benchmark's primary contributor.

Among our portfolio's leading relative detractors QTD have been Estun Automation and Alibaba. Estun Automation is a leading domestic Chinese robot producer. Like most Chinese companies, Estun has been adversely affected by China's COVID-19 policy and resulting economic headwinds. Higher costs and chip shortages have been additional challenges. In response, Estun has increased its prices, looked to trim costs and attempted to improve operating leverage through scale. We believe Estun's new product rollouts and expansion into new product areas will ultimately lead to stronger sales and margin growth.

Alibaba, China's largest e-commerce platform, also has been confronting more challenging economic conditions. Investments in its newer or rebranded businesses have hampered Alibaba's margins. However, at an April Politburo meeting, the government signaled a stop to its regulatory process with major Internet platform companies. We believe China's regulation will normalize with more constructive policies meant to support platform development that is healthy from the government's perspective.

Among our portfolio's top relative contributors QTD have been Kaspi and Havells India. Kaspi is a Kazakhstani financial technology company offering financing, marketplace and payments settlement services on a single digital platform. Following Q1 stock price weakness caused by domestic political turmoil, Russia's invasion of Ukraine and tougher macroeconomic conditions, Kaspi recovered some lost ground as operations have remained strong. Earnings are growing rapidly, ROE is above 50%, the dividend payout is nearly 50%, and it initiated a modest share buyback program in April.

Havells India is an electrical goods company focused on lighting products, fans, switches, cables, switchgears and consumer appliances. We believe Havells will benefit from any near-term improvement in consumer demand, although that boost will likely be offset in part by higher commodity prices and inflation pressures. Longer term, its prospects look attractive. India has a rising urban middle class, which is aspirational in nature and prefers branded products sold within the organized retail market.

Volatility is to be expected in emerging markets, and it can be extreme at times—a natural part of what we believe is a superior growth opportunity over longer periods. In this current bout of volatility, we are maintaining our disciplined process and closely monitoring positions—including engagement with management teams—to adjust valuations and position size as we believe appropriate.

## Investment Results (%)

As of 30 April 2022	Average Annual Total Returns								Linked Inception <sup>2</sup>
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	-8.93	-8.93	-23.37	-27.79	-0.56	2.60	2.35	-0.23	
Linked Institutional and Investor Class <sup>1</sup>									3.67
MSCI Emerging Markets Index	-5.56	-5.56	-12.15	-18.33	2.24	4.32	2.89	1.54	5.17

  

As of 31 March 2022	Average Annual Total Returns								Linked Inception <sup>2</sup>
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	-3.85	-15.85	-15.85	-17.14	2.96	5.03	2.99	0.45	
Linked Institutional and Investor Class <sup>1</sup>									4.31
MSCI Emerging Markets Index	-2.26	-6.97	-6.97	-11.37	4.94	5.98	3.36	1.97	5.59

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)	\$14.79	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Annual Report 30 Sep 2021	1.75%	1.35%
Prospectus 30 Sep 2021 <sup>2,3</sup>	1.60%	1.15%

<sup>1</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. <sup>2</sup>Restated to reflect a reduction in management fees, effective as of 1 Mar 2022. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	10.6
Samsung Electronics Co Ltd (Korea)	8.0
Alibaba Group Holding Ltd (China)	4.2
E Ink Holdings Inc (Taiwan)	3.8
Reliance Industries Ltd (India)	3.3
ICICI Bank Ltd (India)	3.1
Zhuzhou CRRR Times Electric Co Ltd (China)	3.0
MercadoLibre Inc (Argentina)	2.7
MediaTek Inc (Taiwan)	2.6
Estun Automation Co Ltd (China)	2.6
<b>TOTAL</b>	<b>43.9%</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	8.0	8.0
Extractives & Minerals Processing	6.4	11.1
Financials	18.6	22.0
Food & Beverage	3.7	5.3
Health Care	7.3	4.1
Infrastructure	4.9	5.6
Renewable Resources & Alternative Energy	1.0	1.0
Resource Transformation	7.9	5.1
Services	4.4	1.4
Technology & Communications	37.0	31.8
Transportation	0.8	4.7
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/SASB/MSCI. Cash and cash equivalents represented 3.7% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

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

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>68.8</b>	<b>78.3</b>
China	20.5	30.6
Taiwan	19.6	15.4
Korea	13.8	12.5
India	10.1	13.6
Indonesia	2.3	1.9
Malaysia	1.5	1.5
Thailand	0.7	1.9
Vietnam	0.2	—
<b>LATIN AMERICA</b>	<b>20.0</b>	<b>8.4</b>
Brazil	7.0	5.3
Argentina	6.4	—
Mexico	3.3	2.2
Chile	1.9	0.5
Peru	1.4	0.2
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>6.9</b>	<b>13.4</b>
Greece	3.2	0.2
Kazakhstan	1.9	—
South Africa	1.8	3.7
Russia	0.0	—
<b>DEVELOPED MARKETS</b>	<b>4.3</b>	<b>—</b>
Netherlands	1.9	—
Hong Kong	1.9	—
Singapore	0.5	—
<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	30
Chen Gu, CFA	34
Nicolas Rodriguez-Brizuela	22
Gurpreet Pal	18
Jessica Lin, CFA	17

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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. Investments in which the team has determined to have sustainable growth characteristics may underperform other securities and may not achieve their sustainable growth potential. 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 30 Apr 2022: Havells India Ltd 2.1%; Kspici.KZ JSC 1.8%. As of 3 Mar 2022, Russian holdings are valued at zero. 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.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Sustainable Industry Classification System (SICS<sup>®</sup>) is the exclusive intellectual property of Sustainability Accounting Standards Board (SASB). SICS is intended to group companies based on their shared sustainability-related risks and opportunities.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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

**Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2022 Artisan Partners. All rights reserved.

5/5/2022 A22619L\_vR