

# Rezo Kanovich at Artisan Partners: A Year in Review

## Artisan International Small-Mid Fund



**REZO KANOVICH**  
21 years of investment experience

Share Class Inception  
Investor: ARTJX—21 December 2001  
Advisor: APDJX—4 December 2018  
Institutional: APHJX—12 April 2016

Total Net Assets (as of 31 December 2019)  
**\$1.7 Billion**

Rezo Kanovich joined Artisan Partners in October 2018 to lead the Artisan International Small-Mid Fund (formerly Artisan International Small Cap Fund). As we mark the first year of the Fund's new leadership, we want to recap the portfolio's transition, review our team's investment process and highlight the attractiveness of the opportunity set.

### Seasoned Leadership

Prior to joining Artisan Partners, Rezo was portfolio manager of the Oppenheimer International Small-Mid Cap strategy, including the Oppenheimer International Small-Mid Company Fund. Rezo managed the International Small-Mid Cap strategy from January 2012 to September 2018.

### Continuity and Consistency

Joining Rezo at Artisan were the two research analysts who worked with him at Oppenheimer. The team is dedicated to the same repeatable process that Rezo has honed throughout his career—a thematic, long-term focused, bottom-up approach.

### Higher Degrees of Freedom

In December 2018, the name of the Fund was changed to the Artisan International Small-Mid Fund, and investment guidelines were expanded to include small- and mid-cap companies. This flexibility matches Rezo's prior portfolio management experience and better reflects the attractiveness of the opportunity set.

### Investment Results

(% as of 31 December 2019)	QTD	Average Annual Total Returns					Inception	Expense Ratios <sup>1,4</sup>
		1 Yr	3 Yr	5 Yr	10 Yr			
Investor Class: ARTJX	13.03	36.25	14.75	7.88	8.06	11.52	1.36 <sup>2</sup>	
Advisor Class: APDJX	13.13	36.60	14.81	7.92	8.07	11.53	1.27 <sup>3</sup>	
Institutional Class: APHJX	13.12	36.66	14.98	8.05	8.14	11.56	1.15 <sup>2</sup>	
MSCI All Country World ex USA SMID Index	10.27	22.36	9.78	6.59	6.40	9.03	—	
MSCI All Country World ex USA Small Cap Index	11.01	22.42	9.65	7.04	6.92	9.77	—	

**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.**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 December 2001); Advisor (4 December 2018); Institutional (12 April 2016). 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. <sup>1</sup>As of 30 Sep 2018. <sup>2</sup>Restated to reflect a reduction in management fees, effective 1 Dec 2018. <sup>3</sup>Includes estimated expenses for the current fiscal year. <sup>4</sup>See prospectus for further details.

### Lowered Fees

Effective December 1, 2018, the management fee for the Fund was lowered to reflect both the additional guideline flexibility and corresponding increase to capacity. In addition, on December 4, 2018, a new lower-cost/higher-minimum investment share class (Advisor: APDJX) was launched.

### Performance Statistics—One Year

As of 31 December 2019	ARTJX
Return	36.25%
Sharpe Ratio	2.58
Alpha	13.88
Upside Capture	124%
Downside Capture	58%

Source: Artisan Partners/Morningstar. Benchmark: MSCI All Country World ex USA SMID Index.



As we reflect on our first completed year managing the Artisan International Small-Mid Fund, we are pleased to have outperformed the Fund's benchmark and peer group and are enthusiastic about what we have built. We believe we have created a diversified portfolio of high-quality international small- and mid-sized companies with meaningful exposure to structural growth trends. These structural growth trends include the adoption of e-commerce, the next-generation automobile, advances in life sciences, industrial automation and the increasing role of technology throughout the economy.

We are not resting on our laurels. We continue to be active in our efforts to find new high-quality businesses we can own for the long term. We are traveling the world to pursue these ideas and are excited about some of the opportunities we have found. Impactful additions to the portfolio as a result of recent research trips, just to name a few, include a UK video game company, a revolutionary printing business in Israel, a prominent pharmaceuticals company in Spain and a unique food retailer in Japan. These opportunities continue to be diverse by geography and industry.

We are also excited by our ability to once again access the lower end of the market-cap universe and have made a number of investments in the small-cap space. Our universe allows us to create a diverse collection of themes and stocks. The success of these companies should be much more a function of idiosyncratic factors, such as managements and technologies, than the cyclical market backdrop.

### Investment Process

The investment team seeks high-quality businesses exposed to structural growth themes.

#### Investing with Tailwinds

- Identify structural themes at the intersection of growth and change
- Invest in companies poised to be beneficiaries of those trends

#### High-Quality Businesses

- Unique and defensible business model
- Proven management team

#### A Contrarian Approach to Valuation

- Market dislocations and mismatches between stock price and long-term business value create opportunity

#### Manage Unique Risks of International Small- and Mid-Cap Equities

- Understand the direct and indirect security risk and the probability of permanent capital impairment.

### Portfolio Manager Bio: Rezo Kanovich

Rezo Kanovich is a managing director of Artisan Partners and the sole portfolio manager for the Artisan Non-U.S. Small-Mid Growth Strategy, including Artisan International Small-Mid Fund.

Prior to joining Artisan Partners in October 2018, Mr. Kanovich was a portfolio manager for OppenheimerFunds, where he managed the International Small-Mid Cap strategy from January 2012 through September 2018. Before that, Mr. Kanovich worked as an analyst with Boston Biomedical Consultants, an investment banker with the Lehman Brothers mergers & acquisitions team and as a consultant at PricewaterhouseCoopers. Mr. Kanovich holds bachelor's and master's degree in international economics and finance from Brandeis University and a master's degree in business administration, dual concentration in finance and health care systems, from the Wharton School, University of Pennsylvania.

### Portfolio Construction

- Typically 100-150 holdings
- Maximum position size generally 5%<sup>1</sup>
- Market capitalization range generally similar to the constituents of the MSCI All Country World (ACWI) ex-USA SMID Index<sup>1,2</sup>
- Typically less than 10% cash

<sup>1</sup>Limitations apply at the time of purchase. See prospectus for more details.

<sup>2</sup>MSCI reconstitutes the index periodically.

### Portfolio Statistics

	Fund	ACxUS SMD <sup>1</sup>
Number of Securities	127	5,405
Number of Countries	18	48
Active Share	95.1%	—
Portfolio Turnover Rate <sup>2</sup>	19.6%	—

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI All Country World ex USA SMID Index. <sup>2</sup>Unaudited. For the 12 months ended 31 Dec 2019.

### Market Cap Distribution

(% of total portfolio equities as of 31 December 2019)

\$ in Millions	Fund	ACxUS SMD <sup>1</sup>
10,000+	13.3	19.0
5,000-10,000	28.1	27.8
2,000-5,000	35.3	30.1
<2,000	23.4	23.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/MSCI. <sup>1</sup>MSCI All Country World ex USA SMID Index.

### Region Allocation

(% of total portfolio equities as of 31 December 2019)

Region	Fund
Europe	51.9
Pacific Basin	21.9
Americas	16.5
Middle East	6.2
Emerging Markets	3.4
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners/MSCI.

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For more information: Visit [www.artisanpartners.com](http://www.artisanpartners.com) | Call 800.344.1770

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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. 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.

This summary represents the views of the portfolio manager as of 31 Dec 2019 and is subject to change without notice. Security examples are for informational purposes only and are not representative of the entire portfolio. There is no guarantee that investment within the securities mentioned will result in profit. While the information contained herein is believed to be reliable, there is no guarantee as to the accuracy or completeness of any statement in the discussion. This material is for informational purposes only and should not be considered as investment advice or a recommendation of any investment service, product or individual security.

MSCI All Country World ex USA SMID Index measures the performance of small- and mid-cap companies in developed and emerging markets excluding the US. MSCI All Country World ex USA Small Cap Index measures the performance of small-cap companies in developed markets and emerging markets excluding the US. The indexes are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

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**Alpha** measures the performance of an investment portfolio against a market index. **Sharpe Ratio** is a measure of risk-adjusted return—it is the average return earned in excess of the risk-free rate per unit of volatility or total risk. The risk free rate is the US 3-month Treasury Bill. **Upside/Downside Capture** based on monthly returns and represents average monthly returns during months when the index was positive and negative, respectively. **Active Share** is defined as the percentage of a portfolio that differs from its benchmark index.

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